

1 IN THE SENATE BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 273

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the licensing of insurance
7 agents, general agents, brokers, solicitors, adjust-
8 ers, and firms; and providing for an effective date."

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

10 * Section 1. AS 21.27.010(a) is amended to read:

11 (a) A person may not in this state act as or represent to be an
12 agent, general agent, broker, solicitor, or adjuster unless licensed
13 by this state.

14 * Sec. 2. AS 21.27.010(b) is amended to read:

15 (b) An agent, general agent, solicitor, or broker may not solici-
16 it or take applications for, procure, or place for others any kind of
17 insurance for which the person is not licensed.

18 * Sec. 3. AS 21.27.030(a) is amended to read:

19 (a) The director may not grant an agent, general agent, solici-
20 tor, or broker license to a person if the director has reasonable
21 cause to believe that the circumstances of the applicant for the
22 license are such that during the 12-month period immediately following
23 issuance of the license, if issued, the aggregate amount of com-
24 missions to be represented by the controlled business would exceed the
25 aggregate amount of commissions to be represented by all other insur-
26 ance business to be procured by or through the applicant.

27 * Sec. 4. AS 21.27.030(d) is amended to read:

28 (d) The director may revoke an agent, general agent, solicitor,
29 or broker license if the director has reasonable cause to believe that

1 during either of the two preceding calendar years the aggregate amount
2 of commissions represented by the controlled business procured by or
3 through the licensee exceeded the aggregate amount of commissions
4 represented by all other insurance business procured by or through the
5 licensee.

6 * Sec. 5. AS 21.27.050 is amended to read:

7 Sec. 21.27.050. ONE FILING OF PERSONAL DATA SUFFICIENT. (a)

8 The filing of personal data by an individual in connection with one
9 application for an agent or general agent license is [SHALL BE] suffi-
10 cient, regardless of the number of insurers to be represented [BY THE
11 AGENT] or the number of subsequent applications by the same applicant.

12 (b) The director may from time to time require a licensed agent,
13 general agent, solicitor, broker, or adjuster, to supply the informa-
14 tion called for in an application for license.

15 * Sec. 6. AS 21.27.060 is amended to read:

16 Sec. 21.27.060. EXAMINATION OF APPLICANTS. (a) Each applicant
17 for an individual license as agent, general agent, broker, solicitor,
18 or adjuster shall, before the issuance of the license, personally take
19 and pass, to the satisfaction of the director, an examination given by
20 the director as a test of the qualifications and competence of the
21 applicant. This requirement does not apply to

22 (1) applicants for limited licenses, as travel insurance
23 agents only, under AS 21.27.150, or, at the discretion of the direc-
24 tor, to applicants for licenses as disability insurance agents for the
25 purpose of handling limited coverages pertaining to sports and recre-
26 ation;

27 (2) applicants (A) who, at any time within the two-year
28 [FIVE-YEAR] period immediately preceding the date of application, have
29 been licensed in this state under a license requiring qualifications

1 required by the license applied for, (B) [AND] who are considered by
2 the director to be fully qualified and competent, and (C) whose previ-
3 ous license was not revoked for any reason;

4 (3) applicants for license [AS NONRESIDENT AGENT OR AS
5 NONRESIDENT BROKER] who have fulfilled qualification requirements in
6 their state or province of residence and who are considered by the
7 director to be fully qualified and competent. [;]

8 [(4) APPLICANTS FOR AN AGENT OR SOLICITOR LICENSE COVERING
9 THE SAME KINDS OF INSURANCE AS AN AGENT'S OR SOLICITOR'S LICENSE THEN
10 HELD BY THEM.]

11 (b) The director may at any time require an individual licensed
12 as an agent, general agent, broker, solicitor, or adjuster to take and
13 successfully pass an examination testing competence and qualifications
14 as a condition to the continuance of the license if the licensee has
15 been guilty of violation of this title, or has so conducted affairs
16 under the license as to cause the director reasonably to desire fur-
17 ther evidence of the qualifications of the licensee.

