

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672

5043 HRLS HB 46 - HB 293

615

ALIEN TRUST DEPOSITS

This issue is considered the #1 priority legislative need this session and it relates to the trust fund requirements for alien surplus lines insurers wishing to business in Alaska. An alien insurer is one formed under the laws of a country other than the United States.

At the present time, AS 21.34.040(c) provides that an alien surplus lines insurer must maintain a trust fund for the benefit of policyholders in the United States in an amount not less than \$3.5 million. That \$3.5 million figure is scheduled to increase to \$5 million on June 20, 1987. This portion of the bill would eliminate this scheduled increase and reduce the trust fund requirement to \$1.5 million, the level required before June 20, 1985.

This proposal would avoid the necessity to declare as ineligible, approximately 95% of the alien surplus line companies doing business in the Alaska market. There is a great deal of concern about the reduction of available insurance markets for exposures in this state. If the current language in statute were to be enforced, many insurers who now provide valuable markets would be ineligible for use here. Alaska is out of step with the rest of the country on this issue where the norm is a deposit of \$1.5 million. This proposal does not impact the minimum capital and surplus required of alien insurers.

Section 30. (Page 15, Lines 8-29; Page 16, Lines 1-12)

The language to accomplish the change noted above appears on Page 15, Lines 21-22. Other changes are not substantive.

Section 54. (Page 33, Lines 28-29)

This Section is an immediate effective date for Section 30 only.

REPEAL OF REBATE PROVISIONS

This issue is new with this draft of CSHB 46. It removes a prohibition for rebating a part of premium to an insured. As currently worded, it applies to all lines of insurance. The Division of Insurance does not support this proposal as it currently appears in the bill. We feel that the very competition it intends to provide will actually make it possible for larger brokers to create a monopoly, thus driving the small agent or broker out of business.

Section 31. (Page 16, Lines 13-29; Page 17, Lines 1-4)

This Section provides an exception to the rebate prohibition for life, annuity, and disability insurance.

Section 32. (Page 17, Lines 5-8)

This Section permits an agent or broker to rebate premium for life, annuity, and disability insurance.

Section 33. (Page 17, Lines 9-29; Page 18, Lines 1-10)

This Section permits an agent or broker to rebate premium for life, annuity, and disability insurance.

Section 34. (Page 18, Lines 11-15)

This Section permits an agent or broker to rebate premium for property, casualty, and surety insurance.

Section 46. (Page 17, Lines 5-8)

This Section permits a title insurer or agent to rebate premium for title insurance.

CSHB 46 (Jud)
4/27/87

Section 48. (Page 27, Lines 8-13)

This Section permits a fraternal, or its agent to rebate premium for coverages written by a fraternal.

Section 52. (Page 17, Lines 5-8)

This Section repeals AS 21.36.120(b).

COMMERCIAL CANCELLATION

AS 21.36.210 - 310 currently places a limitation on an insurance company's right to cancel in mid-term, personal lines of insurance, such as automobile insurance or homeowners insurance. This whole section of law deals with insurer initiated cancellations. The insurance crisis of the past few years, accented the need that this kind of protection should also be provided for commercial policies.

To accomplish this, it is necessary to substantially rework AS 21.36.210 - 310. A number of sections have been relocated and a distinction made between personal insurance and business or commercial insurance. The personal insurance limitation is unchanged except that notice period has been revised. This issue has been the one generating the most fine tuning during the hearing process.

The business or commercial insurance notice is similar to those in many states. This proposal preserves the insurers right to cancel but does require an adequate period of notice, a statement of the reasons for the cancellation, and requires, in most cases, that any unearned premium be returned to the insured before the effective date of cancellation. A notice requirement has been added for an increase of premium at renewal or a change in coverage. Notice must be given prior to expiration.

The normal period of notice for cancellation will be 60 days. Notice for nonpayment will be 20 days. Notice for special reasons such as suspension or revocation of license, conviction of a crime related to the type of coverage provided, and material misrepresentation will have a 10 day notice. Notice of nonrenewal will remain at 20 days for personal insurance and will be 45 days for commercial nonrenewals.

Section 35. (Page 18, Lines 16-27)

No substantive change.

Section 36. (Page 18, Lines 28-29; Page 19, Lines 1-5)

No substantive change. This is merely a relocation of AS 21.36.300. Reference to some exceptions has been deleted since those will be picked up under the commercial or business definition.

Section 37. (Page 19, Lines 6-24)

No substantive change.

Section 38. (Page 19, Lines 25-29; Page 20, Lines 1-12)

This Section lists the notice periods for personal insurance.

Section 39. (Page 20, Lines 13-29; Page 21, Lines 1-29;
Page 22, Lines 1-5)

§(b) of this Section establishes the notice periods for business or commercial insurance.

