

SB0362

HCS CSSB 362(RLS)

HOUSE CS FOR CS FOR SENATE BILL NO. 362(RLS)
IN THE LEGISLATURE OF THE STATE OF ALASKA
EIGHTEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE RULES COMMITTEE

Offered: 5/9/94

Referred: Rules

Sponsor(s): SENATE LABOR AND COMMERCE COMMITTEE BY REQUEST

A BILL
FOR AN ACT ENTITLED

"An Act relating to insurance, to the licensing, accreditation, examination, regulation, and solvency of persons engaged in the insurance business, including insurers, nonadmitted insurers, purchasing groups, risk retention groups, and United States branches of alien insurers; relating to the management of and the filing of reports by persons licensed or otherwise doing business under the insurance code; amending Alaska Rule of Civil Procedure 45; and providing for an effective date."

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

* Section 1. AS 06.20.260(a) is amended to read:

(a) A further or other charge or amount for an examination, service, brokerage commission, expense, fee, bonus, or other thing may not be directly or indirectly charged, contracted for, or received except

(1) lawful fees actually paid out by the licensee to a public officer for filing, recording, or releasing any instrument securing the loan, or for transferring certificate of title to a motor vehicle securing the lien or noting a lien on that certificate;

(2) premiums actually paid out for insurance on any one or combination of the following: pledged property of the borrower, or consumer credit [LIFE] insurance; in this paragraph "consumer credit insurance" has the meaning given in AS 21.57.160 [ON THE LIFE OF ONE OR MORE BORROWERS, CREDIT LOSS OF INCOME INSURANCE, OR CREDIT DISABILITY INSURANCE TO PROVIDE INDEMNITY FOR PAYMENTS BECOMING DUE ON THE INDEBTEDNESS];

(3) taxable costs and expenses to which the licensee becomes entitled under general law in any court proceedings to collect a loan or to realize on the security after default;

(4) reasonable fees paid by a licensee for appraisals, surveys, and title insurance or reports if the loan is secured by an interest in real estate;

(5) a late payment fee of not more than 10 percent of the payment that is due or \$15,

whichever is less.

* Sec. 2. AS 06.20.287(a) is amended to read:

(a) A licensee may obtain consumer credit [LIFE, CREDIT DISABILITY,] and property insurance on open-end loans under this chapter. The consumer credit [LIFE AND CREDIT DISABILITY] insurance obtained by a licensee shall satisfy the requirements of AS 21.57. The property insurance obtained by a licensee shall satisfy the requirements of AS 21.39 and AS 21.42. The licensee shall comply with AS 21.36.160 and 21.36.165 during all transactions with borrowers involving consumer credit [LIFE, CREDIT DISABILITY] and property insurance.

* Sec. 3. AS 21.03.010 is amended by adding a new subsection to read:

(c) A person who transacts insurance in this state, or relative to a subject resident, located, or to be performed in this state as or on behalf of a risk retention group or purchasing group formed under and in compliance with 15 U.S.C. 3901 - 3906 (Liability Risk Retention Act), shall comply with the applicable provisions of this title.

* Sec. 4. AS 21.06.080 is amended by adding a new subsection to read:

(e) If the director determines that a catastrophe has occurred in this state and in good faith believes that the governor or the President of the United States has issued or is about to issue a declaration of disaster, the director may take the action that the director considers necessary to assure that a contract of insurance already issued will be honored under the terms of the contract. Actions that the director may take include emergency orders permitting the immediate licensing of adjusters to facilitate handling of claims, permitting a licensee to open or close an office, permitting a licensee to move or remove a record as required by the existence of the catastrophe, or permitting the issuance by a carrier of checks or drafts drawn on an out-of-state bank in payment of a claim. Until a declaration of the disaster has been lifted, the director may take action to respond to a disaster without a hearing. An action taken under this subsection may not remain in effect more than six months from the date that the director determines that a catastrophe has occurred unless, after a hearing, the director determines that the action is still necessary to respond to the disaster.

* Sec. 5. AS 21.06.150(g) is amended to read:

(g) The director may withhold a document, information, account, record, examination, or report from the public inspection for as long as the director finds the withholding is necessary to protect a person against unwarranted injury or is in the public interest. The director may close an examination hearing to the public when the director finds the closure is necessary to protect a person against unwarranted injury or is in the public interest. The director may publish the examination report or a summary of it in a newspaper in the state if the director determines that the publication is in the public interest.

* Sec. 6. AS 21.09.110 is amended to read:

Sec. 21.09.110. APPLICATION FOR CERTIFICATE OF AUTHORITY. To apply for an original certificate of authority an insurer shall file with the director its application, [(] accompanied by the applicable fees set under AS 21.06.250, [)] showing its name, location of its home office, or principal office in the United States [(] if an alien insurer [)], kinds of insurance to be transacted, date of organization or incorporation, form of organization, state or country of domicile, and additional information that the director may reasonably require, together with the following documents, as applicable:

(1) if a foreign insurer, a copy of its corporate charter or articles of incorporation, with all amendments certified by the public officer with whom the originals are on file in the state or country of domicile; (2) if a reciprocal insurer, copies of the power of attorney of its attorney-in-fact and of its subscribers' agreement, if any, certified by its attorney-in-fact;

(3) a copy of its financial statement as of the preceding December 31, and all subsequent quarterly financial statements, sworn to by at least two executive officers of the insurer, or certified by the public insurance supervisory official of the insurer's state of domicile or of entry into the United States;

(4) a copy of the report of last examination, if any, made of the insurer, certified by the insurance supervisory official of its state of domicile or of entry into the United States;

(5) appointment of the director under AS 21.09.180, as its attorney to receive service of legal process;

(6) if a foreign or alien insurer, a certificate of the public official having supervision of insurance in its state or country of domicile, or state of entry into the United States, showing that it is authorized to transact the kinds of insurance proposed to be transacted in this state;

(7) if an alien insurer, a copy of the appointment and authority of its United States manager, certified by its officer having custody of its records; and

(8) if a foreign insurer, a certificate as to deposit if it is to be tendered under AS 21.09.090 [;

(9) SPECIMEN COPIES OF POLICIES PROPOSED TO BE OFFERED IN THIS STATE IF THEN AVAILABLE, TOGETHER WITH PREMIUMS OR PREMIUM RATES APPLICABLE IF THEN KNOWN, OR A DECLARATION THAT THE RATES AS APPLICABLE WILL BE THOSE PROMULGATED BY DESIGNATED RATING ORGANIZATIONS AUTHORIZED TO FILE RATES IN THIS STATE ON BEHALF OF THE INSURER OR BY THE INSURER].

* Sec. 7. AS 21.09.110 is amended by adding a new subsection to read:

(b) Policy forms and rates that require approval under AS 21.39 or AS 21.42 shall be submitted under AS 21.39.040(j) or AS 21.42.120(g) and may not be submitted with the application for a certificate of authority.

* Sec. 8. AS 21.09.130(b) is amended to read:

(b) If not continued by the insurer, its certificate of authority shall be suspended [EXPIRES] at midnight on June 30 following the failure of the insurer to continue it in force. The certificate of authority shall expire on June 30 one year following its suspension due to failure to continue the certificate of authority. The director shall promptly notify the insurer of the occurrence of a failure that may result in suspension [RESULTING IN IMPENDING EXPIRATION] of its certificate of authority.

* Sec. 9. AS 21.09 is amended by adding a new section to read:

Sec. 21.09.135. VOLUNTARY SURRENDER OF CERTIFICATE OF AUTHORITY. (a) A foreign admitted insurer may apply for voluntary surrender of its certificate of authority and the director may accept the application, if the foreign admitted insurer

(1) is in compliance with the applicable sections of this title, or the director waives in writing each condition of noncompliance;

(2) provides written confirmation that obligations incurred before the voluntary surrender of the certificate of authority shall be paid to guarantee funds or insurance pools established by law; and

(3) is domiciled in a state that is

(A) accredited by the National Association of Insurance Commissioners at the time of the request for voluntary surrender; or

(B) not accredited by the National Association of Insurance Commissioners at the time of the request and agrees in writing to be subject to

(i) AS 21.09.200 and 21.09.205 for a period of two years, including payment of any fee related to filing information with the director; and

(ii) any other provision of this title that may be required in writing by the director and for the period of time the director may specify.

(b) If a foreign admitted insurer who surrenders a certificate of authority ceases to exist, all business written and in force relative to a risk resident, located, or to be performed in this state shall be lawfully cancelled or reinsured. A reinsurance agreement covering all or a part of a risk described in this subsection shall be approved by the director before accepting the certificate of authority for surrender if the agreement meets the following criteria:

(1) insurance coverage has not deteriorated from the policies existing at the time of the transfer;

(2) the assuming insurer is of equal or better financial standing; and

(3) the assuming insurer is admitted to do business in this state, unless this requirement is waived by the director.

* Sec. 10. AS 21.09.200(f) is amended to read:

(f) In addition to the requirements of (a) of this section, an authorized [A DOMESTIC] insurer shall file its annual statement with the National Association of Insurance Commissioners on electronic media acceptable to the association by the due date established by the association, and shall pay the applicable filing fee. The director may waive the filing requirement if the insurer only transacts business in this state and only accepts risks relative to a subject resident, located, or to be performed in this state. An insurer that fails to comply with this subsection is subject to the penalties specified in (e) of this section, calculated from the filing and fee due date established by the National Association of Insurance Commissioners.

* Sec. 11. AS 21.09.205 is amended by adding a new subsection to read:

(d) In addition to the requirements of (a) of this section, an authorized insurer shall file its quarterly statement with the National Association of Insurance Commissioners on electronic media acceptable to the association by the due date established by the association, and shall pay the applicable filing fee. The director may waive the filing requirement if the insurer only transacts business in this state and only accepts risks relative to a subject resident, located, or to be performed in this state. An insurer that fails to comply with this subsection is subject to the penalties specified in (c) of this section, calculated from the filing and fee due date established by the National Association of Insurance Commissioners.

* Sec. 12. AS 21.09.210 is amended by adding new subsections to read:

(j) If, within three years after the date the tax under this section was due, an insurer discovers a mistake or misinterpretation that resulted in an overpayment of the tax in an

amount exceeding \$250 in any one calendar year, the insurer may make a written request to the director for a refund. If the director determines a valid mistake or misinterpretation has occurred, the director shall refund to the insurer the amount of the excess tax by granting, at the director's discretion, a monetary refund or premium tax credit. A premium tax credit shall be used in the next calendar year to the extent possible and any unused credit shall be paid as a monetary refund. A premium tax credit may not reduce the payable tax, calculated without use of the credit, to less than zero.

(k) A premium tax credit granted under (j) of this section may not carry over as an attribute in a transaction under AS 21.69.610, 21.69.620, AS 21.78, or a similar transaction entered into by a foreign insurer.

(l) In this section, "premium tax credit" means an amount that an insurer may use as an offset against a premium tax payment.

* Sec. 13. AS 21.09 is amended by adding new sections to read:

Sec. 21.09.290. RISK RETENTION GROUPS. (a) A risk retention group formed in this state shall

(1) comply with 15 U.S.C. 3901 - 3906 (Liability Risk Retention Act); and

(2) qualify for and hold in good standing a certificate of authority under this chapter, limited to liability insurance only.

(b) A risk retention group shall submit with its application for a certificate of authority

(1) the identity of

(A) the initial members of the risk retention group;

(B) all persons who organized the risk retention group;

(C) all persons who will provide administrative services to the risk retention group;

(D) all persons who will influence or control the activities of the risk retention group;

(2) the amount and nature of initial capitalization;

(3) a plan of operation or a feasibility study that includes the coverage, deductible, coverage limit, rate, and rating classification system for the type or class of liability insurance the group intends to offer; and

(4) the states in which the risk retention group intends to operate.

(c) At least 30 days before a domestic risk retention group implements a material change or revision to an approved plan of operation or feasibility study, the material change or revision shall be filed with the director. A material change or revision may not be implemented unless the domestic risk retention group receives the director's written approval. In this subsection, "material change or revision" includes an offering of an additional type or class of liability insurance.

(d) In this section,

(1) "liability" means legal liability for damages, including costs of defense, legal costs and fees, and other claims expenses, because of injury to another person, damage to property, or other damage or loss to a person resulting from or arising out of a business, whether profit or nonprofit, trade, product, service, including a professional service, or an activity of a state or local government, or an agency or political subdivision of a state or local

government; "liability" does not include personal risk liability or employer's liability with respect to its employees other than legal liability under 45 U.S.C. 51 (Federal Employers' Liability Act);

(2) "personal risk liability" means liability for damages because of injury to a person, damage to property, or other loss or damage resulting from a personal, familial, or household responsibility or activity and that is not a responsibility or activity described under (1) of this subsection.