18 * Sec. 7. AS 21.27.080(d) is amended to read:

19 (d) The [FOR EACH EXAMINATION TAKEN, THE] director may make
20 arrangements, including contracting with an outside testing service,
21 for administering examinations and collecting a nonrefundable fee
22 [SHALL COLLECT IN ADVANCE A FEE SET UNDER AS 21.06.250].

23 * Sec. 8. AS 21.27.090 is amended to read:

24 Sec. 21.27.090. [AGENT AND BROKER] QUALIFICATIONS FOR LICENSE.

25 (a) To qualify for an [INDIVIDUAL] agent, general agent, [OR] broker,
26 solicitor, or adjuster license an applicant shall comply with this
27 title and

28 (1) be 19 years of age or over with a high school or Gener-
29 al Education Development (GED) diploma;

1 (2) if for a resident [AGENT'S OR BROKER'S] license, be a
2 bona fide resident before issuance of license and actually reside in
3 the state;

4 (3) successfully pass any examination required under
5 AS 21.27.060;

6 (4) be a trustworthy person;

7 (5) not use or intend to use the license for the purpose
8 principally of writing controlled business, as defined in
9 AS 21.27.030;

10 (6) has not committed any act which is a ground for denial,
11 suspension, or revocation set forth in AS 21.27.410 in the manner
12 provided in AS 21.27.420;

13 (7) if for an agent or general agent license, be appointed
14 as its agent or general agent by one or more authorized insurers,
15 subject to issuance of the license, except that an individual acting
16 on behalf of a firm is not required to have an appointment as an agent
17 or general agent for that activity;

18 (8) if for a general agent license, must have a minimum of
19 three years active working experience in insurance administrative
20 functions, such as those defined in AS 21.90.900(24), which, in the
21 director's discretion, exhibits the applicant's ability to competent-
22 ly perform the administrative functions for all lines applied for;

23 (9) [(7)] if for a broker license, have had a minimum of
24 three years' active working experience in all lines applied for either
25 as an agent, solicitor, adjuster, general agent, broker, or as an
26 employee of insurers or [OF] representatives of insurers, or special
27 education or training of sufficient duration and extent reasonably to
28 satisfy the director that the applicant possesses the competence
29 necessary to fulfill the responsibilities of broker;

1 (10) if for a solicitor license, intends to and does make
2 the soliciting and handling of insurance business under the license
3 the applicant's principal gainful occupation, and represent and be
4 employed by only one licensed agent, general agent, or broker;

5 (11) if for an adjuster license, has had at least six
6 months' experience or special education or training with reference to
7 the handling of loss claims under insurance contracts of sufficient
8 duration and extent reasonably to make the person competent to fulfill
9 the responsibilities of an adjuster.

10 (b) If the director finds that the applicant is qualified and
11 that the license fee has been paid, the director shall issue the
12 license. Otherwise, the director shall refuse to issue the license.

13 (c) The director may adopt regulations establishing additional
14 educational or experience requirements for applicants under (a) of
15 this section.

16 (d) To qualify for a firm agent or broker license an applicant
17 must [SHALL] comply with this title and

18 (1) comply with (a)(4) and (5) of this section;

19 (2) if a corporation, maintain a lawfully established place
20 of business in this state, except as provided in AS 21.27.270.

21 * Sec. 9. AS 21.27 is amended by adding a new section to read:

22 Sec. 21.27.095. LICENSING OF GENERAL AGENTS. (a) A general
23 agent has the authority, consistent with this title, that is conferred
24 by the insurer. A general agent, resident or nonresident, qualified
25 under AS 21.27.090 and licensed as provided in this section, may
26 exercise the powers conferred by this title upon agents licensed for
27 the kinds of insurance that the general agent is authorized to trans-
28 act for the insurer appointing the agent.

