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BY THE LABOR AND
COMMERCE COMMITTEE

1 IN THE HOUSE

2

CS FOR HOUSE BILL NO. 80 (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 insurance fees and licenses; and
7 providing for an effective date."

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

9 * Section 1. AS 21.06.090(a) is amended to read:

10 (a) The director may adopt reasonable regulations to effectuate
11 this title. A regulation may not extend, modify, or conflict with any
12 law of this state or the reasonable implications thereof. Except for
13 regulations adopted under AS 21.06.250, a [A] regulation affecting a
14 person or matter other than the personnel or the internal affairs of
15 the director's office shall be adopted or amended only after a hear-
16 ing, [THEREON] of which notice was given as required by AS 21.06.200.
17 If reasonably possible the director shall set out the proposed regu-
18 lation or amendment in or with the notice of hearing. A regulation or
19 amendment as to which a hearing is required is not effective until it
20 has been on file as a public record in the director's office for at
21 least 10 days.

22 * Sec. 2. AS 21.06.250 is repealed and reenacted to read:

23 Sec. 21.06.250. FEES AND LICENSES. The director shall collect
24 in advance a fee for each license and for services performed by the
25 division of insurance. Fees may be collected for but are not limited
26 to applications, examinations, licenses and license renewals, certifi-
27 cates of authority, service of process, printed or photocopied mate-
28 rial, and postage. The director shall adopt regulations setting the
29 fees in an amount the director determines to be sufficient to

1 reimburse the state for the actual expense incurred in providing a
2 service.

3 * Sec. 3. AS 21.09.110 is amended to read:

4 Sec. 21.09.110. APPLICATION FOR CERTIFICATE OF AUTHORITY. To
5 apply for an original certificate of authority an insurer shall file
6 with the director its application (accompanied by the applicable fees
7 set under [AS SPECIFIED IN] AS 21.06.250) showing its name, location
8 of its home office or principal office in the United States (if an
9 alien insurer), kinds of insurance to be transacted, date of orga-
10 nization or incorporation, form of organization, state or country of
11 domicile, and additional information that [WHICH] the director may
12 reasonably require, together with the following documents, as applica-
13 ble:

14 (1) if a foreign insurer, a copy of its corporate charter
15 or articles of incorporation, with all amendments certified by the
16 public officer with whom the originals are on file in the state or
17 country of domicile;

18 (2) if a reciprocal insurer, copies of the power of attor-
19 ney of its attorney-in-fact and of its subscribers' agreement, if any,
20 certified by its attorney-in-fact;

21 (3) a copy of its financial statement as of the preceding
22 December 31, sworn to by at least two executive officers of the insur-
23 er, or certified by the public insurance supervisory official of the
24 insurer's state of domicile or of entry into the United States;

25 (4) a copy of the report of last examination, if any, made
26 of the insurer, certified by the insurance supervisory official of its
27 state of domicile or of entry into the United States;

28 (5) appointment of the director under AS 21.09.180, as its
29 attorney to receive service of legal process;

1 (6) if a foreign or alien insurer, a certificate of the
2 public official having supervision of insurance in its state or coun-
3 try of domicile, or state of entry into the United States, showing
4 that it is authorized to transact the kinds of insurance proposed to
5 be transacted in this state;

6 (7) if an alien insurer, a copy of the appointment and
7 authority of its United States manager, certified by its officer
8 having custody of its records;

9 (8) if a foreign insurer, a certificate as to deposit if it
10 is to be tendered under AS 21.09.090;

11 (9) specimen copies of policies proposed to be offered in
12 this state if then available, together with premiums or premium rates
13 applicable if then known, or a declaration that the rates as applica-
14 ble will be those promulgated by designated rating organizations
15 authorized to file rates in this state on behalf of the insurer or by
16 the insurer.

17 * Sec. 4. AS 21.09.130(a) is amended to read:

18 (a) A certificate of authority issued or renewed under this
19 title continues in force as long as the insurer is entitled to it
20 under this title and until suspended or revoked, or otherwise ter-
21 minated; subject, however, to continuance of the certificate by the
22 insurer each year by payment before June 30 of the continuation fee
23 set under [PROVIDED IN] AS 21.06.250.

24 * Sec. 5. AS 21.09.130(c) is amended to read:

25 (c) The director may reinstate a certificate of authority which
26 the insurer has inadvertently permitted to expire, after the insurer
27 has fully cured all its failures that [WHICH] resulted in the expira-
28 tion, and upon payment by the insurer of the fee for reinstatement in
29 addition to the current continuation fee, set under [AS PROVIDED IN]

1 AS 21.06.250. Otherwise, the insurer shall be granted another certifi-
2 cate of authority only after filing an application and meeting all
3 other requirements as for an original certificate of authority in this
4 state.

