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273

Sec. 39. AS 21.34.140(d) is amended to read:

(d) A firm or corporation is eligible for license if the firm or corporation complies with AS 21.27.090(d) and AS 21.27.140

[(1) THE LICENSE LISTS INDIVIDUALS WITHIN THE CORPORATION WHO HAVE SATISFIED ALL REQUIREMENTS OF THIS CHAPTER TO BECOME SURPLUS LINES BROKERS; AND

(2) ONLY THOSE INDIVIDUALS LISTED ON THE LICENSE WILL TRANSACT SURPLUS LINES BUSINESS].

A new section 40 should be added:

Sec. 40. AS 21.34.140 is amended by adding a new subsection to read:

(f) An individual who acts on behalf of a firm that files and maintains in force the bond described in (b)(4) of this section is exempt from the requirements of (b)(4) of this section.

9. SECTIONS 39, 40, and 41 on Page 13, Lines 8 - 24 should be renumbered sections 41, 42 and 43, respectively.

SECTION 39

Sec. 21.90.900 DEFINITIONS FOR TITLE.
(Page 18, Lines 8 - 21)

This section adds a definition of "general agent" which includes third-party administrators and a definition of "licensee".

SECTION 40

This section deletes the now obsolete or redundant statutes:

- 21.09.280 General Agents.
- 21.27.180 Scope of Broker License.
- 21.27.220 Solicitor's Qualifications.
- 21.27.230 Application for Solicitor's License.
- 21.27.290 Adjuster's Qualifications.
- 21.27.300 Contents of License. (adjuster)

AMENDMENTS NEEDED:

1. SECTION 6, Page 2, Line 27
The word "withing" should be changed to "within."
2. SECTION 8, Page 4, Line 21
The word "discretion" should be changed to "discretion."
3. SECTION 8, Page 4, Line 26
The word "representatives" should be changed to "representative."
4. SECTION 13, Page 7, Line 28
Add "general agent" and "adjuster" so the line reads: Agent, general agent, adjuster, solicitor and broker licenses must be . . .
5. SECTION 15, Page 8, Line 25 - 29 and Page 9, Line 1
Delete all the new language and rescind the deletion of the existing language.
6. SECTION 27, Page 11, Line 28
Replace the ":" with ";".
7. SECTION 34, Page 16, Line 27
Add the word "or" after the semicolon at the end of the line.
8. SECTION 38, Page 17, Line 29 and Page 18, Lines 1- 7
This should be amended to read:

AS 21.34.140(b) is amended by adding a new paragraph to read:
(5) The director may adopt, by regulation, an alternative to a bond required by (4) of this section.

A new section 39 should be added:

SECTION 34

Sec. 21.27.390 ISSUANCE OF TEMPORARY LICENSE.
(Page 16, Lines 15 - 29 and Page 17, Lines 1 - 9)

This section removes the language regarding the director adopting regulations for the issuance of a temporary license because the statutes are very clear and need no further elaboration. The section also makes several editorial changes adding general agent. In addition, the section removes a paragraph which allowed the issuance of a temporary license to an individual preparing for a license examination under the supervision of an insurer. Temporary licenses are construed to be due only to emergency situations or enlistment in the military.

SECTION 35

Sec. 21.27.400(b)
(Page 17, Lines 10 - 15)

This section limits the temporary license to representing only those insurers for which the predecessor licensee was appointed at the time of death, disability or enlistment.

SECTION 36

Sec. 21.27.410(a)
(Page 17, Lines 16 -21)

This section gives the director the authority to refuse to license an applicant if the applicant's previous similar license was revoked due to failure to continue or surrender it.

SECTION 37

Sec. 21.27.460(a)
(Page 17, Lines 22 - 28)

This section makes editorial changes only.

SECTION 38

Sec. 21.34.140(b)
(Page 17, Line 29 and Page 18, Lines 1 - 7)

This section is in error. It strengthens the bond requirements for surplus lines brokers. This language was in a draft bill but was supposed to have been deleted. An amendment is outlined at the end of the sectional analysis. The section also adds a subsection which allows the director to adopt an alternative to the bond by regulation.

SECTION 29

Sec. 21.27.340 PUBLIC DISPLAY OF LICENSE.
(Page 12, Lines 19 - 28)

This section makes editorial changes only to incorporate general agent, broker and adjuster licenses.

SECTION 30

Sec. 21.27.350(a) MAINTENANCE OF RECORDS; FORM AND CONTENT.
(Page 12, Line 29 and Page 13, Lines 1 - 19)

This section makes editorial changes only to incorporate general agent licensees.

SECTION 31

Sec. 21.27.350(c)
(Page 13, Lines 20 - 29 and Page 14, Lines 1 - 2)

This section makes editorial changes only.

SECTION 32

Sec. 21.27.360 REPORTING AND ACCOUNTING FOR PREMIUMS.
(Page 14, Lines 3 - 29 and Page 15, Lines 1 - 19)

This section primarily makes editorial changes. The one substantive change is the addition of a new subsection (g) which gives the director the authority to adopt regulations to implement, define and enforce the section.