29 (b) A person employed on salary by an insurer, including an

1 officer or salaried employee performing the same services as a general
2 agent, is considered to be a service representative and is not
3 required to be licensed.

4 (c) For purposes of this section, a person, firm, or corporation
5 that performs management services for an insurer is not required to be
6 licensed as a general agent if

7 (1) the person, firm, or corporation is a wholly-owned
8 subsidiary of the insurer;

9 (2) the person, firm, or corporation wholly owns the insurer; or
10

11 (3) the person, firm, or corporation is a wholly-owned
12 subsidiary of the insurance holding company that owns or controls the
13 insurer.

14 * Sec. 10. AS 21.27.100 is amended to read:

15 Sec. 21.27.100. APPOINTMENT OF AGENTS OR GENERAL AGENTS. (a)
16 Each insurer[, ON] appointing an agent or general agent in the
17 state[,] shall file written notice of the appointment [IN TRIPLICATE]
18 with the director on forms prescribed and furnished by the director.
19 If then licensed and the necessary licensing fee paid, or as soon as
20 licensed, the director shall provide to the insurer and to the appoin-
21 tee written notification of the effective date of the appointment
22 [MAIL ONE COPY OF THE APPOINTMENT TO THE AGENT AND RETURN ONE COPY TO
23 THE INSURER WITH THE THIRD COPY BEING RETAINED IN THE DIRECTOR'S
24 OFFICE].

25 (b) Each insurer that enters into an agreement with a general
26 agent shall do so by means of a written contract that specifically
27 sets out the duties, functions, powers, authority, and compensation of
28 all parties to the contract. Such a contract must be kept in the
29 permanent records of the insurer and general agent, and be open to

1 inspection by the director.

2 * Sec. 11. AS 21.27.110 is amended to read:

3 Sec. 21.27.110. TERM OF APPOINTMENT [OF AGENT]. Each appoint-
4 ment under AS 21.27.100 shall continue in force until

5 (1) the 30th of June of each year unless continued [RE-
6 NEWED] by the insurer by payment to the director of an annual fee set
7 under AS 21.06.250 on or before the close of business on the 30th of
8 June; [OR]

9 (2) the appointment is revoked by the insurer by written
10 notice of revocation to the appointee and [AGENT; THE INSURER SHALL
11 IMMEDIATELY FILE A DUPLICATE COPY OF THE NOTICE OF REVOCATION WITH]
12 the director; or [NO FEE SHALL BE CHARGED FOR FILING THE COPY]

13 (3) the appointment is revoked by the director by written
14 notice of that action to the appointee and insurer.

15 * Sec. 12. AS 21.27.120(a) is amended to read:

16 (a) Revocation of an appointment [BY THE INSURER] shall be con-
17 sidered to be effective as of the date designated in the notice as
18 being the effective date if the notice is actually received by the
19 appointee [AGENT] before the designated date; otherwise, as of the
20 earlier of the following dates:

21 (1) the date the notice of revocation was received by the
22 appointee [AGENT];

23 (2) the date the notice, if mailed to the appointee's
24 [AGENT AT THE AGENT'S] last address of record [WITH THE INSURER], in
25 due course should have been received by the appointee [AGENT].

26 * Sec. 13. AS 21.27.130 is amended to read:

27 Sec. 21.27.130. FORM AND CONTENT OF [AGENT, BROKER, SOLICITOR]
28 LICENSES. Agent, solicitor, and broker licenses must be in the form
29 the director prescribes, and must set out

1 (1) the name and address of the licensee, or if the licens-
2 ee is required to have a place of business, the address of the place
3 of business;

4 (2) if [THE AGENT OR BROKER IS] a firm, the name of the
5 principal or manager of the firm [HOLDING AN INDIVIDUAL LICENSE AS
6 REQUIRED BY AS 21.27.140];

7 (3) the kind or kinds of insurance the licensee is licensed
8 to handle;

9 (4) if a solicitor's license, the name and address of the
10 agent or broker represented by the solicitor;

11 (5) the condition under which the license is granted;

12 (6) the date of issuance of the license.