§(c) requires the return of unearned premium prior to the effective date of cancellation. If the cancellation is for nonpayment, return of unearned premium must occur within 30 days after notice of cancellation is given. Audits on auditable policies must also be made before the effective date of cancellation and unearned premium returned before the expiration of the policy, where the reason for cancellation is other than nonpayment, and some specified exceptions.

While this may cause some difficulty for the insurer, it should be remembered that this speaks to an insurer initiated cancellation. Insurers can use tentative or projected numbers for the period following the notice of cancellation. They often know they are going to cancel, so usually they can also control the audit process. The insured with an auditable policy is entitled to the same protection as an insured with a nonauditable policy. The insurer may elect to waive an audit on cancellation, which is their right currently. If the Division finds that the waiver is not in the insureds interest, it can require that an audit be made under §(d).

§(d) provides that the Director has the authority to order an audit waived by an insurer under §(c). This would be done when the director believes an insurer is acting unfairly to an insured.

§(e) clarifies that a reason for cancellation will be given in all cases.

Section 40. (Page 22, Lines 6-27)

This section provides for a notice to be given of a premium increase or of a coverage change 20 days before expiration in the case of personal insurance and 45 days before expiration in the case of business or commercial insurance. This does not apply to workers' compensation insurance.

Section 41. (Page 22, Lines 28-29; Page 23, Lines 1-18)

The notice of nonrenewal is unchanged for personal insurance at 20 days. The notice of nonrenewal for business or commercial insurance is 45 days. Failure to give required notice results in continued cover.

Section 42. (Page 23, Lines 19-28)

No substantive change.

Section 44. (Page 24, Lines 17-23)

This section requires that a notice of cancellation be sent to the last known address that the insurer have a post office receipt of mailing.

Section 45. (Page 24, Lines 24-29; Page 25, Lines 1-29;
Page 26, Lines 1-22)

The definition of "business or commercial insurance" is new. The remainder of the changes in this Section are not substantive. The limit

CSHB 46 (Jud)

4/27/87

on cancellation will extend to vessels under 50 displacement tons which will cover most of Alaska's fishing fleet.

Section 52. (Page 33, Lines 21-24)

AS 21.36.210(c) is repealed as it is not needed.

AS 21.36.210(e) is repealed because it has been relocated in the definition of "personal insurance" on Page 25, Lines 25-29 and Page 26, Lines 1-11.

AS 21.36.230 is repealed as it is not needed.

AS 21.36.300 is repealed because it has been moved to Section 36.

PRO RATA ON CANCELLATIONS

There are two basic methods of computing return premium on a cancelled policy. In industry parlance, these are referred to as short rate and pro rata. Short rate is used on a cancellation initiated by the insured and has a built-in penalty. Pro rata is used on cancellations initiated by the insurance company and the earned portion of premium is proportionate to the period of coverage. The short rate method of computation is often a cause for complaint because of abuse. Most complaints deal with the size of the penalty provision.

Short rate penalty was originally intended to reflect an expense of the insurer that was, for the most part, beyond the insurers' control. It also provides some protection from severe market disruption. The Division has considered the elimination of short rate by regulation, but authority is vague. We would prefer to continue some form of short rate penalty but be able to address the abuses.

Section 43. (Page 23, Line 29; Page 24, Lines 1-16)

This Section limits short rate penalty to 5% of the unearned premium not to exceed \$1,000.

Section 53. (Page 33, Lines 25-27)

This Section makes clear that this new requirement does not affect in-force contracts, thus sidestepping potential constitutional conflicts.

NURSE COVERAGE

This proposal will add nurses to the list of health care professionals who can obtain professional liability insurance from the Medical Indemnity Corporation of Alaska which was formed under AS 21.88 in 1976. This is primarily a backup action since nurses have recently been able to put together a national program that appears to resolve their availability difficulties. The Division of Insurance has no objection to this proposal.

Section 49. (Page 27, Lines 14-29; Page 28, Lines 1-29;
Page 29, Lines 1-29; Page 30, Lines 1-6)

"Nurse" or "nurses", is added on Page 27, Lines 18, 21, & 24; Page 28, Lines 3, 4, & 7; and on Page 29, Line 29.

RELOCATION OF DEFINITIONS

Definitions in the Insurance Code (Title 21) are found in AS 21.90. In addition, chapters contain definitions that in some cases have a more general application. These should be located in the general definition chapter. The changes in this case are not substantive, but merely represent relocation with one exception, the definition of "firm," which has been already discussed on Page 8-9, under Sections 10 & 50.

Section 50. (Page 30, Lines 7-29; Page 31, Lines 1-29;
Page 32, Lines 1-29; Page 33, Lines 1-7)

§(1), "adjuster" on Page 30, Lines 10-16, was formerly AS 21.27.510(a).

§(2), "agent" on Page 30, Lines 17-21, was formerly AS 21.27.470.