SECTION 33

Sec. 21.27.380 LICENSE CONTINUATION.
(Page 15, Lines 20 - 29 and Page 16, Lines 1 - 14)

This section makes several editorial changes and adds a new subsection (d) which mandates that a licensee who does not wish to continue the license, must surrender the license to the division to avoid suspension and revocation of the license. When the licensee fails to surrender the license and it is subsequently revoked, the former licensee becomes subject to reexamination if the former licensee ever wishes to get relicensed.

SECTION 23

Sec. 21.27.310(a)
(Page 10, Line 29 and Page 11, Lines 1 - 6)

This section makes editorial changes to clarify the requirements for a trainee adjuster license.

SECTION 24

Sec 21.27.310(b)
(Page 11, Lines 7 - 14)

The section requires that the licensed adjuster who employs a trainee adjuster must immediately submit the trainee's license application to the division with the appropriate license fee.

SECTION 25

Sec. 21.27.310(c)
(Page 11, Lines 15 - 20)

This section requires a trainee adjuster to obtain an adjuster license within twelve months of the effective date of the trainee adjuster license. This will put an outside time limit on the trainee license.

SECTION 26

Sec. 21.27.310(g)
(Page 11, Lines 21 - 25)

This new subsection mandates that if a trainee adjuster licensee is not in compliance with the section, the trainee adjuster license is terminated.

SECTION 27

Sec. 21.27.320(a) AGENT OR GENERAL AGENT AS ADJUSTER:
NONRESIDENT ADJUSTERS.
(Page 11, Lines 26 - 29 and Page 12, Lines 1 - 4)

This section makes editorial changes to add general agent licensees and minor rewording.

SECTION 28

Sec. 21.27.330 PLACE OF BUSINESS
(Page 12, Lines 5 - 18)

This section makes editorial changes only.

Editorial changes only to reflect the fact that a solicitor may be employed by a general agent.

SECTION 18

Sec. 21.27.250(a)
(Page 9, Lines 14 - 17)

An editorial change to reflect the fact that a solicitor may be employed by a general agent.

SECTION 19

Sec. 21.27.250(c)
(Page 9, Lines 18 - 20)

This section is amended so that individuals, while licensed as solicitors, may not be licensed as a general agent, in addition to the exclusion of agent and broker.

SECTION 20

Sec. 21.27.260 EMPLOYER'S RESPONSIBILITY FOR SOLICITOR.
(Page 9, Lines 21 - 28)

Editorial changes to reflect the fact that a solicitor may be employed by a general agent.

SECTION 21

Sec. 21.27.270(a) LICENSING OF NONRESIDENT AGENTS, GENERAL AGENTS, BROKERS, OR ADJUSTERS.
(Page 9, Line 29 and Page 10, Lines 1 - 5)

This section makes editorial changes to allow nonresident general agent licensees in this chapter.

SECTION 22

Sec. 21.27.280 DIRECTOR AS AGENT FOR SERVICE OF PROCESS.
(Page 10, Lines 6 - 28)

This section makes several editorial changes and deletes the requirement that the division keep a record of the day and hour of the service of all the legal process. The day of receipt and the day of mailing are already incorporated in the service documents which the division prepares.

SECTION 12

Sec. 21.27.120(a)
(Page 7, Lines 15 - 25)

This section makes housecleaning amendments due to the incorporation of general agent appointments in the section, AS 21.27.100, that previously had only pertained to agent appointments.

SECTION 13

Sec. 21.27.130 FORM AND CONTENT OF LICENSES.
(Page 7, Lines 26 - 29 and Page 8, Lines 1 - 12)

This section makes editorial changes only. An amendment is needed, though, to include general agent and adjuster licenses.

SECTION 14

Sec. 21.27.160 SCOPE OF LICENSES.
(Page 8, Lines 13 - 23)

Editorial changes are made so the section refers to general agent, broker, solicitor and adjuster licenses in addition to agent licenses. The section also lists the three broad types of licenses: all lines, property/casualty or life lines.

SECTION 15

Sec. 21.27.190(c)
(Page 8, Lines 25 - 29 and Page 9, Line 1)

This section is in error. It increases the broker bond requirements for the individuals who work for a firm broker. This language was in a draft bill but was supposed to have been deleted. An amendment is needed and is described at the end of the sectional analysis.

SECTION 16

Sec. 21.27.190
(Page 9, Lines 2 - 4)

A new subsection is added that would allow the director to establish alternatives to the broker licensing bond requirement by regulation.

SECTION 17

Sec. 21.27.240 FEE FOR AND CUSTODY OF SOLICITOR'S LICENSE.
(Page 9, Lines 5 - 13)

SECTION 8

Sec. 21.27.090 QUALIFICATIONS FOR LICENSE.
(Page 3, Lines 23 - 29, Page 4, and Page 5, Lines 1 - 20)

In addition to the general agent housecleaning amendment, this section adds educational requirements for licensure by mandating a high school diploma or its equivalent. It also requires three years of insurance administration work experience for a general agent license.

It also adds a three year experience requirement for a broker license. This requirement is currently in the division's regulations.

