

LEG. FINANCE - BILLS 1983 - 1984 2127

SB 464 cont. - SB 470 2127

1 * Sec. 31. AS. 34.07.320(c) is amended to read:

2 (c) After first paying out of the respective share of each
3 [APARTMENT] owner of a unit, all mortgages, deeds of trust, and liens
4 on the undivided interest in the condominium [PROPERTY] owned by the
5 [APARTMENT] owner of a unit, the balance remaining in each share shall
6 be distributed to each [APARTMENT] owner of a unit respectively.

7 * Sec. 32. AS 34.07.330 is amended to read:

8 Sec. 34.07.330. REMOVAL OF CONDOMINIUM [PROPERTY] FROM THE
9 PROVISIONS OF THIS CHAPTER. All of the [APARTMENT] owners of units
10 within a condominium may remove the condominium [A PROPERTY] from the
11 application [PROVISIONS] of this chapter by a recorded instrument to
12 that effect if the mortgagees, trustees, and holders of all liens
13 affecting any of the units within the condominium [APARTMENTS CONSENT
14 OR] agree [, IN EITHER CASE] by a recorded instrument [,] that their
15 mortgages, deeds of trust, and liens are transferred to the percentage
16 of the undivided interest of the [APARTMENT] owner of a unit within
17 the condominium under [IN THE PROPERTY AS PROVIDED IN] AS 34.07.340.

18 * Sec. 33. AS 34.07.340 is amended to read:

19 Sec. 34.07.340. OWNERSHIP OF PROPERTY UPON REMOVAL FROM THE
20 PROVISIONS OF THIS CHAPTER. (a) Upon removal of the property from
21 the application [PROVISIONS] of this chapter, the property is owned in
22 common by the [APARTMENT] owners of units within the former condo-
23 minium.

24 (b) The undivided interest in the property owned in common that
25 [WHICH] appertains to each [APARTMENT] owner of a unit within the
26 former condominium is the percentage of the undivided interest
27 previously owned by the owners in the common areas and facilities of
28 the former condominium.

29 * Sec. 34. AS 34.07.350 is amended to read:

1 Sec. 34.07.350. REMOVAL OF PROPERTY DOES NOT BAR SUBSEQUENT
2 RESUBMISSION UNDER THIS CHAPTER. The removal of property from the
3 application of this chapter under [PROVIDED FOR IN] AS 34.07.330 -
4 34.07.340 does not bar the subsequent resubmission of the property to
5 the provisions of this chapter.

6 * Sec. 35. AS 34.07.360 is amended to read:

7 Sec. 34.07.360. STRICT COMPLIANCE WITH BYLAWS BY [APARTMENT]
8 OWNER OF UNIT NECESSARY. Each [APARTMENT] owner of a unit within a
9 condominium shall comply strictly with the bylaws and with [THE
10 ADOPTED] administrative regulations [,] as either may be lawfully
11 amended [FROM TO TIME,] and with the covenants, conditions and
12 restrictions set out in the declaration or in the deed to the unit
13 [HIS APARTMENT]. The failure by the owner of a unit within a
14 condominium [FAILURE] to comply with bylaws, administrative
15 regulations, covenants, conditions, or restrictions set out in the
16 declaration or in the deed to the unit [ANY OF THE FOREGOING] is
17 ground for an action to recover sums due for damages or injunctive
18 relief [,] or both, maintainable by the manager or board of directors
19 on behalf of the association of unit [APARTMENT] owners or by a
20 particularly aggrieved [APARTMENT] owner of a unit.

21 * Sec. 36. AS 34.07.370 is amended to read:

22 Sec. 34.07.370. UNANIMOUS CONSENT OF ALL UNIT [APARTMENT] OWNERS
23 NEEDED FOR CERTAIN WORK ON INDIVIDUAL UNIT [APARTMENT]. An [NO APART-
24 MENT] owner of a unit within a condominium may not do any work that
25 [WHICH] will jeopardize the soundness or safety of the property,
26 reduce its value, or impair any easement or hereditament without first
27 obtaining the unanimous consent of all of the other [APARTMENT] owners
28 of units within the condominium [BEING FIRST OBTAINED].

29 * Sec. 37. AS 34.07.380 is amended to read:

1 Sec. 34.07.380. COMMON PROFITS AND EXPENSES SHARED BY [APART-
2 MENT] OWNERS OF UNITS. The common profits of the condominium [PROP-
3 ERTY] shall be distributed among and the common expenses shall be
4 charged to the [APARTMENT] owners of units within the condominium
5 according to the percentage of the undivided interest in the common
6 areas and facilities.

7 * Sec. 38. AS 34.07.390 is amended to read:

8 Sec. 34.07.390. PERSONS SUBJECT TO THIS CHAPTER. (a) The [AN
9 APARTMENT] owner of a unit within a condominium, the [, HIS] tenant of
10 the owner of a unit and [, OR] their employees, and [OR] any other
11 person that may in any manner use the property of the condominium or
12 any part of it under this chapter are subject to the provisions of
13 this chapter [,] and to the declaration and bylaws of the association
14 of unit [APARTMENT] owners adopted under this chapter.

15 (b) An agreement, decision, and determination made by the asso-
16 ciation of unit [APARTMENT] owners under this chapter, the declaration
17 or the bylaws and in accordance with the voting percentages estab-
18 lished under this chapter, declaration, or the bylaws is binding on
19 all [APARTMENT] owners of units within the condominium.

20 * Sec. 39. AS 34.07.400(a) is amended to read:

21 (a) A manager or board of directors, if required by the declara-
22 tion, bylaws, or by a majority of the [APARTMENT] owners of units
23 within a condominium, or if requested by a mortgagee or trustee having
24 a mortgage or a deed of trust of record covering a unit within the
25 condominium [AN APARTMENT], shall obtain insurance for the condominium
26 [PROPERTY] against loss or damage by fire and other hazards under the
27 terms and amounts required or requested.

28 * Sec. 40. AS 34.07.400(b) is amended to read:

29 (b) The insurance coverage shall be written on the condominium

1 [PROPERTY] in the name of the manager or of the board of directors of
2 the association of unit [APARTMENT] owners, as trustee for each of the
3 [APARTMENT] owners of units in the percentages established by the
4 declaration or under a reappraisal of ownership interests under
5 AS 34.07.180(b).

6 * Sec. 41. AS 34.07.400(d) is amended to read:

7 (d) Provision of [FOR] insurance under this section does not
8 prejudice the right of an [APARTMENT] owner of a unit within the
9 condominium to insure the unit [HIS OWN APARTMENT] or the personal
10 contents in it for the [HIS] benefit of the owner.

11 * Sec. 42. AS 34.07.410 is amended to read:

12 Sec. 34.07.410. LIENS AGAINST PROPERTY, UNITS [APARTMENTS],
13 COMMON AREAS, AND FACILITIES. (a) After the recording of the
14 declaration under [AS PROVIDED IN] this chapter [,] and so long as
15 [WHILE] the property remains subject to this chapter, no lien may
16 [THEREAFTER] arise or be effective against the condominium [PROPERTY].
17 During this period, liens or encumbrances may arise or be created only
18 against each unit of the condominium [APARTMENT] and the percentage of
19 undivided interest in the common areas and facilities appurtenant to
20 the unit [APARTMENT] in the same manner and under the same conditions
21 as liens or encumbrances may arise or be created upon or against any
22 other separate parcel of real property subject to individual owner-
23 ship. Labor [HOWEVER, NO LABOR] performed or materials furnished with
24 the consent of or at the request of the owner of any unit [APARTMENT,]
25 or the owner's agent, contractor, or subcontractor [,] may not be the
26 basis for the filing of a lien against any other unit [APARTMENT] or
27 any other property of any other [APARTMENT] owner of a unit not ex-
28 pressly consenting to or requesting the labor or materials. Express
29 [SAME. HOWEVER, EXPRESS] consent is considered to have been given by

1 an [APARTMENT] owner of a unit in the case of emergency repairs.

2 (b) Labor performed or materials furnished for the common areas
3 and facilities, if authorized under [AS PROVIDED IN] this chapter,
4 [OR] by the declaration or bylaws, [OR] by the association of unit
5 [APARTMENT] owners, or by the manager or the board of directors [,] is
6 considered to have been performed or furnished with the express con-
7 sent of each [APARTMENT] owner of a unit within the condominium and
8 may be the basis for the filing of a lien against each of the units
9 [APARTMENTS] and is subject to [THE PROVISIONS OF] AS 34.07.420.

10 * Sec. 43. AS 34.07.420 is amended to read:

11 Sec. 34.07.420. REMOVAL OF LIEN AGAINST TWO OR MORE UNITS
12 [APARTMENTS]. (a) If a lien against two or more units within a
13 condominium [APARTMENTS] becomes effective, the [APARTMENT] owners of
14 the separate units [APARTMENTS] may remove their units [APARTMENTS]
15 and the percentage of undivided interest in the common areas and
16 facilities appurtenant to the units [APARTMENTS] from the lien by
17 payment of the fractional or proportional amounts attributable to each
18 of the units [APARTMENTS] affected. The individual payments are
19 computed by reference to the percentage appearing on the declaration
20 or under a reappraisal of ownership interests under AS 34.07.180(b).

21 (b) After payment, discharge, or satisfaction of the lien, the
22 unit within the condominium [APARTMENT] and the percentage of undi-
23 vided interest in the common areas and facilities appurtenant to it
24 are free and clear of the liens paid, satisfied, or discharged. The
25 partial payment, satisfaction, or discharge does not prevent the
26 lienor from proceeding to enforce [HIS] rights against a unit within
27 the condominium [ANY APARTMENT] and the percentage of undivided inter-
28 est in the common areas and facilities appurtenant to it not paid,
29 satisfied, or discharged.

1 * Sec. 44. AS 34.07.430 is amended to read:

2 Sec. 34.07.430. ASSESSMENT AND TAXATION OF UNITS [APARTMENTS].
3 (a) Each unit within a condominium together with [AN APARTMENT AND]
4 its undivided interest in the common areas and facilities is [ARE] a
5 parcel and [IT] is subject to separate assessments and taxation by a
6 municipality [EACH ASSESSING UNIT] for all types of taxes authorized
7 by law including special ad valorem levies and special assessments.
8 The condominium and [NO BUILDING, PROPERTY, OR] any of the common
9 areas and facilities may not be made the subject of a security inter-
10 est or considered as a parcel for any purpose.

11 (b) Nothing in this chapter detracts from or limits the powers
12 and duties of assessment and taxation by a municipality [ANY ASSESSING
13 OR TAXING UNIT OR OFFICIAL] otherwise granted or imposed by law, [OR]
14 regulation, or ordinance.

15 * Sec. 45. AS 34.07.440 is amended to read:

16 Sec. 34.07.440. INTERPRETATION OF LOCAL ORDINANCES, RESOLUTIONS,
17 OR ZONING LAWS. Local ordinances, resolutions, or laws relating to
18 zoning shall be construed to treat like structures, lots, or parcels
19 in like manner regardless of whether or not the ownership is divided
20 by sale of units within a condominium [APARTMENTS] under this chapter
21 rather than by lease of apartments.