5 * Sec. 6. AS 21.09.190(a) is amended to read:

6 (a) Duplicate copies of legal process against an insurer for
7 whom the director is attorney under AS 21.09.180 shall be served upon
8 the director, or upon a deputy of the director or other person in
9 charge of the office during the absence of the director. At the time
10 of service the plaintiff shall pay [\$5] to the director a fee set
11 under AS 21.06.250, taxable as costs in the action. Upon receiving
12 service the director shall promptly forward a copy by certified mail
13 with return receipt requested to the person last designated by the
14 insurer to receive it.

15 * Sec. 7. AS 21.09.200(d) is amended to read:

16 (d) At the time of filing, the insurer shall pay to the director
17 a [THE] fee for filing its statement, set under [AS PRESCRIBED IN]
18 AS 21.06.250.

19 * Sec. 8. AS 21.09.280(c) is amended to read:

20 (c) Except as provided under AS 21.27.500, the appointment of a
21 resident or nonresident general agent is not effective unless the
22 person appointed is licensed as the general agent of the insurer by
23 the director upon application and payment of a [THE] fee set under [AS
24 PROVIDED IN] AS 21.06.250.

25 * Sec. 9. AS 21.27.080(d) is amended to read:

26 (d) For each examination taken, the director shall collect in
27 advance a [THE] fee set under [PROVIDED IN] AS 21.06.250.

28 * Sec. 10. AS 21.27.280(c) is amended to read:

29 (c) Duplicate copies of legal process against the agent, broker

1 or adjuster shall be served upon the director either by a peace offi-
2 cer or through certified mail with return receipt requested. At the
3 time of service the plaintiff shall pay to the director a fee set
4 under AS 21.06.250 [\$5], taxable as costs in the action.

5 * Sec. 11. AS 21.27.380(d) is amended to read:

6 (d) Subject to the right of the director to suspend, revoke, or
7 refuse to renew a license as provided in this title, the license may
8 be renewed for another period by filing with the director on or before
9 the expiration date a written request, by or on behalf of the licens-
10 ee, for the renewal accompanied by payment of a [THE] renewal fee set
11 under [AS SPECIFIED IN] AS 21.06.250. An agent or broker shall make
12 and file a renewal request on behalf of a solicitor employed by the
13 agent or broker.

14 * Sec. 12. AS 21.27.380(f) is amended to read:

15 (f) As to all licenses where renewal must be applied for by the
16 licensee, if request for renewal of license or payment of the license
17 fee is not received by the director before the expiration date as
18 required under (d) of this section, the applicant for renewal of
19 license shall pay to the director and the director shall collect, in
20 addition to the regular license fee, a surcharge for the license as
21 established by regulation under AS 21.06.250 [AS FOLLOWS: FOR THE
22 FIRST 30 DAYS OR LESS OF DELINQUENCY THE SURCHARGE SHALL BE \$5; FOR
23 ALL DELINQUENCIES EXTENDING MORE THAN 30 DAYS, THE SURCHARGE SHALL BE
24 \$10]. This subsection shall not be considered to exempt a person from
25 a penalty provided by law for transacting business without a valid and
26 subsisting license, or effect the director's right to consider the
27 delinquent application as one for a new license.

28 * Sec. 13. AS 21.27.390(c) is amended to read:

29 (c) The fee paid to the director for issuance of a temporary

1 license under [AS SPECIFIED IN] AS 21.06.250 shall be credited toward
2 the fee required for a permanent license that [WHICH] is issued to
3 replace the temporary license before the expiration of the temporary
4 license.

5 * Sec. 14. AS 21.33.021(b) is amended to read:

6 (b) Service of process shall be made by leaving two copies in
7 the hands or office of the director and paying to the director for the
8 use of the state a [THE] fee set under AS 21.06.250 [REQUIRED BY
9 AS 21.06.250(a)(15)] for each person or insurer. A certificate by the
10 director showing the service, that [WHICH] shall be attached to the
11 original or third copy of the process presented to the director for
12 that purpose, is sufficient evidence of service. Service upon the
13 director as attorney shall be service upon the principal.