Sec. 21.09.300. DISCLOSURE OF MATERIAL TRANSACTIONS. (a) A domestic insurer shall file a report with the director disclosing a material acquisition and disposition of assets or a material nonrenewal, cancellation, or revision of ceded reinsurance agreements unless the acquisition and disposition of assets or material nonrenewal, cancellation, or revision of ceded reinsurance agreements have been submitted to the director for review, approval, or information purposes as required by this title.

(b) The report required under (a) of this section is due 15 days after the end of the calendar month in which a reportable transaction occurs.

(c) Except as provided in this section, a report obtained by or disclosed to the director under this section is confidential, is not subject to subpoena, and may not be made public by the director, or another person, without the prior written consent of the insurer submitting the report. A report under this section may be disclosed to an insurance regulatory agency of another state or to the National Association of Insurance Commissioners, with notice of the disclosure sent to the insurer. If the director, after giving an insurer notice and an opportunity to be heard, determines that the interest of policyholders, shareholders, or the public will be served by publication of the report, the director may publish all or any part of the report in a manner the director determines appropriate.

(d) A domestic insurer's report of an acquisition or disposition of an asset

(1) shall be made under (a) of this section if the acquisition or disposition is material; for purposes of this subsection, an acquisition or disposition, or the aggregate of a series of related acquisitions or related dispositions during any 30-day period is material if it is nonrecurring, not in the ordinary course of business, and involves more than five percent of the reporting insurer's total admitted assets as reported in its most recent financial statement required by law that is filed with the division;

(2) shall be made on asset acquisition, including a purchase, lease, exchange, merger, consolidation, succession, or other acquisition other than the

(A) construction or development of real property by or for the reporting insurer; or

(B) acquisition of material for construction or development of real property;

(3) shall be made on asset disposition including a sale, lease, exchange, merger, consolidation, mortgage, hypothecation, assignment for the benefit of creditors, or abandonment;

(4) must include information on the

(A) date of transaction;

(B) manner of acquisition or disposition;

- (C) description of the assets involved;
- (D) nature and amount of the consideration given or received;
- (E) purpose of, or reason for, the transaction;
- (F) manner by which the amount of consideration was determined;
- (G) gain or loss recognized or realized as a result of the transaction; and
- (H) names of persons from whom the assets were acquired or to whom the assets were disposed.

(e) A domestic insurer's report of nonrenewal, cancellation, or revision of a ceded reinsurance agreement

(1) shall be made under (a) of this section if the nonrenewal, cancellation, or revision is material; for purposes of this subsection, a material nonrenewal, cancellation, or revision is one that affects (A) for property and casualty business, including accident and health business when written as property and casualty business, more than 50 percent of an insurer's ceded written premium; or (B) for life, annuity, and accident and health business, more than 50 percent of the total reserve credit taken for business ceded, on an annualized basis as indicated in the insurer's most recently filed statutory statement; however, a filing is not required if the insurer's ceded written premium or the total reserve credit taken for business ceded represents, on an annual basis, less than 10 percent of direct written premiums and assumed written premiums or 10 percent of the statutory reserve requirement before a cession;

(2) shall be filed without regard to which party has initiated the nonrenewal, cancellation, or revision of ceded reinsurance whenever any of the following conditions exist:

(A) the entire cession has been cancelled, nonrenewed, or revised and ceded indemnity and loss adjustment expense reserves after a nonrenewal, cancellation, or revision represent less than 50 percent of the comparable reserves that would have been ceded had the nonrenewal, cancellation, or revision not occurred;

(B) an admitted or accredited reinsurer has been replaced on an existing cession by an unauthorized reinsurer; however, a report shall be filed only if the result of the revision affects more than 10 percent of the cession; or

(C) collateral requirements previously established for unauthorized reinsurers have been reduced; however, a report shall be filed only if the result of the revision affects more than 10 percent of the cession; and

(3) must include

(A) the effective date of the nonrenewal, cancellation, or revision;

(B) a description of the transaction with an identification of the initiator of the transaction;

(C) the purpose of, or reason for, the transaction; and

(D) if applicable, the identity of the replacement reinsurers.

(f) An insurer is required to report under (a) of this section on a nonconsolidated basis unless the insurer is part of a consolidated group of insurers that utilizes a pooling arrangement or 100 percent reinsurance agreement that affects the solvency and integrity of the insurer's reserves and the insurer ceded substantially all of its direct and assumed business to the pool. An insurer is presumed to have ceded substantially all of its direct and

assumed business to a pool if the insurer has less than \$1,000,000 total direct written premiums and assumed written premiums during a calendar year that is not subject to a pooling arrangement and the net income of the business not subject to the pooling arrangement represents less than five percent of the insurer's capital and surplus.

Sec. 21.09.310. AUTHORIZATION OF UNITED STATES BRANCHES OF ALIEN INSURERS AND GENERAL REQUIREMENTS. (a) This section applies to all United States branches of alien insurers using this state as a state of entry to transact the business of insurance in the United States. Except as provided elsewhere in this title, a United States branch is subject to all state laws applicable to an insurer domiciled in this state.

(b) An alien insurer may apply for a certificate of authority to use this state as a state of entry to transact the business of insurance in the United States by

(1) qualifying as an insurer licensed to do business in this state;

(2) establishing a trust under a trust agreement approved in writing by the director with a United States bank acceptable to the director in an amount not less than the minimum basic capital or basic guarantee surplus and additional maintained surplus required under AS 21.09.070;

(3) submitting a copy of its charter and bylaws, if any, currently in force, and other materials necessary to show the kind of business it is authorized to transact in its domiciliary jurisdiction; documents submitted under this paragraph must be attested to as accurate and complete by the insurance supervisory official in the domiciliary jurisdiction, and must include an English translation if in a language other than English;

(4) submitting a full statement, subscribed and affirmed as true by two officers or equivalent responsible representatives in a manner that the director prescribes, of its financial condition as of the close of its latest fiscal year, showing its assets, liabilities, income disbursements, business transacted, and other facts required to be shown in its annual statement, as reported to the insurance supervisory official in its domiciliary jurisdiction; all documents submitted under this paragraph must include an English translation if in a language other than English;

(5) submitting to an examination under AS 21.06.120(b) at its principal office within the United States, and elsewhere if necessary, unless the director accepts a report of the insurer's last examination and the report has been certified by the insurance supervisory official of the insurer's domiciliary jurisdiction; and

(6) payment of fees established under AS 21.06.250.

(c) Before issuing or renewing a certificate of authority for a United States branch, the director may require satisfactory proof that the insurer does not intend to transact insurance business in violation of the provisions of this title or that is not authorized by its charter. Proof required under this subsection may include the alien insurer's charter, an agreement evidenced by a duly certified resolution of its board of directors, or other proof that the director may require.

(d) The director may renew a certificate of authority for a United States branch if satisfied, by proof the director may require, that the insurer is not delinquent with respect to a requirement or qualification imposed by this title and that its continuance to transact the business of insurance in this state will not be hazardous or prejudicial to the best interest of

the people of this state.

(e) A United States branch may not receive or renew a certificate of authority in this state

(1) to transact a kind of insurance or a combination of kinds of insurance that are not permitted to be transacted by domestic insurers in this state;

(2) if it transacts business other than the business of insurance anywhere else within the United States unless the business, in the opinion of the director, is necessarily or properly incidental to the kind of insurance that it is authorized to transact in this state;

(3) if it fails to keep full and correct entries of its transactions; records of entries shall at all times be maintained in its principal office within this state; or

(4) if it fails to comply with a requirement or limitation of this title that it is not exempted from by another provision of this title and that is applicable to similar domestic insurers and if, in the judgment of the director, the requirement or limitation is necessary to protect the interest of the policyholders.

(f) A United States branch that transacts a kind or combination of kinds of insurance outside this state that is not permitted to be done in this state by similar domestic insurers may not have a certificate of authority issued or renewed in this state unless, in the judgment of the director, the transaction of that kind of insurance is not prejudicial to the best interest of the people of this state.

(g) A United States branch shall maintain assets in a trust account in an amount not less than the United States branch's reserves and other liabilities, plus the minimum basic capital or basic guaranteed surplus and additional maintained surplus required under AS 21.09.070.

(h) A written trust agreement must contain provisions that

(1) vest legal title to trust assets in the trustees, and their lawfully appointed successors;

(2) require that all assets deposited in the trust be continuously kept within the United States;

(3) provide for substitution of a new trustee in case of a vacancy by death, resignation, or other reason, subject to the prior written approval of the director;

(4) require that the trustee continuously maintain a record sufficient to identify the assets of the trust fund;

(5) require that trust assets consist only of cash, investments eligible for investment of the funds of domestic insurers, and accrued interest on the assets, if collectible by the trustee, subject to the limits on investment of funds by domestic insurers under this title;

(6) require that the trust be for the exclusive benefit, security, and protection of the policyholders, or policyholders and creditors, of the United States branch in the United States and that the trust be maintained as long as there is an outstanding liability of the alien insurer arising out of its transaction of insurance in the United States; and

(7) provide that withdrawal of an asset may not be made or permitted by a trustee without the prior written approval of the director except

(A) to make deposits required by law in a state for the security or benefit of all policyholders, or policyholders and creditors, of the United States branch in the

United States;

(B) to withdraw funds deposited in another state under (A) of this paragraph if

(i) the written trust agreement requires prior written approval of the insurance supervising official of that other state;

(ii) written notice of the nature and extent of the withdrawal is provided to the director within 30 days of the withdrawal; and

(iii) the total trustee assets remaining are in excess of the total assets required to be maintained in trust under (g) of this section;

(C) upon the specific written direction of the United States manager, who is duly authorized and is acting under either general or specific written authority previously given or delegated by the board of directors, to substitute other assets as permitted by this title if the substituted assets are of at least equal value and quality to those withdrawn;

(D) to transfer assets to an official liquidator or rehabilitator under an order of a court of competent jurisdiction; or

(E) if provided under the terms of the written trust agreement, to pay over to the United States manager of the United States branch, upon request, income, dividends, or interest accumulations of the assets of the trust fund that are in excess of the total assets required to be maintained in trust under (g) of this section.

(i) A written trust agreement and all amendments to it shall be authenticated in a form and manner that the director may prescribe and may not take effect until approved by the director. The director may not approve a trust agreement unless the director makes a written finding that

(1) the written trust agreement or its amendments are sufficient in form and in conformity with law;

(2) a person designated as a trustee is eligible to act in that capacity; and

(3) the written trust agreement is adequate to protect the interests of the beneficiaries of the trust.

(j) The director may approve written modifications of, or variations in, a written trust agreement upon a finding that the proposed changes are not prejudicial to the interests of the people of this state or the United States policyholders and creditors of the United States branch.

(k) The director may conduct examinations of the trustee assets of an authorized United States branch at the insurer's expense and may require the trustee or trustees to file a statement, in a form as prescribed by the director, certifying the assets and amounts of the trust fund.

(l) The director, upon finding that the requisites for the approval of the trust agreement no longer exist, may issue an order that withdraws approval of a written trust agreement and amendments to it. An order issued under this subsection takes effect 10 days after being issued.

(m) In addition to all other actions permitted under this title, refusal or neglect of a trustee to comply with the requirements of this title is a cause for suspension or revocation of the United States branch's certificate of authority or the liquidation of the alien insurer's

United States branch.

(n) Annual statements under AS 21.09.200 and quarterly statements under AS 21.09.205 (1) may only relate to insurance transactions and affairs within the United States, assets held by or for the United States branch for the protection of policyholders and creditors within the United States, and liabilities incurred against those assets; and (2) may not contain a statement in regard to assets and business transacted in a place not described in this subsection. The annual and quarterly statements shall be signed and verified by the United States manager, attorney-in-fact, or a duly empowered assistant United States manager of the United States branch.

(o) In a form prescribed by the director, an authorized United States branch shall file with its annual and quarterly statements a statement of trustee surplus covering the same time period. The trustee surplus shall consist of the aggregate value of the United States branch's general state deposits and assets deposited with a trustee under this section, plus accrued interest income if the interest were collected by the states for the trustees, less the aggregate net amount of all its reserves and other liabilities in the United States as determined under this subsection. The items of securities and other property held under trust deeds shall be certified by the United States trustee. To determine the net amount of the United States branch's liabilities in the United States to be reported in the statement of trustee surplus, the United States branch shall adjust its total liabilities reported on its accompanying annual or quarterly statement as follows:

(1) by adding back liabilities used to offset admitted assets reported in the accompanying annual or quarterly statement; and

(2) by deducting

(A) unearned premiums on agent's balances or uncollected premiums not more than 90 days past due;

(B) reinsurance on losses with authorized insurers, less unpaid reinsurance premiums;

(C) reinsurance recoverables on paid losses from unauthorized insurers that are included as an asset in the annual statement, but only to the extent a liability for unauthorized recoverables as described in this paragraph are included in the liabilities report in the trustee surplus statement;

(D) special state deposits held for the exclusive benefit of policyholders, or policyholders and creditors, of a particular state not exceeding net liabilities reported for that state;

(E) secured accrued retrospective premiums;

(F) if a life insurer,

(i) the amount of its policy loans to policyholders within the United States, not exceeding the amount of legal reserve required on an affected policy; and

(ii) the net amount of uncollected and deferred premiums; and

(G) other nontrusteed assets, upon a written finding by the director that the other nontrusteed assets secure liabilities in a substantially similar manner to those permitted under this subsection.

