

ALASKA LEGISLATURE COMMITTEE FILES 1981-1982

1784 HLC SB 746 - SB 841

The documentary will debut in October 1982 to the delegates of the American Mining Congress Convention, the foremost assembly of public and private industry personnel. At the most obvious level, the delegates will be as interested as anyone in the historical content of the film. Additionally, they will be professionally interested in the contemporary segments which will serve, without explicit overtures needed, a promotional function. And finally, the delegates will recognize and appreciate the value of the film as a much needed educational tool. The presentation to this forum of a stimulating and professional quality film will generate interest in the state's resources and create industry wide respect for the state as a good place to do business. .

The documentary will be promoted and distributed for both statewide and national television broadcast. It will also be available for extensive use in schools, colleges, conferences and speaking presentations.

As it is felt that the highest and best purpose of this documentary will be for its educational value, two guidelines will be strictly followed to insure the acceptance of the film by the widest possible audience.

1. Within the documentary narrative, subjective opinions on highly controversial issues will not be endorsed.
2. To avoid the stigma of being a public relations "flak film", the promotional message of the documentary will be implicit in its accurate informational content, rather than be an explicit "pitch".

The following outline describes how the goals discussed above will be achieved.

1. OBJECTIVES

The documentary will accurately portray Alaska's mining history, will

examine its present mines and visit the sites of its future mines. It will be, firstly and foremost, educational, but by virtue of its informational and tonal content, promotional.

2. THEME

The film, by content and tone, will portray mining in Alaska as the positive and essential enterprise it has been and can be, and by inference will be supportive of the mining industry in general.

3. DESCRIPTION OF THE FILM

Using archival photographs, interviews, existing film footage and other materials, Alaska's mining history will be documented. While the salient events will all be at least briefly covered, several of the more unique and fascinating aspects of the history will be explored in some detail. Site visits to existing and future mines as well as the use of existing film footage will be used in the balance of the film. A soundtrack will be recorded and incorporated with a narrative.

4. AUDIENCE

While the first audience to view the documentary will be the foremost gathering of mining industry personnel, the American Mining Congress Convention in 1982, the film will subsequently be heavily used as an educational tool for the spectrum of the population.

5. STYLE

The film will be an educational documentary but should be dynamic and

innovative. It will avoid highly technical or esoteric material but will not be intellectually condescending.

Within the narrative, subjective opinions concerning such highly controversial issues as environmental protection and land use philosophy will not be endorsed. The film will, however, make use of interviews, where appropriate, to address these issues.

6. BUDGET

The estimated budget for all phases of production, from planning through post production, is \$150,000.

7. DISTRIBUTION

The film will be distributed for extensive use in schools, colleges, conventions, conferences, and speaking engagements as well as for television broadcast.



Alaska State Legislature

SENATE Resources Committee

Official Business

BETTIE FAHRENKAMP, Chairman
VIC FISCHER, Vice-Chairman
BRAD BRADLEY
DICK ELIASON
DON GILMAN
BOB MULCAHY
ARLISS STURGULEWSKI

POUCH V
STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

TO: Representative Martin, Chairman
House Labor and Commerce Committee

FROM: Senator Bettie Fahrenkamp, Chairman *BF*
Senate Resources Committee

RE: SB 746

DATE: March 22, 1982

Please find attached background information, as requested, on SB 746, An Act making a special appropriation to the Department of Commerce and Economic Development, office of mineral development, for production of a documentary film on Alaska's mining history and potential.

LEGISLATION SUMMARY

SB 746: "An Act making a special appropriation to the Department of Commerce and Economic Development, office of mineral development, for production of a documentary film on Alaska's mining history and potential; and providing for an effective date."

Sec. 1: Appropriates \$150,000 from the general fund to the office of mineral development within the Department of Commerce and Economic Development for the production of a documentary film on Alaska's mining history and potential.

Sec. 2: Immediate effective date.

PRIME SPONSOR: Resources

CO-SPONSOR(S): None

Funding Information
General Fund \$150,000
Other Funds -0-
\$150,000

Pass

1 IN THE SENATE BY THE RESOURCES COMMITTEE

2 SENATE BILL NO. 746

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Depart-
7 cent of Commerce and Economic Development, office of
8 mineral development, for production of a documentary
9 film on Alaska's mining history and potential; and
10 providing for an effective date."

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

12 * Section 1. The sum of \$150,000 is appropriated from the general fund to
13 the Department of Commerce and Economic Development, office of mineral
14 development, for the production of a documentary film on Alaska's mining
15 history and potential.

16 * Sec. 2. The unexpended and unobligated portion of the appropriation
17 made by this Act lapses into the general fund June 30, 1984.

18 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
19 070(c).

20
21
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24
25

October
AMERICAN MINING CONGRESS - LAS VEGAS PROGRAM

ALASKA SESSION

Need to move aggressively to secure:

- 1) Commitment from Program Committee
- 2) Commitment from key participants in proposed program
- 3) Funding commitment for film and subsequent proposal/bid process

Refer Item 1) above:

We need to insert an Alaskan - Dave Heatwole - onto the Program Committee.

Also, support from the A.M.C. executive should be directed to our advantage.

(Action - John Sims will contact Dave Heatwole 1/31/82.

E. B. will contact A.M.C. executive in Washington, D.C. and appraise them of developments and reassert our strong support and interest in the Vegas program)

Refer Item 2) above:

The concept of the Alaska session should be discussed with members of Alaska's congressional delegates. Ideally, we should aim to have two out of the three (Murkowski and Young?) co-chair the session.

Preliminary approaches could be initiated to obtain provisional commitments.

A top ranking Federal spokesman should be lined up to address the topic "Federal Perspectives and Policies in Relation to Mineral Development in Alaska". One suggestion would be Bill Horn from Interior Department, but others will no doubt come to mind. Suggestions.

Other speakers on the formal program can be lined up following dialogue between J.S., E.B. and D.H.

Refer to Item 3) above:

The Alaska Department of Commerce and Economic Development (Office of Mineral Development) has a contract with MediaAlaska to generate conceptual ideas, script, preliminary budget and overall feasibility for film which ideally would have its premier showing at the A.M.C.

Although the Alaska program could proceed without the film, it is patently obvious that a top-rank production premiering at the A.M.C. would have great merit in stimulating interest in Alaska as well as adding to the session itself.

Procurement of funding for the film may pose problems. It is hoped to access some funds from the Alaska Economic Development Forum but this source could not possibly come up with the \$125,000 to \$150,000 estimate of total cost.

Legislative action may secure the entire funding for the film via a special appropriation bill and given the time constraints this is probably the way to go.

There could be rapid developments on this however if funding for a film by the legislature is linked to the A.M.C. convention we need to have assurance that the Alaska program will fly.

PROPOSAL FOR A DOCUMENTARY ON
ALASKA'S MINING HISTORY AND POTENTIAL

The American Mining Congress recently sponsored a survey of citizen attitudes towards mining. While only 16% of those polled felt at all familiar with mining, 43% believed it was damaging to the environment, 62% felt it was dangerous and unhealthy, and an incredible 96-97% felt mining was unnecessary to the national economy, unnecessary for the national defense and unnecessary to the quality of life.

As suggested by many industry spokesmen, such shockingly erroneous attitudes stem from the profound failure of America's educational system to teach its students the singular and immutable fact that modern civilization is made possible by, and remains dependent upon, the production and utilization of mineral resources. The resultant ignorance has fostered the misconception that mining is a dangerous and destructive enterprise that should be generally discouraged and locally forbidden. It is this ignorance which has allowed the piecemeal but cumulatively devastating withdrawal of public lands from mineral entry. It is this ignorance that has delivered to the country the specter of a national resource crisis.

The proposed documentary, which will be an accurate portrayal of historical and present mining activity in Alaska, will contribute to redressing this pervasive ignorance. It will show mines to people who have never seen a mine. It will take people underground. It will show them what a billion dollar orebody looks like in its natural disguise. They will be fascinated by a subject of which their only previous experience has been through souvenir shops and tourist displays. For the viewer, mining in Alaska will cease to be a cliched recitation of sourdough sagas and will begin to assume its true dimension and importance. The educational process will have begun.

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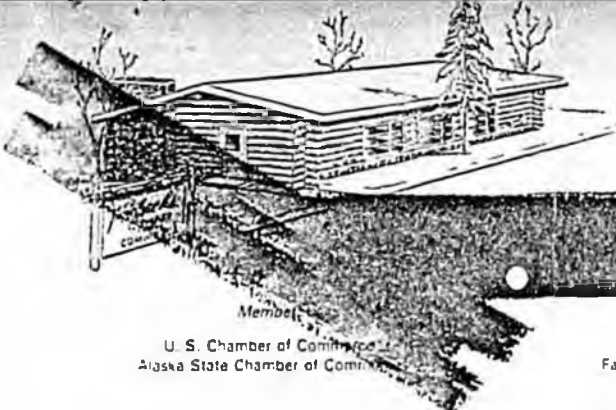
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3/9 WJG



Greater Fairbanks

CHAMBER OF COMMERCE

Member
U. S. Chamber of Commerce
Alaska State Chamber of Commerce

In Association With

Fairbanks Visitor & Convention Bureau
Fairbanks Industrial Development Corporation

(907) 452-1105 550 First Avenue



February 24, 1982

Senate Resource Committee
Alaska State Senate
Pouch V
Juneau, Alaska 99811

Dear Committee Members:

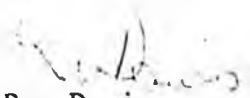
With reference to Senate Bill #746, "An Act making a special appropriation to the Department of Commerce and Economic Development, office of mineral development for production of a documentary film on Alaska's mining history and potential and providing for effective date".

It is no big mystery to anyone and in particular those of us living in the Fairbanks area, that Alaska offers great possibilities and potential for mineral and mining activity within our area as well as many other areas throughout the State of Alaska.

In an attempt to improve the economic climate of the State's mining and mineral potential, we would encourage the passage of Senate Bill #746 appropriating \$150,000 from the general fund to the Department of Commerce and Economic Development's office of mineral development for the production of this documentary film on Alaska's mining history and potential.

Our State needs more of this type thing to be used by both the State Department of Economic Development as well as other economic development committees and groups throughout the State in the promotion of mining and mineral activity within the State to show why Alaska is a good place to do business, how private enterprise can profit from the development of our natural resources and to create a positive image of Alaska's business climate.

Sincerely,


Ron Davis
President

RD/rmn



MSG 02-00011413 PRTY 1 03/03/82 11:55:15 ORIG: LF01 IN= 0004 OUT= 004
FROM: MAXINE/FBX TO: JUNO INFO
TARGET: LJH2 SUBJ: POM PAGE 000

TO: REP'S BETTISWORTH, BROWN, FANNING, RANDOLPH, ROGERS, SMITH
SEN'S BENNETT, FAHRENKAMP, PARR

FR: ROGER C BURGGRAF, SR 20086, FBX 99701 PH. 479-2596

RE: SB 746

MSG PLEASE SUPPORT SB 746. AK NEEDS TO HAVE DOCUMENTARY FILM ON
AK MINING HISTORY AND POTENTIAL. THE 150,000 TO BE APPROPRIATED FOR
THE FILM WOULD BE WELL SPENT AND HELPFUL AS AN EDUCATIONAL TOOL IN
INFORMING THE PUBLIC IN AK AND OUTSIDE OF THE STATE OF AK'S MINING
HISTORY AND MINERAL POTENTIAL IN PROVIDING JOBS, INDUSTRY AND RESOURCES
WHICH THIS NATION NEEDS SO BADLY.

