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**STATE OF ALASKA 1986 LEGISLATIVE SESSION  
FISCAL NOTE**

Revision Date: \_\_\_\_\_

**REQUEST**

Bill/Resolution No.: SB 443  
 Title: Concerning the monthly re-  
 ports of surplus lines insurance  
 brokers.  
 Sponsor: Halford  
 Requester: \_\_\_\_\_  
 Date of Request: \_\_\_\_\_

**FISCAL DETAIL**

Agency Affected: Commerce & Economic Development  
 BRU: Insurance  
 \_\_\_\_\_  
 Components: Public Protection  
 \_\_\_\_\_

**EXPENDITURES / REVENUES : (Thousands of Dollars)**

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
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**FUNDING: (Thousands of dollars)**

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

**POSITIONS:**

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

**ANALYSIS:** Attach a separate page if necessary.

Prepared by: John L. George, Director  
 Division: Division of Insurance  
 Approved by Commissioner: Lowell S. Lowinsky  
 Agency: Commerce and Economic Development

Phone: 465-2515  
 Date: April 9, 1986  
 Date: April 9, 1986

Distribution (by Agency preparing fiscal note):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget



Official Business

# Alaska State Legislature

Senate

Committee on Labor & Commerce

Pouch V  
State Capitol  
Juneau, Alaska 99811

SB 443: Summary

This measure expands the reporting requirements imposed on surplus lines insurance brokers, and would require monthly submissions of "loss data" as well as the premium information currently required. The monthly statement required shall be available to the public for inspection.

CHAIRMAN'S INFORMATION: SB 443

- 1) BILL TITLE: " An act concerning the monthly reports of surplus lines insurance brokers."
  - a) Introduced: Sen Halford
  - b) Co-sponsors:
- 2) INTENT: This measure expands the monthly reporting requirements imposed on surplus lines brokers, by requiring submission of "loss data" as well as the premium information currently required. The required monthly report shall also be available to the public for inspection.

FISCAL NOTE: 0

- 3) ADDITIONAL REFERRALS: Rules
- 4) PUBLIC HEARINGS:
  - a) Sponsor:
  - b) Public Witnesses:
- 5) BILL ACTION:
  - a) Hold in committee?
  - b) Assign to sub committee for further review?
  - c) Move from committee?
  - d) Close public hearings?
- 6) COMMITTEE ACTION?
  - a) amendments?
  - b) CS adoption?

SB 443: "An Act concerning the monthly reports of surplus lines insurance brokers."

This legislation requires that the monthly report required to be filed by surplus lines insurance brokers each month include loss information in addition to the premium information provided.

The surplus lines market is the nonadmitted market which, historically, has represented a substantial part of Alaska's market for a number of lines of insurance. Principal among these are aviation and marine coverages. Because such a large portion of these lines is placed in markets where the information about losses is almost nonexistent, it is difficult to attract markets when the loss data is unavailable. Placements in the surplus markets occur because there is not an admitted market willing or available to write particular coverages.

This market, since it is not subject to direct regulation, is a difficult one from which to draw information concerning underwriting results. What regulation exists is exercised through the licensee placing business in this market. This is true in all states.

While the information sought by this bill is desirable, it will be unverifiable by the division or by the surplus lines broker and, thus, unreliable. The surplus lines broker is at the mercy of the insurer for information about results. Nevertheless, it is better than no information at all. The value of this legislation is that it does send a message to the unregulated market that more data is wanted than is now available, and that attention is focusing on that market. For this reason, we support this legislation.

*Loren H. Lounsbury*  
Loren H. Lounsbury, Commissioner  
Department of Commerce & Economic  
Development

Date: *4/10/86*

*John L. George*  
John L. George, Director of Insurance

Date: *4/10/86*

STATUTES FOR SB 443

AS21.34.170 DOCUMENT

CHAPTER = 21.34

SECTION = 21.34.170

TITLE = 21

HEADINGS TITLE 21.

Insurance.

CHAPTER 34.

Surplus Lines Insurance.

CITATION Sec. 21.34.170.

CATCH LINE

MONTHLY REPORTS, SUMMARY OF EXPORTED BUSINESS.

TEXT

On or before the end of each month, each surplus lines broker shall file with the director, on forms prescribed by the director, a verified report in duplicate of all surplus lines insurance transacted during the preceding calendar month showing aggregate gross premiums written and aggregate return premiums by kind of insurance.

HISTORY (Sec. 21 ch 117 SLA 1984)

RO601 \* END OF DOCUMENTS IN LIST - ENTER RETURN OR ANOTHER COMMAND.