(p) In addition to the annual and quarterly statements and the statements of trustee

surplus, the director may require additional information relating to total business or assets, or any portion of them, of the alien insurer or its United States branch.

(q) In addition to the general statement of the financial condition of the United States branch, a report of examination must include a trustee surplus statement as of the date of the examination.

(r) In this section,

(1) "trustee assets" are the assets maintained in a trust account under (g) of this section;

(2) "United States branch" means the business unit through which business is transacted within the United States by an alien insurer and the assets and liabilities of the insurer within the United States applicable to that business.

* Sec. 14. AS 21.09.310(b) is repealed and reenacted to read:

(b) An alien insurer may apply for a certificate of authority to use this state as a state of entry to transact the business of insurance in the United States by

(1) qualifying as an insurer licensed to do business in this state; and

(2) establishing a trust under a trust agreement approved in writing by the director with a United States bank acceptable to the director in an amount not less than the greater of

(A) the minimum basic capital or basic guarantee surplus and additional maintained surplus required under AS 21.09.070; or

(B) the authorized control level risk based capital under AS 21.14;

(3) submitting a copy of its charter and bylaws, if any, currently in force, and other documents necessary to show the kind of business it is authorized to transact in its domiciliary jurisdiction; documents submitted under this paragraph must be attested to as accurate and complete by the insurance supervisory official in the domiciliary jurisdiction, and must include an English translation, if in a language other than English;

(4) submitting a full statement, subscribed and affirmed as true by two officers or equivalent responsible representatives in a manner that the director prescribes, of its financial condition as of the close of its latest fiscal year, showing its assets, liabilities, income disbursements, business transacted, and other facts required to be shown in its annual statement, as reported to the insurance supervisory official in its domiciliary jurisdiction; all documents submitted under this paragraph must include an English translation if in a language other than English;

(5) submitting to an examination under AS 21.06.120(b) at its principal office within the United States, and elsewhere if necessary, unless the director accepts a report of the insurer's recent examination and the report has been certified by the insurance supervisory official of the insurer's domiciliary jurisdiction; and

(6) payment of fees established under AS 21.06.250.

* Sec. 15. AS 21.09.310(g) is repealed and reenacted to read:

(g) A United States branch shall maintain assets in a trust account in an amount not less than the United States branch's reserves and other liabilities, plus the greater of

(1) the minimum basic capital or basic guaranteed surplus and additional maintained surplus required under AS 21.09.070; or

(2) the authorized control level risk based capital under AS 21.14.

* Sec. 16. AS 21.12.020(a) is amended to read:

(a) Credit for reinsurance transactions shall be allowed a domestic ceding insurer as either an asset or a deduction from liability on account of reinsurance ceded only if the reinsurance is ceded to an

(1) assuming insurer that is licensed to transact insurance or reinsurance in this state;
(2) assuming insurer that is accredited as a reinsurer in this state; an accredited reinsurer is one that

(A) files evidence of submission [SUBMITS] to this state's jurisdiction, submits to this state's authority to examine its books and records under AS 21.06.120, is licensed to transact insurance or reinsurance in at least one state that is accredited by the National Association of Insurance Commissioners, or, in the case of a United States branch of an alien admitted insurer, is entered through and licensed to transact insurance or reinsurance in at least one state that is accredited by the National Association of Insurance Commissioners; [AND FILES ANNUALLY WITH THE DIRECTOR A COPY OF THE REINSURER'S ANNUAL STATEMENT FILED WITH THE INSURANCE DEPARTMENT OF THE REINSURER'S STATE OF DOMICILE AND A COPY OF THE REINSURER'S MOST RECENT AUDITED FINANCIAL STATEMENT; OR]

(B) [IN THE CASE OF A UNITED STATES BRANCH OF AN ALIEN ASSUMING INSURER, IS ENTERED THROUGH, AND LICENSED TO TRANSACT INSURANCE OR REINSURANCE IN, AT LEAST ONE STATE ACCREDITED BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS, FILES ANNUALLY WITH THE DIRECTOR A COPY OF ITS ANNUAL FINANCIAL STATEMENT THAT IS FILED WITH THE INSURANCE REGULATORY AGENCY OF ITS STATE OF DOMICILE, AND] maintains at least \$20,000,000 in policyholder surplus and whose accreditation has not been denied by the director within 90 days of application to the director, or maintains less than \$20,000,000 in policyholder surplus and whose application for accreditation has been approved by the director; and

(C) files annually with the director a copy of the reinsurer's annual financial statement filed with the insurance department of the reinsurer's state of domicile or state of entry [THE SURPLUS REQUIREMENTS IN THIS SUBPARAGRAPH DO NOT APPLY TO REINSURANCE CEDED AND ASSUMED UNDER A POOLING ARRANGEMENT AMONG INSURERS IN THE SAME HOLDING COMPANY SYSTEM];

(3) assuming insurer that is domiciled in a state, or in the case of a United States branch of an alien assuming insurer, is entered through a state accredited by the National Association of Insurance Commissioners that employs standards regarding credit for reinsurance ceded substantially similar to those applicable under (1) and (2) of this subsection, the assuming insurer maintains a policyholder surplus of at least \$20,000,000, and the assuming insurer submits to the authority of this state to examine its books and records; the surplus requirements in this paragraph do not apply to reinsurance ceded and assumed under a pooling arrangement among insurers in the same holding company system;

(4) assuming alien insurer that

(A) maintains a trust fund in a qualified United States financial institution for the payment of the valid claims of its United States policyholders and ceding insurers,

and their assigns and successors in interest, that conforms to the following requirements:

(i) the trust shall be established in a form approved by the director; the trust instrument must provide that contested claims are valid and enforceable upon the final order of any court of competent jurisdiction in the United States; the trust shall vest legal title to its assets in the trustees of the trust for its United States policyholders and ceding insurers, their assigns, and successors in interest; the trust and the assuming insurer are subject to examination as determined by the director; the trust must remain in effect for so long as the assuming insurer has outstanding liabilities due under the reinsurance agreements subject to the trust;

(ii) on or before March 1 of each year the trustees shall report in writing to the director on the balance of the trust and list the trust's investments at the end of the preceding year, and shall certify the date of termination of the trust, if so planned, or certify that the trust does not expire before the following December 31;

(iii) in the case of a single assuming insurer, the trust shall consist of trust money representing the assuming insurer's liabilities attributable to business written in the United States and, in addition, include a trust surplus of not less than \$20,000,000; the single assuming insurer shall make available to the director an annual certification of the insurer's solvency by the insurer's domiciliary regulator and by an independent public accountant;

(iv) in the case of a group, including incorporated and [OF] individual unincorporated insurers, the trust shall consist of trust money representing the group's liabilities attributable to business written in the United States and, in addition, include a trust surplus not less than \$100,000,000; the incorporated members of the group may not be engaged in any business other than underwriting as a member of the group and are subject to the same level of solvency regulation and control by the group's domiciliary regulator as are the unincorporated members; the group shall make available to the director an annual certification of the solvency of each insurer [OF THE INDIVIDUAL UNINCORPORATED INSURERS] by the group's domiciliary regulator and by an independent certified public accountant, or, for a Canadian or British insurer, an independent Canadian or British chartered accountant;

(v) in the case of a group of incorporated insurers under common administration that complies with the reporting requirements contained in (ii) of this subparagraph, that has continuously transacted an insurance business outside the United States for at least three years immediately before making application for accreditation, that submits to this state's authority to examine its books and records and bears the expense of the examination, and that has aggregate policyholders' surplus of \$10,000,000,000, the trust shall be in an amount equal to the group's several liabilities attributable to business ceded by United States ceding insurers to a member of the group under reinsurance contracts issued in the name of the group, and the group shall maintain a joint trustee surplus, of which \$100,000,000 shall be held jointly for the benefit of United States ceding insurers of a member of the group as additional security for the group's liabilities, and each member of the group shall make available to the director an annual certification of the member's solvency by the

member's domiciliary regulator and the member's independent certified public accountant, or, for a Canadian or British insurer, the member's independent Canadian or British chartered accountant; and

(B) reports annually to the director information substantially the same as that required to be reported on the National Association of Insurance Commissioners' annual statement form by licensed insurers to enable the director to determine the sufficiency of the trust fund;

(5) assuming insurer that does not meet the requirements of (1) - (4) of this subsection, but only with respect to the insurance of risks located in jurisdictions where the reinsurance is required by applicable law or regulation of that jurisdiction.

* Sec. 17. AS 21.18.060(b) is amended to read:

(b) The director may require that the reserves be equal to the unearned portions of the gross premiums in force after deducting applicable reinsurance in solvent insurers as computed on each respective risk from the policy's date of issue. [EXCEPT AS REQUIRED BY THE DIRECTOR UNDER THIS SUBSECTION, THE PORTIONS OF THE GROSS PREMIUM IN FORCE, LESS APPLICABLE REINSURANCE IN SOLVENT INSURERS, TO BE HELD AS AN UNEARNED PREMIUM RESERVE SHALL BE COMPUTED ACCORDING TO THE FOLLOWING TABLE:

| TERM FOR WHICH POLICY WAS WRITTEN | PREMIUM | RESERVE FOR UNEARNED |
|-----------------------------------|---------|----------------------|
| 1 YEAR OR LESS | | 1/2 |
| 2 YEARS | | 1ST YEAR 3/4 |
| 2ND YEAR | 1/4 | |
| 3 YEARS | | 1ST YEAR 5/6 |
| 2ND YEAR | 1/2 | 3RD YEAR 1/6 |
| 4 YEARS | | 1ST YEAR 7/8 |
| 2ND YEAR | 5/8 | 3RD YEAR 3/8 |
| 4TH YEAR | 1/8 | |
| 5 YEARS | | 1ST YEAR 9/10 |
| 2ND YEAR | 7/10 | 3RD YEAR 1/2 |
| 4TH YEAR | 3/10 | 5TH YEAR 1/10 |
| OVER 5 YEARS | | PRO RATA.] |

* Sec. 18. AS 21.18.060(c) is amended to read:

(c) An [IN LIEU OF COMPUTATION ACCORDING TO THE TABLE IN (b) OF THIS SECTION, THE] insurer shall [AT ITS OPTION MAY] compute all of the reserves on a monthly or more frequent pro rata basis.

* Sec. 19. AS 21.18.090 is amended to read:

Sec. 21.18.090. LOSS RESERVES, LIABILITY INSURANCE, AND WORKERS' COMPENSATION. Where required in the form of annual statement required of the insurer, the reserve for outstanding losses under insurance against loss or damage from accident to or injuries suffered by an employee or other person and for which the insured is liable shall be computed as follows:

(1) for all liability claims under policies written more than three years before the end of the calendar year covered by the annual statement, the reserve shall be the undiscounted

value of the determined and the estimated future payments [SUITS BEING DEFENDED UNDER POLICIES WRITTEN MORE THAN

(A) 10 YEARS BEFORE THE DATE THE STATEMENT IS MADE, \$1,500 FOR EACH SUIT;

(B) FIVE OR MORE AND LESS THAN 10 YEARS BEFORE THE STATEMENT IS MADE, \$1,000 FOR EACH SUIT;

(C) THREE OR MORE AND LESS THAN FIVE YEARS BEFORE THE STATEMENT IS MADE, \$850 FOR EACH SUIT];

(2) for all liability policies written during the three years immediately preceding the date the statement is made, the reserve shall be the greater of 60 percent of the earned liability premiums of each of the three years less all losses and expense payments made under liability policies written in the corresponding years or the undiscounted value of the known and unknown claims; [BUT THE RESERVE, FOR THE FIRST OF THE THREE YEARS, SHALL BE NOT LESS THAN \$750 FOR EACH OUTSTANDING LIABILITY SUIT ON THE YEAR'S POLICIES];

(3) for all workers' compensation claims under policies written more than three years before the end of the calendar year covered by the annual statement [IS MADE], the reserve may not [SHALL] be less than the present value at four per cent interest of the determined and the estimated future payments;

(4) for all workers' compensation claims under policies written in the three years immediately preceding the end of the calendar year covered by [DATE] the annual statement [IS MADE], the reserve may not [SHALL] be less than 65 percent of the earned workers' compensation premiums of each of the three years, less all loss and loss expense payments made in connection with the claims under policies written in the corresponding years; [BUT IN THE FIRST YEAR OF THE THREE-YEAR PERIOD,] the reserve may not [SHALL] be [NOT] less than the present value at four [4] percent interest of the determined and the estimated unpaid compensation claims under policies written during the three-year period [YEAR].

