

Offered: 4/14/86  
Referred: Rules

Original sponsor: Eliason

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2

CS FOR SENATE BILL NO. 442 (Finance)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to reciprocal insurers that provide  
7 marine insurance; and providing for an effective  
8 date."

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

10 \* Section 1. FINDINGS. A crisis exists in the marine insurance market  
11 that is seriously affecting persons who fish commercially in the state.  
12 The development of insurance reciprocals to provide marine insurance would  
13 help alleviate this crisis. Persons who fish commercially in the state are  
14 generally unable to bear the cost of developing reciprocal insurers to  
15 provide marine insurance, particularly in light of the depressed condition  
16 of certain segments of the fishing industry. The Department of Commerce  
17 and Economic Development should provide technical assistance to persons who  
18 wish to form reciprocal insurers to provide marine insurance.

19 \* Sec. 2. AS 21.39.155(a) is amended to read:

20 (a) The director may require carriers, except a reciprocal  
21 insurer formed by and insuring only a group of municipalities or  
22 nonprofit public utilities under AS 21.75 or a reciprocal insurer  
23 formed under AS 21.75 to provide marine insurance, as a condition of  
24 writing a line of insurance dealing with workers' compensation, to  
25 participate in an assigned risk pool if the director finds that manda-  
26 tory carrier participation is in the public interest.

27 \* Sec. 3. AS 21.75.020(a) is amended to read:

28 (a) Except as provided in (c) of this section, a [A] reciprocal

1 insurer may, upon qualifying as provided for by this title, transact  
2 any kind or kinds of insurance defined by this title, other than life  
3 or title insurances.

4 \* Sec. 4. AS 21.75.020 is amended by adding a new subsection to read:

5 (c) The director shall establish by regulation the type of  
6 marine insurance that a reciprocal insurer may provide.

7 \* Sec. 5. AS 21.75.050 is amended by adding a new subsection to read:

8 (e) Notwithstanding (a) - (c) of this section, the director  
9 shall establish by regulation the level of surplus to be maintained by  
10 a reciprocal insurer providing marine insurance.

11 \* Sec. 6. AS 21.75.060 is amended by adding new subsections to read:

12 (d) The director may provide financial and technical assistance  
13 to persons who wish to establish a reciprocal insurer to provide  
14 marine insurance under this chapter.

15 (e) The areas the director may assist the person with under (d)  
16 of this section include

17 (1) preparing the documentation necessary to form the  
18 reciprocal insurer;

19 (2) obtaining reinsurers for the reciprocal insurer;

20 (3) preparing subscriber rules and management procedures  
21 for the reciprocal insurer;

22 (4) financing the formation expenses of the reciprocal  
23 insurer;

24 (5) managing the reciprocal insurer.

25 \* Sec. 7. AS 21.75.230 is amended by adding a new subsection to read:

26 (d) Notwithstanding (a) - (c) of this section, a reciprocal  
27 insurer that provides marine insurance may issue policies that are  
28 nonassessable.

29 \* Sec. 8. AS 21.80.180(5) is amended to read:

1 (5) "insolvent insurer" means an insurer  
2 (A) authorized to transact insurance in this state,  
3 except an assessable reciprocal insurer formed by and insuring  
4 only municipalities or nonprofit public utilities, a reciprocal  
5 insurer formed under AS 21.75 to provide marine insurance, the  
6 Medical Indemnity Corporation of Alaska, and the Health Care  
7 Providers Joint Underwriting Association established under  
8 AS 21.88, either at the time the policy was issued or when the  
9 insured event occurred, and  
10 (B) determined to be insolvent by a court of competent  
11 jurisdiction;

12 \* Sec. 9. AS 21.80.180(6) is amended to read:

13 (6) "member insurer" means a person, except an assessable  
14 reciprocal insurer formed by and insuring only municipalities or  
15 nonprofit public utilities, a reciprocal insurer formed under AS 21.75  
16 to provide marine insurance, the Medical Indemnity Corporation of  
17 Alaska, and the Health Care Providers Joint Underwriting Association  
18 established under AS 21.88, who

19 (A) writes [ANY KIND OF] insurance to which this  
20 chapter applies under AS 21.80.020 including the exchange of  
21 reciprocal or interinsurance contracts, and

22 (B) is licensed to transact insurance in the [THIS]  
23 state;

24 \* Sec. 10. This Act takes effect immediately in accordance with AS 01.-  
25 10.070(c).