This section also incorporates qualifications for solicitor and adjuster licenses which previously were in section 21.27.220 and 21.27.290, respectively. Both .220 and .290 are repealed in section 40 of this bill.

This section also adds a provision to allow the director to establish additional educational or experience requirements by regulation. The regulation of the insurance industry is moving to continuing education requirements and/or college coursework. This provision would allow the director to incorporate such provisions without a statute change.

SECTION 9

Sec. 21.27.095 LICENSING OF GENERAL AGENTS
(Page 5, Lines 21 - 29 and Page 6, Lines 1 - 13)

This section, again, incorporates general agent licensure language from Section 21.09.280 and sets out exemptions from licensure.

SECTION 10

Sec. 21.27.100 APPOINTMENT OF AGENTS OR GENERAL AGENTS
(Page 6, Lines 14 - 29 and Page 7, Line 1.)

This section incorporates general agent appointments and deletes references to the specifics of the appointment form. The section adds a provision requiring insurers and their general agents to have a contract and that the contract document must be kept permanently by both parties and be available for inspection by the director.

SECTION 11

Sec 21.27.110 TERM OF APPOINTMENT
(Page 7, Lines 2 - 14)

This section makes housecleaning amendments and adds a provision that the director may revoke an appointment.

RECEIVED

MAY 20 1989

DEPARTMENT OF COMMERCE
DIVISION OF INSURANCE

Department of Commerce and Economic Development
Division of Insurance

SB 273 Sectional Analysis

For an Act entitled: "An Act relating to the licensing of insurance agents, general agents, brokers, solicitors, adjusters, and firms; and providing for an effective date."

SECTIONS 1 - 5

Sec. 21.27.010(a), Sec. 21.27.101(b), Sec. 21.27.030(a), Sec. 21.27.030(d) and 21.27.050, respectively.
(Page 1 and Page 2, Lines 1 - 14)

This bill makes several "housecleaning" amendments. One of which is general agent licensure. General agents are currently licensed under AS 21.09 which is the chapter that licenses insurers. Sections 1 - 5 add general agent licensure to the agent and broker licensure chapter, AS 21.27. Section 40 of the bill deletes general agent licensure from 21.09.

SECTION 6

Sec. 21.27.060 EXAMINATION OF APPLICANTS.
(Page 6, Lines 15 - 29 and Page 7, Lines 1 - 17)

General agents are added per the explanation for Sections 1 - 5. Current law exempts from examination applicants who have previously held the same type of license within a five-year period. This section tightens the exceptions to examination by shortening the prior licensure period from five years to two years and by adding a qualification that the prior license had not been revoked for any reason.

Other housecleaning amendments are included.

SECTION 7

Sec. 21.27.080(d)
(Page 3, Lines 18 - 22)

Clarifies that the director may contract with an outside testing service for the administration of examinations and the collection of examination fees, rather than the division collecting examination fees.

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 5-DAY NOTICE 2/22/90
IN ACCORDANCE WITH UNIFORM RULE 23

**FISCAL NOTE(S) MUST BE ATTACHED
IN ACCORDANCE WITH AS 24.08.035

FURTHER FIN

DATE TURNED INTO OFFICE 3/1/90

4/11/89

Mr. President:

L&C

Committee considered

SB 273

licensing of insurance agents, general agents, brokers, solicitors,
adjusters, and firms; efd

and recommended:

replace with CS SB 273(L+C) same title

attached amendment(s) and

new title

_____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to Dept of Commerce 2/29/90 (for SB273+CSSB273) ^(L+C)

FISCAL NOTE(S) attached zero

fiscal impact

appropriation no FN attached

Gov. FN introduced w/ bill

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Jan Ficks do pass
Patrick Bradley

William D. ...
Chair : signature and recommendation

Committee backup attached



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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

April 11, 1989

The Honorable Tim Kelly
President of the Senate
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Mr. President:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the licensing of insurance agents, brokers, solicitors, and adjusters. This bill will improve and up-date our licensing system.

The proposal is based on a National Association of Insurance Commissioners model Act. The proposal makes a number of changes in the present licensing statutes, the most important of which are the following:

(1) requires more frequent re-testing of applicants who were previously licensed, by requiring that persons who have dropped out of the industry for more than two years be retested;

(2) adds educational requirements for licensing, by requiring a high school degree or its equivalent;

(3) allows the director of insurance to establish more educational or experience requirements by regulation;

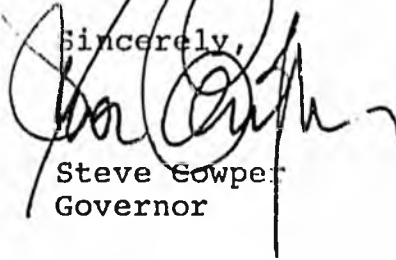
(4) increases bond requirements for brokers and their firms;

(5) limits the term of a trainee adjuster to one year; after that time, a person must obtain a regular adjuster license; and

(6) limits the use of a "temporary license" to cases involving the disability or death of an agent, general agent, or broker.

The bill contains other, more technical, changes up-dating our statutes. The division of insurance will provide you with a section-by-section analysis.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Cowper", written over the word "Sincerely,".