* Sec. 20. AS 21.21.250(a) is amended to read:

(a) An insurer may make loans or investments not otherwise expressly permitted under this chapter, in aggregate amount not over five percent of the insurer's assets and not over one percent of the insurer's assets for [OF] any one loan or investment, if the loan or investment fulfills the requirements of AS 21.21.030, and otherwise qualifies as a sound investment. However, a loan or investment may not be represented by

(1) an item described in AS 21.18.030, or a loan or investment otherwise expressly prohibited;

(2) agents' balances, or amounts advanced to or owing by agents or former agents of the insurer, whether or not secured; except policy loans, mortgage loans, and collateral loans otherwise authorized under this chapter;

(3) a category of loans or investments eligible under other provisions of this chapter;
or

(4) an asset theretofore acquired or held by the insurer under any other category of loans or investments eligible under this chapter.

* Sec. 21. AS 21.21.370(a) is amended to read:

(a) A domestic insurer may [NOT] acquire, directly or indirectly, a medium grade or lower grade obligation of an institution if, after giving effect to the acquisition,

(1) the aggregate amount of all medium grade and lower grade obligations held by the domestic insurer does not exceed [EXCEEDS] 20 percent of its admitted assets and if not more than

(A) 10 percent of its admitted assets consist of obligations rated four, five, or six by the securities valuation office;

(B) three percent of its admitted assets consist of obligations rated five or six by the securities valuation office; and

(C) one percent of its admitted assets consist of obligations rated six by the securities valuation office; and [OR]

(2) the aggregate amount of all medium grade and [OR] lower grade obligations held by the domestic insurer does not exceed [EXCEEDS] 30 percent of its policyholders' surplus account as shown by the insurer's most recent report filed under AS 21.06.150, AS 21.09.200, or 21.09.205.

* Sec. 22. AS 21.22.010(g) is amended to read:

(g) The provisions of this section do not apply to

(1) an offer of, request for, invitation for, or agreement regarding [, OR] acquisition of a voting security that, immediately before the consummation of the offer, request, invitation, agreement, or acquisition, was not issued and outstanding; or

(2) an offer, request, invitation, agreement, or acquisition that the director by order may exempt as not having been made or entered into for the purpose and not having the effect of changing or influencing the control of the domestic insurer.

* Sec. 23. AS 21.22.030 is amended by adding a new subsection to read:

(d) The director may retain at the acquiring person's expense an attorney, actuary, accountant, or other expert not otherwise a part of the director's staff, if reasonably necessary to assist the director in reviewing the proposed acquisition of control.

* Sec. 24. AS 21.22.060(b) is amended to read:

(b) Every insurer subject to registration shall file a registration statement on a form provided by the director, that must contain current information about

(1) the capital structure, general financial condition, ownership, and management of the insurer and any person controlling the insurer;

(2) the identity of every member of the insurance holding company system;

(3) the following agreements in force, relationships subsisting, and transactions currently outstanding between the insurer and its affiliates:

(A) loans, other investments, or purchases, sales, or exchanges of securities of the affiliates by the insurer or of the insurer by its affiliates;

(B) purchases, sales, or exchanges of assets;

(C) transactions not in the ordinary course of business;

(D) guarantees or undertakings for the benefit of an affiliate that result in an actual contingent exposure of the insurer's assets to liability, other than insurance contracts entered into in the ordinary course of the insurer's business;

(E) all management and service contracts and all cost-sharing arrangements [, OTHER THAN COST ALLOCATION ARRANGEMENTS BASED

UPON GENERALLY ACCEPTED ACCOUNTING PRINCIPLES]; and

(F) reinsurance agreements [COVERING ALL OR SUBSTANTIALLY ALL OF ONE OR MORE LINES OF INSURANCE OF THE CEDING COMPANY];
and

(4) other matters concerning transactions between registered insurers and any affiliates that may be included from time to time in a registration form adopted or approved by the director.

* Sec. 25. AS 21.22.060(c) is amended to read:

(c) The director may permit an authorized insurer that is a member of a holding company system subject to registration under the laws or regulations of its state of domicile that are in the opinion of the director substantially similar to those contained in this chapter to satisfy the requirements of (a) of this section by filing a statement in accordance with the laws of its state of domicile [EXCEPT THAT THE DIRECTOR MAY AT ANY TIME REQUIRE A COPY OF THAT STATEMENT BE FILED WITH THE DIRECTOR].

* Sec. 26. AS 21.22.060(d) is amended to read:

(d) Information [NO INFORMATION] need not be disclosed on the registration statement filed under (b) of this section if that information is not material for the purposes of this section. Unless the director by regulation or order provides otherwise, sales, purchases, exchanges, loans or extensions of credit, or investments, involving one-half of one percent or less of an insurer's admitted assets or five percent or less of the policyholder's surplus as of the 31st day of December of the calendar year in which the transaction took place are not considered material for purposes of this section.

* Sec. 27. AS 21.22.060(k) is amended to read:

(k) An insurer subject to registration under (a) of this section shall register annually by April 1 of each year for the previous calendar year unless, for good cause shown, the director extends the time for registration. The director may require an insurer [AUTHORIZED TO DO BUSINESS IN THE STATE, THAT IS A MEMBER OF A HOLDING COMPANY SYSTEM AND] that is allowed to register as provided [NOT SUBJECT TO REGISTRATION] under (c) [(a)] of this section, to furnish a copy of
(1) the registration statement;
(2) [,] the summary specified in (1) of this section; [,] or
(3) other information filed by the insurer with the insurance regulatory authority of the insurer's state of domicile.

* Sec. 28. AS 21.27.010(a) is amended to read:

(a) Except as provided otherwise in this chapter, a [A] person may not act as or represent to be an insurance producer, managing general agent, reinsurance intermediary broker, reinsurance intermediary manager, surplus lines broker, or independent adjuster in this state or relative to a subject resident, located, or to be performed in this state unless licensed under this chapter. A person may not act as or represent to be a managing general agent, reinsurance intermediary broker, or reinsurance intermediary manager representing an insurer domiciled in this state regarding a risk located outside this state unless licensed by this state.

* Sec. 29. AS 21.27.020 is amended by adding a new subsection to read:

(f) The director may

(1) adopt regulations establishing additional education or experience requirements for applicants or licensees under this chapter upon due consideration of the availability and accessibility of education and training opportunities in rural areas of the state; and

(2) make arrangements, including contracting with an outside agency, for administrative services.

* Sec. 30. AS 21.27.025(a) is amended to read:

(a) A licensee shall notify the director within 30 days in writing by certified mail of a change in residence, employment that is licensed under this chapter, place of business, legal name, fictitious name or alias, mailing address, or phone number; a suspension, [OR] revocation, or disciplinary action of a license by another state or jurisdiction; or a conviction of a misdemeanor or felony.

* Sec. 31. AS 21.27.060(d) is amended to read:

(d) This section does not apply to an applicant

(1) for a limited license under AS 21.27.150(1), (2), or (6);

(2) who, at any time within the two-year period immediately preceding the date the current pending application is received by the division, had been licensed in good standing in this state under a license requiring substantially similar qualifications as required by the license applied for; or

(3) whose license in its [THE] resident jurisdiction requires the same qualifications as the license applied for in this state if the license in all jurisdictions is in good standing [AND ITS RESIDENT JURISDICTION IS ACCREDITED BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS].

* Sec. 32. AS 21.27.100 is amended by adding a new subsection to read:

(e) An individual in a firm who acts solely on behalf of a firm that is appointed as an agent on behalf of an admitted insurer under this section, may not be required to also have an appointment if the individual in the firm is licensed with that firm.

* Sec. 33. AS 21.27.130 is amended to read:

Sec. 21.27.130. FORM AND CONTENT OF LICENSES. A license shall be in the form the director prescribes and must set out

(1) the name and [MAILING] address of the licensee, and, if the licensee is required to have a place of business, the physical address of the place of business;

(2) if for a firm, the name of the principal or manager of the firm;

(3) the kind or class of insurance the licensee is licensed to handle;

(4) the effective date and expiration date of the license;

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

(6) the date of issuance of the license;

(7) each fictitious name and alias under which the licensee may do business; and

(8) other information required by the director.

* Sec. 34. AS 21.27.360(b) is amended to read:

(b) All money, except that made payable to the insurer, representing premium taxes and fees, premiums or return premiums received by the licensee, shall be received in the fiduciary account of the licensee and shall be promptly accounted for and paid to the person entitled to the money. The fiduciary account shall be located in this state unless the licensee is licensed as a nonresident under AS 21.27.270. For purposes of this section, the fiduciary

account of the firm shall be considered the fiduciary account of an individual licensee acting on behalf of the firm and shall be the responsibility of the firm. Money deposited into a fiduciary account may not be commingled or otherwise combined with other money, except as allowed under (d) of this section and AS 21.27.365.

* Sec. 35. AS 21.27.380(a) is amended to read:

(a) Except as provided in this title, the director may renew a license biennially on a date set by the director if the licensee continues to be qualified under this chapter and on or before the close of business of the renewal date, meets all renewal requirements established by regulation and pays the [IF] renewal license fees set under AS 21.06.250 for each license to [ARE RECEIVED BY] the director [ON OR BEFORE THE CLOSE OF BUSINESS OF THE RENEWAL DATE]. A licensee is responsible for knowing the date that a license lapses and for renewing a license before expiration. The director shall mail a renewal notice to the licensee's current address on file with the director 30 days before the renewal date.

* Sec. 36. AS 21.27.420 is amended by adding a new subsection to read:

(c) With the consent of an applicant or licensee, the director may issue or renew a license with restrictions upon the scope of the person's license or may otherwise restrict or condition the activities of the licensee if the director determines that the person has violated the provisions of this title or to protect the public from injury or potential injury.

* Sec. 37. AS 21.27.530 is amended to read:

Sec. 21.27.530. INSURANCE PRODUCER QUALIFICATIONS. In addition to the general qualifications under AS 21.27.020, to qualify for issuance or renewal of an insurance producer license, an applicant or licensee

(1) must possess the competence necessary to fulfill the responsibilities of an insurance producer;

(2) if previously licensed in good standing in this state as an insurance producer, must not have had a license suspended or revoked within the previous four calendar years;

(3) for a fraternal society limited insurance producer license, shall file with the application a statement by an officer or director of the appointing fraternal society that affirms that the society has satisfied itself that the applicant is trustworthy and competent to act as its insurance agent;

(4) for a license with a scope that includes variable contracts, must either be currently registered with the federal Securities and Exchange Commission as a broker-dealer or personally take and pass, to the satisfaction of the director, tests of the knowledge and competence of the applicant concerning securities; and

(5) except for an applicant or licensee who represents to be and acts solely on behalf of admitted insurers as an agent and who does not receive money required to be received in the fiduciary account of the licensee, shall file with the application and maintain in force while licensed a bond in the amount of \$10,000, unless a greater amount is required by another provision of this title; a licensee who maintains more than one place of business may satisfy the bond requirement with a single bond.

* Sec. 38. AS 21.27.570(a)(3)(B) is amended to read:

(B) the controlling insurance producer shall render accounts to the controlled insurer detailing all transactions, including information in the accounts necessary to support compensation, commissions, charges, and other fees received by, or

owing to, the controlling producer;

* Sec. 39. AS 21.27.620(j) is amended to read:

(j) If the director determines after a hearing under AS 21.06.170 - 21.06.240 that a managing general agent caused loss or damage arising out of a violation of AS 21.27.590 - 21.27.630 to an insurer, the director may order the managing general agent to make restitution to the insurer, receiver, [THE] rehabilitator, or [THE] liquidator of the insurer for the loss. Restitution ordered under this subsection is in addition to any other liability of the managing general agent and does not affect the rights of a policy holder, claimant, creditor, or third party. The director may, at the request of the insurer, maintain or bring a civil action brought by or on behalf of the insurer and its policyholders and creditors for recovery of compensatory damages for the benefit of the insurer and its policyholders and creditors or seek other appropriate relief. If an order of rehabilitation or liquidation of the insurer has been entered under AS 21.78, the receiver appointed under the order determines that a person has not materially complied with AS 21.27.590 - 21.27.630 or an order of the director, and the insurer suffers loss or damage from the noncompliance, the receiver may bring a civil action for the recovery of damages or other appropriate sanctions for the benefit of the insurer.

