

**CS FOR HOUSE BILL NO. 280 (L&C)**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**SEVENTEENTH LEGISLATURE - FIRST SESSION**

**BY THE HOUSE LABOR AND COMMERCE COMMITTEE**

**Offered: 5/9/91**  
**Referred: Judiciary, Finance**

**Sponsor(s): HOUSE LABOR & COMMERCE COMMITTEE**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to investments in subsidiaries and regulation of insurance holding  
2 companies; and providing for an effective date."

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 \* **Section 1.** AS 21.21.180 is repealed and reenacted to read:

5           Sec. 21.21.180. INVESTMENTS IN SUBSIDIARIES. (a) A domestic insurer, either  
6 alone or in cooperation with one or more persons, may organize or acquire one or more  
7 subsidiaries engaged in the following kinds of business:

- 8                   (1) insurance business authorized by this title;  
9                   (2) acting as an insurance broker or as an insurance agent for the insurer's parent  
10 or for any of the insurer's parent's insurer subsidiaries and controlled affiliates;  
11                   (3) investing, reinvesting, or trading in securities for the insurer's own account,  
12 that of the insurer's parent, a subsidiary of the insurer's parent, an affiliate, or a subsidiary;  
13                   (4) management of an investment company subject to or registered under 15  
14 U.S.C. 80 (Investment Company Act of 1940, as amended), including related sales and services;

1 (5) acting as a broker-dealer subject to or registered under 15 U.S.C. 77 - 78  
2 (Securities Exchange Act of 1934, as amended);

3 (6) rendering investment advice to a government, government agency, corporation,  
4 or other organization or group;

5 (7) rendering other services related to the operations of an insurance business  
6 including actuarial, loss prevention, safety engineering, data processing, accounting, claims,  
7 appraisal, and collection services;

8 (8) ownership and management of assets that the parent corporation could own  
9 or manage;

10 (9) acting as administrative agent for a governmental instrumentality that is  
11 performing an insurance function;

12 (10) financing insurance premiums, agents, and other forms of consumer  
13 financing;

14 (11) any other business activity determined by the director in writing using the  
15 standards set out in this section to be reasonably ancillary to an insurance business; or

16 (12) owning a corporation engaged or organized to engage exclusively in one or  
17 more of the businesses specified in this section.

18 (b) A domestic insurer may also

19 (1) invest in securities described in AS 21.21.140 - 21.21.160 of one or more  
20 subsidiaries in amounts that do not exceed the lesser of 10 percent of the insurer's assets or 50  
21 percent of the insurer's surplus regarding policyholders, if, after the investment, the insurer's  
22 surplus regarding policyholders will be reasonable in relation to the insurer's outstanding  
23 liabilities and adequate to the insurer's financial needs; in calculating the amount of the  
24 investment, investment in domestic or foreign insurance subsidiaries shall be excluded, but the  
25 following must be included:

26 (A) total net moneys or other consideration expended and all obligations  
27 assumed in the acquisition or formation of a subsidiary, including all organizational  
28 expenses and contributions to capital and surplus of the subsidiary if represented or not  
29 represented by the purchase of capital stock or issuance of other securities; and

30 (B) all amounts expended in acquiring additional securities described in  
31 AS 21.21.140 - 21.21.160 and all contributions to the capital or surplus of a subsidiary

1 subsequent to the subsidiary's acquisition or formation;

2 (2) invest an amount in securities described in AS 21.21.140 - 21.21.160 of one  
3 or more subsidiaries engaged or organized to engage exclusively in the ownership and  
4 management of assets authorized as an investment for the insurer if that subsidiary agrees to limit  
5 the subsidiary's investment in an asset in a way that the investment does not cause the amount  
6 of the total investment of the insurer to exceed the investment limitations specified in (1) of this  
7 subsection or AS 21.21.050; for the purpose of this paragraph, the total investment of the insurer  
8 includes:

9 (A) a direct investment by the insurer in an asset; and

10 (B) the insurer's proportionate share of an investment in an asset by a  
11 subsidiary of the insurer calculated by multiplying the amount of the subsidiary's  
12 investment by the percentage of the ownership in the subsidiary; or

13 (3) with the approval of the director, invest a greater amount in those securities  
14 described in AS 21.21.140 - 21.21.160 of one or more subsidiaries if after the investment the  
15 insurer's surplus regarding policyholders is reasonable in relation to the insurer's outstanding  
16 liabilities and adequate to the insurer's financial needs.

