

HB

107



UMIALIK INSURANCE COMPANY

5300 "A" Street • Anchorage, Alaska 99518
(907) 563-3913 • FAX (907) 561-2292

JAN 1 1991

Mr. David Case P.C.
c/o Copeland, Landye,
Bennett and Wolf
550 West Seventh Ave.
Suite 1350
Anchorage, Alaska 99501

1/10/91

Re: Surplus Funding.

Dear David:

We had previously discussed the Senate Bill 212 passed in the last legislative session. This bill increased the amount we need for Additional Maintained Surplus By \$2,250,000. The Bill also under section 84 & 86 gave us until January 1, 1992 to get the funding.

I have had some correspondence with the Attorney General's Office and basically they stated the relief we are seeking should come by way of a revisor bill. I have also met with Mr. Dave Walsh our State Insurance Director who preferred to handle this matter administratively rather than change the bill to apply to everyone. You raised the question of where they get the authority to do this and apparently there is none.

This matter has now been referred to Mr Stan Garlington in the Insurance Department to work on. I have talked to Stan and the enclosed amendment to the bill will be introduced by the Department. If this matter is included with other Insurance legislation it may get lost in the shuffle. Stan also indicated that the status of Mr. Walsh is still not resolved under the new administration and the support from the Department may not be as strong as need be.

I would like to see our legislators back this bill or even file their own if need be. If the Insurance Department Bill contains other things that can not be supported we do not want this matter to die in a Committee or even loose. I am giving a copy of this letter to Mr. Ronald Brower today since he will be traveling to Juneau next week to meet with our legislators. I would appreciate your advice on this matter.

Homeowner

WC

*AUTO
LIABILITY*

cc. Mr Ronald Brower

Sincerely,

Thomas A. Andrietsch
Thomas A. Andrietsch
President



Ukpeagvik Inupiat Corporation

January 14, 1991

Representative Maclean
Box V
Juneau, Alaska 99811

Dear Representative Maclean;

During the last Legislative Session Senate Bill 212 was passed. This Bill requires a domestic insurer such as Umialik Insurance Company to increase its additional working surplus to 5.24 million. by January 1, 1992.

In our review of the insurance industry in Alaska, Umialik Insurance Company is the only domestic company affected by Senate Bill 212.


Last December Umialik Insurance Company had completed the working surplus requirement to 3 million.

I am requesting your assistance to relief this situation by way of a revisor bill.

Please find enclosed a copy of a letter from Tom Andritsch to our counsel David Case explaining the matter along with some recommended language on the same.

I would greatly appreciate your assistance on this matter.

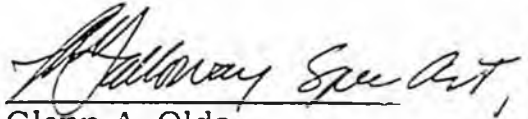
Sincerely,


Ronald H. Brower Sr.
President

HB 107 "An Act relating to capital and surplus requirements of domestic insurers; and providing for an effective date."

This Department is in favor of this legislation. Ch 50 SLA 1990 (SB 212) provided for a schedule of increases in the capital and surplus requirements for insurers admitted to write insurance in Alaska. This is to provide a larger financial cushion for a troubled insurer. Current levels at the time were insufficient. Unfortunately, that legislation is posing a considerable challenge for some insurers as they have a limited ability to come up with additional funds. This proposal offers some relief to those insurers by stretching the schedule out for an additional five years.

We recommend passage of this legislation


Glenn A. Olds
Commissioner

February 6, 1991

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. HB 107

Revision Date: _____ Department Affected: Commerce & Economic Dev
 Title: An Act relating to capital BRU: Insurance
and surplus requirements of domestic ~~XXXXXXXX~~ Component: insurers and providing for an
 Sponsor: MacLean OPERATIONS / effective date _____
 Requestor: MacLean COMPONENT SERIAL NO.

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
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						

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

 No fiscal impact.

Prepared By: Donald P. Koch, Chief of Market Surveillance Phone: 465-2515
 Division: Insurance Date: 2/7/91
 Approved by Commissioner: Glenn A. Olds
 Agency: Department of Commerce & Economic Development Date: _____

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies)



Alaska National
INSURANCE COMPANY

A policy of service and protection

February 12, 1991

Mr. Alex Miller
MarkAir
P. O. Box 190769
Anchorage, AK 99519-0769

Dear Alex:

We can support Senate Bill No. 78 which, in effect, enables Umialik Insurance Company to gradually meet the new capital and surplus requirements over a five-year period.

However, we believe additional language should be added to prevent a new investor from gaining control of Umialik and, thereby, avoid current capital requirements.

Possible language to accomplish this would be: "that has not had any ownership changes since May 16, 1990." This language could be inserted on line 6 after "in this state before May 16, 1990"

If that language is too broad, it could be modified to prevent a new controlling shareholder which, I believe, is defined as anyone owning 10% or more of the common stock.