-----EOM

MSG 82-00009785 PRTY 1 02/23/82 15:59:04 ORIG: LF00 IN= 0004 OUT= 009
FROM: DEBBIE/FRX TO: JUNO LTN
TARGET: LJH2 SUBJ: POMS
PAGE 000

TO: SENATE LABOR AND COMMERCE
SENS. MULCAHY, FAHRENKAMP, RODEY, ZIEGLER

FR: EARL BEISTLINE
BOX 80148
FAIRBANKS, AK 99708

RE: SB 746

MSG. TODAY INFO. HAS BEEN RECEIVED THAT AN ALASKA SESSION ON MINING WILL BE INCLUDED IN THE '82 AMERICAN MINING CONGRESS MEETING TO BE HELD IN LAS VEGAS, NEV., ON OCT. -14, 1982. AN ALASKAN, DAVE HEATWOLE, PRES., ALASKA MINERS ASS. WILL PARTICIPATE ON THE AMC PROGRAM COMT. AND SEVERAL ALASKANS WILL PARTICIPATE LOCALLY TO ARRANGE A MEANINGFUL, DYNAMIC SESSION PROGRAM. ACCORDINGLY, I ENCOURAGE PASSAGE OF SB 746 "MINING DOCUMENTARY FILM" FOR THE JUSTIFICATION STATED IN THE BILL. SUCH A CONFERENCE PROVIDES AN EXCELLENT

MSG 82-00009785 PRTY 1 02/23/82 15:59:04 ORIG: LF00 IN= 0004 OUT= 0090
FROM: DEBBIE/FRX TO: JUNO LTN
TARGET: LJH2 SUBJ: POMS
PAGE 000

BEISTLINE CON'T

LARGE AUDIENCE, NATIONAL AND INTERNATIONAL FOR A PREMIER SHOWING OF THE FILM THAT WILL DO MUCH TO STIMULATE AND DIVERSIFY THE MINERAL INDUSTRY IN ALASKA FOR THE BENEFIT OF THE STATE'S AND NATION'S ECONOMY.

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 746

Title An Act making a special appropriation to DCED-Office of Mineral Development-
Requested by _____ Date _____ for document-

II. FISCAL DETAIL

_____ providing for an effective date.

Agency Affected Department of Commerce and Economic Development

Program Category Affected Office of Mineral Development

BRU, Program, Or Subprogram(s) Affected _____

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES	0	0	0			
200 TRAVEL	0	0	0			
300 CONTRACTUAL	150.0	0	0			
400 COMMODITIES	0	0	0			
500 EQUIPMENT	0	0	0			
600 LAND & STRUCTURES	0	0	0			
700 GRANTS, CLAIMS, ETC.	0	0	0			
TOTAL	150.0	0	0			

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND	150.0	0	0			
FEDERAL FUNDS	0	0	0			
OTHER (Specify Source)	0	0	0			

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME	0	0	0			
PART TIME	0	0	0			
TEMPORARY	0	0	0			

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

Special appropriation bill for \$150,000 to the Office of Minerals Development. All departmental involvement with R.F.P. process, selection of contractors (Alaskans) and production liaison, etc., are covered by departmental funding. No additional cost envisaged.

IV. DATE _____

PREPARED BY John Sims EWE

AGENCY Department of Commerce & Economic Development

Original: Legislative Finance

PHONE 452-7464 Office of Minerals Development

cc: Budget and Management or 465-2021

Prime Sponsor (First Legislator Named)

PHIL. R. HOLDSWORTH, P.E.
CONSULTING ENGINEER & LEGISLATIVE COUNSEL
MINING — GEOLOGY — LANDS

PHONE 907-586-1383

326 FOURTH STREET, No. 1009
JUNEAU, ALASKA 99801

April 5, 1982

Rep. Terry Martin, Chairman
House Labor & Commerce Committee
Alaska State Legislature

Re: CSSB 746(fin)

Dear Rep. Martin:

The undersigned wishes to testify in support of the subject legislation on behalf of the Alaska Miners Association, but must be in Anchorage at the time of your scheduled hearing.

Section 1. of the bill is an appropriation for production of a documentary film on Alaska's mining history and potential. The program committee of the American Mining Congress has, for the first time in its long history, agreed to a full half-day section on Alaska at the next annual (international) convention to be held in Las Vegas on October 11-14, 1982. The proposed film would be ideal as a "kick-off" for this session, and would stimulate international interest in Alaska's mineral resources on the part of those who have not yet been exposed to this potential.

Section 2. covers support of the Arctic Winter Games which have already been held.

In light of the time restraints involved with both projects, and if legislative support is anticipated, passage of this legislation should certainly be expedited.

Respectfully submitted,



Phil R. Holdsworth

S B

752

COMMITTEE REPORT

HOUSE

(5)

FURTHER:

3/26/82

Date: 4-19-82

Mr. Speaker:

The Committee on LABOR & COMMERCE has had CSSB 752(L&C)am

"An Act relating to savings associations; and providing for an effective date."

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

do pass [] do not pass

[] do pass with attached amendments(s)

replace with CS for HCS [] same title
 new title

and recommends _____

[] AND attaches a "Letter of Intent" [] New Fiscal Note

[] reports it back without recommendation

[] referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Larry Martin
J. B. ...
...

Larry Martin
CHAIRMAN

share of title
OK by Atty Gen.

House
Comm Sub.
must accept

HCS for CS FOR SENATE BILI. NO. 752 (J.&C)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE - SECOND SESSION

A BILL RELATING TO

For an Act entitled: "An Act relating to financial institutions; and providing for an effective date."

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

* Section 1. AS 06.30.115 is amended to read:

Sec. 06.30.115. ACCESS TO BOOKS AND RECORDS OF ASSOCIATION.

(a) Every member or stockholder may inspect the books and records of an association which pertain to his loan, [OR] savings account, or voting rights.

(b) Except as provided in (a) [AND (c)] of this section, the right of inspection and examination of the books and records is limited to (1) the commissioner or his authorized representatives as provided in this chapter, (2) persons authorized to act for the association, and (3) any federal instrumentality or agency authorized to inspect or examine the books and records of an insured association.

[(c) IN STOCK ASSOCIATIONS EVERY STOCKHOLDER MAY INSPECT THE GENERAL BOOKS AND RECORDS OF THE ASSOCIATION EXCEPT A STOCKHOLDER MAY NOT HAVE ACCESS TO THE LOAN AND SAVINGS RECORDS OF OTHER MEMBERS.]

* Sec. 2. AS 06.30.120 is amended to read:

Sec. 06.30.120. BOOKS AND RECORDS [PERTAINING TO MEMBERS' ACCOUNTS] TO BE KEPT CONFIDENTIAL. Except as provided in AS 06.30.115, the [THE] books and records pertaining to the accounts, [AND] loans, and voting rights of members, stockholders, savers, and borrowers shall be kept confidential by the association, its directors, officers and employees, and by the commissioner, his examiners and representatives, except where disclosure is compelled by a court of competent jurisdiction. Except as provided in AS 06.30.115, no [NO] person, including a member or stockholder may

[SHALL] have access to the books and records or [SHALL] be furnished [OR SHALL POSSESS] a partial or complete list of the members or stockholders except upon express action and authority of the board of directors.

* Sec. 3. AS 06.30.145(b) is amended to read:

amend.
(b) In a stock association each director shall own individually or jointly with his ^{or her} spouse [IN HIS OWN RIGHT] free of any encumbrance capital stock of the association in an amount equal to at least \$1,000 in par value.

* Sec. 4. AS 06.30.500(3) is amended to read:

(3) Except for participation loans authorized under AS 06.30.530, no [NO] investment may be made in a conventional loan secured by a mortgage on a one-to-four family residence unless the mortgaged property is located inside the state.

* Sec. 5. AS 06.30.520 is amended to read:

Sec. 06.30.520. PROPERTY IMPROVEMENT AND CONSUMER LOANS. An association may make property improvement loans to property owners for maintenance, repair, modernization, improvement, and equipment of their properties. In addition, an association may make consumer loans. A property improvement or consumer loan may be made with or without security and may be secured by liens on real estate and mobile homes. An association may not make property improvement loans exceeding 25 percent of its assets or consumer loans exceeding 40 percent of its assets.

* Section 6. AS 06.05.235(a) is amended to read:

(a) Except as provided in (b) or (e) of this section it [IT] is unlawful for a company to own, control or hold with power to vote 25 percent or more of a class of voting securities or other [THE] capital stock of one or more state banks or domestic [STATE] bank holding companies subject to regulation under this chapter. [NOTHING IN THIS SUBSECTION PROHIBITS A COMPANY FROM QUALIFYING AS A BANK HOLDING COMPANY UNDER (b) OF THIS SECTION.] However, when it becomes a bona fide necessity to avoid loss for a creditor to accept shares of stock in one or more state banks or domestic bank

holding companies constituting more than 25 percent of the ownership or control of a state bank or domestic bank holding company in payment of indebtedness owing to the creditor, shares of stock may be accepted, but the shares of the one or more state banks or domestic bank holding companies exceeding that 25 percent shall be promptly disposed of under the supervision of the department.

* Sec. 7. AS 06.05.235(b) is amended to read:

(b) A domestic bank holding company, as defined in AS 06.05.540 and organized under AS 10.05, which maintains its principal office and place of business in the state and conducts its principal operations in the state, may acquire and own all or any portion of the voting securities [SHARES] or other capital stock of, or all or substantially all of the assets of, one or more banks or bank holding companies unless the bank is a recently formed bank. The department may require a domestic bank holding company to post a bond with the department in an amount equal to the paid-in capital and paid-in surplus represented by the proportion of state bank stock directly or indirectly owned, held, or controlled by it, under conditions the department may prescribe, to assure full protection of the public. The domestic bank holding company is subject to an examination by the department or a competent person designated by the department when the department considers it necessary, but not less than once each year. The domestic bank holding company shall pay an examination fee in accordance with AS 06.01.010.

* Sec. 8. AS 06.05.235(c) is amended to read:

(c) The department may adopt regulations for [BANK HOLDING] companies qualifying as domestic bank holding companies or out-of-state bank holding companies under (b) or (e) of this section to assure financially sound banking organization and practice.

* Sec. 9. AS 06.05.235 is amended by adding new subsections to read:

(e) An out-of-state bank holding company as defined in (h) of this section may acquire and own all or any portion of the

voting securities or other capital stock of, or all or substantially all of the assets of, one or more state banks, domestic bank holding companies, or national banks conducting a banking business in the state unless the state bank or national bank is a recently formed bank. To assure full protection of the public the department may require an out-of-state bank holding company that directly or indirectly owns, holds, or controls stock in a state bank or domestic bank holding company to post a bond with the department, under conditions the department may prescribe. The amount of the bond shall be equal to the product obtained by multiplying the amount of paid-in capital and paid-in surplus of the state bank or domestic bank holding company by the percentage of state bank or domestic bank holding company stock directly or indirectly owned, held, or controlled by the out-of-state bank holding company.

(f) When the department considers it necessary, an out-of-state bank holding company directly or indirectly owning, holding, or controlling state bank stock or domestic bank holding company stock is subject to an examination by the department or a competent person designated by the department. The out-of-state bank holding company shall pay an examination fee in accordance with AS 06.01.010.

(g) As used in this section a "recently formed bank" is a state bank or national bank conducting a banking business in the state that commenced that banking business in the state on or after July 1, 1982, and that has not been in existence and continuously operating in the state for a period of three years or more. However, the term "recently formed bank" does not include

(1) a bank organized solely for the purpose of facilitating acquisition of a bank that either has been in existence and continuously operating in the state as a bank for a three-year period, or was conducting a banking business in the state on or before June 30, 1982 ;

(2) a state bank that the department determines was not chartered directly or indirectly by an acquiring out-of-state bank holding company, and that does not have the capacity to

continue to conduct its business independently in a fashion consistent with the public interest and the interest of depositors, creditors, and shareholders; or

(3) a national bank that the Board of Governors of the Federal Reserve System, or their designee, determines was not chartered directly or indirectly by an acquiring out-of-state bank holding company, and that does not have the capacity to conduct its business independently in a fashion consistent with the public interest of depositors, creditors, and shareholders.

(h) As used in this section "out-of-state bank holding company" means a company that

(1) is a bank holding company as defined in the U.S.C. 1841, et seq.);

(2) is registered as a bank holding company with the Board of Governors of the Federal Reserve System, with the Federal Reserve Bank of the Federal Reserve District in which the operations of the bank holding company are principally conducted, or with a Federal Reserve Bank that the Board of Governors may designate;

(3) maintains its principal office and place of business outside the state; and

(4) principally conducts its banking operations through out-of-state banking subsidiaries, as measured by total deposits held or controlled by it on the date on which it becomes an out-of-state bank holding company;

(i) For the purpose of this section, a trust company organized under the laws of this state which is conducting a banking business shall be deemed to be a state bank.