17 (c) A domestic insurer shall determine if an investment meets the applicable requirements  
18 under (b) of this section before the investment is made by calculating the applicable investment  
19 limitations as though the investment had already been made under AS 21.21.020(d) and by taking  
20 into account the then outstanding principal balance on all previous investments under  
21 AS 21.21.140 - 21.21.160, calculated at statement value, giving effect to a return of capital  
22 invested and not giving effect to dividends.

23 (d) If an insurer ceases to control a subsidiary, it shall dispose of an investment in the  
24 subsidiary made under this section within three years from the time of the cessation of control  
25 or within a further time that the director prescribes unless, at any time after the investment has  
26 been made, the investment meets the requirements for investment under another section of this  
27 chapter and the insurer has notified the director regarding the application of another section of  
28 this chapter to the investment.

29 \* Sec. 2. AS 21.21.350(b) is amended to read:

30 (b) Before completing investment activities with or through affiliated or controlling  
31 persons or completing a transaction of the type listed in AS 21.21.180, an insurer shall fully

1 disclose and document in writing to its board of directors, the committee or committees having  
2 responsibility for reviewing the insurer's financial condition under AS 21.22.105(d) or (e),  
3 and the committee authorized by the board and charged with the supervision or making of the  
4 investment or loan involved, the material facts concerning the affiliation or circumstances of  
5 control. An insurer may not complete an investment activity with or through affiliated or  
6 controlling persons [,] unless the board of directors, by specific board action, authorizes the  
7 transaction and concludes that the transaction complies with (c) and (d) of this section. The vote  
8 of the board authorizing the transaction must be recorded in the minutes, on a  
9 member-by-member basis, and must indicate each vote approving, disapproving, or abstaining  
10 on the transaction.

11 \* Sec. 3. AS 21.22.010 is amended by adding a new subsection to read:

12 (i) A transaction that requires approval by the director under (b) of this section is not  
13 subject to the requirements of AS 21.22.065.

14 \* Sec. 4. AS 21.22.060 is amended by adding new subsections to read:

15 (k) An insurer subject to registration under (a) of this section shall register annually by  
16 April 1 of each year for the previous calendar year, unless for good cause shown, the director  
17 extends the time for registration. The director may require an insurer authorized to do business  
18 in the state, that is a member of a holding company system and that is not subject to registration  
19 under (a) of this section, to furnish a copy of the registration statement, the summary specified  
20 in (l) of this section, or other information filed by the insurer with the insurance regulatory  
21 authority of the insurer's state of domicile.

22 (l) An annual registration statement filed under (k) of this section must contain a  
23 summary outline of items in the current registration statement representing changes from the prior  
24 registration statement.

25 \* Sec. 5. AS 21.22 is amended by adding a new section to read:

26 Sec. 21.22.065. **ACQUISITIONS INVOLVING INSURERS NOT OTHERWISE**  
27 **COVERED.** (a) Unless exempted in (j) of this section, this section applies to any acquisition  
28 in which there is a change in control of an insurer authorized to do business in this state.

29 (b) If an acquisition violates the standards established in (d) and (f) of this section, the  
30 director may enter an order requiring an involved insurer to cease doing business in this state  
31 with respect to the line or lines of insurance involved in the violation or denying the application

1 of an acquired or acquiring insurer for a license to do business in this state. Within 30 days of  
2 the issuance of the order, the involved insurer may submit a plan to remedy the anticompetitive  
3 effect of the acquisition within a reasonable time. Based upon a plan or other information  
4 submitted, the director shall specify the conditions, if any, under a time period during which the  
5 aspects of the acquisition causing a violation of the standards of this section would be remedied  
6 and the order vacated or modified. The order is stayed by the insurer's submission of a plan and  
7 shall be rescinded if the acquisition is not consummated.

