

HB

175

<target><bill>HB 175</bill><subject>HB
175</subject><comm>HFIN26</comm></target>



ALASKA STATE LEGISLATURE

HOUSE LABOR & COMMERCE COMMITTEE

REP. KURT OLSON

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Rep Mark Neuman, V-Chair Rep. Mike Chenault
Rep. John Coghill Rep. Bob Lynn
Rep. Lindsey Holmes Rep. Bob Buch

Sponsor Statement

CS House Bill 175 (L&C) - Insurance

CSHB 175(L&C) contains miscellaneous updates to Alaska's insurance code. It will streamline some processes of the division, provide clarity to certain statutory provisions and bring certain statutes into greater uniformity with national standards.

The bill clarifies how the deposits of both domestic and foreign insurance companies will be treated under delinquency proceedings. It allows the director to do a summary suspension of a license in the event of an emergency for public protection and clarifies that rewards under wellness programs in health insurance programs do not constitute rebating.

I urge support for HB 175 to enable the division of insurance to continue to provide effective oversight of the insurance industry.

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: CSHB 175(L&C)
 (H) Publish Date: 4/1/09

Identifier (file name) HB175-CED-INS-03-09-09 Dept. Affected: DCCED
 Title Insurance RDU Insurance (116)
 Component Insurance
 Sponsor House Labor and Commerce
 Requester House Labor and Commerce Component Number 354

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES ()								
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2009) cost: _____

POSITIONS

Full-time								
Part-time								
Temporary								

ANALYSIS: (Attach a separate page if necessary)

This bill contains various updates and refinements to Title 21. The proposed legislation will streamline some processes of the division, provide clarity to certain statutory provisions and provide updates of statutes for greater uniformity with national standards.

Prepared by: Linda S. Hall, Director
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 Approved by: Emil R. Notti, Commissioner
Department of Commerce, Community, and Economic Development

Phone 907-269-7900
 Date/Time 03-09-09/ 11:15 am
 Date 3/9/2009



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Sectional Analysis

CSHB 175(L&C) - Insurance

Section 1. Amends AS 21.06.060(f) by removing the restriction that only financial analysis ratios and examination synopses from the NAIC would be held confidential.

Section 2. Amends AS 21.06.180(b) to provide an exception for the emergency summary suspension of a license in AS 21.27.420(d) which requires a hearing within 20 days.

Section 3. Amends AS 21.06.180(c) to provide an exception for 21.27.420(d) which does not provide for a refusal to grant a hearing

Section 4. Amends AS 21.06.190(a) to provide an exception for 21.27.420(d) which does not provide for a stay of an order of suspension.

Section 5. Amends AS 21.24.130(d) clarifies how the deposit in Alaska of a domestic insurer covered by the Alaska Life and Health Insurance Guaranty Association or the Alaska Insurance Guaranty Association will be treated when the insurer is under a delinquency proceeding in AS21.78.

Section 6. Amends AS 21.24.130(f) clarifies how the deposit of a foreign insurer will be treated when the insurer is insolvent. The deposit will be released to the applicable guaranty association. After all liabilities for the insurer's policies in this state are paid, the monies will be paid to the receiver.

Section 7. Amends AS 21.24.130. Adds a new subsection to AS 21.24.130 to provide a process for handling deposits of insurers that are not members of any guaranty association. These deposits are sent to the insolvent insurer's receiver.

Section 8. Amends AS 21.27.140(b) to remove the requirement that the firm's compliance officer must be licensed for all lines of authority the firm holds.

This is a summary only. Note that this sectional analysis should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.

Section 9. Amends AS 21.27.150(a) changes the definition for products sold by a limited travel licensee to comply with national uniform licensing standards.

Section 10. Amends AS 21.27.270(b) to permit the Director to issue a nonresident adjuster license under AS 21.27.020 if the independent adjuster's home state does not license independent adjusters.

Section 11. Amends AS 21.27.420. Adds a new subsection to AS 21.27.420 to provide authority to Director to do a summary suspension of a license, in the event of an emergency for public protection. Requires a decision be rendered within 30 days of the conclusion of the hearing.

Section 12. Amends AS 21.27.630. Adds a new subsection to AS 21.27.630 clarifying that individuals operating on behalf of the third party administrator are not required to obtain a separate registration.

Section 13. Amends AS 21.27.900 (11) modifies the definition of "home state" to include independent adjusters.

Section 14. Amends AS 21.34.020. Adds a new subsection to AS 21.34.020 enabling large commercial insureds which meet the definition of 'exempt commercial policyholder' to make their own choice of admitted or surplus lines insurers.

Section 15. Amends AS 21.34.040(d) to permit surplus lines insurer's annual statement filing with the National Association of Insurance Commissioners (NAIC) to be accepted as being filed with the division, and clarifies due date of filing between foreign and alien insurers.

Section 16. Amends AS 21.34.080(a) to modify details of surplus lines transaction filing to agree with AS 21.34.170 and remove unnecessary requirement.

Section 17. Amends AS 21.36.110 to clarify that rewards under wellness programs that meet the federal HIPPA requirements do not constitute rebating.

Section 18. Amends AS 21.36.355(a) to allow the Director to accept written consent issued to a nonresident by another insurance regulator official under 18 U.S.C. § 1033 and § 1034

Section 19. Amends AS 21.42.120(d) to allow the Director to require informational form filings (in lieu of filing for approval or before use).

Section 20. Amends AS 21.42.160(d) to require foreign insurers (in addition to domestic insurers) to include form numbers on their insurance policy and annuity contract forms.

Section 21. Amends AS 21.42.385(b) to allow the Director to update the dental, vision and hearing coverage mandate requirements to assure that the benefits remain current.

Section 22. Amends AS 21.55.100(b) to allow the board the flexibility to determine whether a Medicare supplement plan should be offered, given that Alaska Comprehensive Health Insurance Association (ACHIA) offers a more comprehensive Medicare carve-out plan.

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Section 23. Repeals and reenacts AS 21.55.500(19) modifies the ACHIA residency requirements to mirror the requirements for Permanent Fund Dividend qualification. Eases administration and allows more individuals would qualify for ACHIA.

Section 24. Amends AS 21.78.010(b) to provide an exception to claim payment priorities for deposits administered under AS 21.24..

Section 25. Amends AS 21.84.465(b) modifies the language regarding the due date of the annual financial statement for fraternal benefit societies to be consistent with the due date statute language of other types of insurers to require filing no later than March 1.

Section 26. Amends AS 21.85.100 to provide that the deposit administration requirements under AS 21.24 (Deposits) are applicable is to multiple employer welfare arrangement deposits required under AS 21.85

Section 27. Amends AS 21.87.180. Adds a new subsection AS 21.87.180(E) to make hospital and medical service corporations filings publicly available consistent with other insurers filings in AS 21.42.123 and AS 21.42.125.

Section 28. Amends AS 21.87.340 to make hospital or medical service corporations subject to the individual health insurance guaranteed renewability laws in AS 21.51.400; and to rules regarding representations and warranties requirements in AS 21.42.110

Section 29. Amends AS 21.90.900 to add new paragraph. Adds the definition of 'working day.'

Section 30. Amends AS 44.64.030(a)(17) to add summary suspensions to the list of insurance exemptions from the Office of Administrative Hearings.

Section 31. Repeals AS 21.07.250(19), AS 21.27.410(a)(10),(11) and (12), AS 21.55.220(b) repeals definitions of working day which was added to general title definitions; Repeals archaic reasons for denial, suspension or revocation of a license issued under AS 21.27.

Section 32. Provides for an effective date of July 1, 2009.

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