22 * Sec. 46. AS 34.07.450 is repealed and reenacted to read:

23 Sec. 34.07.450. DEFINITIONS. In this chapter

24 (1) "association of unit owners" means all of the owners of
25 units within a condominium acting as a group in accordance with the
26 bylaws and with the recorded declaration;

27 (2) "common areas and facilities" means all of the portions
28 of the condominium other than the units;

29 (3) "common expenses" means expenditures made by or the

1 financial liabilities of the association of unit owners together with
2 any allocations to reserves;

3 (4) "common interest community" means real estate with
4 respect to which a person, by virtue of ownership of a unit, is obli-
5 gated to pay for real estate taxes, insurance premiums, maintenance,
6 or improvement of other real estate described in a declaration;

7 (5) "common profits" means the balance of all income,
8 rents, profits and revenue from the common areas and facilities
9 remaining after a deduction of the common expenses;

10 (6) "condominium" means a common interest community in
11 which portions of real estate are designated for separate ownership
12 and the remainder of the real estate is designated for common owner-
13 ship solely by the owners of those portions;

14 (7) "declaration" means the instrument prepared under
15 AS 34.07.020 by which the condominium is submitted to regulation under
16 this chapter;

17 (8) "identifying number" means a symbol or address that
18 identifies only one unit in a common interest community;

19 (9) "limited common areas and facilities" means a portion
20 of the common areas and facilities allocated by the declaration and,
21 if applicable, the bylaws for the exclusive use of more than one but
22 fewer than all of the units;

23 (10) "majority" or "majority of unit owners" means the unit
24 owners with 50 percent of the votes plus one vote in accordance with
25 the percentages assigned in the recorded declaration to the apartments
26 for voting purposes;

27 (11) "real estate"

28 (A) means any leasehold or other estate or interest
29 in, over, or under land, including structures, fixtures, and

1 other improvements and interests that by custom, usage, or law
2 pass with the conveyance of land though not described in the
3 contract or sale or the instrument of conveyance;

4 (B) includes parcels with or without upper or lower
5 boundaries and spaces that may be filled with air;

6 (12) "unit" means a physical portion of the property in a
7 common interest community subject to this chapter that is designated
8 for separate ownership or occupancy and the boundaries of which are
9 described under AS 34.07.020;

10 (13) "unit owner" means the person or persons who own a unit
11 within a common interest community created by a declaration filed
12 under AS 34.07.020.

13 * Sec. 47. AS 34.35.071(f) is amended to read:

14 (f) After recording a condominium declaration under AS 34.07.020
15 [A: PROVIDED IN AS 34.07.010 - 34.07.460 (HORIZONTAL PROPERTY REGIMES
16 ACT)], an owner may record a notice of completion under this section
17 as to each unit [APARTMENT] after completion of the original
18 construction of each unit of the condominium [APARTMENT].

19 * Sec. 48. AS 34.35.119 is amended to read:

20 Sec. 34.35.119. WAIVER OF LIENS ON UNSOLD CONDOMINIUM UNITS
21 [APARTMENTS]. (a) Liens created under AS 34.35.050 - 34.35.120
22 arising out of original construction that [WHICH] becomes subject to
23 AS 34.07.010 - 34.07.450 [THE HORIZONTAL PROPERTY REGIMES ACT
24 (AS 34.07.010 - 34.07.460)] before the first sale of any portion of a
25 condominium [THE PROPERTY] after commencement of construction are
26 [SHALL BE] subject to the provisions of this section.

27 (b) Subject to (c) of this section, a claimant who claims a lien
28 against an entire condominium [THE ENTIRE BUILDING] shall release that
29 portion of the [HIS] lien claim that [WHICH] relates to a particular

1 unit of the condominium [APARTMENT] selected by the owner of the
2 unsold condominium units [APARTMENTS] after the claimant receives a
3 partial payment of the [HIS] lien claim that [WHICH] is equal to 115
4 percent of the amount determined by:

5 (1) dividing the surface area of the common areas and
6 facilities attendant to the condominium unit [APARTMENT] by the
7 surface area of all common areas and facilities of the condominium
8 [BUILDING]; and

9 (2) multiplying the result obtained in (1) of this
10 subsection by the total amount of the claimant's lien claim.

11 (c) A lien claimant is not required to waive a portion of the
12 [HIS] lien claim under this section unless the amount of indebtedness
13 secured by a prior encumbrance against the condominium [BUILDING] held
14 by a construction lender is also reduced by an amount calculated in
15 the same manner as provided in (b) of this section.

16 * Sec. 49. AS 34.07.460 is repealed.

Introduced: 2/13/84
Referred: Labor and Commerce
and Judiciary

1 IN THE SENATE

BY HALFORD

2

SENATE BILL NO. 464

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act permitting the establishment of horizontal
7 property regimes for mobile homes."

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

9 * Section 1. AS 34.07 is amended by adding a new section to read:

10 ARTICLE 8. MOBILE HOMES HORIZONTAL PROPERTY REGIME.

11 Sec. 34.07.500. MOBILE HOME HORIZONTAL PROPERTY REGIME. (a)

12 Notwithstanding the provisions of AS 34.07.010 - 34.07.460, a horizon-
13 tal property regime for mobile homes may be established in an estate
14 in real property consisting of an undivided interest in common in a
15 portion of the real property together with a separate interest in
16 space, the boundaries of which are described in a declaration filed by
17 the sole owner or all of the owners of the property and which complies
18 to the extent applicable with AS 34.07.020. The area within the
19 boundaries may be filled with air or earth or a combination of air and
20 earth and need not be physically attached to land except by easements
21 of access and, if necessary, support.

22 (b) The portion of the parcel of real property held in undivided
23 interest may be all of the real property of an existing parcel except
24 for the separate interests in space without regard to any three-
25 dimensional aspects of the real property if the purpose of the hori-
26 zontal property regime is the establishment of a horizontal property
27 regime for mobile homes.

28 (c) Except to the extent that AS 34.07.010 - 34.07.460 is in-
29 applicable to a horizontal property regime for mobile homes, the

1 provisions of AS 34.07.010 - 34.07.460 apply to a horizontal property
2 regime established for mobile homes.

11/21

The Judiciary Committee discussed Senate Bill 464 and decided to waive it with a further referral to the Finance Committee. However, the following amendment to the Labor & Commerce committee substitute was suggested for the Finance Committee's consideration:

Page 4, line 27: After the word "chapter" delete all language through "common" on line 28.

COMMITTEE REPORT

SENATE

FURTHER:

FINANCE

2/13/84

Date

4/3/84

Mr. President

The Committee on STATE AFFAIRS considered SB 466

leases by the state; efd.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

do pass

do pass with attached amendment(s)

replace with/or adopt CS for SB 466(SA)

new title

same title and recommends may do pass

and attached a "LETTER OF INTENT"

NEW FISCAL NOTE

reports it back without recommendation

ZERO

recommends referral to _____ Committee

MEMBERS SIGNING

DO PASS

Kelly
William J. ...
Michael ...

MEMBERS HAVING

OTHER RECOMMENDATIONS

W. ...
Chairman

do pass
Chairman recommendation

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: SB 466
 Title: An Act Relating to
Leases by the State
 Sponsor: Bennett, Sackett, et al
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Administration
 Program Category Affected: Division of
General Services & Supply
 BRU, Program or Subprogram(s) Affected:
Leasing & Facilities

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
500 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 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						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

*NOTE: Although indicated fiscal impact is -0-, there may be some increase in costs due to Lessor's increased exposure to risk.

ANALYSIS: Attach a separate page for analysis

Prepared By: Anselm Staack *A. Staack* Phone: 465-2200
 Division: General Services & Supply Date: 3-36-84

Approved by Commissioner: Lisa Rudd *LR* Date: 3/27/84
 Agency: Administration

Distribution (by Agency preparing fiscal note):

Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

12/1/83

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

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EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
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CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
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OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
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Legislative Finance
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12/1/83

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Pon

Revision Date: _____

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Leasing & Facilities

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
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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						
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TEMPORARY						

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 Approved by Commissioner: Lisa Rudd *L. Rudd* Date: 3/27/84
 Agency: Administration

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

Offered: 4/4/84
Referred: Finance

Original sponsors: Bennett, Sackett,
Kerttula, et al

1 IN THE SENATE BY THE STATE AFFAIRS COMMITTEE
2 CS FOR SENATE BILL NO. 466 (State Affairs)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 THIRTEENTH LEGISLATURE - SECOND SESSION
5 A BILL

6 For an Act entitled: "An Act relating to leases by the state; and provid-
7 ing for an effective date."

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

9 * Section 1. AS 37.05.280 is amended to read:

10 Sec. 37.05.280. LEASES. (a) The department shall lease neces-
11 sary space, and contract for the lease of space for the use of the
12 state or an agency of the state, wherever it is necessary and feasi-
13 ble, subject to compliance with the requirements of AS 37.05.220 -
14 37.05.280. A [NO] lease or contract for a lease may not provide for a
15 period of occupancy greater than 40 years. An agency of the state
16 requiring office, warehouse or other space shall lease the space
17 through the department.

18 (b) A contract or lease may not be executed unless procurement
19 of the space by contract or lease has been approved by law or unless a
20 specific appropriation of the required consideration for the first
21 year of the contract or lease has been made before the contract or
22 lease is executed if, (1) the contract or lease is for office, ware-
23 house or other space and the annual consideration is in excess of
24 \$1,000,000, or (2) the total consideration over the life of the con-
25 tract or lease is in excess of \$1,000,000 and any part of the consid-
26 eration may be applied toward acquisition of the property that is the
27 subject matter of the lease or contract.

28 (c) The requirements of (b) of this section do not apply to
29 continuation or renewal of leases executed before the effective date

1 of this Act if the annual rental on the lease is in excess of
2 \$1,000,000 on that date and do not apply to leases executed after the
3 effective date of this Act if a site for the improvement to be leased
4 has been acquired and bid documents for the improvement have been
5 prepared before the effective date of this Act [NO CONTRACT OR LEASE
6 EXECUTED AFTER JANUARY 1, 1966, WHICH PROVIDES FOR A PAYMENT OR PAY-
7 MENTS BY THE STATE IN EXCESS OF \$12,000 ANNUALLY IS VOID UNLESS THE
8 USE OF THE SPACE TO BE PROVIDED FOR BY SUCH CONTRACT OR LEASE HAS BEEN
9 EXPRESSLY APPROVED BY THE LEGISLATURE BY CONCURRENT RESOLUTION].

10 * Sec. 2. This Act takes effect immediately in accordance with AS 01.-
11 10.070(c).

Introduced: 2/13/84
Referred: State Affairs and
Finance

BY BENNETT, SACKETT, KERTTULA,
ELIASON, FAIKS, MOSS, MULCAHY,
STURGULEWSKI AND PETTYJOHN

1 IN THE SENATE

2

SENATE BILL NO. 466

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

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11 space, and contract for the lease of space for the use of the state or
12 an agency of the state, wherever it is necessary and feasible, subject
13 to compliance with the requirements of AS 37.05.220 - 37.05.280. No
14 lease or contract for a lease may provide for a period of occupancy
15 greater than 40 years. An agency of the state requiring office,
16 warehouse or other space shall lease the space through the department.
17 No contract or lease executed after January 1, 1966, which provides
18 for a payment or payments by the state in excess of \$12,000 annually
19 is valid unless the use of the space to be provided for by such con-
20 tract or lease has been expressly approved by the legislature by
21 concurrent resolution. No contract or lease may be executed after the
22 effective date of this Act if the term of the lease is more than three
23 years and the annual rental is in excess of \$150,000 unless a specific
24 appropriation for the required rental payment of the contract or lease
25 for the first three years of the lease term has been made before the
26 contract or lease is executed. No contract or lease may be executed
27 after the effective date of this Act if any of the consideration for
28 the contract or lease may be applied toward acquisition of the
29 property leased if the total consideration for the acquisition exceeds

1 \$150,000 unless a specific appropriation for the total rental payment
2 and all other costs of acquisition under the contract or lease has
3 been made before the contract or lease is executed.

4 * Sec. 2. This Act takes effect immediately in accordance with AS 01.-
5 10.070(c).