8 (c) An acquisition subject to (a) of this section is subject to an order under (b) of this  
9 section unless the acquiring person files a preacquisition notification and the waiting period has  
10 expired. The person to be acquired may file a preacquisition notification. A preacquisition  
11 notification by a person to be acquired may not be filed in place of a preacquisition filing by an  
12 acquiring person. The preacquisition notification

13 (1) must be in a form and contain the information prescribed in regulations  
14 adopted by the director relating to insurance markets that, under (j)(5) of this section, cause the  
15 acquisition not to be exempt from the provisions of this section; the director may require  
16 additional material and information the director considers necessary to determine whether the  
17 proposed acquisition, if consummated, would violate the competitive standards of this section;

18 (2) may include an opinion of an economist regarding the competitive effect of  
19 the acquisition in this state accompanied by a summary of the education and experience  
20 indicating the economist's ability to render an informed opinion; and

21 (3) must be followed by a waiting period beginning on the date of receipt by the  
22 director of a preacquisition notification and ending on the earlier of the 30th day after the date  
23 of receipt or termination of the waiting period by the director unless, before the end of the  
24 waiting period, the director requires the submission of additional information relevant to the  
25 proposed acquisition, in which event the waiting period shall end on the 30th day after receipt  
26 of the additional information by the director or termination of the waiting period by the director,  
27 whichever is earlier.

28 (d) The director may enter an order under (b) of this section regarding an acquisition if

29 (1) the insurer fails to file adequate information in compliance with (c) of this  
30 section;

31 (2) there is substantial evidence that the acquisition may substantially lessen

1 competition, create a monopoly in a line of insurance in this state or significantly increase an  
2 insurer's market concentration; there is substantial evidence that there is a significant trend  
3 toward increased concentration when

4 (A) the aggregate market share of any grouping of the largest insurers in  
5 the market, from the two largest to the eighth largest, has increased by seven percent or  
6 more of the market over a period of time extending from any base year five to 10 years  
7 before the acquisition up to the time of the acquisition; or

8 (B) the following, if found, is considered prima facie evidence of violation  
9 of this subsection:

10 (i) there is a significant trend toward increased concentration in the  
11 market, as determined under (A) of this paragraph;

12 (ii) one of the insurers involved is one of the insurers in a  
13 grouping of large insurers showing the requisite increase in the market share; and

14 (iii) another involved insurer's market is two percent or more;

15 (3) after considering an acquisition covered under (a) of this section involving two  
16 or more insurers competing in the same market there is evidence of a violation of the competitive  
17 standards contained in the following tables:

18 (A) if the market is highly concentrated, the involved insurers possess the  
19 following shares of the market:

20	Insurer A	Insurer B
21	4 percent	4 percent or more
22	10 percent	2 percent or more
23	15 percent	1 percent or more;

24 (B) if the market is not highly concentrated, the involved insurers possess  
25 the following shares of the market:

26	Insurer A	Insurer B
27	5 percent	5 percent or more
28	10 percent	4 percent or more
29	15 percent	3 percent or more
30	19 percent	1 percent or more.

31 (e) A percentage not shown in the tables contained in (d) of this section may be

1 interpolated proportionately to the percentage that is shown. The insurer with the largest share  
2 of the market shall be considered Insurer A. If more than two insurers are involved, a market  
3 share that exceeds the total of the two columns in the table by the insurers involved is prima  
4 facie evidence of violation of the competitive standards contained in (d) of this section.

5 (f) Even though an acquisition is not prima facie violative of the competitive standard  
6 under (d) of this section, the director may establish the requisite anticompetitive effect based  
7 upon other substantial evidence. Even though an acquisition is prima facie violative of the  
8 competitive standard under (d) of this section, a party may establish the absence of the requisite  
9 anticompetitive effect based upon other substantial evidence. Relevant factors in making a  
10 determination under (d) of this section include market shares, volatility of ranking of market  
11 leaders, number of competitors, concentration, trend of concentration in the industry, and ease  
12 of entry into and exit out of the market. The burden of showing prima facie evidence of a  
13 violation of the competitive standards rests with the director.

14 (g) An order may not be entered under (b) of this section if

15 (1) the acquisition will yield substantial economy of scale or economy in resource  
16 utilization that cannot be achieved in another way and the public benefits that would arise from  
17 the economy exceed the public benefits that would arise from not lessening competition; or

18 (2) the acquisition will substantially increase the availability of insurance and the  
19 public benefits of the increase exceed the public benefits that would arise from not lessening  
20 competition.

21 (h) A person who violates a cease and desist order of the director under (b) of this  
22 section may, after hearing and on order of the director, be subject to the suspension or revocation  
23 of a license, a civil penalty not to exceed \$10,000 for each day of violation, or both.