* Sec. 40. AS 21.27.690(b) is amended to read:

(b) An [A DOMESTIC] insurer may use a nonresident reinsurance intermediary broker who is not licensed under this chapter if the person is licensed in good standing as a resident reinsurance intermediary broker by an insurance regulator of another state that is accredited by the National Association of Insurance Commissioners. Upon written request, the director may grant written permission for a domestic insurer to use an alien reinsurance intermediary broker not licensed by and without a place of business in a jurisdiction subject to accreditation by the National Association of Insurance Commissioners if the alien reinsurance intermediary broker is licensed in good standing by its domiciliary insurance regulator. The domestic insurer and unlicensed reinsurance intermediary broker are subject to all other requirements of this section.

* Sec. 41. AS 21.27.690(e) is amended to read:

(e) If the director determines after a hearing under AS 21.06.170 - 21.06.240 that a reinsurance intermediary broker caused losses or damage arising out of a violation of AS 21.27.670 - 21.27.700 to an insurer or reinsurer, the director may order the reinsurance intermediary broker to make restitution to the insurer, reinsurer, receiver, rehabilitator, or liquidator of the insurer or reinsurer for the net losses incurred by the insurer or reinsurer. Restitution ordered under this subsection is in addition to any other liability of the reinsurance intermediary broker and does not affect the rights of a policyholder, claimant, creditor, or third party. The director may, at the request of the insurer, maintain or bring a civil action brought by or on behalf of the reinsurer or insurer and its policyholders and creditors for recovery of compensatory damages for the benefit of the reinsurer or insurer and its policyholders and creditors or seek other appropriate relief. If an order of rehabilitation or liquidation of the insurer has been entered under AS 21.78, the receiver appointed under the order determines that a person has not materially complied with AS 21.27.670 - 21.27.700 or an order of the director, and the insurer suffers loss or damage from the noncompliance, the receiver may bring a civil action for the recovery of damages or other appropriate sanctions

for the benefit of the insurer.

* Sec. 42. AS 21.27.760(j) is amended to read:

(j) If the director determines after a hearing under AS 21.06.170 - 21.06.240 that a reinsurance intermediary manager caused losses or damage arising out of a violation of AS 21.27.730 - 21.27.770 to an insurer or reinsurer, the director may order the reinsurance intermediary manager to make restitution to the insurer, reinsurer, receiver, rehabilitator, or liquidator of the insurer or reinsurer for the net losses incurred by the insurer or reinsurer. Restitution ordered under this subsection is in addition to any other liability of the reinsurance intermediary manager and does not affect the rights of a policyholder, claimant, creditor, or third party. The director may, at the request of the insurer, maintain or bring a civil action brought by or on behalf of the reinsurer or insurer and its policyholders and creditors for recovery of compensatory damages for the benefit of the reinsurer or insurer and its policyholders and creditors or seek other appropriate relief. If an order of rehabilitation or liquidation of the insurer has been entered under AS 21.78, the receiver appointed under the order determines that a person has not materially complied with AS 21.27.730 - 21.27.770 or an order of the director, and the insurer suffers loss or damage from the noncompliance, the receiver may bring a civil action for the recovery of damages or other appropriate sanctions for the benefit of the insurer.

* Sec. 43. AS 21.34.040(c)(4) is amended to read:

(4) a Lloyd's or other similar group including incorporated and individual unincorporated underwriters, [GROUP OF ALIEN INDIVIDUAL INSURERS] may qualify if it maintains a trust fund in an amount not less than \$50,000,000, as security to the full amount, for the protection of all its policy holders and creditors of each member of the group in the United States; the incorporated members may not be engaged in any business other than underwriting as a member of the group and shall be subject to the same level of solvency regulation and control by the group's domiciliary regulator as are the unincorporated members; the trust fund must consist of instruments of substantially the same character and quality as those that are eligible investments for the capital and statutory reserves of admitted insurers authorized to write like kinds of insurance in this state or of irrevocable, clean, and unconditional letters of credit; the trust fund must have an expiration date that at no time is less than five years;

* Sec. 44. AS 21.34.080(c) is amended to read:

(c) A producing broker shall execute and deliver to the surplus lines broker not later than the end of each month on a form prescribed by the director, and a surplus lines broker shall file with the director with the report required by (a) of this section or with the surplus lines association with the evidence of insurance required by (b) of this section, for surplus lines insurance first placed or renewed in the preceding calendar month, an affidavit that shall be open to public inspection, as to the diligent efforts to place the coverage with admitted insurers, and the results of those efforts. The affidavit must contain a statement by the producing broker that the insured was expressly informed in writing before the [PLACEMENT OF THE SURPLUS LINES] insurance contract or coverage was bound that the surplus lines insurer with whom the insurance was to be placed is not licensed in this state, is not subject to this state's supervision, and, in the event of the insolvency of the surplus lines insurer, losses will not be covered under AS 21.80 (Alaska Insurance Guaranty

Association Act).

* Sec. 45. AS 21.34.110 is amended to read:

Sec. 21.34.110. SURPLUS LINES BROKER'S DUTY TO NOTIFY INSURED. (a) A contract of insurance placed by a surplus lines broker under this chapter is not binding upon the insured and a premium charged is not due and payable until

(1) the surplus lines broker has notified the insured in writing, a copy of which shall be maintained by the licensee with the records of the contract, available for examination, that the insurer with which the surplus lines broker places the insurance does not hold a certificate of authority issued by this state and is not subject to its supervision, and in the event of the insolvency of the surplus lines insurer, losses will not be covered under AS 21.80 (Alaska Insurance Guaranty Association Act); or

(2) the surplus lines broker has obtained the affidavit of the producing broker that the notice required under AS 21.34.080(c) has been given to the insured; a licensee shall maintain a copy of the affidavit with the record of the contract available for examination.

(b) Nothing in this section may be construed as nullifying [SHALL NULLIFY] an agreement by an insurer to provide insurance.

* Sec. 46. AS 21.34.190(a) is amended to read:

(a) The fee for filing the statement under AS 21.34.180(b) is an amount equal to one percent on gross premium charged less any return premiums during the preceding calendar year [QUARTER]. The surplus lines broker shall pay the fee at the time of filing of the statement.

* Sec. 47. AS 21.36.120(d) is amended to read:

(d) Nothing in this section may be construed as prohibiting the payment of commissions or other compensation to persons duly transacting business under AS 21.27 [LICENSED AGENTS OR SOLICITORS], or as prohibiting an insurer from allowing or returning to its participating policyholders, members, or subscribers, lawful dividends, savings, or unabsorbed premium deposits.

* Sec. 48. AS 21.36.195 is amended to read:

Sec. 21.36.195. SURPLUS LINES BROKERS AND INSURANCE PRODUCERS; PROHIBITED ACTS. A surplus lines broker or an insurance producer may not fail to provide evidence [THE EVIDENCES] of insurance, affidavits, filings, or reports, or fail to maintain the records, or fail to pay the taxes and fees, required under AS 21.34.

* Sec. 49. AS 21.36.235(a) is amended to read:

(a) Except as provided in AS 21.36.305 [AS 21.36.420], if the renewal premium is increased more than 10 percent for a reason other than an increase in coverage or exposure base, or if after renewal there will be a material restriction or reduction in coverage not specifically requested by the insured, written notice shall be mailed to the insured and to the agent or broker of record as required by AS 21.36.260

(1) at least 20 days before expiration of a personal insurance policy; or

(2) at least 45 days before expiration of a business or commercial policy.

* Sec. 50. AS 21.36.290 is amended to read:

Sec. 21.36.290. POLICY PERIOD. Except as described in (b) of this section, a [A] policy with a policy period or term of less than 12 months shall, for the purposes of AS 21.36.210 - 21.36.310, be considered to be written for a policy period or term of 12 months

except in case of cancellation under any of the circumstances specified in AS 21.36.210, and a policy written for a term longer than one year or a policy with no fixed expiration date shall be considered to be written for successive policy periods or terms of one year and termination by an insurer effective on an anniversary date of the policy shall be considered a failure to renew.

* Sec. 51. AS 21.36.290 is amended by adding a new subsection to read:

(b) For determining the appropriate rate or premium, a personal automobile insurance policy with a policy period or term of less than six months shall, for the purposes of AS 21.36.210 - 21.36.310, be considered to be written for a policy period or term of six months.

* Sec. 52. AS 21.36 is amended by adding a new section to read:

Sec. 21.36.305. PREMIUM INCREASES ON PERSONAL AUTOMOBILE INSURANCE POLICIES. (a) An insurer may not increase the premium on a personal automobile insurance policy unless the increase applies to all insureds of the same class.

(b) An insurer may not increase the premium or add a surcharge to a personal automobile insurance policy because of the issuance of a citation for a moving traffic violation unless the insured or another person who resides in the insured's household and is covered by the policy has been convicted of the violation or has entered a plea of no contest to the violation.

(c) The director shall adopt regulations to determine circumstances under which an insurer may increase the premium or add a surcharge to a personal automobile insurance policy.

(d) An insurer that increases the premium or adds a surcharge to a personal automobile insurance policy may only make the increase or surcharge effective on the renewal date of the policy.

(e) An insurer that increases the premium or adds a surcharge to a personal automobile insurance policy shall give written notice of the increase or surcharge at least 20 days before it takes effect, stating the reason for the change and the right of appeal under AS 21.39.090. This subsection does not apply to

(1) premium increase resulting from a change requested by an insured, if the insured is notified at the time the request is made that the amount of the insured's premium will change as a result of the requested policy change; or

(2) rate approved by the director if the insurer gives written notice of a premium increase to the insured at least 20 days before the renewal date of the affected policy.

* Sec. 53. AS 21.36.360(i) is amended to read:

(i) A criminal insurance act is committed by a person [AN INSURER] doing business in this state or relative to a subject resident, located, or to be performed in this state who knowingly

(1) writes, places, or causes to be written or placed in this state or relative to a subject resident, located, or to be performed in this state a policy, duplicate policy, or contract of insurance of any kind or character, or general or floating policy upon persons or property resident, situated, or located in this state, from or through a person not authorized to transact business under AS 21.27 or a risk retention group or purchasing group not registered under AS 21.89.070 [BROKER, AGENT, SURPLUS LINE BROKER, OR

PERSON WHO HAS NOT SECURED A GENERAL AGENT LICENSE IN THIS STATE];
or

(2) pays a commission or other form of remuneration to a person, firm, or organization for the writing or placing of insurance coverage in this state or relative to a subject resident, located, or to be performed in this state unless that person, firm, or organization is authorized under AS 21.27 to transact [HOLDS A LICENSE ISSUED BY THE DIRECTOR FOR] the kind or class of insurance written or placed, or, in the case of a risk retention group or purchasing group, is registered under AS 21.89.070.

* Sec. 54. AS 21.36.360(j) is amended to read:

(j) A criminal insurance act is committed by a person in this state or relative to a subject resident, located, or to be performed in this state who acts as an insurance producer, managing general agent, third-party administrator, reinsurance intermediary broker, reinsurance intermediary manager, surplus lines broker [SOLICITOR], or independent adjuster without being licensed by the director as required under this title or as a risk retention group or purchasing group without being registered as required under AS 21.89.070. A criminal insurance act is committed by an insurance producer, managing general agent, third-party administrator, reinsurance intermediary broker, reinsurance intermediary manager, or surplus lines broker [OR SOLICITOR] who solicits or takes application for, procures, or places for others any insurance for which the person is not licensed as required under AS 21.27 or for which the license of the person has been suspended or revoked. A criminal insurance act is committed by a person in this state or relative to a subject resident, located, or to be performed in this state who acts as or on behalf of a risk retention group or a purchasing group that is not registered under AS 21.89.070 [THIS SUBSECTION DOES NOT APPLY TO A PERSON DESCRIBED IN AS 21.90.910 OR TO A PERSON SECURING AND FORWARDING INFORMATION REQUIRED FOR THE PURPOSE OF A GROUP INSURANCE COVERING THE UNPAID BALANCE OR REMAINING PAYMENTS PROPOSED TO BE MADE IN CONNECTION WITH THE PURCHASE OF MERCHANDISE OR SERVICES IF NO COMMISSION OR OTHER COMPENSATION IS PAYABLE ON ACCOUNT OF THE INSURANCE TO THE PERSON].