COMMITTEE REPORT
SENATE

FURTHER:

3/30/84

Date 5/2/84

Mr. President

The Committee on FINANCE considered SB 469

credited service under the Public Employees' Retirement System; efd.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

do pass

do pass with attached amendment(s)

replace with/or adopt CS for SB 469 (S.A.)

new title

same title and recommends Do Pass

and attached a "LETTER OF INTENT" NEW FISCAL NOTE

reports it back without recommendation

3/29/84 141.0

recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

[Handwritten signatures]

[Blank lines]

[Handwritten signature]
Chairman

[Handwritten signature]
Chairman recommendation

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

*accompanied
bill into
committee*

Revision Date: _____

(Page 1 of 2)

REQUEST

FISCAL DETAIL

Bill/Resolution No.: CSSB 469 Agency Affected: All State Agencies

Title: "An Act allowing BIA service in PERS" Program Category Affected: PERS

Sponsor: Sackett BRU, Program or Subprogram(s) Affected: _____

Requestor: _____

Date of Request: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

Operating	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
100 Personal Svcs						
100 Rtmnt & Bnfts	-0-	141.0	141.0	141.0	141.0	141.0
200 Travel						
300 Contractual						
400 Supplies						
500 Equipment						
600 Land & Struct						
700 Grants, Claims						
700 TRS Match						
TOTAL OPERATING	-0-	141.0	141.0	141.0	141.0	141.0

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

General Fund		127.5	127.5	127.5	127.5	127.5
Federal Funds		6.5	6.5	6.5	6.5	6.5
Other		7.0	7.0	7.0	7.0	7.0
Total		141.0	141.0	141.0	141.0	141.0

POSITIONS:

Full-Time						
Part-Time						
Temporary						

SOURCE OF FUNDS TO OFFSET IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: J.K. Humphreys Director *J.K. Humphreys* Phone: 465-4460
Division: Retirement & Benefits Date: 3-27-84

Approved by Commissioner: Lisa Rudd *LJR* Date: 3/28/84
Agency: Department of Administration

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

CSSB 469
Fiscal Note Analysis
Prepared by the Division of Retirement & Benefits
Department of Administration

March 27, 1984

IV Analysis: This bill would allow all PERS members who complete 3 years of credited service to claim credit for service rendered as an uncertified employee of BIA schools provided they have never had sufficient service credit in the Federal Civil Service Retirement System to be eligible to receive a benefit in that system. Eligible BIA school employees who were within 3 years of normal retirement in the federal system could claim federal service with less than 3 years of credited service.

The cost of this bill will be borne by all PERS employers, Political Subdivisions as well as the State. The individual employer contribution will increase on an average of .03%. The total cost to the Political Subdivision employers is estimated be as follows:

$\frac{\text{FY 85}}{100.3}$	$\frac{\text{FY 86}}{100.3}$	$\frac{\text{FY 87}}{100.3}$	$\frac{\text{FY 88}}{100.3}$	$\frac{\text{FY 89}}{100.3}$
------------------------------	------------------------------	------------------------------	------------------------------	------------------------------

The total present value of the costs of this bill to all employers is \$2.5 million.

This bill would reduce the PERS funding ratio by .3%.

Offered: 3/30/84
Referred: Finance

Original sponsors: Sackett and Ferguson

1 IN THE SENATE BY THE STATE AFFAIRS COMMITTEE
2 CS FOR SENATE BILL NO. 469 (State Affairs)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL
6 For an Act entitled: "An Act relating to credited service under the Public
7 Employees' Retirement System; and providing for an
8 effective date."

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

10 * Section 1. AS 39.35.360 is amended by adding new subsections to read:
11 (i) An employee who completes three years of credited service
12 with an employer, for which the employee makes contributions required
13 by this chapter, is entitled to credited service on a year-for-year
14 basis for service credited in the Civil Service Retirement System,
15 rendered as an employee of an Alaska Bureau of Indian Affairs (BIA)
16 school, other than service as a teacher. Retroactive credited service
17 under this section must be claimed before the employee retires. When
18 eligibility for retroactive credited service under this section has
19 been established, an indebtedness of the employee to the system shall
20 be established. The amount of this indebtedness is determined by
21 multiplying six percent of the employee's actual annual compensation,
22 or the calculated annual compensation for an employee who works fewer
23 than 12 months, for the most recent calendar year in which service is
24 rendered to an employer before the calendar year in which the employee
25 first becomes eligible to claim service under this subsection, by the
26 number of years of service in Alaska BIA schools that is credited
27 under this subsection. Interest as prescribed by regulation accrues
28 on the indebtedness beginning on the date the employee may first claim
29 the retroactive credited service. Any outstanding indebtedness that

1 exists at the time the employee retires requires an actuarial adjust-
2 ment to the benefits that are based on retroactive credited service
3 under this section. Service may not be claimed under this subsection
4 and benefits may not be paid for service claimed under this subsection
5 if the employee has, at any point in time, enough service credit in
6 the Civil Service Retirement System to be eligible for a retirement
7 benefit under that system.

8 (j) An employee who has not completed three years of credited
9 service with an employer may claim credited service as an employee of
10 an Alaska Bureau of Indian Affairs (BIA) school, other than service as
11 a teacher under (i) of this section if, on the date of transfer of the
12 Alaska BIA school to the state, the employee is employed at the school
13 and needs fewer than three additional years of continuous full-time
14 employment for normal retirement in the federal Civil Service Retirement
15 System, and the employee completes a period of service with an
16 employer, for which the employee makes contributions required by this
17 chapter, equal to the additional period of service that would have
18 been required for that employee's normal retirement under the federal
19 Civil Service Retirement System. An employee who claims credited
20 service under this subsection must provide federal government
21 verification of the employee's federal Civil Service Retirement System
22 status when the claim is filed.

23 * Sec. 2. This Act takes effect immediately in accordance with AS 01.-
24 10.070(c).

Introduced: 2/13/84
Referred: State Affairs
and Finance

1 IN THE SENATE

BY SACKETT AND FERGUSON

2

SENATE BILL NO. 469

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTIETH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to credited service under the Public
7 Employees' Retirement System; and providing for an
8 effective date."

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

10 * Section 1. AS 39.35.360 is amended by adding a new subsection to
11 read:

12 (i) An employee who completes three years of credited service
13 with an employer, for which the employee makes contributions required
14 by this chapter, is entitled to credited service for service rendered
15 as a noncertificated Alaska Bureau of Indian Affairs (BIA) employee.
16 Retroactive credited service under this section must be claimed before
17 the employee retires. When an employee claims retroactive credited
18 service under this section, an indebtedness of the employee to the
19 system shall be established. The amount of this indebtedness is equal
20 to the contributions the employee would have made if the employee had
21 been eligible for membership in the system while the employee was a
22 noncertificated Alaska BIA employee. The rate used to calculate the
23 contributions may not be less than the rate in effect on January 1,
24 1961. Interest as prescribed by regulation accrues on the indebted-
25 ness beginning on the date the employee may first claim the retroac-
26 tive credited service. Any outstanding indebtedness that exists at
27 the time the employee retires requires an actuarial adjustment to the
28 benefits that are based on retroactive credited service under this
29 section. Benefits payable under this subsection for noncertificated

1 Alaska BIA service shall be reduced by an amount equal to the retire-
2 ment benefits paid to the employee by the United States government for
3 the same service.

4 * Sec. 2. Act takes effect immediately in accordance with AS 01.-
5 10.070(c).

Senator Vic Fischer

(907) 465-4954



Alaska State Legislature
Pouch V • Juneau, Alaska 99811 • (907) 465-4954

MEMORANDUM

TO: Members, Senate Finance Committee
FROM: Senator Vic Fischer *[Signature]*
RE: CSSB 469 Credited PERS service for BIA employees
DATE: May 2, 1984

SB 469 allows BIA school employees who are not teachers to obtain credited service under the Public Employees Retirement Service when BIA schools are transferred to the state. Only BIA employees who are not eligible for federal retirement benefits will be made eligible for benefits under PERS. (Teachers in the BIA schools will be covered under TRS when the schools are transferred.)

BIA employees would also be able to receive higher PERS retirement benefits by making contributions to the system for their past years of BIA employment. The bill outlines the rate of employees' indebtedness to PERS based on the amount an employee would have paid into PERS had the employee been contributing for the total number of years of BIA employment. In the event that the Federal Government transfers the money in the Civil Service Retirement Account to the State, the amount of the employees' indebtedness will be substantially decreased, and the indebtedness will then not be calculated by the formula outlined in the bill.

The State Affairs CS also provides that those noncertified BIA employees within 3 years of retirement at the time of the transfer will not have to fulfill the three year vesting period and will be eligible for retirement at the normal retirement age.

Fiscal information

SB 469	FY '85	\$2,490.5 thousand
CSSB 469 (State Affairs)	FY '85	704.8 thousand
		\$141.0 THOUSAND (3/28/84)

The difference in cost is due to (1) clarifying language in the CS which defines the scope of those eligible for the bill as BIA employees who work for the school and who are not teachers, and (2) restricting the eligibility of retirement benefits to those employees who will not be eligible for benefits under the federal system.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____
(Page 1 of 2)

REQUEST	FISCAL DETAIL
Bill/Resolution No.: <u>CSSB 469</u>	Agency Affected: <u>All State Agencies</u>
Title: <u>"An Act allowing BIA service in PERS"</u>	Program Category Affected: <u>PERS</u>
Sponsor: <u>Sackett</u>	BRU, Program or Subprogram(s) Affected: _____
Requestor: _____	
Date of Request: _____	

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
Operating						
100 Personal Svcs						
100 Rtmnt & Bnfts	-0-	704.8	704.8	704.8	704.8	704.8
200 Travel						
300 Contractual						
400 Supplies						
500 Equipment						
600 Land & Struct						
700 Grants, Claims						
700 TRS Match						
TOTAL OPERATING	-0-	704.8	704.8	704.8	704.8	704.8

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

General Fund	637.1	637.1	637.1	637.1	637.1
Federal Funds	32.4	32.4	32.4	32.4	32.4
Other	35.3	35.3	35.3	35.3	35.3
Total	-0-	704.8	704.8	704.8	704.8

POSITIONS:

Full-Time					
Part-Time					
Temporary					

SOURCE OF FUNDS TO OFFSET IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: J.K. Humphreys, Director Phone: 465-4460
 Division: Retirement & Benefits Date: 3-21-84

Approved by Commissioner: Lisa Rudd Date: 3/22/84
 Agency: Department of Administration

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

CSSB 469
Fiscal Note Analysis
Prepared by the Division of Retirement & Benefits
Department of Administration

March 21, 1984

IV Analysis: This bill would allow all PERS members who complete 3 years of credited service to claim credit for service rendered as an uncertified employee of BIA schools. BIA school employees who were within 3 years of normal retirement in the federal system could claim federal service with less than 3 years of credited service.

The cost of this bill will be borne by all PERS employers, Political Subdivisions as well as the State. The individual employer contribution will increase on an average of .15%. The total cost to the Political Subdivision employers is estimated be as follows:

<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>
501.3	501.3	501.3	501.3	501.3

The total present value of the costs of this bill to all employers is \$12.4 million.

