

Offered: 3/16/88  
Referred: Labor & Commerce  
and Judiciary

5-0111B

Original sponsor: Taylor

1 IN THE HOUSE  
2  
3 BY THE COMMUNITY AND REGIONAL  
4 AFFAIRS COMMITTEE  
5 CS FOR HOUSE BILL NO. 227 (C&RA)  
6 IN THE LEGISLATURE OF THE STATE OF ALASKA  
7 FIFTEENTH LEGISLATURE - SECOND SESSION  
8 A BILL  
9 For an Act entitled: "An Act relating to joint insurance arrangements."  
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:  
11 \* Section 1. AS 21.76.010(a) is repealed and reenacted to read:  
12 (a) The following groups may enter into cooperative agreements  
13 with each other for the purpose of establishing, operating, or partic-  
14 ipating in joint insurance arrangements through which the participat-  
15 ing members agree to pool contributions in order to either assume  
16 risks from losses on a group basis or purchase coverage on a group  
17 basis:  
18 (1) municipalities;  
19 (2) school districts;  
20 (3) regional educational attendance areas;  
21 (4) incorporated or unincorporated associations;  
22 (5) regional electrical associations;  
23 (6) entities qualified to do business under 15 U.S.C.  
24 3901 - 3904 (Product Liability Risk Retention Act);  
25 (7) groups that would be considered valid under this title  
26 for the type of insurance for which the joint insurance arrangement is  
27 established.  
28 \* Sec. 2. AS 21.76.010(b) is amended to read:  
29 (b) A joint insurance arrangement may be for any kind of insur-  
ance defined by this title except for [DISABILITY INSURANCE, HEALTH  
INSURANCE,] life insurance [,] and title insurance.  
\* Sec. 3. AS 21.76.020 is repealed and reenacted to read:

1           Sec. 21.76.020. REGULATION BY DIVISION OF INSURANCE. A joint  
2 insurance arrangement may not be considered insurance for the purpose  
3 of any other law of the state and is not subject to regulations of the  
4 director except as expressly provided in this chapter.

5 \* Sec. 4. AS 21.76.040 is amended by adding a new subsection to read:

6           (c) A joint insurance arrangement shall use a method of account-  
7 ing that conforms with generally accepted government accounting prin-  
8 ciples.

9 \* Sec. 5. AS 21.76.070 is amended to read:

10           Sec. 21.76.070. EXCESS INSURANCE. A cooperative agreement may  
11 authorize the board of directors to purchase excess or catastrophic  
12 insurance on behalf of the joint insurance arrangement. The cost of  
13 the insurance shall be apportioned in the manner specified in the  
14 joint insurance agreement. The board may purchase insurance under  
15 this section only from an insurer authorized to do business in the  
16 state or from an authorized insurer if the insurance is placed through  
17 a licensed surplus lines broker, except that an arrangement formed by  
18 municipalities or school districts may purchase insurance under this  
19 section from a risk-sharing pool established by a national associa-  
20 tion of similar entities if the risk-sharing pool meets the qualifica-  
21 tions for an unauthorized insurer under AS 21.34.040(b) and (d) and  
22 21.34.220 and has capital and policyholders surplus in an amount at  
23 least as great as would be required if the association were a domestic  
24 multiple line insurer. An arrangement may purchase insurance under  
25 this section for property and liability risks from unauthorized in-  
26 surers allowed for use by licensed Alaska surplus lines brokers.

27 \* Sec. 6. AS 21.76.080(e) is amended to read:

28           (e) Within 60 days of the end of the fiscal year, the adminis-  
29 trator shall furnish a detailed report of the operation and condition

1 of the fund to the board of directors and the director of insurance.

2 The report furnished to the director of insurance shall be

3 [(1) FILED IN THE GENERAL FORM AND CONTEXT ACCEPTABLE TO  
4 THE DIRECTOR;

5 (2) IN ACCORDANCE WITH ACCOUNTING PRINCIPLES ESTABLISHED  
6 UNDER THIS TITLE; AND

7 (3)] available for public inspection.

8 \* Sec. 7. AS 21.76.110 is repealed and reenacted to read:

9 Sec. 21.76.110. SUBROGATION. A joint insurance arrangement has  
10 a cause of action for reimbursement of money paid to a participating  
11 member for a loss or injury if the participating member recovers money  
12 for the loss or injury from a third party. The joint insurance ar-  
13 rangement also has a direct cause of action for reimbursement against  
14 a third party responsible for loss or injuries sustained by a partic-  
15 ipating member if the joint arrangement has paid money to the partic-  
16 ipating member for the loss or injuries.