24 (i) An insurer or other person who fails to make a filing required by (c) of this section  
25 and who also fails to demonstrate a good faith effort to comply with filing requirements shall be  
26 subject to a fine of not more than \$50,000.

27 (j) This section does not apply to

28 (1) an acquisition subject to approval or disapproval by the director under  
29 AS 21.22.010;

30 (2) a purchase of securities solely for investment purposes if the securities are not  
31 used by voting or otherwise to cause or attempt to cause the substantial lessening of competition

1 in an insurance market in this state; if a purchase of securities for investment purposes results  
2 in a presumption of control under AS 21.22.200(2), it is not solely for investment purposes unless  
3 the insurance supervisory official of the insurer's state of domicile accepts a disclaimer of control  
4 or affirmatively finds that control does not exist and the disclaimer action or affirmative finding  
5 is communicated by the domiciliary commissioner to the director;

6 (3) the acquisition of a person by another person when both persons are neither  
7 directly nor through affiliates primarily engaged in the business of insurance if preacquisition  
8 notification is filed with the director under (c) of this section 30 days before the proposed  
9 effective date of the acquisition; however, the preacquisition notification is not required for  
10 exclusion if the acquisition would otherwise be excluded under this section;

11 (4) the acquisition of an already affiliated person;

12 (5) an acquisition if, as an immediate result of the acquisition,

13 (A) the combined market share of the involved insurers would not exceed  
14 five percent in a market;

15 (B) there would not be an increase in a market share of the larger writer;  
16 or

17 (C) the combined market share of the involved insurers would not exceed  
18 12 percent in a market and the market share of the larger writer would not increase by  
19 more than two percent in a market;

20 (6) an acquisition for which a preacquisition notification would be required under  
21 this section due solely to the resulting effect on the ocean marine insurance line of business; or

22 (7) an acquisition of an insurer whose domiciliary commissioner affirmatively  
23 finds that the insurer is in a failing condition, there are no feasible alternatives to improving this  
24 condition, the public benefits of improving the insurer's condition through the acquisition exceed  
25 the public benefits that would arise from not lessening competition, and these findings are  
26 communicated by the domiciliary commissioner to this state's director.

27 (k) AS 21.22.140 - 21.22.160 and 21.22.180 do not apply to acquisitions covered under  
28 this section.

29 \* Sec. 6. AS 21.22.080 is amended to read:

30 Sec. 21.22.080. TRANSACTIONS WITH AFFILIATES. Material transactions by  
31 registered insurers with their affiliates are subject to the following standards:

- 1 (1) the terms shall be fair and reasonable;
- 2 (2) charges or fees for services performed shall be reasonable;
- 3 (3) expenses incurred and payment received shall be allocated to the insurer
- 4 in conformity with customary insurance accounting practices consistently applied;
- 5 (4) the books, accounts, and records of each party shall be maintained so as to
- 6 disclose clearly and accurately the precise nature and details of the transactions including
- 7 accounting information that is necessary to support the reasonableness of the charges or
- 8 fees to the respective parties; and
- 9 (5) [(3)] the insurer's surplus as regards policyholders following any dividends
- 10 or distributions to shareholder affiliates or performance under a material transaction with an
- 11 affiliate shall be reasonable in relation to the insurer's outstanding liabilities and adequate to its
- 12 financial needs.

13 \* Sec. 7. AS 21.22.090 is amended to read:

14 Sec. 21.22.090. ADEQUACY OF SURPLUS. For the purposes of this chapter, in

15 determining whether an insurer's surplus as regards policyholders is reasonable in relation to the

16 insurer's outstanding liabilities and adequate to its financial needs, the following factors, among

17 others, shall be considered:

- 18 (1) the size of the insurer as measured by its assets, capital and surplus, reserves,
- 19 premium writings, insurance in force, and other appropriate criteria;
- 20 (2) the extent to which the insurer's business is diversified among the several
- 21 lines of insurance;
- 22 (3) the number and size of risks insured in each line of business;
- 23 (4) the extent of the geographical dispersion of the insurer's insured risk;
- 24 (5) the nature and extent of the insurer's reinsurance program;
- 25 (6) the quality, diversification, and liquidity of the insurer's investment portfolio;
- 26 (7) the recent past and projected future trend in the size of the insurer's
- 27 investment portfolio [SURPLUS AS REGARDS POLICYHOLDERS];
- 28 (8) the surplus as regards policyholders maintained by other comparable insurers;
- 29 (9) the adequacy of the insurer's reserves; and
- 30 (10) the quality and liquidity of investments in affiliates [SUBSIDIARIES] made
- 31 under AS 21.21; the director may treat any such investment as a disallowed asset for purposes

1 of determining the adequacy of surplus as regards policyholders whenever the director determines  
2 the investment warrants it.