13 * Sec. 14. AS 21.27.160 is amended to read:

14 Sec. 21.27.160. SCOPE [NUMBER] OF LICENSES. (a) An agent,
15 general agent, broker, solicitor, or adjuster is required to have but
16 one license inclusive of all kinds or combination of kinds of insur-
17 ance the agent, general agent, broker, adjuster, or solicitor is
18 licensed to handle, regardless of the number of insurers represented
19 [FOR WHOM THE AGENT IS APPOINTED].

20 (b) The following license types may be issued:

21 (1) an all lines license;

22 (2) a property/casualty lines license; or

23 (3) a life lines license.

24 * Sec. 15. AS 21.27.190(c) is amended to read:

25 (c) For a firm broker, the \$10,000 surety bond required by (a)
26 of this section covers the firm and one authorized broker. A \$5,000
27 surety bond is required for each additional individual who acts on
28 behalf of the firm [AN INDIVIDUAL WHO ACTS ON BEHALF OF A FIRM THAT
29 FILES AND MAINTAINS IN FORCE THE BOND DESCRIBED IN (a) OF THIS SECTION

1 IS EXEMPT FROM THE REQUIREMENTS OF (a) OF THIS SECTION].

2 * Sec. 16. AS 21.27.190 is amended by adding a new subsection to read:

3 (d) The director may adopt, by regulation, an alternative to a
4 bond required by this section.

5 * Sec. 17. AS 21.27.240 is amended to read:

6 Sec. 21.27.240. FEE FOR AND[,] CUSTODY OF SOLICITOR'S LICENSE
7 [AND CANCELLATION]. (a) An agent, general agent, or broker who
8 employs a solicitor shall pay the fee for issuance, or annual fee for
9 continuation, of a solicitor license.

10 (b) The solicitor license [SHALL BE DELIVERED TO AND] shall
11 remain in the possession of the employer [EMPLOYING AGENT OR BROKER].
12 Upon termination of the employment, the license terminates and shall
13 be returned to the director for cancellation.

14 * Sec. 18. AS 21.27.250(a) is amended to read:

15 (a) A solicitor license may not cover any kind of insurance for
16 which the agent, general agent, or broker by whom the solicitor is
17 employed is not then licensed.

18 * Sec. 19. AS 21.27.250(c) is amended to read:

19 (c) An individual may [SHALL] not be licensed as an agent,
20 general agent, or broker while licensed as a solicitor.

21 * Sec. 20. AS 21.27.260 is amended to read:

22 Sec. 21.27.260. EMPLOYER'S RESPONSIBILITY FOR SOLICITOR [OF
23 EMPLOYING AGENT OR BROKER]. All business transacted by a solicitor
24 under license as a solicitor shall be in the name of the agent, gener-
25 al agent, or broker by whom the solicitor is employed and the agent,
26 general agent, or broker is [SHALL BE] responsible for all acts or
27 omissions of the solicitor within the scope of employment as solici-
28 tor.

29 * Sec. 21. AS 21.27.270(a) is amended to read:

1 Sec. 21.27.270. LICENSING OF NONRESIDENT AGENTS, GENERAL AGENTS,
2 BROKERS, OR ADJUSTERS. (a) The director may license as a nonresident
3 insurance agent, general agent, broker, or adjuster a person who
4 otherwise qualifies under this title, but who is not a resident of or
5 domiciled in Alaska.