This bill would reduce the PERS funding ratio by 1.3%.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

(Page 1 of 2)

REQUEST

Bill/Resolution No.: SB 469
 Title: "An act allowing BIA
 service in PERS "
 Sponsor: Sackett
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL

Agency Affected: All State Agencies
 Program Category Affected: PERS
 BRU, Program or Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

Operating	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
100 Personal Svcs						
100 Rtmnt & Bnfts	-0-	2,490.5	2,490.5	2,490.5	2,490.5	2,490.5
200 Travel						
300 Contractual						
400 Supplies						
500 Equipment						
600 Land & Struct						
700 Grants, Claims						
700 TRS Match						
TOTAL OPERATING	-0-	2,490.5	2,490.5	2,490.5	2,490.5	2,490.5

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

General Fund		2,251.4	2,251.4	2,251.4	2,251.4	2,251.4
Federal Funds		114.6	114.6	114.6	114.6	114.6
Other		124.5	124.5	124.5	124.5	124.5
Total	-0-	2,490.5	2,490.5	2,490.5	2,490.5	2,490.5

POSITIONS: NONE

Full-Time						
Part-Time						
Temporary						

SOURCE OF FUNDS TO OFFSET IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: J.K. Humphreys, Director Phone: 465-4460
 Division: Retirement & Benefits Date: 2-27-84

Approved by Commissioner: Lisa Rudd Date: 2-28-84
 Agency: Department of Administration

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Senate Bill 469
Fiscal Note Analysis
Prepared by the Division of Retirement & Benefits
Department of Administration

February 27, 1984

IV Analysis: This bill would allow all PERS members who complete 3 years of credited service to claim credit for service rendered as an uncertified BIA employee.

The cost of this bill will be borne by all PERS employers, Political Subdivisions as well as the State. The individual employer contribution will increase on an average of .53%. The total cost to the Political Subdivision employers will be as follows:

<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>
1,771.3	1,771.3	1,771.3	1,771.3	1,771.3

The total present value of the costs of this bill to all employers is \$44.4 million.

This bill would reduce the PERS funding ratio by 4.3%.

COMMITTEE REPORT
SENATE

FURTHER:

FINANCE

2/13/84

Date: 3 | 27 | 1984

Mr. President

The Committee on STATE AFFAIRS considered SB 469

credited service under the Public Employees' Retirement System; efd.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for SB 469 (sa)
- new title
- same title and recommends _____
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

Kelly

William Stojanowski

MEMBERS HAVING
OTHER RECOMMENDATIONS

V. Fischer

Chairman

do pass

Chairman recommendation

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

FISCAL DETAIL

Bill/Resolution No.: HCSSB 469 (Finance) Agency Affected: All State Agencies
Title: Allow BIA Service applied to PERS Program Category Affected: PERS

Sponsor: Sackett BRU, Program or Subprogram(s) Affected: _____
Requestor: House Finance _____
Date of Request: 5-25-84 _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES		188.0				
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		188.0				
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		174.5				
FEDERAL FUNDS		6.5				
OTHER		7.0				
TOTAL		188.0				

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: M. Gifford Phone: x3753
Division: Legislative Finance Date: 5-25-84

Approved by Commissioner SENATOR Date: 5-25-84
Agency: Legislature

Distribution (by Agency preparing fiscal note):

Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

12/1/83

Original sponsors: Sackett and Ferguson

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 469 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to credited service under the Public
7 Employees' Retirement System; and providing for an
8 effective date."

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

10 * Section 1. AS 39.35.125(b) is amended to read:

11 (b) Service as an elected official before January 1, 1981, with
12 an employer may be included retroactively as credited service with the
13 system if the elected official or former elected official makes retro-
14 active contributions equal to what would have been made if the elected
15 official or former elected official had been included in the system
16 when the oath of office as an elected official was taken, plus accrued
17 interest from July 1, 1984. The rate used to calculate the retroac-
18 tive contributions may not be less than the rate in effect on Jan-
19 uary 1, 1961. [AN ELECTED OFFICIAL OR FORMER ELECTED OFFICIAL MUST
20 CLAIM PRIOR SERVICE AND MAKE RETROACTIVE CONTRIBUTIONS BEFORE FEB-
21 RUARY 1, 1983]. An elected official or former elected official may
22 not receive credited service under this subsection for any period in
23 which the elected official or former elected official was receiving a
24 retirement benefit from the system. An elected official or former
25 elected official receiving a retirement benefit from the system on
26 January 1, 1981, is not eligible to claim credited service under this
27 subsection unless the elected official or former elected official is
28 reemployed as an active member [AND CLAIMS THE CREDITED SERVICE BEFORE
29 FEBRUARY 1, 1983]. Service as an elected official with an employer

1 constitutes employment as an active member as [SO] long as a [KO]
2 waiver of coverage under (a) of this section is not in effect.

3 * Sec. 2. AS 39.35.360 is amended by adding new subsections to read:

4 (1) An employee who completes three years of credited service
5 with an employer, for which the employee makes contributions required
6 by this chapter, is entitled to credited service on a year-for-year
7 basis for service credited in the Civil Service Retirement System,
8 rendered as an employee of an Alaska Bureau of Indian Affairs (BIA)
9 school, other than service as a teacher. Retroactive credited service
10 under this section must be claimed before the employee retires. When
11 eligibility for retroactive credited service under this section has
12 been established, an indebtedness of the employee to the system shall
13 be established. The amount of this indebtedness is determined by
14 multiplying six percent of the employee's actual annual compensation,
15 or the calculated annual compensation for an employee who works fewer
16 than 12 months, for the most recent calendar year in which service is
17 rendered to an employer before the calendar year in which the employee
18 first becomes eligible to claim service under this subsection, by the
19 number of years of service in Alaska BIA schools that is credited
20 under this subsection. Interest as prescribed by regulation accrues
21 on the indebtedness beginning on the date the employee may first claim
22 the retroactive credited service. Any outstanding indebtedness that
23 exists at the time the employee retires requires an actuarial adjust-
24 ment to the benefits that are based on retroactive credited service
25 under this section. Service may not be claimed under this subsection
26 and benefits may not be paid for service claimed under this subsection
27 if the employee has, at any point in time, enough service credit in
28 the Civil Service Retirement System to be eligible for a retirement
29 benefit under that system.

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(j) An employee who has not completed three years of credited service with an employer may claim credited service as an employee of an Alaska Bureau of Indian Affairs (BIA) school, other than service as a teacher under (i) of this section if, on the date of transfer of the Alaska BIA school to the state, the employee is employed at the school and needs fewer than three additional years of continuous full-time employment for normal retirement in the federal Civil Service Retirement System, and the employee completes a period of service with an employer, for which the employee makes contributions required by this chapter, equal to the additional period of service that would have been required for that employee's normal retirement under the federal Civil Service Retirement System. An employee who claims credited service under this subsection must provide federal government verification of the employee's federal Civil Service Retirement System status when the claim is filed.

* Sec. 3. Section 1 of this Act takes effect July 1, 1984.

* Sec. 4. Section 2 of this Act takes effect immediately in accordance with AS 01.10.070(c).

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

(Page 1 of 2)

REQUEST

FISCAL DETAIL

Bill/Resolution No.: HCSSB 469 Agency Affected: All State Agencies

Title: "An Act allowing BIA service in PERS" Program Category Affected: PERS

Sponsor: Sackett

BRU, Program or Subprogram(s) Affected: _____

Requestor: _____

Date of Request: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
Operating						
100 Personal Svcs						
100 Rtmnt & Pfts	-0-	141.0	141.0	141.0	141.0	141.0
200 Travel						
300 Contractual						
400 Supplies						
500 Equipment						
600 Land & Struct						
700 Grants, Claims						
700 TRS Match						
TOTAL OPERATING	-0-	141.0	141.0	141.0	141.0	141.0

<u>CAPITAL</u>						
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<u>REVENUE</u>						
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FUNDING: (Thousands of Dollars)

General Fund		127.5	127.5	127.5	127.5	127.5
Federal Funds		6.5	6.5	6.5	6.5	6.5
Other		7.0	7.0	7.0	7.0	7.0
Total		141.0	141.0	141.0	141.0	141.0

POSITIONS:

Full-Time						
Part-Time						
Temporary						

SOURCE OF FUNDS TO OFFSET IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: J. K. Humphreys, Director Phone: 465-4460
 Division: Retirement & Benefits Date: 3-27-84

Approved by Commissioner: Lisa Rudd Date: 3/28/84
 Agency: Department of Administration

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

CSSB 469
Fiscal Note Analysis
Prepared by the Division of Retirement & Benefits
Department of Administration

March 27, 1984

IV Analysis: This bill would allow all PERS members who complete 3 years of credited service to claim credit for service rendered as an uncertified employee of BIA schools provided they have never had sufficient service credit in the Federal Civil Service Retirement System to be eligible to receive a benefit in that system. Eligible BIA school employees who were within 3 years of normal retirement in the federal system could claim federal service with less than 3 years of credited service.

The cost of this bill will be borne by all PERS employers, Political Subdivisions as well as the State. The individual employer contribution will increase on an average of .03%. The total cost to the Political Subdivision employers is estimated be as follows:

<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>
100.3	100.3	100.3	100.3	100.3

The total present value of the costs of this bill to all employers is \$2.5 million.

This bill would reduce the PERS funding ratio by .3%.

Alaska State Legislature

SENATOR
John C. Sackett

CO-CHAIRMAN
SENATE FINANCE COMMITTEE

MEMBER
COMMUNITY & REGIONAL AFFAIRS COMMITTEE
LABOR & COMMERCE COMMITTEE
BUDGET & AUDIT COMMITTEE
REGULATION REVIEW COMMITTEE



Senate

HOME ADDRESS
P.O. BOX 11
RUBY, ALASKA 99768

WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA 99811
TELEPHONE 465-3753

Wednesday, May 16, 1984

MEMORANDUM

TO: All Members of the Senate

FROM: Senator John Sackett *JCS*

Re: CSSB-469 (State Affairs) an Act relating to credited service under the Public Employees' Retirement System; and providing for an effective date.

Attached are:

- 1) bill analysis
- 2) DOA/Retirement and Benefits Position Paper Supporting CSSB-469 (St. Affairs)
- 3) Memo from Sen. Sackett to Sen. Rules with brief explanation of bill
- 4) CSSB-469(SA) FISCAL NOTE and department analysis
- 5) copy of AS 39.35.360, Public Officers and Employees, Earlier Service (SB-469 adds new subsections (i) and (j) to statutes
- 6) memo from Sen. Vic Fischer to members of Sen. Finance explaining State Affairs CS for SB-469, and detailing NEW FISCAL NOTE of \$141.0 t

In short, this bill permits BIA non-certificated employees who transfer into the PERS program, as a result of the BIA school transfers into the public school system, to credit their BIA service after three years under PERS if they are not eligible for civil service retirement.

SB-469

BILL ANALYSIS

CSSB 469 (State Affairs),

BIA credited service under PERS.

Original Sponsor: Senators Sackett and Ferguson

Fiscal Note: \$141,000

(of which \$127,500 are from the general fund)

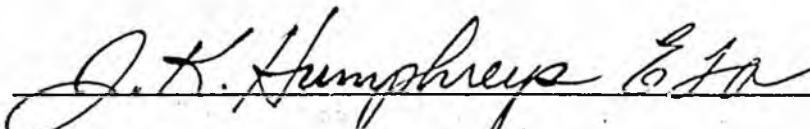
(The total cost to all PERS political subdivision employees is estimated at \$100,300 per year)

Former BIA teachers who transfer to state employment when the schools transfer are already provided for. This bill addresses the non-teachers who are not eligible for a Civil Service Retirement. - If they are not eligible for federal retirement and have paid into PERS for 3 years they can have their BIA years credited to PERS under the formula of 6% times the most recent 12 months times the number of BIA years of service. If such an employee is closer to normal retirement than 3 years, he does not have to meet the 3 year test.

Position Paper


CSSB 469

The department supports this bill. This bill would provide relief for those noncertificated BIA school employees who have "fallen through the cracks" regarding retirement benefits as a result of the federal government transfer of the BIA schools to the State. This bill would allow those covered members who satisfy a membership requirement to establish an indebtedness to the system for federal BIA school service if they do not qualify for a federal benefit.



