

1 IN THE SENATE

BY BENNETT BY REQUEST

2

SENATE BILL NO. 283

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to capital and surplus requirements  
7 for surplus lines insurance; limiting a domestic  
8 insurer tax exemption; and providing for an effective  
9 date."

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

11 \* Section 1. AS 21.09.210(c) is amended to read:

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(c) A domestic company organized before July 1, 1987, is exempt  
13 from taxation under this section for a period of five years from the  
14 date of its organization.

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\* Sec. 2. AS 21.34.040(c) is amended to read:

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(c) A nonadmitted insurer may be eligible to provide coverage in  
17 this state if it qualifies under one of the following:

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(1) a foreign but nonalien insurer may qualify under this

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subsection if it has a minimum capital and surplus equal to that  
20 required in its domiciliary jurisdiction, or [,] \$1,500,000 on Septem-  
21 ber 18, 1984, [AND] \$2,500,000 on June 20, 1985, [AND] \$3,500,000 [,]  
22 on June 20, 1986, and \$5,000,000 on June 20, 1987, whichever is  
23 greater;

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(2) an alien insurer may qualify under this subsection if

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it meets the minimum capital and surplus requirements in (1) of this

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subsection and maintains in the United States an irrevocable trust

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fund in either a national bank or a member of the Federal Reserve

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system, in an amount not less than \$1,500,000 [THAT REQUIRED AS MINI-

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MUM CAPITAL AND SURPLUS IN (1) OF THIS SUBSECTION], for the protection

1 of all its policyholders in the United States; the trust fund must  
2 [SHALL] consist of instruments of substantially the same character and  
3 quality as those that are eligible investments for the capital and  
4 statutory reserves of admitted insurers authorized to write like kinds  
5 of insurance in this state or of irrevocable letters of credit; the  
6 trust fund must [FUNDS SHALL] have an expiry date that at no time is  
7 less than five years;

8 (3) a Lloyd's or other similar unincorporated group of  
9 alien individual insurers may qualify if it maintains a trust fund of  
10 not less than \$50,000,000 as security to the full amount, for all  
11 policyholders and creditors in the United States, of each member of  
12 the group;

13 (4) an "insurance exchange" created by the laws of indi-  
14 vidual states may qualify if it maintains capital and surplus, or the  
15 substantial equivalent, of not less than \$15,000,000 in the aggregate;  
16 in the event the insurance exchange does not maintain funds for the  
17 protection of all its policyholders, each individual syndicate shall  
18 meet the minimum capital and surplus requirements of (1) of this  
19 subsection.

20 \* Sec. 3. This Act takes effect immediately under AS 01.10.070(c).