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BY THE LABOR AND
COMMERCE COMMITTEE

1 IN THE HOUSE

2

SENATE CS FOR HOUSE BILL NO. 77 (L&C)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the capital funds required of
7 foreign and domestic insurers."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 21.09.070(a) is amended to read:

10 (a) To qualify for authority to transact any one kind of insur-
11 ance as defined in AS 21.12, or combination of kinds of insurance as
12 shown below, a foreign insurer, or a domestic insurer applying for its
13 original certificate of authority in this state, or an insurer re-
14 applying for a certificate of authority in this state after having
15 withdrawn from this state for any cause, shall possess and thereafter
16 maintain unimpaired basic paid-in capital stock (if a stock insurer)
17 or unimpaired basic surplus (if a foreign mutual insurer or foreign
18 reciprocal insurer), and shall possess when first so authorized addi-
19 tional funds in surplus as follows:

20	21 Kind or Kinds 22 of Insurance	20 Basic Capital		23	20 Additional	
		21	21 or		21	21 Surplus
23	23 Life	23 \$800,000	23 [\$400,000]	23	23 \$800,000	23 [\$400,000]
24	24 Disability	24 800,000	24 [400,000]	24	24 800,000	24 [400,000]
25	25 Life and					
26	26 Disability	26 1,000,000	26 [500,000]	26	26 1,000,000	26 [500,000]
27	27 Property	27 600,000	27 [400,000]	27	27 600,000	27 [400,000]
28	28 Casualty exclud-					
29	29 ing vehicle	29 1,000,000	29 [500,000]	29	29 1,000,000	29 [500,000]

1	Vehicle	<u>800,000</u>	[400,000]	<u>800,000</u>	[400,000]
2	Marine & Trans-				
3	portation	<u>1,000,000</u>	[450,000]	<u>1,000,000</u>	[450,000]
4	Surety	<u>1,000,000</u>	[500,000]	<u>1,000,000</u>	[500,000]
5	Title	<u>300,000</u>	[250,000]	<u>300,000</u>	[250,000]
6	Any two <u>or more</u> of the following				
7	kinds of insurance: property,				
8	marine and transportation,				
9	<u>vehicle</u> , casualty excluding				
10	vehicle, surety and				
11	disability	<u>1,500,000</u>	[550,000]	<u>1,500,000</u>	[550,000]
12	[MULTIPLE LINES (ALL LINES				
13	EXCLUDING LIFE AND TITLE				
14	INSURANCE)		750,000		750,000]
15	Legal Expenses	<u>600,000</u>	[400,000]	<u>600,000</u>	[400,000]
16	Mortgage Guarant-				
17	tee	<u>1,000,000</u>	[400,000]	<u>1,000,000</u>	[400,000]

18 * Sec. 2. AS 21.09.080 is repealed and reenacted to read:

19 Sec. 21.09.080. CAPITAL FUNDS REQUIRED OF OLD DOMESTIC INSURERS.

20 (a) A domestic insurer holding a valid certificate of authority to
21 transact insurance in this state immediately before January 1, 1985,
22 may continue to transact the same kinds of insurance permitted by the
23 certificate of authority provided that after January 1, 1985, the
24 insurer maintains unimpaired no less paid-in capital stock (if a stock
25 insurer) and no less minimum surplus (if a mutual insurer) than the
26 amount required of the insurer by AS 21.09.070 on December 31, 1984,
27 as if the law had continued in force.

28 (b) An insurer described in this section may not, after
29 January 1, 1985, declare a dividend or distribute assets to its

1 shareholders, members or subscribers until it has a total capital and
2 surplus equal to the total capital and surplus required for a like
3 insurer under AS 21.09.070.