Yours truly,

James E. Pfeifer
President

JEP:lp

W

SENATE COMMITTEE REPORT

DATE: 4/17/91

FURTHER:

DATE TURNED INTO OFFICE: _____

L&C Committee considered CS FOR HOUSE BILL NO. 107 (L&C)

"An Act relating to capital and surplus requirements of domestic insurers; and providing for an effective date."

and recommended:

- replace with _____ CS _____
 - or adopt _____ CS _____
 - attached amendment(s)
 - _____ letter of intent adopted
- same title
 - new title
 - technical title change (HB only)

- do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to _____

ATTACHES NEW FISCAL NOTE(S):

- fiscal note(s) Dept/Date: _____
- zero fiscal note(s) _____
- appropriation-no fiscal note

APPROVES PREVIOUS:

- fiscal note(s) Dept/Date: _____
- zero fiscal note(s) Commerce/2-7-91
- Governor's bill w/fiscal note

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

DeLoach
William Calver
Bill Halford - NO REC.

True Peace - do pass

 Chair: Signature and Recommendation

ALASKA STATE LEGISLATURE

Representative Eileen Panigeo MacLean
Co-Chair House Finance Committee
P.O. Box 830
Barrow, Alaska 99723



WHILE IN JUNEAU
Box V
Juneau, Alaska 99811
465-4525
465-4833

HOUSE OF REPRESENTATIVES

District 22

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Borough

Anaktuvuk Pass
Atkasuk
Barrow
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Point Hope
Point Lay
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Borough

Ambler
Buckland
Deering
Kiana
Kivalina
Kobuk
Kotzebue
Noatak
Noorvik
Selawik
Shungnak

MEMORANDUM

DATE: April 29, 1991

TO: Senator Drue Pearce, Chairman
Senate Labor & Commerce Committee

FROM: Representative Eileen P. MacLean

Rep. MacLean

SUBJ: HB 107 Relating to Capital and Surplus
Requirements of Domestic Insurers

The purpose of this bill is to allow domestic insurers, transacting three or more kinds of insurance, to phase in to new capital and surplus requirements enacted in SB 212 last year.

SB 212 raised the minimum amount of capital and surplus required to 5.25 million dollars by January 1, 1992. Smaller insurance companies who do not have the required capital by 1991 could potentially be forced out of business. HB 107 would allow those companies to phase in to the new amounts over a five year period.

The Division of Insurance supports the bill. There is a zero fiscal note.

Section 86:

Section 84 of this Act is repealed and reenacted January 1, 1992 as follows: Subject to the prior written approval of the director, AS 21.09.070(a) will not apply to a domestic insurer admitted in the state before the effective date of the Act if the domestic insurer is not affiliated with any other insurer or group of insurers and has capital and surplus less than \$5,250,000 on December 31, 1991 and if the domestic insurer maintains capital and surplus no less than \$4,000,000 no later than 1/1/92, \$4,250,000 no later than 1/1/93, \$4,500,000 no later than 1/1/94; \$4,750,000 no later than 1/1/95, \$5,000,000 no later than 1/1/96, and \$5,250,000 no later than 1/1/97.

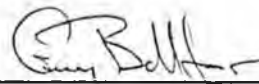
4473t

CSHB 107 (L&C) "An Act relating to capital and surplus requirements of domestic insurers; and providing for an effective date."

This Department is in favor of this legislation. Ch 50 SLA 1990 (SB 212) provided for a schedule of increases in the capital and surplus requirements for insurers admitted to write insurance in Alaska. This is to provide a larger financial cushion for a troubled insurer. Current levels at the time were insufficient. Unfortunately, that legislation is posing a considerable challenge for some insurers as they have a limited ability to come up with additional funds. This proposal offers some relief to those insurers by stretching the schedule out for an additional five years.

The change in the Committee Substitute provides that the relief feature does not apply if an ownership change occurs after the effective date of Ch 50 SLA 1990, May 15, 1990.

We recommend passage of this legislation



Glenn A. Olds
Commissioner

April 30, 1991

STATE OF ALASKA

ROUTE SLIP

TO: Mail Station <i>3100</i>	Department <i>Legislature</i>	Division
Attention <i>S-SEC attn Rod</i>		
<input type="checkbox"/> Approval <input type="checkbox"/> Note & Return <input type="checkbox"/> Signature <input type="checkbox"/> Initial & Return <input type="checkbox"/> Comment <input type="checkbox"/> Return as Requested <input type="checkbox"/> Contact Me <input type="checkbox"/> Return for Approval <input type="checkbox"/> Prepare Reply <input type="checkbox"/> Necessary Action <input type="checkbox"/> For Your File <input type="checkbox"/> For Your Information		
Remarks <i>Cap Bldg Rm 10K</i>		
<i>HAND CARRY</i>		
FROM: Mail Station <i>0800</i>	Department <i>DCED</i>	Division <i>clo</i>
By <i>Shen</i>	Date <i>5/1/91</i>	

FISCAL NOTE

'STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. CSHB 107 (L&C)

Revision Date: _____ Department Affected: Commerce & Economic Dev.
Title: An Act relating to capital and surplus requirements of domestic insurers BRU: Insurance
Component: Operations

Sponsor: MacLean
Requestor: _____

COMPONENT SERIAL NO.

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
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						

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Don Koch, Chief of Market Surveillance Phone: 465-2572
Division: Insurance Date: 5/1/91

Approved by Commissioner: Glenn A. Olds
Agency: Department of Commerce & Economic Development Date: 5/1/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).