* Sec. 10. This Act takes effect July 1, 1982.

Remember Sec 10 etc 11

[New Sec. 10, Repeal A 506.30, 555(b)(4)]

SB752 BILL NUMBER

SB0752CS(L&C) SPECIAL INFO

Original sponsor: Special

Committee on Banking Offered: 3/9/82

Referred:

Rules SPONSOR

BY THE

LABOR AND

IN THE SENATE

COMMERCE

COMMITTEE BILL HEADING

CS FOR SENATE BILL NO. 752 (L&C)
IN THE LEGISLATURE OF THE STATE OF ALASKA
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(b) Except as provided in (a) :AND (c): of this section, the right of inspection and examination of the books and records is limited to (1) the commissioner or his authorized representatives as provided in this chapter, (2) persons authorized to act for the association, and (3) any federal instrumentality or agency authorized to inspect or examine the books and records of an insured association.

:(c) IN STOCK ASSOCIATIONS EVERY STOCKHOLDER MAY INSPECT THE GENERAL BOOKS AND RECORDS OF THE ASSOCIATION EXCEPT A STOCKHOLDER MAY NOT HAVE ACCESS TO THE LOAN AND SAVINGS RECORDS OF OTHER MEMBERS.:

* Sec. 2. AS 06.30.120 is amended to read:

Sec. 06.30.120. BOOKS AND RECORDS :PERTAINING TO MEMBERS' ACCOUNTS: TO BE KEPT CONFIDENTIAL. Except as provided in AS 06.30.115, the :THE: books and records pertaining to the accounts, :AND: loans, and voting rights of members, stockholders, savers, and borrowers shall be kept confidential by the association, its directors, officers and employees, and by the commissioner, his examiners and representatives, except where disclosure is compelled by a court of competent jurisdiction. Excep :S provided in AS 06.30.115, no :NO: person, including a member or stockholder may :SHALL: have access to the books and records or :SHALL: be furnished :OR SHALL POSSESS: a partial or complete list of the members or stockholders except upon express action and authority of the board of directors.

* Sec. 3. AS 06.30.145(b) is amended to read:

(b) In a stock association each director shall own individually or jointly with his ^{or her} spouse :IN HIS OWN RIGHT: free of any encumbrance capital stock of the association in an amount equal to at least \$1,000 in par value.

* Sec. 4. AS 06.30 is amended by adding a new section to read:

new
Sec. AS 06.30.900. *not part of interstate banks - but...*
State Savings & Loans
Ownership of bank securities, stocks and assets. Federal savings and loan associations, associations as *Mr. Turner*
defined in AS 06.30.910(1), and other thrift and home-financing *markets*
organizations subject to this chapter may acquire and own all or any portion of the voting securities or other capital stock of, or all or substantially all of the assets of, one or more state banks, domestic bank holding companies, or national banks conducting a banking business in the state unless the state bank or national bank is a recently formed bank.

* Section 5. AS 06.05.235(a) is amended to read:

(a) Except as provided in (b) or (e) of this section it :IT: is unlawful for a company to own, control or hold with power to vote 25 percent or more of a class of voting securities or other :THE: capital stock of one or more state banks or domestic :STATE: bank holding companies subject to regulation under this chapter. :NOTHING IN THIS SUBSECTION PROHIBITS A COMPANY FROM QUALIFYING AS

SB 756

Interstate
Banking Bill

A BANK HOLDING COMPANY UNDER (b) OF THIS SECTION.: However, when it becomes a bona fide necessity to avoid loss for a creditor to accept shares of stock in one or more state banks or domestic bank holding companies constituting more than 25 percent of the ownership or control of a state bank or domestic bank holding company in payment of indebtedness owing to the creditor, shares of stock may be accepted, but the shares of the one or more state banks or domestic bank holding companies exceeding that 25 percent shall be promptly disposed of under the supervision of the department.

* Sec. 6. AS 06.05.235(b) is amended to read:

(b) A domestic bank holding company, as defined in AS 06.05.540 and organized under AS 10.05, which maintains its principal office and place of business in the state and conducts its principal operations in the state, may acquire and own all or any portion of the voting securities :SHARES: or other capital stock of, or all or substantially all of the assets of, one or more banks or bank holding companies unless the bank is a recently formed bank. The department may require a domestic bank holding company to post a bond with the department in an amount equal to the paid-in capital and paid-in surplus represented by the proportion of state bank stock directly or indirectly owned, held, or controlled by it, under conditions the department may prescribe, to assure full protection of the public. The domestic bank holding company is subject to an examination by the department or a competent person designated by the department when the department considers it necessary, but not less than once each year. The domestic bank holding company shall pay an examination fee in accordance with AS 06.01.010.

* Sec. 7. AS 06.05.235(c) is amended to read:

(c) The department may adopt regulations for :BANK HOLDING: companies qualifying as domestic bank holding companies or out-of-state bank holding companies under (b) or (e) of this section to assure financially sound banking organization and practice.

* Sec. 8. AS 06.05.235 is amended by adding new subsections to read:

(e) An out-of-state bank holding company as defined in (h) of this section may acquire and own all or any portion of the voting securities or other capital stock of, or all or substantially all of the assets of, one or more state banks, domestic bank holding companies, or national banks conducting a banking business in the state unless the state bank or national bank is a recently formed bank. To assure full protection of the public the department may require an out-of-state bank holding company that directly or indirectly owns, holds, or controls stock in a state bank or domestic bank holding company to post a bond with the department, under conditions the department may prescribe. The amount of the bond shall be equal to the product obtained by multiplying the amount of paid-in capital and paid-in surplus of the state bank or domestic bank holding company by the percentage of state bank or domestic bank holding company stock directly or indirectly owned, held, or controlled by the out-of-state bank holding company.

(f) When the department considers it necessary, an out-of-state bank holding company directly or indirectly owning, holding, or controlling state bank stock or domestic bank holding company stock is subject to an examination by the department or a competent person designated by the department. The out-of-state bank holding company shall pay an examination fee in accordance with AS 06.01.010.

(g) As used in this section a "recently formed bank" is a state bank or national bank conducting a banking business in the state that commenced that banking business in the state on or after July 1, 1982, and that has not been in existence and continuously operating in the state for a period of three years or more. However, the term "recently formed bank" does not include

(1) a bank organized solely for the purpose of facilitating acquisition of a bank that either has been in existence and continuously operating in the state as a bank for a

three-year period, or was conducting a banking business in the state on or before June 30, 1982;

(2) a state bank that the department determines was not chartered directly or indirectly by an acquiring out-of-state bank holding company, and that does not have the capacity to continue to conduct its business independently in a fashion consistent with the public interest and the interest of depositors, creditors, and shareholders; or

(3) a national bank that the Board of Governors of the Federal Reserve System, or their designee, determines was not chartered directly or indirectly by an acquiring out-of-state bank holding company, and that does not have the capacity to conduct its business independently in a fashion consistent with the public interest of depositors, creditors, and shareholders.

(h) As used in this section "out-of-state bank holding company" means a company that

(1) is a bank holding company as defined in the U.S.C. 1841, et seq.);

(2) is registered as a bank holding company with the Board of Governors of the Federal Reserve System, with the Federal Reserve Bank of the Federal Reserve District in which the operations of the bank holding company are principally conducted, or with a Federal Reserve Bank that the Board of Governors may designate;

(3) maintains its principal office and place of business outside the state; and

(4) principally conducts its banking operations through out-of-state banking subsidiaries, as measured by total deposits held or controlled by it on the date on which it becomes an out-of-state bank holding company;

(i) For the purpose of this section, a trust company organized under the laws of this state which is conducting a banking business shall be deemed to be a state bank.

* Sec. 9. This Act takes effect July 1, 1982.

*Done
by
submitted*

SB752 BILL NUMBER

SB0752CS(L&C)am SPECIAL INFO

Original sponsor: Special

Committee on Banking Offered: 3/9/82

Referred:

Rules SPONSOR

BY THE

LABOR AND

IN THE SENATE

COMMERCE

COMMITTEE BILL HEADING

CS FOR SENATE BILL NO. 752 (L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWELFTH LEGISLATURE - SECOND SESSION

A BILL RELATING TO

For an Act entitled: "An Act relating to [savings
associations;] *Financial Institutions*
and providing for an effective date."

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

* Section 1. AS 06.30.115 is amended to read:

Sec. 06.30.115. ACCESS TO BOOKS AND RECORDS OF ASSOCIATION.

(a) Every member or stockholder may inspect the books and records of an association which pertain to his loan, :OR: savings account, or voting rights.

(b) Except as provided in (a) :AND (c): of this section, the right of inspection and examination of the books and records is limited to (1) the commissioner or his authorized representatives as provided in this chapter, (2) persons authorized to act for the association, and (3) any federal instrumentality or agency authorized to inspect or examine the books and records of an insured association.

:(c) IN STOCK ASSOCIATIONS EVERY STOCKHOLDER MAY INSPECT THE GENERAL BOOKS AND RECORDS OF THE ASSOCIATION EXCEPT A STOCKHOLDER MAY NOT HAVE ACCESS TO THE LOAN AND SAVINGS RECORDS OF OTHER MEMBERS.:

* Sec. 2. AS 06.30.120 is amended to read:

Sec. 06.30.120. BOOKS AND RECORDS :PERTAINING TO MEMBERS' ACCOUNTS: TO BE KEPT CONFIDENTIAL. Except as provided in AS 06.30.115, the :THE: books and records pertaining to the accounts, :AND: loans, and voting rights of members, stockholders, savers, and borrowers shall be kept confidential by the association, its directors, officers and employees, and by the commissioner, his examiners and representatives, except where disclosure is compelled by a court of competent jurisdiction. Except as provided in AS 06.30.115, no :NO: person, including a member or stockholder may :SHALL: have access to the books and records or :SHALL: be furnished :OR SHALL POSSESS: a partial or complete list of the members or stockholders except upon express action and authority of the board of directors.

* Sec. 3. AS 06.30.145(b) is amended to read:

(b) In a stock association each director shall own individually or jointly with his spouse :IN HIS OWN RIGHT: free of any encumbrance capital stock of the association in an amount equal to at least \$1,000 in par value.

* Sec. 4. AS 06.30 is amended by adding a new section to read:

Sec. AS 06.30.900. Ownership of bank securities, stocks and assets. Federal savings and loan associations, associations as defined in AS 06.30.910(1), and other thrift and home-financing organizations subject to this chapter may acquire and own all or any portion of the voting securities or other capital stock of, or all or substantially all of the assets of, one or more state banks, domestic bank holding companies, or national banks conducting a banking business in the state unless the state bank or national bank is a recently formed bank.

* Section 5. AS 06.05.235(a) is amended to read:

(a) Except as provided in (b) or (e) of this section it :IT: is unlawful for a company to own, control or hold with power to vote 25 percent or more of a class of voting securities or other :THE: capital stock of one or more state banks or domestic :STATE: bank holding companies subject to regulation under this chapter. :NOTHING IN THIS SUBSECTION PROHIBITS A COMPANY FROM QUALIFYING AS

NEW
↓

SR-756
↓

A BANK HOLDING COMPANY UNDER (b) OF THIS SECTION.: However, when it becomes a bona fide necessity to avoid loss for a creditor to accept shares of stock in one or more state banks or domestic bank holding companies constituting more than 25 percent of the ownership or control of a state bank or domestic bank holding company in payment of indebtedness owing to the creditor, shares of stock may be accepted, but the shares of the one or more state banks or domestic bank holding companies exceeding that 25 percent shall be promptly disposed of under the supervision of the department.