J.K. Humphreys, Director, Division of Retirement & Benefits

5/7/84
Date



Lisa Rudd, Commissioner, Department of Administration

5-11-84
Date

Alaska State Legislature

SENATOR
John C. Sackett

CO-CHAIRMAN
SENATE FINANCE COMMITTEE

MEMBER
COMMUNITY & REGIONAL AFFAIRS COMMITTEE
LABOR & COMMERCE COMMITTEE
BUDGET & AUDIT COMMITTEE
REGULATION REVIEW COMMITTEE



Senate

HOME ADDRESS
P.O. BOX 11
RUBY, ALASKA 99768

WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA 99811
TELEPHONE 465-3753

May 15, 1984

MEMORANDUM

TO: Senator Jan Faiks
Senate Rules Committee Chair

FROM: Senator John Sackett *J. Sackett*

RE: CSSB 469 (State Affairs), credited PERS Service for BIA employees

I request that you schedule CSSB 469 (State Affairs) for the Senate Calendar. As you may recall from our consideration of the bill in the Finance Committee, it addresses non-teaching BIA employees who transfer from federal to state employment when the BIA schools so transfer. BIA teachers in this situation already have their retirement provided for.

As a result of this bill BIA non-teachers who are not eligible for a federal Civil Service Retirement would be eligible to have their BIA years credited to the state PERS if they have paid into PERS for 3 years or if the employee is closer to normal retirement than 3 years. The bill also establishes a formula by which to calculate the indebtedness on these transferred years of credit.

The bill was reworked several times to get it to this version in order to reduce the fiscal note as much as possible while still meeting the retirement needs of former BIA employees who may have been otherwise harmed by the transfer of these schools to state operation. I hope your committee will look favorably on this bill and calendar it as soon as possible. My staff will be happy to provide any further information that you may desire.

WITNESSED AND SUBMITTED

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

(Page 1 of 2)

<u>REQUEST</u> Bill/Resolution No.: <u>CSSB 469</u> Title: <u>"An Act allowing BIA service in PERS"</u> Sponsor: <u>Sackett</u> Requestor: _____ Date of Request: _____	<u>FISCAL DETAIL</u> Agency Affected: <u>All State Agencies</u> Program Category Affected: <u>PERS</u> BRU, Program or Subprogram(s) Affected: _____
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EXPENDITURES/REVENUES: (Thousands of Dollars)

Operating	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
100 Personal Svcs						
100 Rtmnt & Bnfts	-0-	141.0	141.0	141.0	141.0	141.0
200 Travel						
300 Contractual						
400 Supplies						
500 Equipment						
600 Land & Struct						
700 Grants, Claims						
700 TRS Match						
TOTAL OPERATING	-0-	141.0	141.0	141.0	141.0	141.0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
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FUNDING: (Thousands of Dollars)

General Fund		127.5	127.5	127.5	127.5	127.5
Federal Funds		6.5	6.5	6.5	6.5	6.5
Other		7.0	7.0	7.0	7.0	7.0
Total		141.0	141.0	141.0	141.0	141.0

POSITIONS:

Full-Time						
Part-Time						
Temporary						

SOURCE OF FUNDS TO OFFSET IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: J. K. Humphreys *J. K. Humphreys* Director *2/27/84* Phone: 465-4460
 Division: Retirement & Benefits Date: 3-27-84

Approved by Commissioner: Lisa Rudd *LJR* Date: 3/28/84
 Agency: Department of Administration

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Fiscal Note

CSSB 467
Fiscal Note Analysis
Prepared by the Division of Retirement & Benefits
Department of Administration

March 27, 1984

IV Analysis: This bill would allow all PERS members who complete 3 years of credited service to claim credit for service rendered as an uncertified employee of BIA schools provided they have never had sufficient service credit in the Federal Civil Service Retirement System to be eligible to receive a benefit in that system. Eligible BIA school employees who were within 3 years of normal retirement in the federal system could claim federal service with less than 3 years of credited service.

The cost of this bill will be borne by all PERS employers, Political Subdivisions as well as the State. The individual employer contribution will increase on an average of .03%. The total cost to the Political Subdivision employers is estimated be as follows:

$\frac{\text{FY 85}}{100.3}$	$\frac{\text{FY 86}}{100.3}$	$\frac{\text{FY 87}}{100.3}$	$\frac{\text{FY 88}}{100.3}$	$\frac{\text{FY 89}}{100.3}$
------------------------------	------------------------------	------------------------------	------------------------------	------------------------------

The total present value of the costs of this bill to all employers is \$2.5 million.

This bill would reduce the PERS funding ratio by .3%.

(h) The combined period of military service claimed under this section and under AS 14.25 may not exceed five years. (§ 15 ch 143 SLA 1960; am § 1 ch 123 SLA 1976; am § 29 ch 128 SLA 1977; am § 6 ch 174 SLA 1978; am §§ 31 — 36 ch 13 SLA 1980; am § 46 ch 137 SLA 1982)

Effect of amendments. — The 1982 amendment substituted "benefits under AS 39.35.420(b), 39.35.430, or 39.35.440" for "a surviving spouse's pension under AS 39.35.440" in the first sentence of subsection (g).

Editor's notes. — This section was redrafted by the revisor of statutes to remove personal pronouns in conformity with AS 01.05.031(c) and § 4, Chapter 58, SLA 1982.

Sec. 39.35.350. Reinstatement of credited service. (a) An employee who receives a refund of contributions in accordance with AS 39.35.200 forfeits corresponding credited service under this chapter.

(b) An employee may reinstate credited service associated with a refund by repaying the total amount of the refund. Interest will accrue from the date of the refund until repayment of the refund or retirement, whichever occurs first. Payments will apply first to accrued interest and then to principal.

(c) Any outstanding indebtedness that exists at the time an employee is appointed to retirement will necessitate an actuarial adjustment to the benefits payable based on service reinstated under this section. (§ 16 ch 143 SLA 1960; am § 3 ch 235 SLA 1968; am § 2 ch 81 SLA 1976; am § 30 ch 128 SLA 1977; am § 84 ch 59 SLA 1982; am § 47 ch 137 SLA 1982)

Effect of amendments. — The first 1982 amendment inserted "credited" in subsection (a).

tuted the present provisions of subsection (c) for the provisions set out in the main pamphlet.

The second 1982 amendment substi-

Sec. 39.35.360. Earlier service. (a) An employee employed before January 1, 1980, who completes three years of credited service with the state after January 1, 1961, for which the employee makes contributions required by this chapter is entitled to credited service for service rendered (1) before January 1, 1961, as an employee of the state and former Territory of Alaska; (2) before January 1, 1961, as an employee of the United States government in Alaska, excluding service in the armed forces of the United States; or (3) after January 1, 1961, as a peace officer, correctional officer, or fireman of a participating political subdivision of the state if the employee is vested and is an active peace officer, correctional officer, or fireman in the system as of July 1, 1900. The retirement benefits payable to an employee under this section shall be reduced by the amount of the retirement pension benefits paid to the employer by the United States government for the same period of service.

(b) An employee who, under (a) of this section, is entitled to credited service for employment before January 1, 1961, is not required to make retroactive contributions under this chapter.

(c) Repealed by § 41 ch 146 SLA 1980.

(d) Repealed by § 2 ch 26 SLA 1974.

(e) An employee of a detention facility provided by a local government unit to the territorial or state government under AS 33.30.060, who continues in state employment upon transfer of the facility to the state, is entitled to credited service for his prior service with the facility if the employee remains in continuous employment with the state until July 1, 1976. To obtain credited service the employee is required to make retroactive contributions for the period of service between January 1, 1961 and the effective date of the transfer of the facility to the state.

(f) A surviving spouse receiving or entitled to receive a surviving spouse's pension under AS 39.35.440 or benefits under a joint and survivor option filed under AS 39.35.450 is eligible for increased benefits for any service credit authorized under (a) of this section, but not claimed or authorized by law before the employee's death.

(g) An employee is eligible to receive up to 10 years of credited service for service rendered before July 1, 1979, as a temporary employee of the legislature of the state or territory during legislative sessions. To receive retroactive credited service under this subsection, an employee must claim the service before July 1, 1980. When the employee claims the service, an indebtedness of the employee to the system shall be established. The amount of this indebtedness is equal to the contributions the employee would have made if he had been eligible for membership in the system. The rate used to calculate these contributions may not be less than the rate in effect on January 1, 1961. Interest as prescribed by regulation accrues on this indebtedness beginning July 1, 1980. Any outstanding indebtedness which exists at the time the employee retires will require an actuarial adjustment to the benefits which are based upon retroactive credited service under this subsection.

(h) An employee of the state is eligible to receive credited service as provided under AS 39.35.300(b) for service rendered as a permanent part-time employee before January 1, 1976. To receive retroactive credited service under this subsection, the employee must claim the service before July 1, 1981. When the employee claims retroactive credited service, an indebtedness of the employee to the system shall be established. The amount of this indebtedness is equal to the contributions the employee would have made if he had been eligible for membership in the system. The rate used to calculate the contributions may not be less than the rate in effect on January 1, 1961. Interest as prescribed by regulation accrues on the indebtedness beginning July 1, 1981. Any outstanding indebtedness which exists at the time the

Senator Vic Fischer

(907) 465-4954

Alaska State Legislature
Pouch V • Juneau, Alaska 99811 • (907) 465-4954



MEMORANDUM

TO: Members, Senate Finance Committee
FROM: Senator Vic Fischer *[Signature]*
RE: CSSB 469 Credited PERS service for BIA employees
DATE: May 2, 1984

SB 469 allows BIA school employees who are not teachers to obtain credited service under the Public Employees Retirement Service when BIA schools are transferred to the state. Only BIA employees who are not eligible for federal retirement benefits will be made eligible for benefits under PERS. (Teachers in the BIA schools will be covered under TRS when the schools are transferred.)

BIA employees would also be able to receive higher PERS retirement benefits by making contributions to the system for their past years of BIA employment. The bill outlines the rate of employees' indebtedness to PERS based on the amount an employee would have paid into PERS had the employee been contributing for the total number of years of BIA employment. In the event that the Federal Government transfers the money in the Civil Service Retirement Account to the State, the amount of the employees' indebtedness will be substantially decreased, and the indebtedness will then not be calculated by the formula outlined in the bill.

The State Affairs CS also provides that those noncertified BIA employees within 3 years of retirement at the time of the transfer will not have to fulfill the three year vesting period and will be eligible for retirement at the normal retirement age.

Fiscal information

SB 469	FY '85	\$2,490.5 thousand
CSSB 469 (State Affairs)	FY '85	704.8 thousand
		\$141.0 THOUSAND (3/28/84)

The difference in cost is due to (1) clarifying language in the CS which defines the scope of those eligible for the bill as BIA employees who work for the school and who are not teachers, and (2) restricting the eligibility of retirement benefits to those employees who will not be eligible for benefits under the federal system.

Offered: 3/30/84
Referred: Finance

Original sponsors: Sackett and Ferguson

1 IN THE SENATE BY THE STATE AFFAIRS COMMITTEE
2 CS FOR SENATE BILL NO. 469 (State Affairs)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 THIRTEENTH LEGISLATURE - SECOND SESSION
5 A BILL

6 For an Act entitled: "An Act relating to credited service under the Public
7 Employees' Retirement System; and providing for an
8 effective date."