Steve Cowper
Governor

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Commerce & Econ. Dev.
 Title: An Act relating to the licensing of agents, general agents, brokers, solicitors and adjusters BRU: Insurance
 Sponsor: Rules Components: Operations
 Requestor: Governor

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
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
REVENUE	0	0	0	0	0	0

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) No fiscal impact in FY 90.

No fiscal impact on the division.

Prepared by: Joan Brown, Administrative Officer Phone: 465-2597
 Division: Insurance Date: January 29, 1990

Approved by Commissioner: Larry Mercusier Date: Feb 90
 Agency: Department of Commerce & Economic Development

Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

Amended version
highlighted

go0969sE
Ford
2/15/90

Original sponsor(s): Rules/Governor

based on Div of Insurance
recommendations

1 IN THE SENATE

2 CS FOR SENATE BILL NO. 273 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the regulation of insurance
7 agents, general agents, brokers, managers, solici-
8 tors, adjusters, and firms; and providing for an
9 effective date."

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

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

12 (a) A person may not [IN THIS STATE] act as or represent to be
13 an agent, general agent, broker, solicitor, or adjuster unless li-
14 censed by the [THIS] state.

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

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

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

20 (a) The director may not grant an agent, general agent, solici-
21 tor, or broker license to a person if the director has reasonable
22 cause to believe that the [CIRCUMSTANCES OF THE] applicant for the
23 license would, [ARE SUCH THAT] during the 12-month period immediately
24 following issuance of the license, receive an [IF ISSUED, THE] aggre-
25 gate amount in [OF] commissions [TO BE] represented by the controlled
26 business that exceeds [WOULD EXCEED] the aggregate amount of commis-
27 sions [TO BE] represented by all other insurance business that would
28 [TO] be procured by or through the applicant.

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

1 (d) The director may revoke an agent, general agent, solicitor,
2 or broker license if the director has reasonable cause to believe that
3 during either of the two preceding calendar years the aggregate amount
4 of commissions represented by the controlled business procured by or
5 through the licensee exceeded the aggregate amount of commissions
6 represented by all other insurance business procured by or through the
7 licensee.

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

9 Sec. 21.27.050. ONE FILING OF PERSONAL DATA SUFFICIENT. (a)
10 The filing of personal data by an individual in connection with one
11 application for an agent or general agent license is [SHALL BE] suffi-
12 cient, regardless of the number of insurers to be represented [BY THE
13 AGENT] or the number of subsequent applications by the same applicant.

14 (L) The director may [FROM TIME TO TIME] require a licensed
15 agent, general agent, solicitor, broker, or adjuster, to supply the
16 information called for in an application for a license.

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

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

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

29 (2) applicants

was "withing"

1 (A) who, at any time within the two-year [FIVE-YEAR]
2 period immediately preceding the date of application, have been
3 licensed in this state under a license requiring qualifications
4 required by the license applied for;

5 (B) [AND] who are considered by the director to be
6 fully qualified and competent; and

7 (C) whose previous license was not revoked for any
8 reason;

9 (3) applicants for a license [AS NONRESIDENT AGENT OR AS
10 NONRESIDENT BROKER] who have fulfilled qualification requirements in
11 their state or province of residence and who are considered by the
12 director to be fully qualified and competent [;

13 (4) APPLICANTS FOR AN AGENT OR SOLICITOR LICENSE COVERING
14 THE SAME KINDS OF INSURANCE AS AN AGENT'S OR SOLICITOR'S LICENSE THEN
15 HELD BY THEM].

16 (b) The director may at any time require an individual licensed
17 as an agent, general agent, broker, solicitor, or adjuster to take and
18 successfully pass an examination testing competence and qualifications
19 as a condition to the continuance of the license if the licensee has
20 been guilty of a violation of this title, or has [SO] conducted af-
21 fairs under the license that [AS TO] cause the director reasonably to
22 desire further evidence of the qualifications of the licensee.

23 * Sec. 7. AS 21.27.080(d) is repealed and reenacted to read:

24 (d) The director may make arrangements, including contracting
25 with an outside testing service, for administering examinations and
26 collecting a nonrefundable fee.

27 * Sec. 8. AS 21.27.090 is repealed and reenacted to read:

28 Sec. 21.27.090. QUALIFICATIONS FOR LICENSING. (a) To qualify
29 for an agent, general agent, broker, solicitor, or adjuster license,

1 an applicant shall comply with this title and

2 (1) be 19 years of age or older with a high school or
3 General Education Development diploma or equivalent;

4 (2) if for a resident license, be a bona fide resident
5 before issuance of the license and actually reside in the state;

6 (3) successfully pass any examination required under
7 AS 21.27.060;

8 (4) be a trustworthy person;

9 (5) not use or intend to use the license for the purpose
10 principally of writing controlled business, as defined in AS 21.27.-
11 030;

12 (6) not have committed an act that is a ground for denial,
13 suspension, or revocation set out in AS 21.27.410;