* Sec. 6. AS 06.05.235(b) is amended to read:

(b) A domestic bank holding company, as defined in AS 06.05.540 and organized under AS 10.05, which maintains its principal office and place of business in the state and conducts its principal operations in the state, may acquire and own all or any portion of the voting securities :SHARES: or other capital stock of, or all or substantially all of the assets of, one or more banks or bank holding companies unless the bank is a recently formed bank. The department may require a domestic bank holding company to post a bond with the department in an amount equal to the paid-in capital and paid-in surplus represented by the proportion of state bank stock directly or indirectly owned, held, or controlled by it, under conditions the department may prescribe, to assure full protection of the public. The domestic bank holding company is subject to an examination by the department or a competent person designated by the department when the department considers it necessary, but not less than once each year. The domestic bank holding company shall pay an examination fee in accordance with AS 06.01.010.

* Sec. 7. AS 06.05.235(c) is amended to read:

(c) The department may adopt regulations for :BANK HOLDING: companies qualifying as domestic bank holding companies or out-of-state bank holding companies under (b) or (e) of this section to assure financially sound banking organization and practice.

* Sec. 8. AS 06.05.235 is amended by adding new subsections to read:

(e) An out-of-state bank holding company as defined in (h) of this section may acquire and own all or any portion of the voting securities or other capital stock of, or all or substantially all of the assets of, one or more state banks, domestic bank holding companies, or national banks conducting a banking business in the state unless the state bank or national bank is a recently formed bank. To assure full protection of the public the department may require an out-of-state bank holding company that directly or indirectly owns, holds, or controls stock in a state bank or domestic bank holding company to post a bond with the department, under conditions the department may prescribe. The amount of the bond shall be equal to the product obtained by multiplying the amount of paid-in capital and paid-in surplus of the state bank or domestic bank holding company by the percentage of state bank or domestic bank holding company stock directly or indirectly owned, held, or controlled by the out-of-state bank holding company.

(f) When the department considers it necessary, an out-of-state bank holding company directly or indirectly owning, holding, or controlling state bank stock or domestic bank holding company stock is subject to an examination by the department or a competent person designated by the department. The out-of-state bank holding company shall pay an examination fee in accordance with AS 06.01.010.

(g) As used in this section a "recently formed bank" is a state bank or national bank conducting a banking business in the state that commenced that banking business in the state on or after July 1, 1982, and that has not been in existence and continuously operating in the state for a period of three years or more. However, the term "recently formed bank" does not include

(1) a bank organized solely for the purpose of facilitating acquisition of a bank that either has been in existence and continuously operating in the state as a bank for a

three-year period, or was conducting a banking business in the state on or before June 30, 1982;

(2) a state bank that the department determines was not chartered directly or indirectly by an acquiring out-of-state bank holding company, and that does not have the capacity to continue to conduct its business independently in a fashion consistent with the public interest and the interest of depositors, creditors, and shareholders; or

(3) a national bank that the Board of Governors of the Federal Reserve System, or their designee, determines was not chartered directly or indirectly by an acquiring out-of-state bank holding company, and that does not have the capacity to conduct its business independently in a fashion consistent with the public interest of depositors, creditors, and shareholders.

(h) As used in this section "out-of-state bank holding company" means a company that

(1) is a bank holding company as defined in the U.S.C. 1841, et seq.);

(2) is registered as a bank holding company with the Board of Governors of the Federal Reserve System, with the Federal Reserve Bank of the Federal Reserve District in which the operations of the bank holding company are principally conducted, or with a Federal Reserve Bank that the Board of Governors may designate;

(3) maintains its principal office and place of business outside the state; and

(4) principally conducts its banking operations through out-of-state banking subsidiaries, as measured by total deposits held or controlled by it on the date on which it becomes an out-of-state bank holding company;

(i) For the purpose of this section, a trust company organized under the laws of this state which is conducting a banking business shall be deemed to be a state bank.

* Sec. 9. ^{secs 4-8} This Act takes effect July 1, 1982.

* Sec 10. Secs 1-3 plus add'l from original

Announced on APA
this morning in Anch.

Announce meeting - Tomorrow
SB - Real Estate Comm.
SB - Contents of Electrical
of Hammer

Mr. Turner - Solely

Mr. Dave Drey - Some sections may need deleting.
If - 5 + 6 + Sec. 7 - should be removed
now in regulation

Mr. Lusk -

Learn's sections

See

S

B

7

7

1

COMMITTEE REPORT

HOUSE

FURTHER:

(5)

3/15/82

Date: 3-15-82

Mr. Speaker:

The Committee on LABOR & COMMERCE has had CSSB 771(L&C)am

"An Act exempting restaurants, grocery stores, and established fish markets from the labor bond required of fish processors and primary fish buyers; and providing for an effective date."

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

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
zero impact
- reports it back without recommendation
- referred to the _____ Committee

**MEMBERS SIGNING
DO PASS**

John R. ...
...
...
Terry ...

**MEMBERS HAVING
OTHER RECOMMENDATIONS:**

Terry ...
 CHAIRMAN

Behrends

From the Office of

SENATOR DICK ELIASON

Attn: Mary Isaacs
House Labor & Commerce

Here is some information on SB 771. The memo to Sen. Muleaky speaks to the original SB 771 but all information also pertains to the CS. The CS simply expanded the bond exemption to include grocery stores as well as restaurants. This change was made at Sen. Eliason's own suggestion.

Also attached is a brief one page summary of the

intent of the bill.

The Labor Dept. is in favor of the bill and testified for it in the Senate Labor and Commerce hearing.

If we can provide anything further please let me know.

Mary Severn, A.A.

465-4916
4917

THE LEGISLATURE OF THE STATE OF ALASKA

TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Committee Substitute for Senate Bill 771 (L & C) am
 Title "An Act exempting restaurants . . . from the labor bond required of fish"
 Requested by Senator Eliason Date March 24, 1982

II. FISCAL DETAIL

Agency Affected Labor
 Program Category Affected Public Protection
 BRU, Program, or Subprogram(s) Affected Labor Standards and Safety
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	0	0	0	0	0	0

FUNDING (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME	0	0	0	0	0	0
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

This bill has no fiscal impact on the operations of the Department of Labor.

IV. DATE 3/24/82 PREPARED BY Nico Bus
 AGENCY Department of Labor
 PHONE 465-2720
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

ALASKA STATE LEGISLATURE - SENATE



SENATOR RICHARD I. ELIASON
P.O. BOX 142
SITKA, ALASKA 99835
POUCH V
JUNEAU, ALASKA 99811

COMMITTEES
FINANCE
RESOURCES
STATE AFFAIRS

February 23, 1982

MEMORANDUM

To: Senator Bob Mulcahy, Chairman
Senate Labor and Commerce Committee

From: Senator Dick Eliason *Dick E*

Re: Senate Bill 771

I recently introduced S.B. 771 which would exclude restaurants from obtaining the labor bond which is required of fish processors and primary fish buyers. The bill has been referred to the Labor and Commerce Committee and I would appreciate you scheduling a hearing for it.

Under current statute a restaurant is classified as a primary fish buyer and as a fisheries business as it is the entity "who first actually and physically processes the fishery resource" (AS 43.75.015 (c)) by cooking it. Therefore restaurants must go through all of the procedures to meet requirements for processors. These include filing an "intent to operate" statement with the Fish and Game Department, filing fish tickets with the Fish and Game Department each week, posting a \$10,000 labor bond with the Labor Department, obtaining a "fisheries business license" from the Revenue Department, filing a surety bond or prove lienable property or prepay the tax to the Revenue Department, and must file and pay this raw fish tax to the Revenue Department.

Obviously these are a lot of "hoops to jump through" for a restaurant which simply wants to include fresh seafood on its menu. It is evident to anyone who dines at Alaskan restaurants that it is often difficult to find fresh Alaskan seafood offered. My goal with S.B. 771 is to encourage the availability of good fresh seafood to Alaskans and to visitors to our state.

Senator Bob Mulcahy
February 23, 1982
Page 2

It is apparent when studying the various requirements for restaurants that the one which is the least necessary and by far the most costly and difficult is the labor bond. The other steps have some justification (management data from fish tickets, payment of the raw fish tax as these fish would go untaxed otherwise, and so on). However, the labor bond is meant to protect fishermen and cannery workers from fly-by-night fish buyers and seasonal operators who might buy fish or hire labor and leave without paying them. This is unnecessary for restaurants and is made even more ridiculous as restaurants already must meet labor protection requirements whether they buy fish or not. The labor bond is also very expensive to obtain, particularly for a small operation.

Currently the Department of Labor does not even bother to enforce the labor bond requirement for restaurants as they feel restaurants buy only small quantities of raw fish and are not likely to default to fishermen. The risk involved with breaking the law, however, may be enough to make some restaurants avoid offering fresh fish. Others, because they can't afford to buy the labor bond, may buy and serve fish but fail to do any of the required steps including paying the rawfish tax. Therefore, the State loses the revenue on the fish which are sold in restaurants.

I believe that the cost of the raw fish tax to a restaurant is so minimal that most would not mind remaining in compliance with all of the tax and paperwork requirements if the one which is the big financial burden, the labor bond, were removed.

Again, my goal is to encourage the availability of fresh Alaskan seafood to the consumer and provide a market alternative to fishermen. I believe we can meet our goals of encouraging availability of seafood, improving compliance with the necessary and purposeful paperwork and tax requirements and simplifying the permitting process by eliminating the labor bond requirement for restaurants.

Under current statute restaurants and grocery stores are classified as primary fish buyers and fisheries businesses when they buy and sell fresh fish.

The current statute requires them to:

- (1) Filing an "intent to operate" statement with the Fish and Game Department
- (2) Filing fish tickets with the Fish and Game Department each week
- (3) Obtaining a "fisheries business license" from the the Revenue Department
- (4) Filing a surety bond or prove lienable property or prepay the tax to the Revenue Department
- (5) Must file and pay this raw fish tax to the Revenue Department
- (6) AND THE BIGGEST HARDSHIP - Posting a \$10,000 labor bond with the Labor Department

Labor bond law for fish buyers was put on the books to protect fishermen and workers from fly-by-night fish buyers and seasonal operators who may default them.

There is no need for labor bond for retailers as covered by other labor protection laws.

GOAL of this bill is to encourage availability of good fresh seafood to Alaskans and visitors to our State.

S

B

798

COMMITTEE REPORT

HOUSE

(5)

FURTHER:

3/17/82

Date: 3-18-82

Mr. Speaker:

The Committee on LABOR & COMMERCE has had CSSB 798(L&C)

"An Act relating to title insurance rating organizations; and providing for an effective date."

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

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

[Signature]

[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]

[Signature]
VICE CHAIRMAN

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSSB 798(L&C)
 Title An Act relating to title insurance rating organizations
 Requested by Senate Labor & Commerce Comm Date 3/15/82

II. FISCAL DETAIL

Agency Affected Division of Insurance
 Program Category Affected Public Protection
 BRU, Program, Or Subprogram(s) Affected Division of Insurance
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES	0					
200 TRAVEL	0					
300 CONTRACTUAL	0					
400 COMMODITIES	0					
500 EQUIPMENT	0					
600 LAND & STRUCTURES	0					
700 GRANTS, CLAIMS, ETC.	0					
TOTAL	0					

FUNDING (Thousands of Dollars)

GENERAL FUND	0					
FEDERAL FUNDS	0					
OTHER (Specify Source)	0					

POSITIONS

FULL TIME	0					
PART TIME	0					
TEMPORARY	0					

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

IV. DATE March 18, 1982

PREPARED BY Kenneth C. Moore, Div of Insurance
 AGENCY Commerce & Economic Development
 PHONE 465-2515

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

AK TOURISM JNU

ALASCORNON JNU
ANU

03039 ANCHORAGE ALASKA 53 03-10 1043A AST
PMS ALASKA DIVISION OF INSURANCE ATTN DON KOCH
VIA DIV OF TOURISM TLX 54-331

JUNEAU AK

THE ALASKA LAND TITLE ASSOCIATION, A NON-PROFIT CORPORATION
OF TITLE COMPANIES WITH THE STATE, STRONGLY SUPPORTS SB 798.
THIS BILL IS DRAFTED FROM A MODEL ACT AND IS SIMILAR TO
STATUTES IN THE GREAT MAJORITY OF WESTERN STATES. WE DO NOT
OPPOSE AMENDING SECTION 400 AS RECOMMENDED BY DIRECTOR OF
INSURANCE.