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

10 * Section 1. AS 39.35.360 is amended by adding new subsections to read:
11 (i) An employee who completes three years of credited service
12 with an employer, for which the employee makes contributions required
13 by this chapter, is entitled to credited service on a year-for-year
14 basis for service credited in the Civil Service Retirement System,
15 rendered as an employee of an Alaska Bureau of Indian Affairs (BIA)
16 school, other than service as a teacher. Retroactive credited service
17 under this section must be claimed before the employee retires. When
18 eligibility for retroactive credited service under this section has
19 been established, an indebtedness of the employee to the system shall
20 be established. The amount of this indebtedness is determined by
21 multiplying six percent of the employee's actual annual compensation,
22 or the calculated annual compensation for an employee who works fewer
23 than 12 months, for the most recent calendar year in which service is
24 rendered to an employer before the calendar year in which the employee
25 first becomes eligible to claim service under this subsection, by the
26 number of years of service in Alaska BIA schools that is credited
27 under this subsection. Interest as prescribed by regulation accrues
28 on the indebtedness beginning on the date the employee may first claim
29 the retroactive credited service. Any outstanding indebtedness that

1 exists at the time the employee retires requires an actuarial adjust-
2 ment to the benefits that are based on retroactive credited service
3 under this section. Service may not be claimed under this subsection
4 and benefits may not be paid for service claimed under this subsection
5 if the employee has, at any point in time, enough service credit in
6 the Civil Service Retirement System to be eligible for a retirement
7 benefit under that system.

8 (j) An employee who has not completed three years of credited
9 service with an employer may claim credited service as an employee of
10 an Alaska Bureau of Indian Affairs (BIA) school, other than service as
11 a teacher under (i) of this section if, on the date of transfer of the
12 Alaska BIA school to the state, the employee is employed at the school
13 and needs fewer than three additional years of continuous full-time
14 employment for normal retirement in the federal Civil Service Retirement
15 System, and the employee completes a period of service with an
16 employer, for which the employee makes contributions required by this
17 chapter, equal to the additional period of service that would have
18 been required for that employee's normal retirement under the federal
19 Civil Service Retirement System. An employee who claims credited
20 service under this subsection must provide federal government
21 verification of the employee's Federal Civil Service Retirement System
22 status when the claim is filed.

23 * Sec. 2. This Act takes effect immediately in accordance with AS 01.-
24 10.070(c).

Introduced: 2/13/84
Referred: State Affairs
and Finance

1 IN THE SENATE

BY SACKETT AND FERGUSON

2

SENATE BILL NO. 469

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to credited service under the Public
7 Employees' Retirement System; and providing for an
8 effective date."

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

10 * Section 1. AS 39.35.360 is amended by adding a new subsection to
11 read:

12 (i) An employee who completes three years of credited service
13 with an employer, for which the employee makes contributions required
14 by this chapter, is entitled to credited service for service rendered
15 as a noncertificated Alaska Bureau of Indian Affairs (BIA) employee.
16 Retroactive credited service under this section must be claimed before
17 the employee retires. When an employee claims retroactive credited
18 service under this section, an indebtedness of the employee to the
19 system shall be established. The amount of this indebtedness is equal
20 to the contributions the employee would have made if the employee had
21 been eligible for membership in the system while the employee was a
22 noncertificated Alaska BIA employee. The rate used to calculate the
23 contributions may not be less than the rate in effect on January 1,
24 1961. Interest as prescribed by regulation accrues on the indebted-
25 ness beginning on the date the employee may first claim the retroac-
26 tive credited service. Any outstanding indebtedness that exists at
27 the time the employee retires requires an actuarial adjustment to the
28 benefits that are based on retroactive credited service under this
29 section. Benefits payable under this subsection for noncertificated

1 Alaska BIA service shall be reduced by an amount equal to the retire-
2 ment benefits paid to the employee by the United States government for
3 the same service.

4 * Sec. 2. This Act takes effect immediately in accordance with AS 01.-
5 10.070(c).

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: SB 470
Title: Relating to Insurance

Sponsor: Mulcahy
Requestor: Senate L&C
Date of Request: 2/15/84

FISCAL DETAIL

Agency Affected: Dept. of Comm. & Econ. Dev.
Program Category Affected: _____

Public Protection
BRU, Program or Subprogram(s) Affected: Insurance

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 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						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: *Kenneth C. Moore* Phone: 465-2515
Division: Insurance Date: 2/15/84

Approved by Commissioner: *Richard A. Lyon* Date: 2/15/84
Agency: Department of Commerce and Economic Development

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

3/20/84

I have read CS 58470 (LFC) and it does resolve the questions we posed at the last hearing on the bill. The amendments we did request at that time have been incorporated in the substitute.



Division of Insurance

This proposal upgrades the Unauthorized (nonadmitted) Insurers Act and the Surplus Lines Insurance Act to comport with the recently adopted models of the National Association of Insurance Commissioners (NAIC). Currently, these two acts, along with a third, the Unauthorized Insurers Service of Process Act appear in AS 21.33.

This proposal continues the Unauthorized (nonadmitted) Insurers Act and the Unauthorized Insurers Service of Process Act in AS 21.33. Access to that market is more clearly stated. Most of the changes in AS 21.33 are not substantive. However the Surplus Lines Insurance Act has been removed from AS 21.33 and placed in a new chapter, AS 21.34. This chapter makes some substantial revisions with respect to how a surplus lines business can be conducted in this state. It will give the regulator a clearer ability to deal with the competence of the licensee and provide more meaningful protection for the public through:

- clarification of the duties and responsibilities of the licensee;
- higher financial requirements for the nonadmitted insurer;
- permission to form a surplus lines association with an active role in regulating the market; and,
- allowing admitted markets to compete with the nonadmitted markets.

Section 1. Page 1, lines 8-17.

Current law provides that when the state examines an insurance company, the insurance company pays for that examination. A surplus lines broker is also subject to examination but does not pay for that examination. The position of the surplus lines broker is in many respects similar to an insurer, particularly when the broker has utilized an insurer that is not able to meet its obligations. This section provides that the surplus lines broker must also meet the cost of its examination.

Section 2. Page 1, lines 18-29 & page 2, lines 1-7.

The change here is on page 1, lines 24-25. This section ties in with Section 1. It lists those entities subject to examination without charge.

Section 3. Page 2, lines 8-29 & page 3, lines 1-3.

This rewrite of the purpose section does not contain substantive changes. It is formatted in a more readable form and the application of the chapter to surplus lines brokers has been deleted.

Section 4. Page 3, lines 4-24.

The changes in this section are editorial. The phrase "doing an insurance business" has been changed to "transaction of insurance", and gender oriented references have been changed.

Section 5. Page 3, lines 25-29 & page 4, lines 1-13.

This section contains more of the same changes noted in Section 4. No substantive change.

Section 6. Page 4, lines 14-29 & page 5, lines 1-8.
The change in this section are similar to those in Section 4. No substantive changes.

Section 7. Page 5, lines 9-29 & page 6, lines 1-4.
The difference here is found on page 6, lines 2-4. It is primarily a clarification. No substantive change.

Section 8. Page 6, lines 5-13.
Changes similar to those in Section 4.

Section 9. Page 6, lines 14-26.
The sole change in this section is the insertion of the word "nonadmitted" on line 16. This has been done in several of the earlier sections without comment. It is a clarification, and one that is defined in the definition section on page 12, lines 15-18. Previously the words "insurer", "nonadmitted insurer", and, "unauthorized insurer" have been used synonymously. That is inconsistent and has led to some confusion. This change should clear up that situation.

Section 10. Page 6, lines 27-29 & page 7, lines 1-29.
This section is a consolidation of several other sections. (a) replaces AS 21.33.015 with no substantive difference. (b) replaces AS 21.33.075 with some shift in an individuals ability to enter and use the nonadmitted market place. This ability is broadened in this bill by removing the specific description of an industrial insured found in AS 21.33.075(9). (c) replaces the combination of AS 21.33.015 and AS 21.33.075(6) with no substantive difference. (d) replaces AS 21.33.041 with no substantive difference.

Section 11. Page 8, lines 1-24.
This is a new section and it limits a nonadmitted insurers access to Alaska courts. This is as to those not placed through a surplus lines broker in AS 21.34. It clarifies the standing of those insurers.

Section 12. Page 8, lines 25-29 & page 9, lines 1-6.
This is the same kind of change noted in Section 9. One additional change is that access by the director to an insureds purchases in the admitted or authorized market has been removed. This ability to access admitted purchases is probably unreasonable when placed on the insured. Presumably access to these records through other sources is sufficient.

Section 13. Page 9, lines 7-13.
This section reinforces the ability of the director to obtain records and information under this section. This is accomplished by allowing the director to apply for a court order to compel production of records and information.

Section 14. Page 9, lines 14-29 & page 10, lines 1-10.
"Unauthorized" has been changed to "nonadmitted" as noted in section 9.
The penalty provision has been revised so that it is more readily
calculable. This penalty will generally be stiffer than that now provided.

Section 15. Page 10, lines 11-26.
More editorial changes like those in section 9. Since the surplus lines
law has been removed from AS 21.33 and placed in AS 21.34, that reference
has been noted. The time for reporting has been shortened from 60 days to
30 days.

Section 16. Page 10, lines 27-29 & page 11, lines 1-6.
Same editorial change noted in section 9.

Section 17. Page 11, lines 7-15.
The penalty provision has been upgraded in the same fashion as section 14.

Section 18. Page 11, lines 16-21.
This section is intended to avoid any potential conflict with new
sections AS 21.33.037 and AS 21.33.042.

Section 19. Page 11, lines 22-29 & page 12, lines 1-4.
This section upgrades the penalty section by increasing the per violation
penalty from \$500 for the first offense to \$1,000 and by increasing the
second offense penalty from \$500 to \$2,000. A new penalty is also
structured for allowing a violation to continue uncorrected in the amount
of \$1,000 for each month of continuation.

Section 20. Page 12, lines 5-29 & page 13, lines 1-25.
This definition section is new. There is nothing representing a
substantive difference from current law except in (9)(A) where vessels of
50 displacement tons or less are not included in the definition of marine
and are therefor included in the requirements of this proposed law.

Section 21. Page 13, lines 26-29, all of pages 14-30, & page 31, lines
1-16.
This section adds a new chapter to the insurance code dealing with
surplus lines insurance. This chapter has essentially been removed from
AS 21.33. A number of changes have been made to provide for a stronger
regulation of the surplus lines market. This is accomplished by
strengthening the financial requirements of a company in that market
before it can be used in this state. The line of responsibility for the
surplus lines broker is clarified. The bill permits the creation of a
surplus lines association that can have a substantial self-regulatory
role which has experienced substantial success in California and in
Washington. This would allow the division to more effectively use its
resources to avoid problems for persons insured in that market.

Sec 21.34.010. Page 13, lines 28-29 & page 14, lines 1-14.
This is the purpose section for the new chapter

Sec 21.34.020. Page 14, lines 15-23
This section conditions what can be placed in the nonadmitted market.
There is no substantive difference from current law.

Sec 21.34.030. Page 14, lines 24-29 & page 15, lines 1-12.
This section permits workers compensation to be written in the surplus lines market provided the director finds it to be in the public interest. It is substantially the same as current law except that this proposal has financial requirements that are higher than other placements in that market.

Sec 21.34.040. Page 15, lines 13-29 & page 16, lines 1-29.
This section substantially increases the minimum capital and surplus requirements used in the surplus lines market. It also recognizes distinctions among insurers, Lloyds type organizations, and insurance exchanges.

Sec 21.34.050. Page 17, lines 1-9.
This section is a new provision which substantially tracks current practice. It provides for the listing of eligible surplus lines insurers. It also permits the surplus lines association to perform that task when approved by the director.

Sec 21.34.060. Page 17, lines 10-23.
This section requires that when a policy is written by more than one insurer and one or more of those insurers are not eligible, the insured must be notified. This prevents a practice where some brokers conceal the fact that there are ineligible insurers on a risk. One way that this is done is to list the insurers as "underwriters at Lloyd's and other companies." The division does not accept this practice now, but is not certain that even in those cases where we correct it, the insured is adequately informed. A little information at this stage can prevent a lot of problems later.