14 * Sec. 15. AS 21.39.060(a) is amended to read:

15 (a) A corporation, an unincorporated association, a partnership
16 or a person, whether located inside or outside this state, may make
17 application to the director for license as a rating organization for
18 the kinds of insurance, or subdivision or class of risk or a part or
19 combination thereof as are specified in its application and shall file
20 with the application: (1) a copy of its constitution, its articles of
21 agreement or association or its certificate of incorporation, and of
22 its bylaws and regulations governing the conduct of its business; (2)
23 a list of its members and subscribers; (3) the name and address of a
24 resident of this state upon whom notices or orders of the director or
25 process affecting the rating organization may be served; and (4) a
26 statement of its qualifications as a rating organization. If the
27 director finds that the applicant is competent, trustworthy and other-
28 wise qualified to act as a rating organization and that its constitu-
29 tion, articles of agreement or association or certificate of

1 incorporation, and its bylaws and regulations governing the conduct of
2 its business conform to the requirements of law, the director shall
3 issue a license specifying the kinds of insurance, or subdivisions or
4 classes or risks or parts or combinations of them [THEREOF] for which
5 the applicant is authorized to act as a rating organization. Each
6 application shall be granted or denied in whole or in part by the
7 director within 60 days after [OF] the date of its filing. Licenses
8 issued under this section shall remain in effect for three years
9 unless suspended or revoked by the director. The fee for the license
10 is set under AS 21.06.250 [\$100]. Licenses issued under this section
11 may be suspended or revoked by the director, after hearing upon no-
12 tice, if the rating organization ceases to meet the requirements of
13 this subsection. Each rating organization shall notify the director
14 promptly of every change in

15 (1) its constitution, its articles of agreement or asso-
16 ciation, or its certificate of incorporation, and its bylaws and
17 regulations governing the conduct of its business;

18 (2) its list of members and subscribers; and

19 (3) the name and address of the resident of this state
20 designated by it upon whom notices or orders of the director or pro-
21 cess affecting the rating organization may be served.

22 * Sec. 16. AS 21.66.080 is amended to read:

23 Sec. 21.66.080. ANNUAL STATEMENT. Every corporation, before
24 March 2 of each year, shall furnish the director a sworn statement of
25 assets and liabilities, and of all title premiums received by it
26 during the preceding calendar year, setting out among other things
27 that three percent of all gross premiums on title insurance policies
28 issued by it during the year covering property in this state have been
29 set aside and held by it in an account known as the Title Insurance

1 Unearned Premium Reserve Fund as provided in this chapter. The state-
2 ment shall also show in the form which may be prescribed by the direc-
3 tor all unpaid losses and claims upon title insurance policies of
4 which the corporation has received due notice in writing from or on
5 behalf of the insured. With the filing of the statement the corpo-
6 ration shall pay a filing fee set under AS 21.06.250 [OF \$15 TO BE
7 PLACED IN THE GENERAL FUND].

8 * Sec. 17. AS 21.66.090(b) is amended to read:

9 (b) With the filing of the application the corporation shall pay
10 a fee set under AS 21.06.250 [OF \$50 TO BE DEPOSITED IN THE GENERAL
11 FUND] and in addition shall pay all traveling expenses of the director
12 or an authorized representative of the director and per diem at the
13 current level for state employees at the location of the examination
14 [OF \$21 A DAY] incurred in examining the applicant's title plant or
15 plants.

16 * Sec. 18. AS 21.66.210(b) is amended to read:

17 (b) If the director finds that (1) the entity will be adequately
18 financed, (2) the persons who will be operating the entity are qual-
19 ified and (3) the rules of operation as expressed in the articles of
20 incorporation or association and the bylaws will promote the efficien-
21 cy of the operation of the subscribing owners or participants and will
22 not unduly restrict competition, the director shall issue a certifi-
23 cate of authority to the entity and permit it to organize. Each
24 application under this section shall be granted or denied in whole or
25 in part by the director within 60 days from the date it is filed. A
26 certificate of authority issued under this section remains in effect
27 until suspended or revoked by the director. The fee for the certifi-
28 cate of authority is set under AS 21.06.250. The certificate of
29 authority is subject to annual continuation. The fee for continuation

1 is set under AS 21.06.250 [\$75 A YEAR]. A certificate of authority
2 issued under this section may be suspended or revoked by the director
3 after hearing upon notice if the entity ceases to operate as provided
4 in the application or if the director determines that the operation
5 has become a restraint on competition and is not in the interests of
6 the public. Every entity issued a certificate of authority under this
7 section shall notify the director promptly of every change occurring
8 under this section.

9 * Sec. 19. AS 21.69.040(a) is amended to read:

10 (a) The incorporators of a proposed domestic insurer shall
11 deliver the triplicate originals of the articles of incorporation to
12 the director together with the filing fees set under [SPECIFIED IN]
13 AS 21.06.250.