MICHAEL W PRICE
LOBBYIST, ALTA

AK TOURISM JNU
N NNN



Alaska State Legislature

Senate

Official Business

Labor & Commerce Committee

Pouch V
State Capitol
Juneau, Alaska 99811

MEMORANDUM

16 March, 1982

TO: Representative Martin
Chairman
House Labor and Commerce

FROM: Michael Thill, A.A.
Senate Labor and Commerce

SB 798 (title insurance rating organizations) was heard in committee, and a Senate L&C CS was adopted at the behest of the Division of Insurance. They had submitted a proposal which required the deletion of section 5 in the original bill, the insertion of a new section 5, and the appropriate renumbering of sections following. Inadvertantly, a drafting error was not noticed until after the bill had passed the Senate, and CS SB 798 (L&C) requires an additional change. Section 6 of the bill is contained in the new language in section 5, and therefore section 6 should be deleted, and the following sections should be renumbered appropriately.

From Speaker Hayes' office *3-18-82*
Additionally, Mulcahy's office has informed me that Section 6 of this bill is a duplicate of portions of Section 5 and the bill will have to be referred back to the Senate after it makes it through to the House Floor.

CS SB 798 (L&C)

Passed out of House L&C 3-19-82 with HCS.



Alaska State Legislature

Senate

Official Business

Labor & Commerce Committee

Pouch V
State Capitol
Juneau, Alaska 99811

MEMORANDUM

16 March, 1982

TO: Representative Martin
Chairman
House Labor and Commerce

FROM: Michael Thill, A.A.
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From Speaker Hayes office

3-18-82

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Office copy

Offered: 3/15/82
Referred: Rules

Original sponsor: Kelly

BY THE LABOR AND
COMMERCE COMMITTEE

1 IN THE SENATE

2 CS FOR SENATE BILL NO. 798 (L&C)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 TWELFTH LEGISLATURE - SECOND SESSION

5 SEE Section 6; A BILL

6 For an Act entitled: "An Act relating to title insurance rating organiza-
7 tions; and providing for an effective date."

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

9 * Section 1. AS 21.66.370(a) is amended to read:

10 (a) A title insurance company shall file with the director its
11 schedules of rates, manuals of classifications, rules and plans relating
12 to schedules of rates or manuals of classification, and every modifica-
13 tion of the schedules or manuals which it proposes to use in this state.
14 A filing under this section shall contain the effective dates of the
15 documents filed, and indicate the character and extent of the coverage
16 contemplated. A title insurance company may satisfy its obligations
17 to make these filings by becoming a member of, or a subscriber to, a
18 licensed title insurance rating organization that makes such filings,
19 and by authorizing the commissioner to accept the filings on its behalf.

20 * Sec. 2. AS 21.66.370(c) is amended to read:

21 (c) Subject to the provisions of (e) of this section, each filing
22 shall be on file for a period of 30 days before it becomes effective.
23 The director may, upon written notice given within the 30-day period to
24 the person making the filing, extend the waiting period for an additional
25 period, not to exceed 30 days, in order to complete the review of the
26 filing. Additional extensions of the waiting period may also be made
27 with the consent of the title insurance company or rating organization.
28 Upon written application by the title insurance company or rating organ-
29 ization, the director, after review of the application, may authorize a

1 filing or any part of it to become effective upon the expiration of the
2 waiting period or its extension.

3 * Sec. 3. AS 21.66.380(a) is amended to read:

4 (a) A rate filing shall be accompanied by a statement of the title
5 insurance company or title insurance rating organization making the
6 filing, setting out the basis on which the rate was determined, with the
7 rates computed. A filing of rates may be justified by the following:

8 (1) the experience or judgment of the title insurance company
9 or title insurance rating organization making the filing, [,]

10 (2) its interpretation of any statistical data relied upon,
11 [,]

12 (3) the experience of other title insurance companies or
13 title insurance rating organizations making the filings, [,] or

14 (4) any other factors which the title insurance company
15 or title insurance rating organization considers relevant.

16 * Sec. 4. AS 21.66.390 is amended to read:

17 Sec. 21.66.390. MAKING OF RATES. (a) A title insurance company
18 that makes its own rates and each title insurance rating organization
19 shall make rates that are not excessive or inadequate and which do not
20 unfairly discriminate between risks in this state which involve essen-
21 tially the same exposure to loss and expense elements, and which give
22 due consideration to the following matters:

23 (1) the desirability for stability of rate structures;

24 (2) the necessity of assuring the financial solvency of title
25 insurance companies in period of economic depression by encouraging
26 growth in assets of title insurance companies in periods of high business
27 activity; and

28 (3) the necessity for assuring a reasonable margin of under-
29 writing and operating profit.

1 (b) A title insurance company that makes its own rates and each
2 title insurance rating organization shall adopt basic classifications of
3 policies or contracts of title insurance which shall be used as the
4 basis for rate-making.

5 * Sec. 5. AS 21.66.400 is repealed and reenacted to read:

6 Sec. 21.66.400. DISAPPROVAL OF FILINGS. (a) If within the wait-
7 ing period provided for in AS 21.66.370(c) the director finds that a
8 filing does not meet the requirements of this chapter, he shall send to
9 the title insurance company or title insurance rating organization that
10 made the filing, written notice of disapproval of the filing specifying
11 in what respects he finds the filing fails to meet the requirements of
12 this chapter and stating that the filing may not become effective.

13 (b) If at any time after the applicable review period provided for
14 in AS 21.66.370(c) the director finds that a filing does not meet the
15 requirements of this chapter, he shall, before issuing an order of
16 disapproval, hold a hearing upon not less than 10 days written notice,
17 specifying in reasonable detail the matters to be considered at the
18 hearing. Notice of hearing shall be given to each title insurance
19 company or title insurance rating organization that made the filing, and
20 if, after the hearing, the director finds that the filing or a part of
21 the filing does not meet the requirements of this chapter, he shall
22 issue an order specifying how it is deficient, and when, within a reason-
23 able period thereafter, the filing or a part of it is considered no
24 longer effective. A title insurance company or title insurance rating
25 organization has the right to withdraw a filing or a part of a filing.
26 Copies of the order issued under this section shall be sent to every
27 title insurance company and title insurance rating organization affected.
28 The order does not affect a contract or policy made or issued before the
29 expiration of the period set out in the order.

1 (c) A person or organization aggrieved with respect to a filing
2 that is in effect may make a written application to the director for a
3 hearing on the filing. The title insurance company or title insurance
4 rating organization that made the filing may not proceed under this sub-
5 section. The application shall specify in reasonable detail the grounds
6 to be relied on by the applicant. If the director finds that the appli-
7 cation is made in good faith, that the applicant would be aggrieved if
8 the applicant's grounds are established, and that the applicant's grounds
9 otherwise justify holding a hearing, the director shall, within 60 days
10 after receipt of the application, hold a hearing upon not less than 10
11 days written notice to the applicant and to each title insurance company
12 or title insurance rating organization that made such a filing. If,
13 after the hearing, the director finds that the filing or a part of it
14 does not meet the requirements of this chapter he shall issue an order
15 specifying how the filing or a part of it fails to meet the requirements
16 of this chapter, stating when, within a reasonable period after the
17 order is issued, the filing or a part of it is considered no longer
18 effective. Copies of the order shall be sent to the applicant and to
19 every affected title insurance company or title insurance rating organi-
20 zation. The order does not affect a contract or policy made or issued
21 before the expiration of the period set out in the order.

22 (d) A title insurance company or title insurance rating organiza-
23 tion to which the director has issued an order made without a hearing
24 may, within 30 days after notice to it of the order, make a written
25 request to the director for a hearing. The director shall hear the
26 party or parties within 60 days after receipt of the request and shall
27 give not less than 10 days written notice of the time and place of the
28 hearing. Within 15 days after the hearing the director shall affirm,
29 reverse, or modify his previous action, specifying his reasons. Pending

1 the hearing and decision the director may suspend or postpone the effective
2 date of his previous action.

3 (e) A hearing under this section is not required to observe formal
4 rules of pleading or evidence.

5 (f) A filing or modification of a filing may not be disapproved if
6 the rates in connection with the filing meet the requirements of this
7 chapter.

8 * Sec. 6. AS 21.66.400(b) is amended to read:

9 (b) A person or organization aggrieved with respect to a filing
10 which is in effect [,] may make written application to the director for
11 a hearing on the filing. The title insurance company or title insurance
12 rating organization that made the filing may not proceed under this
13 subsection. The application shall specify in reasonable detail the
14 grounds to be relied upon by the applicant. If the director finds that
15 the application is made in good faith, and that the applicant would be
16 aggrieved if his grounds are established, and that his grounds otherwise
17 justify holding a hearing, he shall, within 30 days after receipt of the
18 application, hold a hearing upon not less than 10 days written notice to
19 the applicant and to each title insurance company or title insurance
20 rating organization which made such a filing. If, after the hearing,
21 the director finds that the filing or a part of it does not meet the
22 requirements of this chapter, he shall issue an order specifying how the
23 filing or a part of it fails to meet the requirements of this chapter,
24 stating when, within a reasonable period after the order is issued, the
25 filing or a part of it is considered no longer effective. Copies of the
26 order shall be sent to the applicant and to every such title insurance
27 company or title insurance rating organization. The order does not
28 affect a contract or policy made or issued before the expiration of the
29 period set out in the order.

*Should be deleted; 400(B) NOW CONTAINED
IN SECTION 5; CSSB 798*

1 * Sec. 7. AS 21.66 is amended by adding new sections to read:

2 Sec. 21.66.401. TITLE INSURANCE RATING ORGANIZATIONS. (a) a
3 person located in or out of the state may apply to the director for
4 licensing as a title insurance rating organization and shall file as
5 part of the application

6 (1) a copy of its constitution, its articles of agreement or
7 association, or its certificate of incorporation and a copy of its
8 bylaws and rules governing the conduct of its business;

9 (2) a list of its members and subscribers;

10 (3) the name and address of a resident of the state upon whom
11 notices or orders of the director or process affecting the rating organi-
12 zation may be served; and

13 (4) a statement of its qualifications as a title insurance
14 rating organization.

15 (b) If the director finds that the applicant is competent, trust-
16 worthy, and otherwise qualified to act as a title insurance rating
17 organization, and that its constitution, articles of agreement or associ-
18 ation, or certificate of incorporation and its bylaws and rules governing
19 the conduct of its business conform to the requirements of law, the
20 director shall issue a license authorizing the applicant to act as a
21 title insurance rating organization. Each application shall be granted
22 or denied in whole or in part by the director within 60 days after the
23 date of its filing with him.

24 (c) A license issued under this section is in effect for three
25 years unless sooner suspended or revoked by the director or withdrawn by
26 the licensee. The fee for the license is \$100.

27 (d) A license issued under this section may be suspended or revoked
28 by the director, after hearing upon notice, if the title insurance
29 rating organization ceases to meet the requirements of this subsection.

1 Each title insurance rating organization shall notify the director
2 promptly of a change in

3 (1) its constitution, its articles of agreement or association
4 or its certificate of incorporation and its bylaws and rules governing
5 the conduct of its business;

6 (2) its list of members and subscribers; and

7 (3) the name and address of the resident of this state desig-
8 nated by it upon whom notices or orders of the director or process
9 affecting the rating organization may be served.

10 (e) Subject to rules that have been approved by the director as
11 reasonable, each title insurance rating organization shall permit any
12 title insurance company to be a member or a subscriber to its rating
13 services at a reasonable cost and without discrimination or to withdraw
14 as a member or subscriber.

15 (f) Notice of a proposed change in rules of the title insurance
16 rating organization must be given to members and subscribers. The
17 reasonableness of a rule in its application to subscribers, or the
18 refusal of a rating organization to admit a title insurance company as a
19 subscriber, shall, at the request of a subscriber or a title insurance
20 company, be reviewed by the director at a hearing held upon at least 10
21 days written notice to the rating organization and to the subscriber.
22 If the director finds that a rule is unreasonable in its application to
23 subscribers, he shall order that the rule may not apply to subscribers.
24 If the title insurance rating organization fails to grant or reject an
25 application of a title insurance company for subscribership within 30
26 days after it was made, the title insurance company may request a review
27 by the director as if the application had been rejected. If the director
28 finds that the title insurance company has been refused admittance to
29 the title insurance rating organization as a subscriber without justi-

1 fication, he shall order the rating organization to admit the title
2 insurance company as a subscriber. If he finds that the action of the
3 title insurance rating organization was justified, he shall make an
4 order affirming its action.