3 \* Sec. 8. AS 21.22.100(b) is amended to read:

4 (b) For purposes of this section, an extraordinary dividend or distribution includes a  
5 [ANY] dividend or distribution of cash or other property, the fair market value of which together  
6 with that of other dividends or distributions made within the preceding 12 months exceeds the  
7 greater of (1) 10 percent of the insurer's surplus as regards policyholders as of December 31 of  
8 the preceding year; or (2) the net gain from operations of the insurer, if the insurer is a life  
9 insurer, or the net investment income, if the insurer is not a life insurer, for the 12-month period  
10 ending December 31 of the preceding year; but does not include pro rata distributions of any  
11 class of the insurer's own securities. In determining whether a dividend or distribution is  
12 extraordinary, an insurer other than a life insurer may carry forward net income from the  
13 previous two calendar years that has not already been paid out as dividends. The carry  
14 forward provision shall be computed by taking the net income from the second and third  
15 preceding calendar years, less dividends paid in the second and immediate preceding  
16 calendar years.

17 \* Sec. 9. AS 21.22 is amended by adding a new section to read:

18 Sec. 21.22.105. MANAGEMENT OF DOMESTIC INSURERS SUBJECT TO  
19 REGISTRATION. (a) Notwithstanding the control of a domestic insurer by any person, the  
20 officers and directors of the insurer may not be relieved of an obligation or liability to which the  
21 officers and directors would otherwise be subject to by law, and the insurer shall be managed so  
22 as to assure the insurer's separate operating identity consistent with this title.

23 (b) This section does not preclude a domestic insurer from having or sharing a common  
24 management or cooperative or joint use of personnel, property, or services with one or more  
25 other persons under arrangements meeting the standards of AS 21.22.080.

26 (c) Not less than one-third of the directors of a domestic insurer registered under  
27 AS 21.22.060 and not less than one-third of the members of each committee of the board of  
28 directors of a domestic insurer registered under AS 21.22.060 shall be persons who are not  
29 officers or employees of the insurer or of an entity controlling, controlled by, or under common  
30 control with the insurer and who are not beneficial owners of a controlling interest in the voting  
31 stock of the insurer or an entity. At least one person who is not an officer, employee, or owner

1 of a controlling interest in stock of an insurer or controlling entity must be included in a quorum  
2 for the transaction of business at a meeting of the board of directors or a committee of the board  
3 of directors.

4 (d) The board of directors of a domestic insurer shall establish one or more committees  
5 comprised solely of directors who are not officers or employees of the insurer or of an entity  
6 controlling, controlled by, or under common control with the insurer and who are not beneficial  
7 owners of a controlling interest in the voting stock of the insurer or an entity. The committee  
8 or committees shall have responsibility for recommending the selection of independent certified  
9 public accountants, reviewing the insurer's financial condition, the scope and results of the  
10 independent audit, and an internal audit, nominating candidates for director for election by  
11 shareholders or policyholders, evaluating the performance of officers that are principal officers  
12 of the insurer, and recommending to the board of directors the selection and compensation of the  
13 principal officers.

14 (e) The provisions of (c) and (d) of this section do not apply to a domestic insurer  
15 (1) if the person controlling the insurer is an insurer having a board of directors  
16 and committees that meet the requirements of (c) and (d) of this section; or

17 (2) holding a certificate of authority under this title on December 31, 1990.