6 * Sec. 22. AS 21.27.280 is amended to read:

7 Sec. 21.27.280. DIRECTOR AS AGENT FOR SERVICE OF PROCESS
8 [AGAINST NONRESIDENT AGENT, BROKER, ADJUSTER]. (a) Each licensed
9 nonresident agent, general agent, broker, or adjuster shall appoint
10 the director as attorney to receive service of legal process issued
11 against the licensee [AGENT, BROKER OR ADJUSTER] in this state upon
12 causes of action arising in this state. Service upon the director as
13 attorney constitutes [SHALL CONSTITUTE] effective legal service upon
14 the licensee [AGENT, BROKER OR ADJUSTER].

15 (b) The appointment is [SHALL BE] irrevocable for as long as
16 there could be a cause of action against the licensee [AGENT, BROKER
17 OR ADJUSTER] arising out of insurance transactions in this state.

18 (c) Duplicate copies of legal process against the licensee
19 [AGENT, BROKER OR ADJUSTER] shall be served upon the director either
20 by a peace officer or through certified mail with return receipt
21 requested. At the time of service the plaintiff shall pay to the
22 director a fee set under AS 21.06.250, taxable as costs in the action.

23 (d) Upon receiving the service, the director shall immediately
24 send one of the copies of the process, by certified mail with return
25 receipt requested, to the defendant licensee [AGENT, BROKER OR ADJUST-
26 ER] at the defendant's last address of record with the director.

27 [(e) THE DIRECTOR SHALL KEEP A RECORD OF THE DAY AND HOUR OF
28 SERVICE OF ALL THE LEGAL PROCESS.]

29 * Sec. 23. AS 21.27.310(a) is amended to read:

1 (a) An individual who has not passed the examination required by
2 AS 21.27.090(a)(3) or does not have the experience or special educa-
3 tion with reference to the handling of loss claims required under
4 AS 21.27.090(a)(11), [21.27.290(3)] but who otherwise meets the re-
5 quirements of AS 21.27.090, may be employed and licensed as a trainee
6 adjuster, subject to the provisions of this section.

7 * Sec. 24. AS 21.27.310(b) is amended to read:

8 (b) A licensed adjuster employing a trainee adjuster shall
9 immediately submit to the director the [INFORM THE DIVISION OF INSUR-
10 ANCE BY CERTIFIED MAIL, WITH RETURN RECEIPT REQUESTED, OF THE EMPLOY-
11 MENT OF A TRAINEE ADJUSTER, GIVING THE EXACT DATE OF EMPLOYMENT AND
12 ENCLOSING WITH THE CORRESPONDENCE THE ADJUSTER LICENSE] application
13 [FORM] of the trainee adjuster, with the fee set under AS 21.06.250
14 [PROPERLY COMPLETED].

15 * Sec. 25. AS 21.27.310(c) is amended to read:

16 (c) A trainee adjuster shall comply with the adjuster licensing
17 requirements of AS 21.27.090(a)(3) and (11) within 12 months after the
18 effective date of the trainee adjuster license [MAY TAKE THE ADJUSTER
19 LICENSE EXAMINATION AFTER SIX MONTHS FROM THE DATE OF RECEIPT OF THE
20 APPLICATION BY THE DIVISION OF INSURANCE].

21 * Sec. 26. AS 21.27.310 is amended by adding a new subsection to read:

22 (g) If a licensee is not in compliance with this section, the
23 trainee adjuster license shall be terminated. The licensee or other
24 person having possession or custody of the license shall immediately
25 deliver it to the director either by personal delivery or by mail.

26 * Sec. 27. AS 21.27.320(a) is amended to read:

27 Sec. 21.27.320. [ADJUSTMENT BY] AGENT OR GENERAL AGENT AS AD-
28 JUSTER: [AND] NONRESIDENT ADJUSTERS. (a) On behalf of and as au-
29 thorized by an insurer for which the agent or general agent is

1 appointed [LICENSED AS AGENT], and agent or general agent may occa-
2 sionally [FROM TIME TO TIME] act as an adjuster and investigate and
3 report upon claims without being required to be licensed as an adjust-
4 er.