5 (g) Cooperation among title insurance rating organizations, or
6 among rating organizations and title insurance companies, and concert of
7 action among title insurance companies under the same general management
8 and control in rate making or in other matters within the scope of this
9 section is authorized, if the resulting filing is subject to the provi-
10 sions of this section that apply to filings generally.

11 (h) Two or more title insurance companies who are members of or
12 subscribers to a title insurance rating organization may act in concert
13 with each other with respect to the making of rates or rating systems,
14 the preparation or making of insurance policy forms, underwriting rules,
15 surveys, inspections and investigations, the furnishing of loss or
16 expense statistics or other information and data, or carrying out
17 research.

18 (i) The director may review the activities and practices under (g)
19 and (h) of this section. If, after a hearing, the director finds that
20 an activity or practice is unfair, unreasonable, or inconsistent with
21 the provisions of this section, he may issue a written order specifying
22 how the activity or practice is unfair, unreasonable, or inconsistent
23 with the provisions of this section and require discontinuance of the
24 activity or practice.

25 Sec. 21.66.402. DEVIATIONS FROM FILINGS OF RATING ORGANIZATION.
26 Each member of or subscriber to a title insurance rating organization
27 must adhere to the filings made on its behalf by that organization,
28 except a title insurance company that is a member of or subscriber to a
29 rating organization may file with the director a decrease or increase to

1 be applied to any elements of the rates produced by the rating system
2 for a class of title insurance that is found by the director to be a
3 proper rating unit for the application of the decrease or increase, or
4 to be applied to the rates for a particular area. The filing must
5 specify the basis for the deviation and be accompanied by the data or
6 historical pattern upon which the applicant relies. A copy of the
7 filing and data shall be sent simultaneously to the title insurance
8 rating organization. Each deviation shall be effective for one year
9 unless terminated sooner with the approval of the director, or in accor-
10 dance with the provisions of AS 21.66.400.

11 Sec. 21.66.403. APPEAL FROM ACTION OF RATING ORGANIZATION. (a) A
12 member of or subscriber to a title insurance rating organization may
13 appeal to the director from an action or decision of the rating organiza-
14 tion in approving or rejecting a proposed change in or addition to the
15 filings of the rating organization. The failure of a title insurance
16 rating organization to act within 30 days after submission to it of a
17 proposal under this section is a rejection of the proposal.

18 (b) The director shall, after a hearing held upon not less than 10
19 days written notice to the appellant and the rating organization, issue
20 an order approving the action or decision of the rating organization or
21 directing it to give further consideration to the proposal and to take
22 action or make a decision upon it within 30 days.

23 (c) If the appeal is from the action or decision of the title
24 insurance rating organization in rejecting a proposed addition to its
25 filings, the director may, if he finds that the action or decision was
26 unreasonable, issue an order directing the rating organization to make
27 an addition to its filing on behalf of its members or subscribers, in a
28 manner consistent with his findings, within a reasonable time after
29 issuance of the order. If the appeal is from the action of the title

1 insurance rating organization with regard to a rate or a proposed change
2 in or addition to its filings relating to the character and extent of
3 coverage, the director shall approve the action of the rating organiza-
4 tion or the modification as proposed by the appellant, if either is in
5 accordance with this chapter.

6 (d) If the appeal is based on the failure of the rating organiza-
7 tion to make a filing, on behalf of the member or subscriber based on a
8 system of expense allocation that differs, in accordance with the right
9 granted in AS 21.66.390 from the system of expense allocation included
10 in a filing made by the rating organization, the director shall, if he
11 grants the appeal, order the rating organization to make the requested
12 filing for use by the appellant. In deciding the appeal, the director
13 shall apply the standards set out in AS 21.66.390.

14 * Sec. 8. AS 21.66.410(c) is amended to read:

15 (c) In order to more uniformly administer rate regulations, the
16 director and each title insurance company or title insurance rating
17 organization may exchange information and experience data with insurance
18 supervisory officials, title insurance companies and title insurance
19 rating organizations in other states, and may consult with them and with
20 each other with respect to rate making and the application of rating
21 systems.

22 * Sec. 9. AS 21.66.420 is amended to read:

23 Sec. 21.66.420. FALSE OR MISLEADING INFORMATION. No title insur-
24 ance company or title insurance agent may wilfully withhold information
25 from, or knowingly give false or misleading information to the director
26 or to any title insurance rating organization of which the title insur-
27 ance company is a member or subscriber which will affect the rates
28 chargeable under this chapter.

29 * Sec. 10. AS 21.66.430(a) is amended to read:

1 (a) The director may, if he finds that a title insurance rating
2 organization, a title insurance company, or title insurance agent has
3 violated a provision of this chapter, impose a penalty of not more than
4 \$100 for each violation. However, if the violation is wilful, he shall
5 impose a penalty of not more than \$1,000 for each violation. Penalties
6 imposed under this section are in addition to other penalties pro-
7 vided by law.

8 * Sec. 11. AS 21.66.430(b) is amended to read:

9 (b) In addition to the penalty provided in (a) of this section,
10 the director may suspend the certificate of authority of a title insur-
11 ance rating organization, title insurance company, or title insurance
12 agent upon failure to comply with an order of the director within the
13 time limit allowed by the order. No certificate of authority may be
14 suspended for failure to comply with an order until the time prescribed
15 for an appeal has expired, or, if an appeal has been taken, until the
16 order has been affirmed.

17 * Sec. 12. This Act takes effect immediately in accordance with AS 01.10.-
18 070(c).

Offered: 3/15/82
Referred: Rules

Original sponsor: Kelly

1 IN THE SENATE

BY THE LABOR AND
COMMERCE COMMITTEE

2

CS FOR SENATE BILL NO. 798 (L&C)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TWELFTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act relating to title insurance rating organiza-
7 tions; and providing for an effective date."

8

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

9

* Section 1. AS 21.66.370(a) is amended to read:

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* Sec. 2. AS 21.66.370(c) is amended to read:

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22

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28

29

(c) Subject to the provisions of (e) of this section, each filing shall be on file for a period of 30 days before it becomes effective. The director may, upon written notice given within the 30-day period to the person making the filing, extend the waiting period for an additional period, not to exceed 30 days, in order to complete the review of the filing. Additional extensions of the waiting period may also be made with the consent of the title insurance company or rating organization. Upon written application by the title insurance company or rating organization, the director, after review of the application, may authorize a

1 filing or any part of it to become effective upon the expiration of the
2 waiting period or its extension.

3 * Sec. 3. AS 21.66.380(a) is amended to read:

4 (a) A rate filing shall be accompanied by a statement of the title
5 insurance company or title insurance rating organization making the
6 filing, setting out the basis on which the rate was determined, with the
7 rates computed. A filing of rates may be justified by the following:

8 (1) the experience or judgment of the title insurance company
9 or title insurance rating organization making the filing; [,]

10 (2) its interpretation of any statistical data relied upon;
11 [,]

12 (3) the experience of other title insurance companies or
13 title insurance rating organizations making the filings; [,] or

14 (4) any other factors which the title insurance company
15 or title insurance rating organization considers relevant.

16 * Sec. 4. AS 21.66.390 is amended to read:

17 Sec. 21.66.390. MAKING OF RATES. (a) A title insurance company
18 that makes its own rates and each title insurance rating organization
19 shall make rates that are not excessive or inadequate and which do not
20 unfairly discriminate between risks in this state which involve essen-
21 tially the same exposure to loss and expense elements, and which give
22 due consideration to the following matters:

23 (1) the desirability for stability of rate structures;

24 (2) the necessity of assuring the financial solvency of title
25 insurance companies in period of economic depression by encouraging
26 growth in assets of title insurance companies in periods of high business
27 activity; and

28 (3) the necessity for assuring a reasonable margin of under-
29 writing and operating profit.

1 (b) A title insurance company that makes its own rates and each
2 title insurance rating organization shall adopt basic classifications of
3 policies or contracts of title insurance which shall be used as the
4 basis for rate-making.

5 * Sec. 5. AS 21.66.400 is repealed and reenacted to read:

6 Sec. 21.66.400. DISAPPROVAL OF FILINGS. (a) If within the wait-
7 ing period provided for in AS 21.66.370(c) the director finds that a
8 filing does not meet the requirements of this chapter, he shall send to
9 the title insurance company or title insurance rating organization that
10 made the filing, written notice of disapproval of the filing specifying
11 in what respects he finds the filing fails to meet the requirements of
12 this chapter and stating that the filing may not become effective.

13 (b) If at any time after the applicable review period provided for
14 in AS 21.66.370(c) the director finds that a filing does not meet the
15 requirements of this chapter, he shall, before issuing an order of
16 disapproval, hold a hearing upon not less than 10 days written notice,
17 specifying in reasonable detail the matters to be considered at the
18 hearing. Notice of hearing shall be given to each title insurance
19 company or title insurance rating organization that made the filing, and
20 if, after the hearing, the director finds that the filing or a part of
21 the filing does not meet the requirements of this chapter, he shall
22 issue an order specifying how it is deficient, and when, within a reason-
23 able period thereafter, the filing or a part of it is considered no
24 longer effective. A title insurance company or title insurance rating
25 organization has the right to withdraw a filing or a part of a filing.
26 Copies of the order issued under this section shall be sent to every
27 title insurance company and title insurance rating organization affected.
28 The order does not affect a contract or policy made or issued before the
29 expiration of the period set out in the order.

1 *OK* (c) A person or organization aggrieved with respect to filing
2 that is in effect may make a written application to the director for a
3 hearing on the filing. The title insurance company or title insurance
4 rating organization that made the filing may not proceed under this sub-
5 section. The application shall specify in reasonable detail the grounds
6 to be relied on by the applicant. If the director finds that the appli-
7 cation is made in good faith, that the applicant would be aggrieved if
8 the applicant's grounds are established, and that the applicant's grounds
9 otherwise justify holding a hearing, the director shall, within 60 days
10 after receipt of the application, hold a hearing upon not less than 10
11 days written notice to the applicant and to each title insurance company
12 or title insurance rating organization that made such a filing. If,
13 after the hearing, the director finds that the filing or a part of it
14 does not meet the requirements of this chapter he shall issue an order
15 specifying how the filing or a part of it fails to meet the requirements
16 of this chapter, stating when, within a reasonable period after the
17 order is issued, the filing or a part of it is considered no longer
18 effective. Copies of the order shall be sent to the applicant and to
19 every affected title insurance company or title insurance rating organi-
20 zation. The order does not affect a contract or policy made or issued
21 *OK* before the expiration of the period set out in the order.

22 (d) A title insurance company or title insurance rating organiza-
23 tion to which the director has issued an order made without a hearing
24 may, within 30 days after notice to it of the order, make a written
25 request to the director for a hearing. The director shall hear the
26 party or parties within 60 days after receipt of the request and shall
27 give not less than 10 days written notice of the time and place of the
28 hearing. Within 15 days after the hearing the director shall affirm,
29 reverse, or modify his previous action, specifying his reasons. Pending

OK

1 the hearing and decision the director may suspend or postpone the effective date of his previous action.

OK

3 (e) A hearing under this section is not required to observe formal rules of pleading or evidence.

5 (f) A filing or modification of a filing may not be disapproved if the rates in connection with the filing meet the requirements of this chapter.