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

19 (8) if the application is for a general agent license, have
20 a minimum of three years active working experience in insurance admin-
21 istrative functions, including those listed under the definition of
22 "general agent" in AS 21.90.900, that, in the director's ^{was "discretion"} discretion,
23 exhibits the applicant's ability to competently perform the adminis-
24 trative functions for all lines applied for;

25 (9) if the application is for a broker license, have a
26 minimum of three years' active working experience in all lines applied
27 for either as an agent, solicitor, adjuster, general agent, broker, or
28 as an employee of insurers or ^{was representatives} representative of insurers, or special
29 education or training of sufficient duration and extent to satisfy the

1 director that the applicant possesses the competence necessary to
2 fulfill the responsibilities of a broker;

3 (10) if the application is for a solicitor license, intend
4 to and in fact make the soliciting and handling of insurance business
5 under the license the applicant's principal gainful occupation and
6 represent and be employed by only one licensed agent, general agent,
7 or broker;

8 (11) if the application is for an adjuster license, have at
9 least six months' experience, special education, or training in handl-
10 ing loss claims under insurance contracts, of sufficient duration and
11 extent to make the person reasonably competent to fulfill the respon-
12 sibilities of an adjuster.

13 (b) If the director finds that the applicant is qualified and
14 that the license fee has been paid, the director shall issue the
15 license.

16 (c) The director may adopt regulations establishing additional
17 educational or experience requirements for applicants under (a) of
18 this section.

19 (d) To qualify for a firm agent or broker license an applicant
20 must comply with this title and

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

22 (2) if a corporation, maintain a lawfully established place
23 of business in the state, except as provided in AS 21.27.270.

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

25 Sec. 21.27.095. LICENSING OF GENERAL AGENTS. (a) A general
26 agent has the authority, consistent with this title, that is conferred
27 by the insurer. A general agent, resident or nonresident, qualified
28 and licensed under AS 21.27.090, may exercise the powers conferred by
29 this title upon agents licensed for the kinds of insurance that the

1 general agent is authorized to transact for the insurer appointing the
2 agent.

3 (b) A person employed on salary by an insurer, including an
4 officer or salaried employee performing the same services as a general
5 agent, is considered to be a service representative and is not re-
6 quired to be licensed.

7 (c) For purposes of this section, a person that performs manage-
8 ment services for an insurer is not required to be licensed as a
9 general agent if the person

10 (1) is a wholly-owned subsidiary of the insurer;

11 (2) wholly owns the insurer; or

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

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

15 Sec. 21.27.100. APPOINTMENT OF AGENTS OR GENERAL AGENTS. An
16 [EACH] insurer [, ON] appointing an agent or general agent in the
17 state [,] shall file written notice of the appointment [IN TRIPLICATE]
18 with the director on forms prescribed and furnished by the director.
19 If the appointee is [THEN] licensed and if the necessary licensing fee
20 is paid, [OR AS SOON AS LICENSED,] the director shall provide to the
21 insurer and to the appointee written notification of the effective
22 date of the appointment [MAIL ONE COPY OF THE APPOINTMENT TO THE AGENT
23 AND RETURN ONE COPY TO THE INSURER WITH THE THIRD COPY BEING RETAINED
24 IN THE DIRECTOR'S OFFICE].

25 * Sec. 11. AS 21.27.100 is amended by adding a new subsection to read:

26 (b) An insurer that enters into an agreement with a general
27 agent shall do so by means of a written contract that specifically
28 sets out the duties, functions, powers, authority, and compensation of
29 all parties to the contract. A contract with a general agent shall be

1 kept in the permanent records of the insurer and general agent, and be
2 open to inspection by the director.

3 * Sec. 12. AS 21.27.110 is amended to read:

4 Sec. 21.27.110. TERM OF APPOINTMENT [OF AGENT]. An [EACH]
5 appointment under AS 21.27.100 continues [SHALL CONTINUE] in force
6 until

7 (1) the 30th of June of each year unless continued [RENEWED]
8 by the insurer by payment to the director on or before the close of
9 business on the 30th day of June of an annual fee set under AS 21.06.-
10 250; [OR]

11 (2) the appointment is revoked by the insurer by written
12 notice of revocation to the appointee and [AGENT; THE INSURER SHALL
13 IMMEDIATELY FILE A DUPLICATE COPY OF THE NOTICE OF REVOCATION WITH]
14 the director; or

15 (3) the appointment is revoked by the director by written
16 notice of revocation to the appointee and insurer [NO FEE SHALL BE
17 CHARGED FOR FILING THE COPY].

18 * Sec. 13. AS 21.27.120(a) is amended to read:

19 (a) Revocation of an appointment is [BY THE INSURER SHALL BE
20 CONSIDERED TO BE] effective as of the date designated in the notice as
21 being the effective date if the notice is actually received by the
22 appointee [AGENT] before the designated date; otherwise, as of the
23 earlier of the following dates:

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

26 (2) the date the notice, if mailed to the agent at the
27 appointee's [AGENT'S] last address of record [WITH THE INSURER], in
28 due course should have been received by the appointee [AGENT].