18 \* Sec. 10. AS 21.22.120 is amended to read:

19 Sec. 21.22.120. CONFIDENTIALITY. All information, documents, and copies of the  
20 information and documents obtained by or disclosed to the director or any other person in the  
21 course of an examination or investigation made under AS 21.22.110 and all information reported  
22 under AS 21.22.060 and all preacquisition notification information received under  
23 AS 21.22.065, shall be given confidential treatment and may not be made public by the director  
24 or any other person, except to insurance departments of other states, without the prior written  
25 consent of the insurer to which it pertains. However, if the director, after giving the insurer and  
26 its affiliates who would be affected by publication of the information notice and opportunity to  
27 be heard, determines that the interests of policyholders, shareholders, or the public will be served  
28 by the publication of the information, the director may publish all or any part of the information  
29 in the manner the director considers appropriate.

30 \* Sec. 11. AS 21.22.200 is amended by adding new paragraphs to read:

31 (11) "acquisition" means an agreement, arrangement, or activity the consummation

1 of which results in a person acquiring directly or indirectly the control of another person, and  
2 includes the acquisition of voting securities, assets, bulk reinsurance, and mergers;

3 (12) "highly concentrated" means a market in which the share of the four largest  
4 insurers is 75 percent or more of the market;

5 (13) "insurer" has the meaning given in AS 21.90.900 and includes a company  
6 or group of companies under common management, ownership, or control;

7 (14) "involved insurer" means an insurer that either acquires or is acquired, is  
8 affiliated with an acquirer or acquired, or is the result of a merger;

9 (15) "market" or "insurance market" means direct written insurance premium in  
10 this state for a line of business as contained in the annual statement required to be filed by  
11 insurers licensed to do business in this state; in determining the relevant product and geographical  
12 markets, the director may give due consideration to, among other things, the definitions or  
13 guidelines adopted by the National Association of Insurance Commissioners and to information  
14 submitted by parties to the acquisition; in the absence of sufficient information to the contrary,  
15 the relevant product market is assumed to be the direct written insurance premium for a line of  
16 business, the line being that used in the annual statement required to be filed by insurers doing  
17 business in this state, and the relevant geographical market is assumed to be this state;

18 (16) "statement value" means the value that an insurer is instructed by the  
19 securities valuation office of the National Association of Insurance Commissioners to carry on  
20 the insurer's financial statement and that represents an investment.

21 \* Sec. 12. AS 21.78 is amended by adding a new section to read:

22 Sec. 21.78.325. RECOVERY FROM AFFILIATES. (a) If an order for liquidation or  
23 rehabilitation of a domestic insurer has been entered, the receiver appointed under the order has  
24 a right to recover on behalf of the insurer (1) from a parent corporation or holding company or  
25 person or affiliate who otherwise controlled the insurer, the amount of distributions, other than  
26 a distribution of shares of the same class of stock, paid by the insurer on the insurer's capital  
27 stock; or (2) a payment in the form of a bonus, termination settlement, or extraordinary lump sum  
28 salary adjustment made by the insurer or the insurer's subsidiary to a director, officer, or  
29 employee; if the distribution or payment is made during the 12 months preceding the petition for  
30 liquidation, conservation, or rehabilitation, the distribution or payment is subject to the limitations  
31 of (b) - (d) of this section.

1 (b) A distribution may not be recovered if the parent or affiliate shows that when paid  
2 the distribution was lawful and reasonable and that the insurer did not know and could not  
3 reasonably have known that the distribution might adversely affect the ability of the insurer to  
4 fulfill its contractual obligations.

5 (c) A person who was a parent corporation or holding company or a person who  
6 otherwise controlled the insurer or affiliate at the time the distribution was paid is liable up to  
7 the amount of the distribution or payment that the person received. If two or more persons are  
8 liable with respect to the same distribution, the persons are jointly and severally liable.

9 (d) The maximum amount recoverable under this section is the amount needed in excess  
10 of all other available assets of the impaired or insolvent insurer to pay the contractual obligations  
11 of the impaired or insolvent insurer and to reimburse any guaranty funds that expended funds or  
12 incurred expenses or may expend funds or may incur expenses in connection with the impaired  
13 or insolvent insurer.

14 (e) To the extent that a person liable under (c) of this section is insolvent or otherwise  
15 fails to pay a claim due under (c) of this section, the person's parent corporation or holding  
16 company or person who otherwise controlled the parent corporation or holding company at the  
17 time the distribution was paid is jointly and severally liable for the resulting deficiency in the  
18 amount recovered from the parent corporation or holding company or the person who otherwise  
19 controlled the parent corporation or holding company.

20 \* Sec. 13. This Act takes effect immediately under AS 01.10.070(c).