* Sec. 55. AS 21.36.360(k) is amended to read:

(k) A criminal insurance act is committed by an insurance producer, managing general agent, [GENERAL AGENT,] third-party administrator, reinsurance intermediary broker, reinsurance intermediary manager, or surplus lines broker [OR SOLICITOR] who knowingly compensates or offers to compensate in any manner a person other than an insurance producer, managing [AGENT,] general agent, third-party administrator, reinsurance intermediary broker, reinsurance intermediary manager, or surplus lines broker [OR SOLICITOR] licensed as required under this title in this or another jurisdiction [STATE OR PROVINCE], for procuring or in any manner helping to procure applications for or to place insurance in this state. A criminal insurance act is committed by a person in this state or relative to a subject resident, located, or to be performed in this state who acts as or on behalf of a risk retention group or a purchasing group that is not registered under AS 21.89.070. This subsection does not apply to the payment of compensation that is not contingent upon volume of business transacted in the form of salaries to the regular

employees of the agent, general agent, broker, or solicitor.

* Sec. 56. AS 21.36.360(n) is amended to read:

(n) A criminal insurance act is committed by an agent, managing general agent, third-party administrator, reinsurance intermediary broker, reinsurance intermediary manager, or other representative of an insurer involved in the procuring or issuance of an insurance contract who intentionally fails to report to the insurer the exact amount of consideration charged as premium for the contract and to maintain records showing that information.

* Sec. 57. AS 21.36.380 is amended to read:

Sec. 21.36.380. NOTICE ON CLAIM FORM. A claim form must contain a statement that states in substance the following: "A person who knowingly and with intent to injure, defraud, or deceive an insurance company files a claim containing false, incomplete, or misleading information may be prosecuted under state law [IS GUILTY OF A FELONY]." A lack of the statement on a claim form does not constitute a defense to prosecution under this title.

* Sec. 58. AS 21.39.040 is amended by adding new subsections to read:

(j) An insurer who has submitted an application for a certificate of authority under AS 21.09.110 and a filing of policy forms under AS 21.42.120 may file a proposed rating system as described in this section. The director's approval of the rating system is contingent upon the issuance of a certificate of authority under AS 21.09.120.

(k) The director may adopt regulations detailing the format and content of a rating system filing under this section.

* Sec. 59. AS 21.39 is amended by adding a new section to read:

Sec. 21.39.055. CANCELLATION OF APPROVED FILING. The voluntary surrender of a certificate of authority or the failure of the surrendering admitted foreign insurer to continue a certificate of authority in force has the effect of cancelling an approval that the insurer may have received under this chapter, unless the approval has been affirmed by the director at the time of the surrender or noncontinuation of the certificate of authority.

* Sec. 60. AS 21.42.120 is amended by adding new subsections to read:

(f) This section does not apply to a type of insurance subject to AS 21.57.

(g) An insurer who has submitted an application for a certificate of authority under AS 21.09.110 may file a proposed policy form as described in this section. The director's approval of the policy form is contingent upon the issuance of a certificate of authority under AS 21.09.120.

(h) The director may adopt regulations detailing the format and content of the filing of a policy form under this section.

* Sec. 61. AS 21.42.345 is amended by adding a new subsection to read:

(b) An insurer authorized under AS 21.09 to offer, issue for delivery, deliver, or renew an individual or group disability insurance policy for medical coverage on an expense incurred basis in the state, or a hospital or medical service corporation authorized under AS 21.87 to offer or renew an individual or group subscriber's contract for medical coverage in the state, shall offer coverage for family members, including newly born children, adopted children, or children placed for adoption and is subject to the conditions in (a) of this section, regardless of the marital status of the covered person.

* Sec. 62. AS 21.57.010 is amended to read:

Sec. 21.57.010. PURPOSE. The purpose of this chapter is to promote the public welfare by regulating consumer credit [LIFE INSURANCE AND CREDIT DISABILITY] insurance. Nothing in this chapter is intended to prohibit or discourage reasonable competition. The provisions of this chapter shall be liberally construed.

* Sec. 63. AS 21.57.020 is repealed and reenacted to read:

Sec. 21.57.020. APPLICABILITY. Consumer credit insurance transacted in connection with a credit transaction for a personal, household, or family purpose is subject to the provisions of this chapter except

- (1) insurance written in connection with a credit transaction that is
 - (A) secured by a first mortgage or first deed of trust; and
 - (B) made to finance the purchase of real property, the construction of a dwelling, or to refinance a prior credit transaction made for that purpose;
- (2) an isolated insurance transaction by the insurer not related to an agreement or a plan for insuring debtors of the creditor;
- (3) insurance for which no identifiable charge is made to the debtor; or
- (4) a loan or other credit transaction that exceeds \$30,000.

* Sec. 64. AS 21.57.030 is repealed and reenacted to read:

Sec. 21.57.030. AUTHORIZED TYPES OF CONSUMER CREDIT INSURANCE. A type of consumer credit insurance defined in AS 21.57.160 may be written separately or in combination with other types of consumer credit insurance on an individual or group basis.

* Sec. 65. AS 21.57.040 is repealed and reenacted to read:

Sec. 21.57.040. AMOUNT OF CONSUMER CREDIT INSURANCE. (a) The amount of coverage for credit life insurance payable at the time of loss

- (1) may not exceed the greater of the actual net debt or the scheduled net debt, except insurance on an
 - (A) agricultural credit transaction commitment, not exceeding one year in duration, may be written up to the amount of the loan commitment on a nondecreasing or level term plan; and
 - (B) educational credit transaction commitment may be written for the net outstanding balance plus any unused commitment;
- (2) may not be less than the actual net debt less any payments more than two months overdue if the coverage is written on the actual outstanding net debt;
- (3) may not exceed the following if the coverage is written on the scheduled outstanding net debt:
 - (A) the scheduled net debt if the actual net debt is less than or equal to the scheduled net debt;
 - (B) the actual net debt if the actual net debt is greater than the scheduled net debt but less than or equal to the scheduled net debt plus two months of payments; or
 - (C) the scheduled net debt plus two months of payments if the actual net debt is greater than the scheduled net debt plus two months of payments;
- (4) must equal the actual net debt on the date of death if a premium is assessed to the debtor on a monthly basis and is based on the actual net debt; and
- (5) may be less than the net debt when the partial coverage is calculated using one of

the following:

(A) the amount of insurance is the lesser of a stated amount and the amount is determined by (2) of this subsection;

(B) the amount of insurance is the lesser of a stated amount and the amount is determined by (3) of this subsection;

(C) the amount of insurance is a constant percentage of the amount determined by (2) or (3) of this subsection; or

(D) in the absence of any preexisting condition exclusion, the amount of insurance payable in the event of death due to natural causes is limited to the balance as it existed six months before the date of death if

(i) there has been at least one increase in the outstanding balance during that six-month period, other than an increase due to the accrual of interest or late charges; and

(ii) evidence of individual insurability has not been required during that six-month period.

(b) The director may provide for other patterns of insurance consistent with (a) of this section by regulation.

(c) The total amount of periodic indemnity payable in the event of disability or unemployment, as defined in the policy, may not exceed the sum of the periodic scheduled unpaid installments of the gross debt. The amount of a periodic indemnity payment may not exceed the original gross debt divided by the number of periodic installments.

(d) If credit disability insurance or credit unemployment insurance is written in connection with an open-end consumer credit agreement, the amount of insurance may not exceed the gross debt that would accrue on the amount using the creditor's minimum repayment schedule. The periodic indemnity need not relate to the creditor's minimum repayment schedule.

* Sec. 66. AS 21.57.050 is repealed and reenacted to read:

Sec. 21.57.050. DURATION OF COVERAGE. (a) The effective date of coverage for

(1) consumer credit insurance that is elected by the debtor before or contemporaneous with a credit transaction is the date when the debtor becomes obligated to the creditor, except that when evidence of individual insurability is required and the evidence is furnished more than 30 days after the date when the debtor becomes obligated to the creditor, the effective date may be the date on which the insurance company determines the evidence to be satisfactory;

(2) insurance coverage that is elected by the debtor on a date subsequent to the date of the credit transaction is, subject to acceptance by the insurer, a date not earlier than the date the election is made by the debtor or later than 30 days following the date on which the insurer accepts the risk for coverage; an insurer shall determine if a risk is acceptable by an objective method, including one related to a particular date within a billing or repayment cycle or a calendar month; and

(3) a group policy that provides coverage with respect to a debt existing on the policy effective date, must be on or after the effective date of the group policy.

(b) A charge for insurance may not be made to the debtor and retained by the creditor

or insurer for a time before commencement of the consumer credit insurance to which the charge is related.

(c) The duration of coverage for consumer credit insurance may not extend

(1) beyond the termination date specified in the policy; the termination date of insurance may precede, coincide with, or follow the scheduled maturity date of the debt to which it relates, subject to any other requirements and restrictions of this chapter; and

(2) more than 15 days beyond the scheduled maturity date of the debt except when extended

(A) without additional cost to the debtor; or

(B) under a written agreement signed by the debtor, in connection with a variable interest rate credit transaction or a deferral, renewal, refinancing, or consolidation of debt.

(d) If the debt is discharged due to renewal, refinancing, or consolidation before the scheduled termination date of the insurance, insurance in force must be terminated before new insurance may be written in connection with the renewed, refinanced, or consolidated debt.

(e) If insurance coverage terminates before the scheduled termination of the insurance, the insurer shall make an appropriate refund or credit to the debtor. The refund or credit must consist of the unearned insurance charge paid by the debtor for insurance after the date of the termination, except that a refund is not required of a charge made for insurance if the insurance is terminated by performance of the insurer's obligation with respect to the insurance.

(f) An insured debtor may terminate consumer credit insurance at any time by providing advance notice to the insurer. The individual policy or group certificate may require that the notice be in writing or that the debtor surrender the individual policy or group certificate, or both. The debtor's right to terminate coverage may also be subject to the terms of the credit transaction contract.

* Sec. 67. AS 21.57 is amended by adding a new section to read:

Sec. 21.57.055. DISCLOSURE TO DEBTORS. (a) Before a debtor elects to purchase consumer credit insurance in connection with a credit transaction, the insurer shall disclose the following in writing to the debtor:

(1) the purchase of consumer credit insurance is optional and not a condition of obtaining credit approval;

(2) if more than one kind of consumer credit insurance is being made available to the debtor, whether the debtor can purchase the insurance separately or the multiple coverage only as a package;

(3) the conditions of eligibility;

(4) if the debtor has other insurance that covers the risk, the debtor may not want or need credit insurance;

(5) if the creditor requires consumer credit insurance as additional security for a debt, the debtor has the option of furnishing the required amount of insurance through existing policies owned or procured by the debtor or of procuring and furnishing the required insurance through an insurer authorized to transact insurance business in this state;

(6) the effective date of the coverage;

(7) the debtor may cancel the coverage within the first 30 days after receiving the individual policy or group certificate and have a premium paid by the debtor refunded or credited; thereafter, the debtor may cancel the policy at any time during the term of the loan and receive a refund of unearned premium;

(8) a brief description of the coverage, including

- (A) the amount;
- (B) the term;
- (C) any exceptions, limitations, or exclusions;
- (D) the insured event;
- (E) any waiting or elimination period;
- (F) any deductible;
- (G) any applicable waiver of premium provision;
- (H) to whom the benefits would be paid; and
- (I) the premium rate for a coverage or for multiple coverage in a package;

(9) if the premium or insurance charge is financed, it is subject to finance charges at the rate applicable to the credit transaction or at another specified rate; and

(10) whether or not the benefits provided are sufficient to pay off the debt in full, including finance charges unearned at the time of the claim.

(b) The disclosure required in (a) of this section shall be provided in the following manner:

(1) in connection with consumer credit insurance offered contemporaneously with the extension of credit or offered through direct mail advertisements, the disclosure shall be presented to the consumer in a clear and conspicuous manner; or

(2) in conjunction with the offer of credit insurance subsequent to the extension of credit by other than direct mail advertisements, the initial disclosure may be provided orally as long as written disclosure is provided to the debtor not later than 10 days after the offer or the date any other written material is provided to the debtor, whichever occurs first.

(c) If the debtor elects to purchase coverage, the delivery of the disclosure required in (b) of this section shall be acknowledged by the debtor at the time of delivery, and the insurer shall maintain the debtor's written acknowledgement for at least five years.

* Sec. 68. AS 21.57.060 is repealed and reenacted to read:

Sec. 21.57.060. PROVISIONS OF POLICIES AND CERTIFICATES OF INSURANCE. (a) Consumer credit insurance shall be evidenced by an individual policy or a group certificate of insurance.