5 * Sec. 28. AS 21.27.330 is amended to read:

6 Sec. 21.27.330. PLACE OF BUSINESS. Each licensed agent, general
7 agent, broker, and adjuster, other than those [AN AGENT] licensed for
8 life or disability insurances or annuities only, shall have and main-
9 tain in this state, or if a nonresident agent or nonresident broker,
10 in the state of domicile, a place of business accessible to the pub-
11 lic. The place of business is where the licensee [AGENT, BROKER, OR
12 ADJUSTER] principally conducts transactions under the licenses. The
13 address of the place of business shall appear on all licenses of the
14 licensee, and the licensee shall promptly notify the director of any
15 change of address. If the licensee maintains more than one place of
16 business in this state, the licensee shall obtain a [DUPLICATE OF THE]
17 license or licenses for each additional place, and shall pay an addi-
18 tional license fee for each [DUPLICATE] license.

19 * Sec. 29. AS 21.27.340 is amended to read:

20 Sec. 21.27.340. PUBLIC DISPLAY OF LICENSE. (a) The license or
21 licenses of each agent, general agent, broker, and adjuster, other
22 than licenses as to life or disability insurances or annuities only,
23 [OR OF EACH BROKER OR ADJUSTER] shall be displayed in a conspicuous
24 place in that part of the place of business which is customarily open
25 to the public.

26 (b) The license of a solicitor shall be displayed in each place
27 of business of the agent, general agent, or broker by whom the solici-
28 tor is employed.

29 * Sec. 30. AS 21.27.350(a) is amended to read:

1 Sec. 21.27.350. MAINTENANCE OF RECORDS; FORM AND CONTENT [OF
2 AGENTS, BROKERS, ADJUSTERS]. (a) Each agent, general agent, broker,
3 or adjuster shall keep at the address as shown on the license a record
4 of all transactions consummated under the license. This record shall
5 be in organized form and must include

6 (1) if an agent, general agent, or broker,

7 (A) a record of each insurance contract procured,
8 issued, or countersigned, together with the names of the insurers
9 and insureds, the amount of premium paid or to be paid, and a
10 statement of the subject of the insurance;

11 (B) the names of any other licensees from whom busi-
12 ness is accepted, and of persons to whom commissions or allow-
13 ances of any kind are promised or paid;

14 (2) if an adjuster, a record of each investigation or
15 adjustment undertaken or consummated, and a statement of the fee,
16 commission, or other compensation received or to be received by the
17 adjuster on account of the investigation or adjustment;

18 (3) additional information which is customary, or which may
19 reasonably be required by the director.

20 * Sec. 31. AS 21.27.350(c) is amended to read:

21 (c) In addition to the record required under (a) of this sec-
22 tion, each agent, general agent, or broker shall have and maintain at
23 the [AGENT'S OR BROKER'S] principal place of business current account-
24 ing and financial records maintained in accordance with generally
25 accepted accounting principles. The director may request summary or
26 detailed copies for examination by the division. Records examined
27 under this subsection are confidential when in the possession of the
28 division, but may be used by the director in a proceeding against the
29 licensee. For purposes of this subsection, the records of a firm are

1 also [SHALL BE CONSIDERED] the records of an individual licensee
2 [AGENT OR BROKER] acting on behalf of the firm.

3 * Sec. 32. AS 21.27.360 is amended to read:

4 Sec. 21.27.360. REPORTING AND ACCOUNTING FOR PREMIUMS. (a) A
5 licensee [AN AGENT OR OTHER REPRESENTATIVE OF AN INSURER] involved in
6 the procuring or issuance of an insurance contract shall report to the
7 insurer the exact amount of consideration charged as premium for the
8 contract. The amount charged shall be shown in the contract and in
9 the records of the licensee [AGENT].