29 * Sec. 14. AS 21.27.130 is amended to read:

1 Sec. 21.27.130. FORM AND CONTENT OF [AGENT, BROKER, SOLICITOR]
2 LICENSES. Agent, ^{added} general agent, adjuster, solicitor, and broker

3 licenses must be in the form the director prescribes, and must set out

4 (1) the name and address of the licensee, or if the li-
5 censee is required to have a place of business, the address of the
6 place of business;

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

10 (3) the kind or kinds of insurance the licensee is licensed
11 to handle;

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

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

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

16 * Sec. 15. AS 21.27.160 is amended to read:

17 Sec. 21.27.160. SCOPE [NUMBER] OF LICENSES. An agent, general
18 agent, broker, solicitor, or adjuster is only required to have [BUT]
19 one type of license inclusive of all kinds or combination of kinds of
20 insurance the agent, general agent, broker, adjuster, or solicitor is
21 licensed to handle, regardless of the number of represented insurers
22 [FOR WHOM THE AGENT IS APPOINTED].

23 Sec. 16. AS 21.27.160 is amended by adding a new subsection to read:

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

25 (1) an all lines license;

26 (2) a property or casualty lines license; or

27 (3) a life lines license.

28 Sec. 17. AS 21.27.190 is amended by adding a new subsection to read:

29 (d) The director may adopt, by regulation, an alternative to the

Sec. 15 of original bill
* was deleted

1 bond required by this section.

2 * Sec. 18. AS 21.27.240 is amended to read:

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

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

11 * Sec. 19. AS 21.27.250(a) is amended to read:

12 (a) A solicitor license may not cover [ANY KIND OF] insurance
13 for which the agent, general agent, or broker by whom the solicitor is
14 employed is not [THEN] licensed.

15 * Sec. 20. AS 21.27.250(c) is amended to read:

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

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

19 Sec. 21.27.260. EMPLOYER'S RESPONSIBILITY FOR SOLICITOR [OF
20 EMPLOYING AGENT OR BROKER]. All business transacted by a solicitor
21 under license as a solicitor shall be in the name of the agent, gen-
22 eral agent, or broker by whom the solicitor is employed. The [AND
23 THE] agent, general agent, or broker is [SHALL BE] responsible for all
24 acts or omissions of the solicitor within the scope of employment as
25 solicitor.

26 * Sec. 22. AS 21.27.270(a) is amended to read:

27 Sec. 21.27.270. LICENSING OF NONRESIDENT AGENTS, GENERAL AGENTS,
28 BROKERS, OR ADJUSTERS. (a) The director may license as a nonresident
29 insurance agent, general agent, broker, or adjuster a person who

1 otherwise qualifies under this title, but who is not a resident of or
2 domiciled in the state {ALASKA}.

3 * Sec. 23. AS 21.27.280(a) is amended to read:

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

12 * Sec. 24. AS 21.27.280(b) is amended to read:

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

17 * Sec. 25. AS 21.27.280(c) is amended to read:

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

23 * Sec. 26. AS 21.27.280(d) is amended to read:

24 (d) Upon receiving a [THE] service of legal process, the direc-
25 tor shall immediately send one of the copies of the process, by cer-
26 tified mail with return receipt requested, to the defendant licensee
27 [AGENT, BROKER OR ADJUSTER] at the defendant's last address of record
28 with the director.

29 * Sec. 27. AS 21.27.310(a) is amended to read:

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

7 * Sec. 28. AS 21.27.310(b) is amended to read:

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

15 * Sec. 29. AS 21.27.310(c) is amended to read:

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

21 * Sec. 30. AS 21.27.310 is amended by adding a new subsection to read:

22 (g) The director shall terminate the license of a trainee ad-
23 juster who is not in compliance with this section. A licensee or
24 other person having possession or custody of the license shall immedi-
25 ately deliver the license to the director either personally or by
26 mail.

27 * Sec. 31. AS 21.27.320(a) is amended to read:

28 Sec. 21.27.320. [ADJUSTMENT BY] AGENT OR GENERAL AGENT AS AD-
29 JUSTER; [AND] NONRESIDENT ADJUSTERS. (a) On behalf of and as

1 authorized by an insurer for which the agent or general agent is ap-
2 pointed [LICENSED AS AGENT], an agent or general agent may occasion-
3 ally [FROM TIME TO TIME] act as an adjuster and investigate and report
4 upon claims without being required to be licensed as an adjuster.

5 * Sec. 32. AS 21.27.330 is amended to read:

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

20 * Sec. 33. AS 21.27.340 is amended to read:

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

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

1 * Sec. 34. AS 21.27.350 is amended to read:

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

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

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

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

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

19 (3) additional information that [WHICH] is customary, or
20 that [WHICH] may reasonably be required by the director.

21 * Sec. 35. AS 21.27.350(c) is amended to read:

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

1 licensee. For purposes of this subsection, the records of a firm are
2 also [SHALL BE CONSIDERED] the records of an individual licensee
3 [AGENT OR BROKER] acting on behalf of the firm.