(b) The individual policy or group certificate must, in addition to other requirements of law, set out

- (1) the name and home office address of the insurer;
- (2) the name of the debtor;
- (3) the premium to be paid by the debtor disclosed separately for each kind of coverage or for all coverage in a package, except that for open-ended loans, the premium rate and the basis of premium calculation must be specified;
- (4) a full description of the coverage including the amount, the term, and any exceptions, limitations, or exclusions;
- (5) a statement that the benefits shall be paid to the creditor to reduce or extinguish

the unpaid debt and that, whenever the amount of insurance benefit exceeds the unpaid debt, the excess is payable to the debtor, a beneficiary other than the creditor named by the debtor, or the debtor's estate;

(6) an explanation of how refunds are calculated in the event of policy termination;
and

(7) if the benefit is not adequate to completely pay off the debt existing on the date of death or disability, a statement to that effect on the face of the individual policy or group certificate in not smaller than 10 point, bold face type.

* Sec. 69. AS 21.57.070 is repealed and reenacted to read:

Sec. 21.57.070. REQUIREMENTS FOR EVIDENCE OF INSURANCE. (a) Unless the individual policy or group certificate of insurance is delivered to the debtor at the time the debt is incurred or when the debtor elects to purchase coverage, a copy of the application for the policy or a notice of proposed insurance, signed by the debtor and setting out (1) the name and home office address of the insurer, (2) the name of the debtor, (3) the premium rate to be paid by the debtor for the insurance, and (4) the amount, term, and a brief description of the coverage provided, shall be delivered to the debtor at the time the debt is incurred or the election to purchase coverage is made. The copy of the application for or notice of proposed insurance must refer exclusively to insurance coverage and must be separate and apart from the loan, sale, other credit statement of account, instrument, or agreement, unless the information required by this subsection is prominently set out in it. Upon acceptance of the insurance by the insurer and within 30 days of the date upon which the debt is incurred or the election to purchase coverage is made, the insurer shall deliver the individual policy or group certificate of insurance to the debtor. The application or notice of proposed insurance must state that upon acceptance by the insurer, the insurance shall become effective as provided in AS 21.57.050(a).

(b) The application or notice of proposed insurance may be used to fulfill all of the requirements of AS 21.57.055(a) and 21.57.060(b) if it contains all of the information required by those subsections.

(c) A debtor has 30 days from the date the debtor receives the individual policy or the group certificate to review the coverage purchased. At any time within the 30-day period, the debtor may contact the creditor or insurer issuing the policy or certificate and request that the coverage be cancelled. An individual policy or group certificate may require the request be in writing, that the policy or certificate be returned to the insurer, or both. If a policy is cancelled, the insurer shall return a full refund or credit of all premiums or insurance charges to the debtor within 30 days.

(d) If the named insurer does not accept the risk, the debtor shall receive a policy or certificate of insurance listing the name and home office address of the substituted insurer and the amount of the premium to be charged. If the amount of premium is less than the amount in the notice of proposed insurance, the insurer shall issue an appropriate refund within 30 days. If the risk is not accepted by an insurer, a premium paid by the debtor shall be refunded or credited to the debtor within 30 days of the date of application.

(e) For the purposes of (a) of this section, an individual policy or group certificate delivered in conjunction with an open-end consumer credit agreement or consumer credit insurance requested by the debtor after the date of the debt is considered to be delivered at

the time the debt is incurred or election to purchase coverage is made if the delivery occurs within 30 days of the date the insurance is effective.

(f) An individual policy or group certificate delivered in conjunction with an open-end consumer credit agreement shall continue from its effective date through the term of the agreement unless the individual policy or group certificate is terminated under its terms at an earlier date.

* Sec. 70. AS 21.57.080 is repealed and reenacted to read:

Sec. 21.57.080. FILING OF FORMS AND RATES. (a) An insurance policy, certificate of insurance, notice of proposed insurance, insurance disclosure notice, insurance advertisement, application for insurance, endorsement, and rider delivered or issued for delivery in this state, and the applicable schedules of premium rates shall be filed with the director before being used.

(b) A document required to be filed under (a) of this section must be on file for a waiting period of 30 days before it is used or becomes effective, unless the director gives prior written approval. This period may be extended for an additional 30 days if the director gives written notice within the waiting period to the insurer making the filing. The director shall disapprove a filing if the premium rate charged is not reasonable in relation to benefits or if it contains provisions that are unjust, unfair, inequitable, misleading, deceptive, encourage misrepresentation of the policy, or are contrary to a provision of this title or a regulation adopted under this title. A filing is considered to be approved unless it is disapproved by the director within the waiting period.

(c) If the director notifies the insurer that a document required to be filed under (a) of this section is disapproved, the insurer may not issue or use any part of the document. In providing notice of disapproval to the insurer, the director shall specify the reason for disapproval and indicate that the insurer is entitled to a hearing.

(d) The director may, at any time after a hearing, withdraw approval of a filing on the grounds specified under (b) of this section. The director shall provide the insurer at least 20 days' prior written notice of a hearing scheduled by the director, and the notice of the hearing must state the reason for the proposed withdrawal.

(e) An insurer may not issue or use a document required to be filed under (a) of this section after the effective date of a withdrawal of approval under (d) of this section.

(f) If a group policy of consumer credit insurance (1) has been delivered in this state before July 1, 1994, or (2) has been or is delivered in another state before or after July 1, 1994, the insurer shall be required to file only the group certificate and notice of proposed insurance delivered or issued for delivery in this state as specified in AS 21.57.060(b) and 21.57.070(a).

(g) Consumer credit insurance forms used for insurance described under (f) of this section shall be approved by the director if they conform with the requirements specified in this section and if the schedules of premium rates applicable to the insurance evidenced by the certificate or notice are in accordance with the insurer's schedules of premium rates filed with the director. An item required to be filed under (a) of this section shall also be filed as specified in this chapter unless the item relates to a group policy that is delivered in another state and the director has determined that the other state has substantially similar statutes or regulations to this chapter. Upon this determination, the items required to be filed under (a)

of this section shall be filed for informational purposes. If the director subsequently determines that the informational filing is not in compliance with the requirements of this chapter, the insurer may not use the insurance policy, form, certificate, notice of proposed insurance, disclosure notice, advertisement, application for insurance, endorsement, or rider.

* Sec. 71. AS 21.57.090 is amended to read:

Sec. 21.57.090. PREMIUMS AND REFUNDS. (a) An insurer may revise its schedules of premium rates from time to time, and file the revised schedules with the director. An insurer may not issue a consumer credit [LIFE INSURANCE POLICY OR CREDIT DISABILITY] insurance policy for which the premium rate differs from [EXCEEDS] that determined by the schedules of the insurer then approved by [ON FILE WITH] the director.

(b) An [EACH] individual policy or group certificate must provide for a refund in the event of termination of [THAT IF] the insurance [IS TERMINATED] before the scheduled maturity date of the insurance and upon notice to the insurer. The [INDEBTEDNESS, ANY] refund of an amount paid by the debtor for insurance shall be paid or credited promptly to the person entitled to it; provided, however, that the director shall prescribe a minimum refund and a [NO] refund that would be less than the minimum need not be made. A refund formula that an insurer desires to use must provide refunds that are at least as favorable to the debtor as refunds based on the rule of anticipation. The formula to be used in computing refunds shall be filed with and approved by the director.

(c) If a creditor requires a debtor to make a payment for consumer credit [LIFE INSURANCE OR CREDIT DISABILITY] insurance and an individual policy or group certificate of insurance is not issued, the creditor shall immediately give written notice to the debtor and shall promptly make an appropriate credit to the account or issue a refund.

(d) The amount charged to a debtor for consumer credit [LIFE OR CREDIT DISABILITY] insurance may not exceed the premium charged by the insurer, as computed at the time the charge to the debtor is determined.

* Sec. 72. AS 21.57.090 is amended by adding a new subsection to read:

(e) Nothing in this chapter may be construed to authorize a payment for insurance prohibited under other provisions of law governing credit transactions.

* Sec. 73. AS 21.57.120 is amended to read:

Sec. 21.57.120. SELECTION RIGHTS OF INSURED [EXISTING INSURANCE]. When consumer credit [LIFE INSURANCE OR CREDIT DISABILITY] insurance is required as additional security for a debt [AN INDEBTEDNESS], the debtor shall, upon request to the creditor, have the option of furnishing the required amount of insurance through existing policies of insurance owned or controlled by the debtor or of procuring and furnishing the required coverage through an insurer authorized to transact an insurance business in this state.

* Sec. 74. AS 21.57 is amended by adding a new section to read:

Sec. 21.57.125. DUTIES OF AN INSURER. Except as otherwise prohibited by law, duties imposed upon an insurer by this chapter may be carried out by a creditor if the creditor is licensed under AS 21.27 as an insurance producer, a managing general agent, or a third-party administrator, and transacts business within the scope of its license on behalf of the insurer.

* Sec. 75. AS 21.57.150 is repealed and reenacted to read:

Sec. 21.57.150. PENALTIES. (a) In addition to any other penalty provided by law, a person licensed under AS 21.27 that the director determines under AS 21.06.170 - 21.06.240 has violated the provisions of this chapter is subject to

(1) a civil penalty equal to the compensation promised, paid, or to be paid, directly or indirectly, to the licensee in regard to a violation;

(2) either a civil penalty of not more than \$10,000 for a violation or, if the director determines that the person wilfully violated the provisions of this chapter, a civil penalty of not more than \$25,000 for a violation; and

(3) denial, nonrenewal, suspension, or revocation of a license.

(b) In addition to any other penalty provided by law, an insurer that the director determines under AS 21.06.170 - 21.06.240 has violated the provisions of this chapter is subject to

(1) a civil penalty equal to the premium earned, directly or indirectly, by the insurer in regard to a violation;

(2) either a civil penalty of not more than \$10,000 for a violation or, if the director determines that the insurer wilfully violated the provisions of this chapter, a civil penalty of not more than \$25,000 for a violation; and

(3) denial, suspension, or revocation of a certificate of authority.

(c) In addition to any other penalty provided by law, any person that the director determines under AS 21.06.170 - 21.06.240 has violated the provisions of this chapter is subject to

(1) either a civil penalty of not more than \$10,000 for a violation or, if the director determines that the person wilfully violated the provisions of this chapter, a civil penalty of not more than \$25,000 for a violation; and

(2) denial of a license.

* Sec. 76. AS 21.57.160 is repealed and reenacted to read:

Sec. 21.57.160. DEFINITIONS. In this chapter,

(1) "agriculture credit transaction commitment" means a binding agreement to loan money up to a fixed amount as needed for agricultural purposes;

(2) "compensation" means commissions, dividends, retrospective rate credits, service fees, expense allowances or reimbursements, gifts, furnishing equipment, facilities, goods, or services, or any other form of remuneration resulting directly from the sale of consumer credit insurance;

(3) "consumer credit insurance" means credit life insurance, credit disability insurance, or credit unemployment insurance;

(4) "credit disability insurance" means insurance on a debtor to provide indemnity for payments or debt becoming due on a specific loan or other credit transaction while the debtor is disabled;

(5) "credit life insurance" means insurance on the life of a debtor under or in connection with all or a part of a specific loan or other credit transaction;

(6) "credit unemployment insurance" means insurance on a debtor to provide indemnity for payments or debt becoming due on a specific loan or other credit transaction while the debtor is involuntarily unemployed;

(7) "credit transaction" means a transaction by which the repayment for money

loaned or a loan commitment made or payment for goods, services, or properties sold or leased is made at a future date;

(8) "creditor" means a person who lends money or who sells or leases goods, services, property, rights, or privileges, for which payment is arranged through a credit transaction, and includes a person who is a successor to the right, title, or interest of the lender, seller, or lessor;

(9) "debtor" means a person who borrows money, or purchases or leases goods, services, property, rights, or privileges for which payment is arranged through a credit transaction;

(10) "educational credit transaction commitment" means a binding agreement to loan money up to a fixed amount as needed for educational purposes;

(11) "gross debt" means the total of the remaining payments owed to the creditor by the debtor;

(12) "identifiable charge" means a charge for consumer credit insurance that is made to a debtor having the benefit of the insurance, including a charge for insurance that is disclosed in the consumer credit agreement or other instrument furnished to the debtor, and any difference in the finance, interest, service, or other similar charge made to a debtor in a like circumstance, except for their insured or noninsured status;

(13) "net debt" means the amount necessary to liquidate the remaining debt in a single lump sum payment, excluding all unearned finance charges;

(14) "open-end consumer credit" means consumer credit extended by a creditor under an agreement in which

(A) the creditor reasonably contemplates repeated transactions;

(B) the creditor imposes a periodic finance charge on an outstanding unpaid balance; and

(C) the amount of consumer credit that may be extended to the debtor during the term of the agreement, up to any limit set by the creditor, is generally made available to the extent that any outstanding balance is repaid;

(15) "rule of anticipation" means a refund method that results in refunds equal to the premium cost of scheduled benefits subsequent to the date of cancellation or termination, computed at the schedule of premium rates in effect on the date of issue.