10 (b) All money [FUNDS], except that [THOSE] made payable to the
11 insurer, representing premiums or return premiums received by the
12 licensee [AN AGENT OR BROKER], shall be received in the fiduciary
13 account of the licensee [AGENT OR BROKER,] and shall be deposited in a
14 bank account or depository separate from any other account or depos-
15 itory, and shall be promptly accounted for and paid to the insured,
16 insurer, or agent entitled to the money [FUNDS]. For purposes of this
17 subsection, the fiduciary account of the firm shall be considered the
18 fiduciary account of an individual licensee [AGENT OR BROKER] acting
19 on behalf of the firm. Money [FUNDS] deposited into a fiduciary
20 account may not be commingled or otherwise combined with other money
21 [FUNDS], except as allowed under (d) of this section.

22 (c) A licensee [AN AGENT, SOLICITOR, OR BROKER] who, not being
23 lawfully entitled to money [FUNDS], is determined by the director,
24 following an appropriate hearing as provided in AS 21.06.170 -
25 21.06.230, to have diverted or appropriated it [THEM] or any portion
26 of it [THEM] to personal use, is subject to a civil penalty not to
27 exceed \$25,000 for each violation.

28 (d) A licensee [AN AGENT OR BROKER] may commingle with premium
29 money [FUNDS], additional money [FUNDS] for the purpose of advancing

1 premiums, establishing reserves for the payment of return premiums, or
2 reserves for receiving and transmitting premium or return premium
3 money [FUNDS]. Money [FUNDS] collected for the payment of premium
4 taxes, policy or filing fees, late payment charges, and interest from
5 fiduciary money [FUNDS] on deposit, may be commingled in a fiduciary
6 account, but shall be separately accounted for and periodically
7 removed from the fiduciary account.

8 (e) A licensee [AN AGENT OR BROKER] may not treat money [FUNDS]
9 required to be in a fiduciary account as a personal asset, as collat-
10 eral for a personal or business loan, or as a personal asset or income
11 on a financial statement, except that money [FUNDS] in a fiduciary
12 account may be included in a financial statement of the licensee
13 [AGENT OR BROKER] if clearly identified as fiduciary account assets.

14 (f) In this section, "fiduciary account" means an account in
15 which the licensee [AGENT OR BROKER] holds money [FUNDS] as a trustee
16 for the insured, insurer, general agent, surplus lines broker, or
17 agent entitled to the money [FUNDS].

18 (g) The director may adopt regulations as necessary to imple-
19 ment, define, and enforce this section.

20 * Sec. 33. AS 21.27.380 is amended to read:

21 Sec. 21.27.380. LICENSE CONTINUATION [ANNUAL FEE FOR LICENSES].

22 (a) Each license continues in force, upon payment of

23 (1) an [AN] annual fee set under AS 21.06.250 for resident
24 and nonresident agent, general agent, solicitor, and adjuster li-
25 licenses, which must be received by the director [IS DUE] on or before
26 the close of business on the 30th day of June;[.]

27 (2) an [(b) AN] annual fee set under AS 21.06.250 for
28 resident and nonresident broker licenses, which must be received by
29 the director [IS DUE] on or before the close of business on the 31st

1 day of December.

2 (b) [(c)] An agent, general agent, or broker shall file the
3 annual fee set under AS 21.06.250 on behalf of a solicitor employed by
4 the agent, general agent, or broker.

5 (c) [(d)] If payment of the annual license fee is not received
6 by the director before the due date as required under this section,
7 the licensee shall pay to the director and the director shall collect,
8 in addition to the regular fee, a surcharge as established by regu-
9 lation under AS 21.06.250. This subsection may not be considered to
10 exempt a person from a penalty provided by law for transacting busi-
11 ness without a valid license.

12 (d) If a licensee does not wish to continue a license issued
13 under this chapter, the license must be surrendered as provided in
14 AS 21.27.460 to avoid suspension or revocation of the license.