8 ~~delete~~

* Sec. 6. AS 21.66.400(b) is amended to read:

~~9 (b) A person or organization aggrieved with respect to a filing which is in effect [,] may make written application to the director for a hearing on the filing. The title insurance company or title insurance rating organization that made the filing may not proceed under this subsection. The application shall specify in reasonable detail the grounds to be relied upon by the applicant. If the director finds that the application is made in good faith, and that the applicant would be aggrieved if his grounds are established, and that his grounds otherwise justify holding a hearing, he shall, within 30 days after receipt of the application, hold a hearing upon not less than 10 days written notice to the applicant and to each title insurance company or title insurance rating organization which made such a filing. If, after the hearing, the director finds that the filing or a part of it does not meet the requirements of this chapter, he shall issue an order specifying how the filing or a part of it fails to meet the requirements of this chapter, stating when, within a reasonable period after the order is issued, the filing or a part of it is considered no longer effective. Copies of the order shall be sent to the applicant and to every such title insurance company or title insurance rating organization. The order does not affect a contract or policy made or issued before the expiration of the period set out in the order.~~

OK remember

1 * Sec. 7. AS 21.66 is amended by adding new sections to read:

2 ✓ Sec. 21.66.401. TITLE INSURANCE RATING ORGANIZATIONS. (a) a
3 person located in or out of the state may apply to the director for
4 licensing as a title insurance rating organization and shall file as
5 part of the application

6 (1) a copy of its constitution, its articles of agreement or
7 association, or its certificate of incorporation and a copy of its
8 bylaws and rules governing the conduct of its business;

9 (2) a list of its members and subscribers;

10 (3) the name and address of a resident of the state upon whom
11 notices or orders of the director or process affecting the rating organi-
12 zation may be served; and

13 (4) a statement of its qualifications as a title insurance
14 rating organization.

15 (b) If the director finds that the applicant is competent, trust-
16 worthy, and otherwise qualified to act as a title insurance rating
17 organization, and that its constitution, articles of agreement or associ-
18 ation, or certificate of incorporation and its bylaws and rules governing
19 the conduct of its business conform to the requirements of law, the
20 director shall issue a license authorizing the applicant to act as a
21 title insurance rating organization. Each application shall be granted
22 or denied in whole or in part by the director within 60 days after the
23 date of its filing with him.

24 (c) A license issued under this section is in effect for three
25 years unless sooner suspended or revoked by the director or withdrawn by
26 the licensee. The fee for the license is \$100.

27 (d) A license issued under this section may be suspended or revoked
28 by the director, after hearing upon notice, if the title insurance
29 rating organization ceases to meet the requirements of this subsection.

1 Each title insurance rating organization shall notify the director
2 promptly of a change in

3 (1) its constitution, its articles of agreement or association
4 or its certificate of incorporation and its bylaws and rules governing
5 the conduct of its business;

6 (2) its list of members and subscribers; and

7 (3) the name and address of the resident of this state desig-
8 nated by it upon whom notices or orders of the director or process
9 affecting the rating organization may be served.

10 (e) Subject to rules that have been approved by the director as
11 reasonable, each title insurance rating organization shall permit any
12 title insurance company to be a member or a subscriber to its rating
13 services at a reasonable cost and without discrimination or to withdraw
14 as a member or subscriber.

15 (f) Notice of a proposed change in rules of the title insurance
16 rating organization must be given to members and subscribers. The
17 reasonableness of a rule in its application to subscribers, or the
18 refusal of a rating organization to admit a title insurance company as a
19 subscriber, shall, at the request of a subscriber or a title insurance
20 company, be reviewed by the director at a hearing held upon at least 10
21 days written notice to the rating organization and to the subscriber.
22 If the director finds that a rule is unreasonable in its application to
23 subscribers, he shall order that the rule may not apply to subscribers.
24 If the title insurance rating organization fails to grant or reject an
25 application of a title insurance company for subscribership within 30
26 days after it was made, the title insurance company may request a review
27 by the director as if the application had been rejected. If the director
28 finds that the title insurance company has been refused admittance to
29 the title insurance rating organization as a subscriber without justi-

1 fication, he shall order the rating organization to admit the title
2 insurance company as a subscriber. If he finds that the action of the
3 title insurance rating organization was justified, he shall make an
4 order affirming its action.

5 (g) Cooperation among title insurance rating organizations, or
6 among rating organizations and title insurance companies, and concert of
7 action among title insurance companies under the same general management
8 and control in rate making or in other matters within the scope of this
9 section is authorized, if the resulting filing is subject to the provi-
10 sions of this section that apply to filings generally.

11 (h) Two or more title insurance companies who are members of or
12 subscribers to a title insurance rating organization may act in concert
13 with each other with respect to the making of rates or rating systems,
14 the preparation or making of insurance policy forms, underwriting rules,
15 surveys, inspections and investigations, the furnishing of loss or
16 expense statistics or other information and data, or carrying out
17 research.

18 (i) The director may review the activities and practices under (g)
19 and (h) of this section. If, after a hearing, the director finds that
20 an activity or practice is unfair, unreasonable, or inconsistent with
21 the provisions of this section, he may issue a written order specifying
22 how the activity or practice is unfair, unreasonable, or inconsistent
23 with the provisions of this section and require discontinuance of the
24 activity or practice.

25 Sec. 21.66.402. DEVIATIONS FROM FILINGS OF RATING ORGANIZATION.
26 Each member of or subscriber to a title insurance rating organization
27 must adhere to the filings made on its behalf by that organization,
28 except a title insurance company that is a member of or subscriber to a
29 rating organization may file with the director a decrease or increase to

1 be applied to any elements of the rates produced by the rating system
2 for a class of title insurance that is found by the director to be a
3 proper rating unit for the application of the decrease or increase, or
4 to be applied to the rates for a particular area. The filing must
5 specify the basis for the deviation and be accompanied by the data or
6 historical pattern upon which the applicant relies. A copy of the
7 filing and data shall be sent simultaneously to the title insurance
8 rating organization. Each deviation shall be effective for one year
9 unless terminated sooner with the approval of the director, or in accor-
10 dance with the provisions of AS 21.66.400.

11 Sec. 21.66.403. APPEAL FROM ACTION OF RATING ORGANIZATION. (a) A
12 member of or subscriber to a title insurance rating organization may
13 appeal to the director from an action or decision of the rating organiza-
14 tion in approving or rejecting a proposed change in or addition to the
15 filings of the rating organization. The failure of a title insurance
16 rating organization to act within 30 days after submission to it of a
17 proposal under this section is a rejection of the proposal.

18 (b) The director shall, after a hearing held upon not less than 10
19 days written notice to the appellant and the rating organization, issue
20 an order approving the action or decision of the rating organization or
21 directing it to give further consideration to the proposal and to take
22 action or make a decision upon it within 30 days.

23 (c) If the appeal is from the action or decision of the title
24 insurance rating organization in rejecting a proposed addition to its
25 filings, the director may, if he finds that the action or decision was
26 unreasonable, issue an order directing the rating organization to make
27 an addition to its filing on behalf of its members or subscribers, in a
28 manner consistent with his findings, within a reasonable time after
29 issuance of the order. If the appeal is from the action of the title

1 insurance rating organization with regard to a rate or a proposed change
2 in or addition to its filings relating to the character and extent of
3 coverage, the director shall approve the action of the rating organiza-
4 tion or the modification as proposed by the appellant, if either is in
5 accordance with this chapter.

6 (d) If the appeal is based on the failure of the rating organiza-
7 tion to make a filing on behalf of the member or subscriber based on a
8 system of expense allocation that differs, in accordance with the right
9 granted in AS 21.66.390 from the system of expense allocation included
10 in a filing made by the rating organization, the director shall, if he
11 grants the appeal, order the rating organization to make the requested
12 filing for use by the appellant. In deciding the appeal, the director
13 shall apply the standards set out in AS 21.66.390.

14 * Sec. 8. AS 21.66.410(c) is amended to read:

15 (c) In order to more uniformly administer rate regulations, the
16 director and each title insurance company or title insurance rating
17 organization may exchange information and experience data with insurance
18 supervisory officials, title insurance companies and title insurance
19 rating organizations in other states, and may consult with them and with
20 each other with respect to rate making and the application of rating
21 systems.

22 * Sec. 9 AS 21.66.420 is amended to read:

23 Sec. 21.66.420. FALSE OR MISLEADING INFORMATION. No title insur-
24 ance company or title insurance agent may wilfully withhold information
25 from, or knowingly give false or misleading information to the director
26 or to any title insurance rating organization of which the title insur-
27 ance company is a member or subscriber which will affect the rates
28 chargeable under this chapter.

29 * Sec. 10. AS 21.66.430(a) is amended to read:

1 (a) The director may, if he finds that a title insurance rating
2 organization, a title insurance company, or title insurance agent has
3 violated a provision of this chapter, impose a penalty of not more than
4 \$100 for each violation. However, if the violation is wilful, he shall
5 impose a penalty of not more than \$1,000 for each violation. Penalties
6 imposed under this section are in addition to any other penalties pro-
7 vided by law.

8 * Sec. 11. AS 21.66.430(b) is amended to read:

9 (b) In addition to the penalty provided in (a) of this section,
10 the director may suspend the certificate of authority of a title insur-
11 ance rating organization, title insurance company, or title insurance
12 agent upon failure to comply with an order of the director within the
13 time limit allowed by the order. No certificate of authority may be
14 suspended for failure to comply with an order until the time prescribed
15 for an appeal has expired, or, if an appeal has been taken, until the
16 order has been affirmed.

17 * Sec. 12. This Act takes effect immediately in accordance with AS 01.10.-
18 070(c).

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THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 831

Title An act relating to Insurance Policies and Contracts

Requested by Labor and Commerce Committee Date 3/4/82

II. FISCAL DETAIL

Agency Affected Division of Insurance

Program Category Affected Public Protection

BRU, Program, Or Subprogram(s) Affected Division Insurance

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES	0					
200 TRAVEL	0					
300 CONTRACTUAL	0					
400 COMMODITIES	0					
500 EQUIPMENT	0					
600 LAND & STRUCTURES	0					
700 GRANTS, CLAIMS, ETC.	0					
TOTAL	0					

FUNDING (Thousands of Dollars)

GENERAL FUND	0					
FEDERAL FUNDS	0					
OTHER (Specify Source)	0					

POSITIONS

FULL TIME	0					
PART TIME	0					
TEMPORARY	0					

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

IV. DATE March 15, 1982 PREPARED BY Kenneth C. Moore, Div. of Insurance

AGENCY Commerce & Economic Development

Original: Legislative Finance

PHONE 465-2515

cc: Budget and Management

Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/81)

STATE OF ALASKA

DEPT. OF ENVIRONMENTAL CONSERVATION

(906) 465-2600

POUCH 0 - JUNEAU 99311

JAY S. HAMMOND, GOVERNOR

Rec'd
4-5-82
12:05 P.M.

April 5, 1982

The Honorable Terry Martin
Chairman, Labor & Commerce Committee
State House of Representatives
Pouch V
Juneau, AK 99811

Dear Representative Martin:

I was quite surprised at the hasty action taken by the House Labor and Commerce Committee in passing out CSSB 831(L&C) on Friday afternoon. As you know, there were a number of persons, including some from the private insurance industry, who wished to provide testimony, but were unable to do so. In essence, the only testimony received was from the Associated General Contractors, and a few State agencies.

The subject of insurance coverage on large construction projects, such as those undertaken by the Alaska Power Authority, deserves extremely careful scrutiny. It is quite possible that the use of so-called "wrap-up" insurance programs, which would be prohibited by CSSB 831(L&C), could save the State many hundreds of millions of dollars over the next two decades. As you know, the Alaska Power Authority has on the books over \$15 billion (nominal) in projects, including the proposed two dams of the Susitna River project. This latter project alone is estimated to cost at least \$13.6 billion (nominal). In projects of this size, consolidating project coverage into a single "wrap-up" program could potentially return to the State several percentage points of the total project costs. If we are forced to use conventional means, such as required by your bill, this cost-saving approach will be prohibited.

Projects on APA's drawing boards represent the largest, single capital investment the State of Alaska will probably ever make. Regardless of the source of funds for these projects, be it the State treasury or the bond market, it is absolutely essential that the APA Board of Directors and its staff examine rigorously every possible means of economizing. The amounts of funds involved is so enormous that each minute fraction of total project costs that can be saved represents millions, and perhaps hundreds of millions of dollars.