Sec 21.34.070. Page 17, lines 24-29 & page 18, lines 1-11.
This section establishes a procedure for removing an insurer from the eligible list and sets forth a notice requirement to all licensees.

Sec 21.34.080. Page 18, lines 12-29.
This section is similar to an existing requirement to file affidavits of coverage. It adds a requirement on the surplus lines broker to provide evidence of insurance to an insured within 30 days of placement of the coverage. It also provides that these filing requirements may be transferred to the surplus lines association upon an order by the director.

Sec 21.34.090. Page 19, lines 1-29 & page 20, lines 1-15.

This section permits the formation of a surplus lines association and sets forth the powers and purposes for which it may be formed. It establishes the requirements for its formation and makes it subject to examination by the director. It provides that the director may require membership in the association as a condition of licensure in this state.

Sec 21.34.100. Page 20, lines 16-29, all of page 21, & page 22, line 1. This section describes the evidence of insurance which a surplus lines broker must provide for an insured. The basic idea is to require a full disclosure of the facts relating to a placement in the nonadmitted market. This also applies to changes made in coverage. The broker is required to maintain a full copy of all documents pertinent to the insurance transaction. A warning is required to apprise the insured that a policy placed in the nonadmitted market is not covered by the Alaska Insurance Guaranty Association Act.

Sec 21.34.110. Page 22, lines 2-13.

This section provides that the insured has no liability for premium until the broker has provided a notice to the insured to the effect that the insurer is nonadmitted, and there is no insolvency protection provided under state law. This is a new approach.

Sec 21.34.120. Page 22, lines 14-16.

This is similar to present law. It provides that contracts in the surplus lines market place are valid contracts.

Sec 21.34.130. Page 22, lines 17-22.

Section provides that payment to the broker is payment to the insurer.

Sec 21.34.140. Page 22, lines 23-29, all of page 23, and page 24, lines 1-6.

This section sets forth the licensing standards and requirements for a surplus lines brokers license. The requirements are not substantially different than those in current law. The bond requirement is higher. This proposal does permit nonresident surplus lines brokers licensees. (e) does provide a penalty for late renewal of license.

Sec 21.34.150. Page 24, lines 7-12.

This section clarifies the scope of a surplus lines brokers license. It allows the surplus lines broker to accept business from other surplus lines brokers and other brokers but not from agents.

Sec 21.34.160. Page 24, lines 13-29 & page 25, lines 1-11.

This section clearly outlines the kinds of records that must be maintained by a surplus lines broker and that such records must be open for examination by the director.

Sec 21.34.170. Page 25, lines 12-18.

This section requires a monthly report of business placed in the surplus lines market.

Sec 21.34.180. Page 25, lines 19-29 & page 26, lines 1-27.

This section is substantially the same as current law. The premium tax is established here and the director may have the tax collected by the surplus lines association. The director has the ability to establish adequate safeguards to protect the monies collected in this fashion.

Sec 21.34.190. Page 26, lines 28-29 & page 27, lines 1-3.

A filing fee of 1% is established. This is presently at 1/2%.

Sec 21.34.200. Page 27, lines 4-21.

This section provides for two alternate means of tax collection. The first is by the director in the usual manner. The second is by the surplus lines association upon an order by the director after establishing those safeguards deemed appropriate.

Sec 21.34.210. Page 27, lines 22-29 & page 28, lines 1-16.

In the current law, the director has discretionary suspension or revocation authority. The restructuring found in this section is more specific and lists those actions which can result in suspension or revocation.

Sec 21.23.220. Page 28, lines 17-28.

This section ties into AS 21.33 for service of process on a nonadmitted insurer used through the surplus lines market. The presence of a nonadmitted insurer on a surplus lines contract assumes that the insurer has subjected itself to AS 21.34.

Sec 21.34.230. Page 28, line 29 & page 29, lines 1-7.

This penalty section is an upgrade from the present law. It also includes an ability to take action under AS 21.33.320-330 in the unfair trade practices act.

Sec 21.34.240. Page 29, lines 8-12.

Separability section.

Sec 21.34.250. Page 29, lines 13-14.

This section enables the director to promulgate those regulations necessary to implement, define and enforce the provisions of this new chapter.

Sec 21.34.900. Page 29, lines 15-28, all of page 30, & page 31, lines 1-14.

The definitions here take the same explanation as those in Sec 20. There are a few additional definitions but these are not substantively different than current usage in the insurance code.

Sec 22. Page 31, lines 15-19.

This added section in the unfair trade practices act makes it an unfair trade practice to fail to make the required disclosures and reports.

Sec 23. Page 31, lines 20-29 & page 32, lines 1-2.

This section gives admitted insurance companies the ability to compete with the nonadmitted market. It ties in with sections 24 & 25.

Sec 24. Page 32, lines 3-9

This section ties in with Sec 23 and Sec 25 in allowing the admitted market to compete with the nonadmitted market. This is accomplished by providing these exceptions in the rate law which has to date acted as an impediment to that kind of competition.

Sec 25. Page 32, lines 10-15.

This section ties in with the previous two sections. It specifies those conditions under which an admitted insurer can work outside of its filings made with the director. This provides the ability to directly compete with the surplus lines market. This is in the public interest since most admitted market coverages are protected by the guaranty association act.

Sec 26. Page 32, lines 16-17.

This section repeals those sections in AS 21.33 which are no longer needed or have been replaced in the new chapter in section 21.

COMMITTEE REPORT
SENATE

FURTHER:

FINANCE

2/13/84

Date

3/22/84

Mr. President

The Committee on LABOR & COMMERCE considered SB 470

relating to insurance.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for SB 470 (L+C)
- new title
- same title and recommends do pass
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
zuo
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

1 [Signature]
[Signature]
1 [Signature]
1 [Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS

2 [Signature]

[Signature]
Chairman

[Signature]
Chairman recommendation

COMMITTEE REPORT

SENATE

FURTHER:

3/23/84

Date 5/1/84

Mr. President

The Committee on FINANCE considered SB 470

relating to insurance.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for SB 470 (L+C)
- new title
- same title and recommends DO PASS
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
e 2/15/84
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

Bill Joseph

John...

V. ...

John ...
Chairman

Chairman recommendation

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

*File accompanied
bill into
committee
2/23/84*

Revision Date: _____

REQUEST

Bill/Resolution No.: CS SB 470 (LCC)
Title: Relating to Insurance

Sponsor: Mulcahy
Requestor: Senate L&C
Date of Request: 2/15/84

FISCAL DETAIL

Agency Affected: Dept. of Comm. & Econ. Dev.
Program Category Affected: Public Protection
BRU, Program or Subprogram(s) Affected: Insurance

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	F. 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 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						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: ~~Attach a separate page for analysis~~

Prepared By: *Kenneth C. Moore* Phone: 465-2515
Division: Insurance Date: 2/15/84

Approved by Commissioner: *Richard A. Lyon* Date: 2/15/84
Agency: Department of Commerce and Economic Development

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

Offered: 3/23/84
Referred: Finance

Original sponsor: Mulcahy

BY THE LABOR AND
COMMERCE COMMITTEE

1 IN THE SENATE

2

CS FOR SENATE BILL NO. 470 (L&C)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to insurance."

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

8 * Section 1. AS 21.06.120(a) is amended to read:

9 (a) The director may [SHALL] examine the affairs, transactions,
10 accounts, records, and assets of each authorized insurer and each li-
11 icensed surplus lines broker as often as the director [HE] considers
12 advisable. The director [HE] shall so examine each domestic insurer
13 at least once [NOT LESS THAN] every three years. Examination of an
14 alien insurer may be limited to its insurance transactions and affairs
15 in the United States. Examination of a reciprocal insurer may also
16 include examination of its attorney-in-fact to the extent that the
17 transactions of the attorney-in-fact relate to the insurer.

18 * Sec. 2. AS 21.06.130(a) is amended to read:

19 (a) To determine [FOR THE PURPOSE OF ASCERTAINING] compliance
20 with this title, the director may as often as the director [HE]
21 considers advisable examine or require a written report of the
22 accounts, records, documents, and transactions pertaining to or
23 affecting the insurance affairs or proposed insurance affairs of

24 (1) an insurance agent, broker, solicitor, [SURPLUS LINE
25 AGENT,] general agent, or adjuster;

26 (2) a person having a contract under which the person [HE]
27 enjoys in fact the exclusive or dominant right to manage or control an
28 insurer;

29 (3) a person holding the shares of voting stock or

1 policyholder proxies of a domestic insurer, for the purpose of con-
2 trolling its [THE] management [THEREOF], as voting trustee or other-
3 wise;

4 (4) a person engaged in or proposing to be engaged in or
5 assisting in the promotion or formation of a domestic insurer or
6 insurance holding corporation, or corporation to finance a domestic
7 insurer or the production of its business.

8 * Sec. 3. AS 21.33.011 is repealed and reenacted to read:

9 Sec. 21.33.011. PURPOSE. The legislature declares that insur-
10 ance transactions with nonadmitted insurers are so affected with a
11 public interest as to require regulation, taxation, supervision and
12 control of the transactions and matters relating to nonadmitted insur-
13 ance as provided in this chapter in order to

14 (1) protect the insureds and claimants of this state in
15 transactions involving the purchase of insurance from nonadmitted
16 insurers;

17 (2) avoid the obstacle of resorting to distant forums for
18 the purpose of asserting legal rights under policies issued by non-
19 admitted insurers;

20 (3) provide a method of substituted service of process upon
21 nonadmitted insurers for proceedings before the director and in the
22 courts of this state;

23 (4) provide for the public, to the extent that insurance is
24 not procurable from admitted insurers, or from eligible surplus lines
25 insurers through surplus lines brokers;

26 (5) protect the revenue of the state;

27 (6) protect regulated, admitted insurers from unregulated
28 and unfair competition by nonadmitted insurers;

29 (7) regulate and supervise the effectuation of nonadmitted

1 insurance in accordance with the laws of this state and P.L. 79-15
2 (1945) (Chapter 20, 1st Sess., S.340), 59 Stat. 33; and

3 (8) maintain reliable insurance markets.

4 * Sec. 4. AS 21.33.021(a) is amended to read:

5 (a) The transaction of insurance [AN ACT OF DOING AN INSURANCE
6 BUSINESS AS SET OUT IN AS 21.33.071] by an unauthorized person or
7 nonadmitted insurer is equivalent to and constitutes an irrevocable
8 appointment by that person or insurer, binding upon the person or
9 insurer, the [HIM, HIS] executor, administrator or personal represen-
10 tative of the person or insurer, or its successor in interest if a
11 corporation, of the director and the [HIS] successors of the director
12 in office to be the lawful attorney of that person or insurer upon
13 whom may be served all legal process in any action, suit or proceeding
14 in any court arising out of a transaction of insurance [DOING AN
15 INSURANCE BUSINESS] in this state by that person or nonadmitted
16 insurer, except in an action, suit or proceeding by the director or by
17 the state. The transaction of insurance [AN ACT OF DOING AN INSURANCE
18 BUSINESS AS SET OUT IN AS 21.33.071] by an unauthorized person or
19 nonadmitted insurer is signification of the [HIS] agreement of that
20 person or insurer that legal process so served is of the same legal
21 force and validity as personal service of process in this state upon
22 the person or insurer, or upon the [HIS] executor, administrator or
23 personal representative of the person or insurer, or its successor in
24 interest if a corporation.