4 (c) Annually on December 31, beginning in 1985, each domestic
5 insurer described in this section with less paid-in capital stock (if
6 a stock insurer) or less surplus (if a mutual insurer) than required
7 by AS 21.09.070 as to new domestic insurers shall increase their
8 unimpaired basic paid-in capital stock or surplus by an amount equal
9 to 20 percent of the difference between the actual paid-in capital
10 stock or surplus on December 31, 1983, and that required by AS 21.09.-
11 070 as to new domestic insurers. By December 31, 1989, all domestic
12 insurers shall maintain paid-in capital stock and surplus in amounts
13 no less than required by AS 21.09.070 as to new domestic insurers.

14 (d) Notwithstanding the provisions of this section, a domestic
15 life insurer duly licensed and capitalized on December 31, 1984, shall
16 have and maintain the capital and surplus required under the laws of
17 this state on December 31, 1984, as if the laws had continued in
18 force. This subsection does not apply to a domestic life insurer if
19 the ownership of the insurer is changed, or the class, line, and
20 volume of the business written is materially changed from that written
21 on December 31, 1984.

22 * Sec. 3. AS 21.69.220(b) is amended to read:

23 (b) When applying for an original certificate of authority, the
24 insurer must be otherwise qualified under this title, and must have
25 received and accepted bona fide applications as to substantial insur-
26 able subjects for insurance coverage of a substantial character of the
27 kind of insurance proposed to be transacted, must have collected in
28 cash the full premium at a rate not less than that usually charged by
29 stock insurers for comparable coverages, must have surplus funds on

1 hand and deposited as of the date the insurance coverages are to
 2 become effective, or, in lieu of the applications, premiums and sur-
 3 plus, may deposit surplus, all in accordance with that part of the
 4 following schedule which applies to the one kind of insurance the
 5 insurer proposes to transact:

6	_____			
7	_____			
8	(A)	(B)	(C)	(D)
9		Minimum No.	Minimum No.	
10		of	of	Minimum
11	Kind of	Applicants	Subjects	Premium
12	Insurance	Accepted	Covered	Collected
13	_____			
14	_____			
15	Life (1)	500	500	annual
16	Disability (2)	500	500	quarterly
17	Property (3)	100	250	annual
18	Casualty (4)	250	500	annual
19	With Workers'			
20	Compensation	250	1,500	quarterly
21	Marine, Wet			
22	Marine, and			
23	Transportation	50	50	annual
24	_____			
25	_____			
26	(E)	(F)	(G)	(H)
27		Maximum		
28	Minimum	Amount of	Minimum	
29	Amount of	Insurance	Surplus	Deposit

1	Insurance	Each	Funds	of Surplus
2	Each	Subject	Deposited	in Lieu of
3	Subject	(5)	(6)	(6)
4	<hr/>			
5	<hr/>			
6	\$1,000	\$ 2,500	<u>\$800,000</u>	[\$ 50,000] <u>\$800,000</u> [\$100,000]
7	\$ 10	\$ 25	<u>\$800,000</u>	[\$ 50,000] <u>\$800,000</u> [\$100,000]
8	(weekly	(weekly		
9	indem.)	indem.)		
10	\$1,000	\$ 3,000	<u>\$600,000</u>	[\$100,000] <u>\$600,000</u> [\$200,000]
11	\$1,000	\$10,000	<u>\$1,000,000</u>	[\$150,000] <u>\$1,000,000</u> [\$200,000]
12	\$1,000	\$10,000	<u>\$1,000,000</u>	[\$200,000] <u>\$1,000,000</u> [\$300,000]
13	\$1,000	\$25,000	<u>\$1,000,000</u>	[\$100,000] <u>\$1,000,000</u> [\$200,000]
14	<hr/>			
15	<hr/>			

16 * Sec. 4. AS 21.75.050 is amended by adding a new subsection to read:
17 (d) Notwithstanding (a) and (c) of this section, or AS 21.09.-
18 080, domestic reciprocal insurers duly licensed and capitalized on
19 December 31, 1984, shall have and maintain the capital and surplus
20 required at the date of their original license.