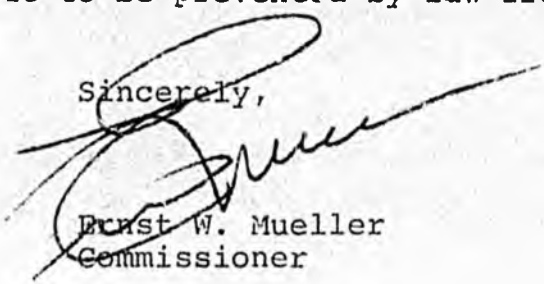
The Honorable Terry Martin

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April 5, 1982

If the Board continues to be hamstrung in its attempts to seek innovative cost-saving approaches in this program, I fear that projects costs could well escalate in a manner similar to that experienced by the Washington Public Power Supply System. A review of that program indicates that its astronomical cost overruns are due, in large part, on poor construction management by the board and its staff, and misrepresentation and errors by its contractors, compounded by a lack of diligence in seeking cost efficiencies. It's bad enough to be less than diligent in programs of this magnitude, but to be prevented by law from being so is doubly dangerous.

Sincerely,



Ernst W. Mueller
Commissioner

cc: Sue Greene
John Haywood
Eric Yould

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HCS for S.B. 831 and S.B. 878

Title An Act relating to insurance.

Requested by Labor & Commerce

Date 4/08/82

II. FISCAL DETAIL

Department of Commerce, Alaska Power Authority
Agency Affected Department of Administration, Division of Risk Management

Program Category Affected Alaska Power Authority, Division of Risk Management
BRU, Program, Or Subprogram(s) Affected _____

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES	0	50	53	56	60	65
200 TRAVEL						
300 CONTRACTUAL	881	4,455	8,509	10,058	20,833	20,766
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	881	4,505	8,562	10,114	20,893	20,831

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND	881	4,505	8,562	10,114	20,893	20,831
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME		1	1	1	1	1
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

Passage of HCSSB831 would eliminate the right of the State and its agency, the Alaska Power Authority as owner and provider of funds for the hydro-electric projects, to protect itself with the best insurance coverage at the lowest price. "Wrap-up" insurance programs have been used on most major construction projects for the past forty years and substantial savings are well documented. Passage of HCSSB831 would increase costs to the State of Alaska in the following areas:

- 1) Increased insurance premiums (\$36,645,000)
- 2) Loss of earnings on loss reserves not yet paid out (\$9,223,000)
- 3) Necessity of purchasing "stop-gap" insurance (\$13,087,000)
- 4) Increased litigation expense (\$6,542,000)
- 5) Increased administrative expense (\$284,000)

Total increase in state cost through FY 87 if "wrap-up" program prohibited = \$65,786,000.

IV. DATE 4/08/82

PREPARED BY John Haywood

AGENCY Administration/Risk Management

Original: Legislative Finance

PHONE 465-2180

cc: Budget and Management

Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/81)

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COMMITTEE REPORT

HOUSE

FURTHER: Judiciary

(5)

4/20/82

Date: 4-22-82

Mr. Speaker:

The Committee on Labor & Commerce has had CSRF 841 (LCC)
"An Act relating to insurance policy provisions on policy loans
and reinstatement of policies; and providing for an effective date."

under consideration and reports it back as follows:

- do pass with indiv. rep. do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
 new title
- and recommends individual
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Lucy M. ...
CHAIRMAN

Original sponsor: Labor and Commerce
Committee

Offered: 4/8/82
Referred: Judiciary

1 IN THE SENATE

BY THE LABOR AND
COMMERCE COMMITTEE

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CS FOR SENATE BILL NO. 841 (L&C)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to insurance policy provisions on
policy loans and reinstatement of policies; and provid-
ing for an effective date."

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

* Section 1. AS 21.45.080(a) is amended to read:

(a) There shall be a provision that after three full years' premiums have been paid and after the policy has a cash surrender value and while no premium is in default beyond the grace period for payment, the insurer will advance, on proper assignment or pledge of the policy and on the sole security of the policy, at a specified rate of interest not exceeding eight percent a year, an amount equal to or, at the option of the party entitled to it, less than the loan value of the policy. The director may authorize rates of interest in excess of six percent only on a finding that the holders of policies will benefit from the increased earnings of the insurer resulting from the higher rates, through the use of higher dividends or lower premiums, or both. The loan value of the policy shall be at least equal to the cash surrender value at the end of the then current policy year, except that the insurer may deduct, either from the loan value or from the proceeds of the loan, an existing indebtedness not already deducted in determining the cash surrender value including interest then accrued but not due, the unpaid balance of the premium for the current policy year, and interest on the loan to the end of the current policy year. The policy may also provide that if interest on an indebtedness is not paid when

1 due it shall then be added to the existing indebtedness and shall bear
2 interest at the same rate, and that if and when the total indebtedness
3 on the policy, including interest due or accrued, equals or exceeds the
4 amount of the loan value of the policy, the policy shall terminate and
5 become void. The policy shall reserve to the insurer the right to defer
6 the granting of a loan, other than for the payment of a premium to the
7 insurer, for six months after the date of the loan application. The
8 policy, at the insurer's option, may provide for automatic premium loan,
9 subject to an election of the party entitled to elect. Except as
10 provided in (e) of this section, the required interest rates on policy
11 loans set out in this section apply only to policies issued before
12 July 1, 1982.

13 * Sec. 2. AS 21.45.080 is amended by adding new subsections to read:

14 (c) A policy issued on or after July 1, 1982, shall have a pro-
15 vision specifying an interest rate on a policy loan not to exceed eight
16 percent a year, or a provision permitting an adjustable maximum interest
17 rate established under this subsection. An adjustable maximum rate of
18 interest on a policy loan determined under this subsection may not
19 exceed the higher of the published monthly average for the calendar
20 month ending two months before the date on which the rate is determined,
21 or the rate used to compute cash surrender values under the policy
22 during the applicable period plus one-twelfth of a percentage point
23 multiplied by the number of months in the applicable period. If an
24 adjustable maximum rate of interest is used in a policy under this
25 subsection the policy shall contain a provision that states times for
26 the adjustment of the interest rate for that policy. Adjustment shall
27 occur at least once every 12 months, but not more often than once every
28 three months. The interest rate being charged may be increased if the
29 published monthly average increases by one-half percent or more and the

*reciprocal provision of interest
increased in earnings of policies,*

1 interest rate being charged must be reduced if the published monthly
2 average decreases by one half percent or more. A life insurer shall (1)
3 notify the policyholder of the initial rate of interest on the loan at
4 the time a cash loan is made; (2) notify a policyholder who obtains a
5 premium loan of the initial rate of interest on the loan as soon as it
6 is reasonably possible to do so after making an initial premium loan;
7 except as provided in (3) of this subsection, notice does not have to be
8 given to the policyholder when a second or subsequent premium loan is
9 added; (3) send reasonable advance notice of any increase in the rate to
10 a policyholder who has a policy loan; and (4) include other relevant
11 information on adjustment of interest rates in a notice required under
12 this subsection. The loan value of the policy shall be determined in
13 accordance with (a) of this section. A policy may not be terminated in
14 a policy year as the sole result of a change in the interest rate during
15 that policy year. If an interest rate changes, the insurer shall main-
16 tain coverage during the policy year until the date on which the policy
17 would have terminated if the interest rate had not changed.

18 (d) In (c) of this section

19 (1) "interest rate" includes a rate of interest charged for
20 reinstatement of policy loans for the period during and after the lapse
21 of a policy;

22 (2) "policy" includes certificates issued by a fraternal
23 benefit society and annuity contracts that provide for policy loans;

24 (3) "policy loan" includes a premium loan made under a policy
25 to pay a premium that was not paid to the life insurer as it became due;

26 (4) "policyholder" includes an owner of a policy or a person
27 designated to pay policy premiums according to the records of the life
28 insurer;

29 (5) "published monthly average" means the monthly average of

1 corporate bond yields as published by Moody's Investors Service, Inc.,
2 or its successor, or if Moody's corporate bond yield average-monthly
3 average corporates is not published, a substantially similar average,
4 established by regulation adopted by the director.

5 (e) The provisions of (c) of this section on interest rates apply
6 to all policy loans made on or after July 1, 1982, except that if a
7 policy holder agrees in writing to the applicability of (c) of this
8 section to a policy issued before July 1, 1981, that subsection applies
9 to the policy.

10 * Sec. 3. AS 21.45.110 is repealed and reenacted to read:

11 Sec. 21.45.110. REINSTATEMENT. Except as provided in AS 21.45.-
12 230, there shall be a provision that unless (1) the policy has been
13 surrendered for its cash surrender value, (2) its cash surrender value
14 has been exhausted, or (3) the paid-up term insurance, if any, has
15 expired, the policy will be reinstated at any time within three years
16 (or two years in the case of industrial life insurance policies) from
17 the date of premium default upon written application, the production of
18 evidence of insurability satisfactory to the insurer, the payment of all
19 premiums in arrears with interest at a rate not exceeding six percent a
20 year compounded annually, and the payment or reinstatement of interest
21 due to the insurer on a loan on the policy with interest as provided in
22 AS 21.45.080(c).

23 * Sec. 4. This Act takes effect July 1, 1982.
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OF COUNSEL
M. E. MONAGLE

ROBERTSON, MONAGLE, EASTAUGH & BRADLEY

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April 20, 1982

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*Terry - This answers
the questions you asked.*

Honorable Terry Martin
Alaska State Legislature
Pouch V
Juneau, AK 99811

Re: CSSB 841

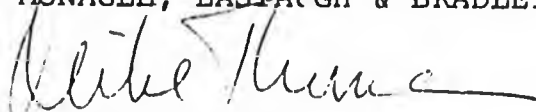
Dear Representative Martin:

The committee substitute introduced by the Senate Labor and Commerce Committee incorporated all of the changes recommended by the Division of Insurance. Their memo is attached. The explanation of the background and basic structure of the bill in my January letter to you remains accurate.

Thank you for taking this bill up. It passed the Senate 19 - 1 on April 20.

Sincerely,

ROBERTSON, MONAGLE, EASTAUGH & BRADLEY


Michael T. Thomas

MTT/ke
Enclosure

**DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT**

OFFICE OF THE COMMISSIONER

POUCH D
JUNEAU, ALASKA 99811
PHONE: 465-2500

LEGISLATIVE POSITION PAPER

SB 841

March 15, 1982

The Department of Commerce and Economic Development favors SB 841 if amended and recommends its passage.

The proposed legislation is based on a model law of the National Association of Insurance Commissioners. It would allow the use of either a fixed rate of interest on life insurance policy loans not to exceed 8% or the use of a flexible rate of interest which would be adjusted at least once a year based on an external index.

The current approach is to use a fixed rate of interest capped at 8%. This rate is generally lower than the cost of such loans and results in an impact on policyholders dividends since those funds in life insurance policy loans are not available for investment in more lucrative markets thus reducing income available for distribution as dividends. This impacts the ultimate net cost of life insurance. It also creates a subsidy of policyholders using the policy loan feature of the policy by those policyholders who do not use the policy loan feature.

The current cap has an impact on insurer liquidity thus impacting the flexibility they have in their investment portfolio. Income cannot be maximized which would accrue to the advantage of policyholders if it could be maximized.

Attached to this paper is a list of proposed amendments. Also attached is a section by section analysis and in some cases, a line by line analysis of the bill. The effect of proposed amendments is also explained in those comments.

E. W. Eboch 3/15/82

Edward W. Eboch
Deputy Commissioner

AMENDMENTS PROPOSED

On page 2, line 11
change "June 30" to read "July 1".

On page 2, line 13
following the word "issued" insert the words "on or".
change "June 30" to read "July 1".

On page 2, line 14
remove the words "permitting a maximum" and insert "specifying an".
remove the word "of" and insert "not to exceed".

On page 2, line 21
following the word "point" insert "a year".

On page 3, line 12
remove the word "because" and insert "as the sole result of the
change in"
remove the words "has changed".

On page 3, line 13
following the word "year" insert "; the insurer shall maintain
coverage during that policy year until the time at which the
policy would have terminated if there had been no change during
that policy year".

On page 4, line 2
following the word "made" insert "on or".
Change "June 30" to read "July 1"

On page 4, line 18
following the word "AS 21.45.080" insert "(c)".