15 * Sec. 34. AS 21.27.390 is amended to read:

16 Sec. 21.27.390. ISSUANCE OF TEMPORARY LICENSE. (a) The direc-
17 tor may issue a [ADOPT REGULATIONS REGARDING THE ISSUANCE OF AN AGENT
18 OR BROKER] temporary license to

19 (1) the surviving spouse or next of kin or to the adminis-
20 trator or executor of a deceased licensed agent, general agent, or
21 broker;

22 (2) the spouse, next of kin, employee, or legal guardian of
23 a licensed agent, general agent, or broker who is disabled because of
24 sickness, insanity, or injury;

25 (3) a surviving member, officer, or employee of a firm
26 licensed as agent, general agent, or broker, upon the death of princi-
27 pal or manager of the firm holding the same licenses as the firm;

28 (4) the designee of a licensed agent who enters active
29 service in the armed forces of the United States[;]

1 [(5) A PERSON PREPARING FOR EXAMINATION FOR PERMANENT
2 LICENSE UNDER THE SUPERVISION OF AN AUTHORIZED INSURER].

3 (b) A person must meet the qualifications for a permanent li-
4 cense, except for experience, training, or the taking of any ex-
5 amination, in order to be eligible for a temporary license.

6 (c) The fee paid to the director for issuance of a temporary
7 license under AS 21.06.250 shall be credited toward the fee required
8 for a permanent license that is issued to replace the temporary li-
9 cense before the expiration of the temporary license.

10 * Sec. 35. AS 21.27.400(b) is amended to read:

11 (b) A person requesting a temporary agent or general agent
12 license because of the death or disability of an agent or general
13 agent may not be appointed by [LICENSED FOR] an insurer for which the
14 agent or general agent was not appointed [LICENSED] at the time of
15 death or commencement of disability.

16 * Sec. 36. AS 21.27.410(a) is amended by adding a new paragraph to
17 read:

18 (10) if the applicant failed to continue or surrender a
19 similar license as provided in AS 21.27.380, which resulted in revoca-
20 tion of the license within the 12 months preceding the date the new
21 application is received.

22 * Sec. 37. AS 21.27.460(a) is amended to read:

23 (a) Each license issued under this chapter[, ALTHOUGH ISSUED AND
24 DELIVERED TO THE LICENSEE AGENT, BROKER, SOLICITOR, OR ADJUSTER,] is
25 the property of the state. Upon the termination, suspension, or
26 revocation of the license, the licensee or other person having pos-
27 session or custody of the license shall immediately deliver it to the
28 director either by personal delivery or by mail.

29 * Sec. 38. AS 21.34.140(b) is amended by adding new subsections to

1 read:

2 (f) The \$200,000 surety bond required by (b) of this section
3 covers the firm and the principal or manager named on the license. A
4 \$10,000 surety bond is required for each additional individual who
5 acts on behalf of the firm.

6 (g) The director may adopt, by regulation, an alternative to a
7 bond required by (b) or (f) of this section.

8 * Sec. 39. AS 21.90.900 is amended by adding new paragraphs to read:

9 (24) "general agent" means a person, firm, or corporation
10 that (A) has authority to exercise general supervision over the busi-
11 ness, or any part of the business, of one or more authorized insurers
12 in this state, with the authority to appoint agents for the insurer
13 and to terminate such appointments; and (B) for compensation from an
14 authorized insurer performs administrative functions normally per-
15 formed by the insurer including claims administration and payment,
16 marketing administration, agent appointment, premium accounting,
17 premium billing, coverage verification, final underwriting authority,
18 and certificate issuance; "general agent" includes a third-party
19 administrator;

20 (25) "licensee" means a person or firm licensed as provided
21 in AS 21.27 or AS 21.34.

22 * Sec. 40. AS 21.09.280, AS 21.27.180, 21.27.220, 21.27.230, 21.27.290,
23 and 21.27.300 are repealed.

24 * Sec. 41. This Act takes effect December 31, 1989.