25 * Sec. 5. AS 21.33.021(d) is amended to read:

26 (d) Service of process in [SUCH] an action, suit or proceeding
27 described in (a) of this section, in addition to the manner provided
28 in (b) and (c) of this section, is valid if served upon a person in
29 this state who on behalf of an unauthorized person or nonadmitted

1 insurer is doing any transaction of insurance [ACT OF AN INSURANCE
2 BUSINESS AS SET OUT IN AS 21.33.071], and if a copy of the process is
3 sent within 10 days by registered mail by the plaintiff or the [HIS]
4 attorney of the plaintiff to the defendant at the last known principal
5 place of business of the defendant and the defendant's receipt, or
6 receipt issued by the post office with which the letter is registered,
7 showing the name of the sender of the letter and the name and address
8 of the person or insurer to whom the letter is addressed and the
9 affidavit of the plaintiff or the [HIS] attorney of the plaintiff
10 showing compliance with this subsection are filed with the clerk of
11 the court in which the action is pending on or before the date the
12 defendant is required to appear, or within additional time that
13 [WHICH] the court may allow.

14 * Sec. 6. AS 21.33.025(a) is amended to read:

15 (a) The transaction of insurance [AN ACT OF DOING AN INSURANCE
16 BUSINESS AS SET OUT IN AS 21.33.071] by an unauthorized person or
17 nonadmitted insurer is equivalent to and constitutes an irrevocable
18 appointment by that person or insurer, binding upon the person or
19 insurer, the [HIM, HIS] executor, administrator or personal represen-
20 tative of the person or insurer, or its successor in interest if a
21 corporation, of the lieutenant governor and the [HIS] successors in
22 office of the lieutenant governor to be the lawful attorney of that
23 person or insurer upon whom may be served all legal process in any
24 action, suit or proceeding in any court by the director or by the
25 state and upon whom may be served any notice, order, pleading or
26 process in any proceeding before the director and which arises out of
27 the transaction of insurance [DOING AN INSURANCE BUSINESS] in this
28 state by that person or insurer. The transaction of insurance [AN ACT
29 OF DOING AN INSURANCE BUSINESS AS SET OUT IN AS 21.33.071] by an

1 unauthorized person or nonadmitted insurer is signification of the
2 [HIS] agreement of that person or insurer that legal process in the
3 court action, suit or proceeding and any notice, order, pleading or
4 process in an administrative proceeding before the director so served
5 is of the same legal force and validity as personal service of process
6 in this state upon the person or insurer, or upon the [HIS] executor,
7 administrator or personal representative of that person or insurer, or
8 its successor in interest if a corporation.

9 * Sec. 7. AS 21.33.031(a) is amended to read:

10 (a) Before an unauthorized person or nonadmitted insurer files
11 or causes to be filed a pleading in a court action, suit or proceeding
12 or in a notice, order, pleading or process in an administrative pro-
13 ceeding before the director instituted against the person or insurer,
14 by service made as provided in AS 21.33.021 or [AS] 21.33.025, the
15 person or insurer shall either:

16 (1) deposit with the clerk of the court in which the
17 action, suit or proceeding is pending, or with the director in admin-
18 istrative proceedings before the director, cash or securities or bond
19 with good and sufficient sureties to be approved by the court, or the
20 director, in an amount to be fixed by the court or the director suffi-
21 cient to secure the payment of a final judgment which may be rendered
22 in the court proceeding or in the administrative proceeding before the
23 director; however the court, or the director in administrative pro-
24 ceedings before the director, may in its or the director's [HIS]
25 discretion make an order dispensing with the deposit or bond where the
26 insurer makes a showing satisfactory to the court or the director that
27 it maintains in a state of the United States funds or securities, in
28 trust or otherwise, sufficient and available to satisfy a final judg-
29 ment which may be entered in the court action, suit or proceeding or

1 in an administrative proceeding before the director; or

2 (2) obtain admission to transact insurance in this state
3 through a certificate of authority issued under this title [PROCURE
4 PROPER AUTHORIZATION TO DO AN INSURANCE BUSINESS IN THIS STATE].

5 * Sec. 8. AS 21.33.031(c) is amended to read:

6 (c) Nothing in (a) of this section may be construed to prevent
7 an unauthorized person or nonadmitted insurer from filing a motion to
8 quash a writ or to set aside service made as provided in AS 21.33.021
9 or [AS] 21.33.025 on the ground that the unauthorized person or insurer
10 has not transacted insurance in this state [DONE ANY OF THE ACTS
11 ENUMERATED IN AS 21.33.071] or that the person on whom service was
12 made under AS 21.33.021(d) was not transacting insurance in this state
13 [DOING ANY OF THE ACTS ENUMERATED IN AS 21.33.071].

14 * Sec. 9. AS 21.33.035 is amended to read:

15 Sec. 21.33.035. ATTORNEY FEES. In an action against an unau-
16 thorized person or nonadmitted insurer upon a contract of insurance
17 issued or delivered in this state to a resident or to a corporation
18 authorized to do business in this state, if the person or insurer has
19 failed for 30 days after demand before the commencement of the action
20 to make payment in accordance with the terms of the contract, and it
21 appears to the court that the refusal was vexatious and without rea-
22 sonable cause, the court may allow to the plaintiff a reasonable
23 attorney fee and include the fee in the judgment that may be rendered
24 in the action. Failure of the person or insurer to defend the action
25 shall be considered prima facie evidence that its failure to make
26 payment was vexatious and without reasonable cause.

27 * Sec. 10. AS 21.33 is amended by adding a new section to read:

28 Sec. 21.33.037. ACTING FOR OR AIDING NONADMITTED INSURERS PRO-
29 HIBITED. (a) A person may not directly or indirectly act as agent

1 * Sec. 11. AS 21.33 is amended by adding a new section to read:

2 Sec. 21.33.042. SUITS BY NONADMITTED INSURERS. A nonadmitted
3 insurer may not commence or maintain an action in law or equity in
4 this state to enforce a right arising out of a transaction of insur-
5 ance in this state except with respect to

6 (1) claims under policies lawfully written in this state;

7 (2) liquidation of assets and liabilities, other than the
8 collection of new premium, resulting from its former admitted opera-
9 tions in this state;

10 (3) transactions subsequent to issuance of a policy not
11 covering domestic risks at time of issuance, and lawfully solicited,
12 written, or delivered outside this state;

13 (4) surplus lines insurance coverage exported in accordance
14 with AS 21.34;

15 (5) reinsurance;

16 (6) the continuation and servicing of life insurance,
17 disability insurance policies or annuity contracts remaining in force
18 as to residents of this state where the insurer has withdrawn from the
19 state and is not transacting new insurance;

20 (7) servicing of policies written by an admitted insurer in
21 a state to which the insured has moved but in which the insured is not
22 licensed, until the term of the policy expires;

23 (8) claims under policies covering wet marine and transpor-
24 tation insurance, including vessels of 50 displacement tons or less.

25 * Sec. 12. AS 21.33.045 (a) is amended to read:

26 (a) When the director has reason to believe that insurance has
27 been effectuated by or for a person in this state with a nonadmitted
28 [AN UNAUTHORIZED] insurer the director shall in writing order the
29 person to produce for examination all insurance contracts and other

1 for, or otherwise represent, assist, or aid on behalf of another, a
2 nonadmitted insurer in the transaction of insurance in this state.

3 (b) This section does not apply to

4 (1) matters authorized to be done by the director;

5 (2) surplus lines insurance effected and written under
6 AS 21.34;

7 (3) transactions for which a certificate of authority is not
8 required under this title;

9 (4) reinsurance;

10 (5) the property and operations of railroads or aircraft
11 engaged in interstate or foreign commerce and wet marine and transpor-
12 tation insurance;

13 (6) life insurance, disability insurance and annuity con-
14 tracts when solicited solely by mail or when not solicited, negotiated
15 or procured in this state;

16 (7) transactions subsequent to issuance of a policy not
17 covering domestic risks at time of issuance, and lawfully solicited,
18 written or delivered outside this state.

19 (c) A person who represents or aids a nonadmitted insurer in
20 violation of this section is subject to the penalties provided in
21 AS 21.33.065. An insurance contract entered into in violation of this
22 section shall not preclude the insured from enforcing the insured's
23 rights in accordance with the terms and provisions of the contract and
24 the laws of this state.

25 (d) If the nonadmitted insurer fails to pay a claim or loss
26 within the provisions of the insurance contract, a person who assisted
27 or in any manner aided directly or indirectly in the procurement of
28 the insurance contract, shall be liable to the insured for the full
29 amount under the provisions of the insurance contract.

1 documents evidencing insurance with nonadmitted [BOTH AUTHORIZED AND
2 UNAUTHORIZED] insurers and to disclose to the director the amount of
3 insurance, name and address of each insurer, gross amount of premium
4 paid or to be paid and the name and address of the person or persons
5 assisting or aiding in the solicitation, negotiation or effectuation
6 of the insurance.

7 * Sec. 13. AS 21.33.045 is amended by adding new subsections to read:

8 (c) In case of a failure of any person to comply with the direc-
9 tor's order under (a) of this section, the superior court, on applica-
10 tion of the director, may issue an order requiring the production of
11 the records and information sought by the director.

12 (d) This section does not apply to life insurance, disability
13 insurance or annuity contracts.

14 * Sec. 14. AS 21.33.055(a) is amended to read:

15 (a) Except as to premiums on lawfully procured surplus lines
16 insurance and premiums on independently procured insurance on which a
17 tax has been paid under AS 21.33.061, every nonadmitted [UNAUTHORIZED]
18 insurer shall pay to the director before April 1 following the calen-
19 dar year in which the insurance was so effectuated, continued or
20 renewed a premium-receipts tax of three percent of gross premiums
21 charged on the insurance other than marine insurance and a premium-
22 receipts tax of three-fourths of one percent of gross premiums charged
23 for the marine insurance on subjects resident, located or to be per-
24 formed in this state. The insurance on subjects resident, located or
25 to be performed in this state procured through negotiations or an
26 application, in whole or in part occurring or made in or from in or
27 out of this state, or for which premiums in whole or in part are
28 remitted directly or indirectly from in or out of this state, shall be
29 considered to be insurance procured, or continued or renewed in this

1 state. The term "premium" includes all premiums, membership fees,
2 assessments, dues and any other consideration for insurance. The tax
3 is in lieu of all taxes and fire department dues. On default of a
4 nonadmitted [AN UNAUTHORIZED] insurer in the payment of the tax the
5 insured shall pay the tax. If the tax prescribed by this section is
6 not paid within the time stated, the tax shall be increased by a
7 penalty of 25 percent and by the amount of an additional penalty not
8 to exceed \$100 a day [COMPUTED AT THE RATE OF ONE PERCENT PER MONTH OR
9 ANY PART OF A MONTH] from the date the payment was due to the date
10 paid.

11 * Sec. 15. AS 21.33.061(a) is amended to read:

12 (a) Every insured who procures or causes to be procured or
13 continues or renews insurance with a nonadmitted [AN UNAUTHORIZED]
14 insurer, or an insured or self-insurer who so procures or continues
15 excess loss, catastrophe or other insurance, upon a subject of insur-
16 ance resident, located or to be performed in this state, other than
17 insurance procured through a surplus lines broker [AGENT] under
18 AS 21.34 [THE SURPLUS LINES LAW OF THIS STATE] shall, within 30 [60]
19 days after the date the insurance was procured, continued, or renewed,
20 file a report with the director in writing and upon forms designated
21 by the director and furnished to the insured upon request. The report
22 shall show the name and address of the insured [OR INSUREDS], name and
23 address of the insurer, the subject of the insurance, a general de-
24 scription of the coverage, the amount of premium currently charged,
25 and additional pertinent information which is reasonably requested by
26 the director.

27 * Sec. 16. AS 21.33.061(b) is amended to read:

28 (b) Insurance in a nonadmitted [AN UNAUTHORIZED] insurer of a
29 subject of insurance resident, located or to be performed in this