4 * Sec. 36. AS 21.27.360 is amended to read:

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

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

23 (c) A licensee [AN AGENT, SOLICITOR, OR BROKER] who, [NOT BEING
24 LAWFULLY ENTITLED TO FUNDS,] is determined by the director, following
25 an appropriate hearing as provided in AS 21.06.170 - 21.06.230, to
26 have unlawfully diverted or appropriated money [THEM OR ANY PORTION OF
27 THEM] to personal use, is subject to a civil penalty not to exceed
28 \$25,000 for each violation.

29 (d) A licensee [AN AGENT OR BROKER] may commingle with premium

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

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

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

19 * Sec. 37. AS 21.27.360 is amended by adding a new subsection to read:

20 (g) The director may adopt regulations as necessary to implement
21 this section.

22 * Sec. 38. AS 21.27.380 is repealed and reenacted to read:

23 Sec. 21.27.380. LICENSE CONTINUATION. (a) A license continues
24 in force, upon payment of

25 (1) an annual fee set under AS 21.06.250 for resident and
26 nonresident agent, general agent, solicitor, and adjuster licenses
27 that must be received by the director on or before the close of busi-
28 ness on the 30th day of June;

29 (2) an annual fee set under AS 21.06.250 for resident and

1 nonresident broker licenses, that must be received by the director on
2 or before the close of business on the 31st day of December.

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

6 (c) If payment of the annual license fee is not received by the
7 director before the due date as required under this section, the
8 licensee shall pay to the director and the director shall collect, in
9 addition to the regular fee, a surcharge as established by regulation
10 under AS 21.06.250. This subsection does not exempt a person from a
11 penalty provided by law for transacting business without a valid
12 license.

13 (d) If a licensee does not wish to continue a license issued
14 under this chapter, the licensee shall surrender the license as pro-
15 vided in AS 21.27.460.

16 * Sec. 39. AS 21.27.390(a) is amended to read:

17 (a) The director may issue a [ADOPT REGULATIONS REGARDING THE
18 ISSUANCE OF AN AGENT OR BROKER] temporary license to

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

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

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

29 (4) the designee of a licensed agent who enters active

1 service in the armed forces of the United States [;

2 (5) A PERSON PREPARING FOR EXAMINATION FOR PERMANENT LI-
3 CENSE UNDER THE SUPERVISION OF AN AUTHORIZED INSURER].

4 * Sec. 40. AS 21.27.400(b) is amended to read:

5 (b) A person requesting a temporary agent or general agent
6 license because of the death or disability of an agent or general
7 agent may not be appointed by [LICENSED FCR] an insurer for which the
8 agent or general agent was not appointed [LICENSED] at the time of
9 death or commencement of disability.

10 * Sec. 41. AS 21.27.410(a) is amended by adding a new paragraph to
11 read:

12 (10) if the applicant failed to continue or surrender a
13 similar license as provided in AS 21.27.380, that resulted in revoca-
14 tion of the license within the 12 months preceding the date the new
15 application is received.

16 * Sec. 42. AS 21.27.460(a) is amended to read:

17 (a) A [EACH] license issued under this chapter [,ALTHOUGH ISSUED
18 AND DELIVERED TO THE LICENSEE AGENT, BROKER, SOLICITOR, OR ADJUSTER,]
19 is the property of the state. Upon the termination, suspension, or
20 revocation of the license, the licensee or other person having pos-
21 session or custody of the license shall immediately deliver it to the
22 director either personally [BY PERSONAL DELIVERY] or by mail.

23 * Sec. 43. AS 21.34.140(d) is amended to read:

24 (d) A firm or corporation is eligible for license if the firm or
25 corporation complies with AS 21.27.090(d) and 21.27.140

26 [(1) THE LICENSE LISTS INDIVIDUALS WITHIN THE CORPORATION
27 WHO HAVE SATISFIED ALL REQUIREMENTS OF THIS CHAPTER TO BECOME SURPLUS
28 LINES BROKERS; AND

29 (2) ONLY THOSE INDIVIDUALS LISTED ON THE LICENSE WILL

1 TRANSACT SURPLUS LINES BUSINESS].

2 * Sec. 44. AS 21.34.140 is amended by adding a new subsection to read:

3 (f) The requirements of (b)(4) of this section do not apply to
4 an individual who acts on behalf of a firm that files and maintains in
5 force the bond described in (b)(4) of this section. The director may
6 adopt, by regulation, an alternative to the bond required by (b)(4) of
7 this section. *added*

8 * Sec. 45. AS 21.88.050(a) is amended to read:

9 (a) The corporation shall

10 (1) in the form approved by the director, issue to all
11 physicians, nurses, and hospitals who are found to be acceptable risks
12 under standards developed under (5) of this subsection, and who pay
13 the premiums for it, a contract or contracts indemnifying physicians,
14 nurses, and hospitals and their employees who are health care provid-
15 ers against loss by reason of liability for covered claims for an act
16 or omission in the delivery of professional health care in this state,
17 and agreeing to tender on behalf of the physicians, nurses, and hos-
18 pitals and their employees who are health care providers a defense to
19 a covered claim in a proceeding brought under AS 09.55.530 - 09.-
20 55.560; the limits of liability for policies issued by the corporation
21 shall be approved by the director; the contract shall cover the de-
22 fense against but need not indemnify liability for punitive damages
23 arising from a covered claim; at the option of the corporation, if
24 approved by the director, and for an additional premium the contract
25 may cover claims against the physician, nurse, or hospital that arise
26 out of professional services performed by the physician, nurse, or
27 hospital for any period before the contract is issued, except that
28 coverage will not be provided for a claim already filed or that the
29 physician, nurse, or hospital had or reasonably should have had notice