* Sec. 77. AS 21.69 is amended by adding new sections to read:

Sec. 21.69.645. REDOMESTICATION. (a) An insurer organized under the laws of another state and admitted to do business in this state may become a domestic insurer of this state by complying with the requirements of this title relative to the organization and licensing of a domestic insurer and by designating its principal place of business at a place in this state.

(b) A domestic insurer may, upon approval of the director, transfer its domicile to another state in which it is admitted to transact the business of insurance. Upon a transfer as described in this subsection, the insurer shall cease to be a domestic insurer of this state, but shall be considered admitted to this state. The insurer shall meet the qualifications to remain admitted to this state for a period of three years or, if ordered by the director, a longer period. The director may approve a proposed transfer unless the transfer is not in the interest of the policyholders of the insurer or the insurance marketplace of this state.

(c) Upon transfer of domestic status to or from this state, the certificate of authority, appointments under AS 21.27.100, rates, and other items that the director allows, and that are in existence at the time the insurer is licensed to transact the business of insurance in this state, shall continue in full force and effect and the insurer shall remain duly qualified to transact the business of insurance in this state. Outstanding policies of a transferring insurer shall remain in full force and effect and shall be endorsed with the new name of the company, its new location, and any other information the director may require. A transferring insurer shall notify the director of the details of the proposed transfer 30 days before the effective date of the transfer and shall promptly file any resulting amendments to corporate documents filed or required to be filed with the director.

(d) A transfer of domestic status by merger, consolidation, or any other lawful method of combination must meet the requirements of AS 21.69.590 or 21.69.600. The certificate of authority, appointments under AS 21.27.100, rates, and other items that the director allows, and that are in existence at the time the insurer is licensed to transact the business of insurance in this state, shall continue in full force and effect and the insurer shall remain duly qualified to transact the business of insurance in this state. Outstanding policies of a domestic insurer being merged, consolidated, or otherwise combined shall remain in full force and effect and shall be endorsed with the new name of the company, its new location, and any other information the director may require.

(e) An insurer that is transferring its domicile to this state shall file its revised policy forms for approval under AS 21.42.

(f) A domestic insurer that is transferring its domicile to another state is not required to file policy forms at the time of transfer if the forms have already been approved under AS 21.42.

Sec. 21.69.648. VOLUNTARY SURRENDER OF CERTIFICATE OF AUTHORITY. To voluntarily surrender the certificate of authority of a domestic insurer, a request shall be made to the director to extinguish the certificate of authority six months before the planned effective date of the extinguishment of the charter. Before the request is granted, the director shall conduct an examination under AS 21.06.120. The examination shall be completed within 12 months before the effective date of an extinguishment and all issues contained in the examination report must be resolved to the satisfaction of the director. Insurance business of the domestic insurer shall be cancelled or reinsured as required under AS 21.69.610 or 21.69.620.

* Sec. 78. AS 21.72 is amended by adding a new section to read:

Sec. 21.72.125. QUARTERLY STATEMENTS. The director may require a benevolent association to file quarterly financial statements as provided in AS 21.09.205. The statements must exhibit the items and facts required under AS 21.72.120(a).

* Sec. 79. AS 21.75 is amended by adding a new section to read:

Sec. 21.75.135. QUARTERLY STATEMENTS. (a) The director may require a reciprocal insurer's attorney-in-fact to file a quarterly financial statement as provided in AS 21.09.205.

(b) A statement required under (a) of this section shall be supplemented by information that may be required by the director relative to the affairs and transactions of the attorney-in-fact that relate to the reciprocal insurer.

* Sec. 80. AS 21.75.170(e) is amended to read:

(e) Special meetings of the committee may be called by the attorney-in-fact, the chair of the committee, three members of the committee, or a signed petition of at least one percent of the subscribers or three individual subscribers, whichever is greater, as of the most recent annual report of the reciprocal insurer.

* Sec. 81. AS 21.75.170 is amended by adding a new subsection to read:

(g) Notwithstanding (a) of this section, a domestic reciprocal insurer transacting all of its insurance activities on a subject resident, located, and to be performed in this state may, with the prior written approval of the director, have a subscriber's advisory committee that consists of not less than five individuals who are elected by the subscribers, and who otherwise meet the requirements of (a) of this section.

* Sec. 82. AS 21.79.900(6) is amended to read:

(6) "member insurer" means an insurer licensed to transact insurance in the state that issues a policy described in AS 21.79.020(a) and (b), or a subscriber contract providing benefits described in AS 21.87.120(a)(2) - (4) or 21.87.130(a)(2) and (3), and includes an insurer whose license or certificate of authority in this state may have been suspended, revoked, not renewed, or voluntarily withdrawn; "member insurer" does not include

(A) a health maintenance organization licensed under AS 21.86;

(B) a fraternal benefit society licensed under AS 21.84;

(C) a mandatory state pooling plan;

(D) a mutual assessment company or an entity that operates on an assessment basis;

(E) an insurance exchange licensed under AS 21.75; or

(F) a nonprofit hospital or medical service organization licensed under

AS 21.87;

* Sec. 83. AS 21.80.020 is amended by adding a new subsection to read:

(b) This chapter does not apply to a risk retention group formed under 15 U.S.C. 3901 - 3906 (Liability Risk Retention Act).

* Sec. 84. AS 21.84.340 is amended by adding a new subsection to read:

(d) The director may require a society to file quarterly financial statements. If quarterly financial statements are required, the statements must follow for a given quarter the reporting specified in the quarterly financial statement blank form and instructions most recently approved by the National Association of Insurance Commissioners.

* Sec. 85. AS 21.86.080 is amended by adding new subsections to read:

(b) The director may require a health maintenance organization to file quarterly financial statements. If quarterly financial statements are required, the statements must follow for a given quarter the reporting specified in the quarterly financial statement blank form and instructions most recently approved by the National Association of Insurance Commissioners.

(c) A filing under this section is subject to AS 21.09.200 and 21.09.205.

* Sec. 86. AS 21.87 is amended by adding a new section to read:

Sec. 21.87.135. **PREFERRED PROVIDER PROGRAMS.** A hospital or medical service corporation may offer a preferred provider service agreement to a provider or hospital licensed in this state. A provider or hospital willing to meet the terms and

conditions of the preferred provider service agreement may not be excluded from treatment as a preferred provider. A subscriber's contract containing a preferred provider program must provide for payment for a service provided by a nonpreferred provider or hospital.

* Sec. 87. AS 21.89.030 is amended to read:

Sec. 21.89.030. PAYMENT. An insurance company doing business in this state may not pay a judgment or settlement of a claim in this state for a loss incurred in this state with an instrument other than a negotiable bank check payable on demand and bearing even date with the date of writing or by electronic funds transfer.

* Sec. 88. AS 21.89 is amended by adding new sections to read:

Sec. 21.89.070. ELECTRONIC DATA TRANSFER. The director may adopt regulations to facilitate electronic data transfer. Electronic data transferred under regulations may, at the discretion of the director, be in place of another method of filing or communication otherwise required under this title.

Sec. 21.89.080. RISK RETENTION GROUPS AND PURCHASING GROUPS. (a) A risk retention group or a purchasing group formed under and in compliance with 15 U.S.C. 3901 - 3906 (Liability Risk Retention Act) shall register with the director and shall at all times transact business in compliance with federal law and the laws of this state.

(b) A risk retention group or a purchasing group shall apply for initial registration on forms prescribed by the director. Payment of a registration fee established under AS 21.06.250 shall be submitted with the application.

(c) A risk retention group or a purchasing group may continue its registration if it is in compliance with federal law and the laws of this state. Payment of an annual continuation fee established under AS 21.06.250 shall be submitted with the continuation application.

(d) A risk retention group holding a valid certificate of authority as a domestic insurer or a purchasing group duly licensed under AS 21.27 as a resident license is not required to be additionally registered under this section.

(e) A risk retention group or purchasing group that is not in compliance with 15 U.S.C. 3901 - 3906 (Liability Risk Retention Act) is not eligible for registration or annual continuation of its registration.

(f) Failure to comply with 15 U.S.C. 3901 - 3906 (Liability Risk Retention Act) is a violation of this title.

(g) In addition to any other penalty provided by law, a person that the director determines under AS 21.06.170 - 21.06.240 has violated a provision of this title relative to a risk retention group or a purchasing group is subject to

(1) a civil penalty of not more than \$10,000 for a violation or, if the director determines that the person wilfully violated a provision of this title, a civil penalty of not more than \$25,000 for a violation; and

(2) denial, noncontinuation, or revocation of a registration.

(h) The director may adopt regulations on the operation and reporting requirements of a risk retention group that are not in conflict with 15 U.S.C 3901 - 3906 (Liability Risk Retention Act).

Sec. 21.89.090. APPOINTMENT OF INDEPENDENT COUNSEL; CONFLICTS OF INTEREST. (a) If an insurer has a duty to defend an insured under a policy of insurance and a conflict of interest arises that imposes a duty on the insurer to provide independent

counsel to the insured, the insurer shall provide independent counsel to the insured unless the insured in writing waives the right to independent counsel. An insurance policy may contain a provision that provides a method of selecting independent counsel if the provision complies with this section.

(b) For purposes of this section, the following do not constitute a conflict of interest:

(1) a claim of punitive damages;

(2) a claim of damages in excess of the policy limits;

(3) claims or facts in a civil action for which the insurer denies coverage; however, this paragraph does not apply if the insurer reserves the insurer's rights on the issue for which coverage is denied and the outcome of that coverage issue can be controlled by counsel initially retained by the insurer for the defense of the claim.

(c) If the insured selects independent counsel at the insurer's expense, the insurer may require that the independent counsel have at least five years of experience in civil litigation, including substantial defense experience in the subject at issue in the civil action, and malpractice insurance. Unless otherwise provided in the insurance policy, the obligation of the insurer to pay the fee charged by the independent counsel is limited to the rate that would actually be paid by the insurer to an attorney in the ordinary course of business in the defense of a similar civil action in the community in which the claim arose or is being defended. A dispute between the insurer and insured regarding attorney fees that is not resolved by the insurance policy or this section shall be resolved by arbitration under AS 09.43.

(d) If the insured selects independent counsel at the insurer's expense, the independent counsel and the insured shall consult with the insurer on all matters relating to the civil action and shall disclose to the insurer in a timely manner all information relevant to the civil action, except information that is privileged and relevant to disputed coverage. A claim of privilege is subject to review in the appropriate court. Information disclosed by the independent counsel or the insured does not waive another party's right to assert privilege.

(e) An insured may waive the right to select independent counsel by signing a statement that reads substantially as follows: "I have been advised of my right to select independent counsel to represent me in this lawsuit. I have considered this matter fully and at this time I am waiving my right to select independent counsel. I have authorized my insurer to select a defense counsel to represent me in this lawsuit."

(f) If an insured selects independent counsel under this section, both the counsel representing the insurer and independent counsel representing the insured shall be allowed to participate in all aspects of the civil action. Counsel for the insurer and insured shall cooperate fully in exchanging information that is consistent with ethical and legal obligations to the insured. Nothing in this section relieves the insured of the duty to cooperate fully with the insurer as required by the terms of the insurance policy.

* Sec. 89. AS 21.90.900(26) is amended to read:

(26) "managing general agent" means a person, firm, or corporation that

(A) has authority to exercise general supervision over the business, or any part of the business, of one or more admitted insurers; and

(B) performs administrative functions normally performed by the insurer including claims administration and payment, marketing administration, agent

appointment, premium accounting, premium billing, coverage verification, final underwriting authority, or [AND] certificate issuance;

* Sec. 90. AS 21.27.650(f)(3) and AS 21.36.420 are repealed.

* Sec. 91. AS 21.57.110 and 21.57.170 are repealed.

* Sec. 92. AS 21.09.300(c), enacted in sec. 13 of this Act, has the effect of amending Alaska Rule of Civil Procedure 45, by providing that certain insurer reports of material transactions are not subject to subpoena.

* Sec. 93. TRANSITION. This Act applies to a policy of insurance that is entered into or renewed on or after the effective date of the relevant provision of this Act.

* Sec. 94. Sections 14 and 15 of this Act take effect only if legislation is passed by the Eighteenth Alaska State Legislature and becomes law that establishes risk based capital requirements for insurers.

* Sec. 95. If secs. 14 and 15 of this Act take effect, they take effect on the effective date of the legislation described in sec. 94 of this Act.

* Sec. 96. Sections 62 - 76 and 91 of this Act take effect October 1, 1994.

* Sec. 97. Except as provided in secs. 95 and 96 of this Act, this Act takes effect July 1, 1994.