14 * Sec. 20. AS 21.69.050(c) is amended to read:

15 (c) Upon adoption of an amendment the insurer shall make in
16 triplicate under its corporate seal a certificate, sometimes referred
17 to as "articles of amendment," setting out the amendment and the date
18 and manner of its adoption, which certificate shall be executed by the
19 insurer's president or vice-president and secretary or assistant
20 secretary and acknowledged by them before an officer authorized by law
21 to take acknowledgements of deeds. The insurer shall deliver to the
22 director the triplicate originals of the certificate, together with a
23 [THE] filing fee set under [SPECIFIED IN] AS 21.06.250. If the direc-
24 tor finds that the certificate and amendments comply with law, the
25 director shall endorse approval upon each of the triplicate originals
26 and return them to the insurer. The insurer shall immediately file
27 one set of the endorsed articles of amendment with the commissioner of
28 commerce and economic development, one set with the director bearing
29 the certification of the commissioner, and retain the remaining set in

1 the corporate records. The amendment shall be effective when the
2 filings have been completed.

3 * Sec. 21. AS 21.84.030 is amended to read:

4 Sec. 21.84.030. ANNUAL LICENSE. Societies which are now au-
5 thorized to transact business in this state may continue the business
6 until July 1, 1967. The authority of the societies and all societies
7 hereafter licensed, may thereafter be renewed annually, but in all
8 cases terminate on the first day of the succeeding July. However, a
9 license so issued shall continue in full force and effect until the
10 new license is issued or specifically refused. For each license or
11 renewal the society shall pay a fee set under AS 21.06.250 [THE DIREC-
12 TOR \$15]. A certified copy or duplicate of the license shall be prima
13 facie evidence that the licensee is a fraternal benefit society within
14 the meaning of this chapter.

15 * Sec. 22. AS 21.84.340(b) is amended to read:

16 (b) Every society transacting business in this state shall
17 annually, before the second of March, unless for cause shown the time
18 has been extended by the director, file with the director a true
19 statement of its financial condition, transactions and affairs for the
20 preceding calendar year and pay a fee set under AS 21.06.250 [OF \$5]
21 for filing it. The statement shall be in the general form and context
22 approved by the National Association of Insurance Commissioners for
23 fraternal benefit societies and supplemented by additional information
24 required by the director.

25 * Sec. 23. AS 21.84.430(a) is amended to read:

26 (a) The director may issue an agent's license to a person who
27 has paid an annual license fee set under AS 21.06.250 [OF \$35] and who
28 has complied with the requirements of this section, authorizing the
29 licensee to act as an insurance agent on behalf of any society named

1 in the license that [WHICH] is authorized to do business in this
2 state, and who has passed an examination given by the director.

3 * Sec. 24. AS 21.84.490(b) is amended to read:

4 (b) Service shall only be made upon the director, or if absent,
5 upon the person in charge of the office. It shall be made in dupli-
6 cate and shall constitute sufficient service upon the society. When
7 legal process against a society is served upon the director, the
8 director shall immediately forward one of the duplicate copies by
9 registered mail, prepaid, directed to the secretary or corresponding
10 officer. Legal process may not be served upon a society except in the
11 manner herein provided. At the time of serving a process upon the
12 director, the plaintiff or complainant in the action shall pay to the
13 director a fee set under AS 21.06.250 [OF \$5].

14 * Sec. 25. AS 21.84.590(2) is amended to read:

15 (2) AS 21.06 [, WITH THE EXCEPTION OF AS 21.06.250]

16 * Sec. 26. AS 21.87.080(c) is amended to read:

17 (c) At the time of filing the application the applicant shall
18 pay to the director an [THE] application fee and a [THE] fee for
19 issuance of the certificate of authority set under AS 21.06.250 [SPEC-
20 IFIED IN AS 21.87.320].

21 * Sec. 27. AS 21.87.100(a) is amended to read:

22 (a) A certificate of authority issued to a service corporation
23 shall continue in force as long as the corporation is entitled to it
24 under this chapter, and until suspended or revoked by the director or
25 terminated at the request of the corporation; subject, however, to
26 continuance of the certificate by the corporation each year by

27 (1) payment, before June 30, of the continuation fee set
28 under AS 21.06.250 [PROVIDED IN AS 21.87.320];

29 (2) filing by the insurer of its annual statement for the

1 preceding calendar year as required under AS 21.87.240.

2 * Sec. 28. AS 21.87.240(b) is amended to read:

3 (b) At the time of filing the statement, the corporation shall
4 pay a [THE] fee set under AS 21.06.250 [SPECIFIED IN AS 21.87.320].

5 * Sec. 29. The director of the division of insurance shall adopt the
6 initial regulations required by AS 21.06.250, as reenacted in sec. 2 of
7 this Act, on or before July 1, 1985, to be effective July 1, 1985.

8 * Sec. 30. AS 21.87.320 is repealed.

9 * Sec. 31. Section 1 of this Act takes effect immediately in accordance
10 with AS 01.10.070(c).

11 * Sec. 32. Sections 2 - 30 of this Act take effect July 1, 1985.