1 at the time the retroactive insurance was purchased;

2 (2) charge a premium for the protection provided by the
3 contracts issued by the corporation which shall be determined by the
4 board of governors under [IN ACCORDANCE WITH] AS 21.88.080 and subject
5 to the approval of the director;

6 (3) comply with or be subject to AS 21.06.090, 21.06.120,
7 21.06.140, 21.06.160, 21.06.250, AS 21.09.180 - 21.09.200, 21.09.250,
8 [21.09.280,] AS 21.12.020(b) - (e), AS 21.18, AS 21.21, AS 21.24,
9 AS 21.27.100, and AS 21.36; and shall be exempt from participation as
10 a member insurer in the Alaska Insurance Guaranty Corporation;

11 (4) carry out the obligations of the contracts issued by
12 the corporation by defending all covered claims made against insured
13 health care providers and by paying all liabilities that are finally
14 adjudicated against the insured health care provider or that may in
15 the opinion of the corporation reasonably be expected to be finally
16 adjudicated against the health care provider to the extent of the
17 contract obligation;

18 (5) establish standards for the acceptability of risks; in
19 establishing these standards the corporation may exclude an applicant
20 for insurance based on individual risk selection factors, but may not
21 exclude an applicant based only on the classification of the appli-
22 cant.

23 * Sec. 46. AS 21.90.900 is amended by adding new paragraphs to read:

24 (24) "general agent" means a person, firm, or corporation
25 that

26 (A) has authority to exercise general supervision over
27 the business, or any part of the business, of one or more au-
28 thorized insurers in this state, with the authority to appoint
29 agents for the insurer and to terminate the appointment; and

1 (B) for compensation from an authorized insurer per-
2 forms administrative functions normally performed by the insurer
3 including claims administration and payment, marketing adminis-
4 tration, agent appointment, premium accounting, premium billing,
5 coverage verification, final underwriting authority, and certifi-
6 cate issuance; "general agent" includes a third-party administra-
7 tor;

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

10 * Sec. 47. AS 21.09.280; AS 21.27.180, 21.27.220, 21.27.230, 21.27.-
11 280(e), 21.27.290, and 21.27.300 are repealed.

12 * Sec. 48. This Act takes effect January 1, 1991.
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CSSE 273 (Fin) "An Act relating to the regulation of insurance agents, general agents, brokers, managers, solicitors, adjusters, and firms; and providing for an effective date."

EXPLANATION OF THE BILL:

This bill was requested by the Governor on behalf of the Division of Insurance to improve and update the licensing of insurance agents and brokers. It is based on a National Association of Insurance Commissioners model act, and carries a zero fiscal note. The bill will substantially simplify licensing procedures, which will benefit both licensees and regulators.

The main substantive changes in the bill are as follows:

1) It requires more frequent re-testing of applicants who were previously licensed, by requiring that persons who have dropped out of the industry for more than 2 years (rather than 5) be retested;

2) It adds educational requirements for licensing by requiring a high school degree or its equivalent, and also requires that general agents have a minimum of 3 years working experience in insurance administrative functions, as they have substantial administrative responsibilities;

3) It allows the director of insurance to establish more educational or experience requirements by regulation;

4) It clarifies that the bond requirement for brokers and their firms is not required for each individual in the firm (the firm's bond covers everyone in the firm). In addition, it allows the director of insurance to establish alternatives to the broker license bond requirements;

5) It limits the term of a trainee adjuster to one year; after that time, a person must obtain a regular adjuster license; and

6) It limits the use of a temporary license to cases involving disability or death of an agent, general agent or broker.

EXPLANATION OF L&C AND FINANCE COMMITTEE SUBSTITUTES:

The Labor and Commerce committee substitute makes a number of technical changes which were requested by the department. The department has prepared a highlighted side-by-side comparison of the bill with existing law, which I have made available to the members.

The Finance committee substitute adds a provision that a person's or firm's license continue if, in addition to meeting the other licensing requirements, the licensee demonstrates to the director of insurance that the licensee continues to meet additional educational requirements that are set in regulation. (The change is on page 16, lines 16-20.)

The Finance Committee letter of intent states the committee's intent that the continuing education requirements follow the National Association of Insurance Commissioners model, and that the director of insurance seek the advice of Alaska insurance organizations and associations on any appropriate adaptations to the model. The department intends to work closely with interested individuals and organizations in developing regulations for continuing education.

Both the Labor & Commerce and Finance Committees reported the bill out with a unanimous "Do Pass" recommendation.

Eliason, Faiks, Rodey: L&C
Uehling, Duncan, Zharoff, Pearce: Finance

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