§(5), "broker" on Page 30, Lines 28-29 and Page 31, Lines 1-6, was formerly AS 21.27.480.

§(11), "firm" on Page 31, Lines 16-19 is new. See discussion on Page 8.

§(13), "independent adjuster" on Page 31, Lines 23-24, was formerly AS 21.27.510(b).

§(20), "solicitor" on Page 32, Lines 22-25, was formerly AS 21.27.490.

Section 51. (Page 33, Lines 8-20)

This Section was formerly AS 21.27.520. No substantive change.

Section 52. (Page 33, Lines 21-24)

AS 21.27.470, AS 21.27.480, AS 21.27.490, AS 21.27.510, & AS 21.27.520 are repealed as discussed in Sections 50 and 51 above.

ELIMINATION OF DOMESTIC TAX EXEMPTION

This item proposes to terminate a tax exemption presently granted to a domestic Alaska insurer during its first five years of existence. There is a potential constitutional issue with continuance of the tax exemption. In the past, large national insurance holding companies have taken advantage of this feature and in some cases, there has been a strong question about whether some of those companies were truly domestic Alaska insurers. The Division of Insurance has no objection to this proposal.

Section 52. (Page 33, Lines 21-24)

AS 21.09.210(c) is repealed on Line 23, eliminating the domestic tax exemption.

CSHB 46 (Jud)

4/27/87

REMOVAL OF OBSOLETE OR DUPLICATIVE PROVISIONS

The present Insurance Code was adopted in 1966. At the time of adoption, there were a number of provisions intended to prevent disruption of, then, current activities. These provisions are no longer since some 20+ years have passed and the sections are obsolete. Included in the repeal is a section that duplicates provisions of the ethics bill adopted by the Fourteenth Legislature.

Section 52. (Page 33, Lines 21-24)

AS 21.03.030, AS 21.03.040, AS 21.03.050 and AS 21.06.040 are repealed.

CSHB 46(Jud)
4/27/87

AMENDMENT #1
ALTERNATIVE #1

By Division of Insurance

- On Page 16, Lines 13-29
Page 17, Lines 1-29
Page 18, Lines 1-10

Delete all language (Sections 31-33)

- On Page 18, Lines 11-15

Rewrite Section 34 to read:

"Sec. 34. AS 21.36.120(a) is amended to read:

(a) A property, casualty, or surety insurer [OR ITS EMPLOYEE OR REPRESENTATIVE, OR AN AGENT, OR SOLICITOR] may not pay, allow, give, or offer to pay, allow or give, directly or indirectly, as an inducement to insurance or after insurance has been effected, a rebate, discount, abatement, credit or reduction of the premium named in the policy of insurance, or a special favor or advantage in the dividends or other benefits to accrue thereon, or any valuable consideration or inducement, not specified in the policy, except to the extent provided for in an applicable filing with the director as provided by law. An agent or broker may give a rebate on a property, casualty, or surety insurance, provided the rebate results only in a reduction of the commission due the agent or broker and does not reduce the amount or type of insurance coverage.

- On Page 26, Lines 23-29

Delete all language (Section 46)

- On Page 27, Lines 8-13

Delete all language (Section 48)

CSHB 46(Jud)
4/27/87

On Page 33, Line 25

Change "52" to "47"

On Page 33, Line 27

Change "52" to "47"

Renumber Sections as appropriate

Explanation:

This alternative is basically that discussed as the conceptual objective sought by the House Judiciary Committee on 4/23/87. It permits rebate by property and casualty agents and brokers but not by insurers. It continues the present rebate prohibition for life, annuity, disability, and title insurance.

CSHB 46(Jud)
4/27/87

AMENDMENT #1
ALTERNATIVE #2

By Division of Insurance

- On Page 16, Lines 13-29
Page 17, Lines 1-29
Page 18, Lines 1-15

Delete all language (Sections 31-34)

- On Page 26, Lines 23-29

Delete all language (Section 46)

- On Page 27, Lines 8-13

Delete all language (Section 48)

- On Page 33, Line 23

Delete "AS 21.36.120(b)"

- On Page 33, Line 25

Change "52" to "46"

- On Page 33, Line 27

Change "52" to "46"

- Renumber Sections as appropriate

CSHB 46(Jud)

4/27/87

Explanation:

This alternative removes the rebate repeal from the bill. This general issue is controversial and the impact of the change it represents should be given a good deal more thought. Our principal concern is the impact on competition in the smaller communities and the opportunity presented with this legislation to the larger brokerage houses to monopolize business.

CSRS 46(Jud)

4/27/87

AMENDMENT #1

ALTERNATIVE #3

By Division of Insurance

- On Page 16, Lines 13-29
Page 17, Lines 1-29
Page 18, Lines 1-10

Delete all language (Sections 31-33)

- On Page 18, Lines 11-15

Rewrite Section 34 to read:

"Sec. 34. AS 21.36.120(a) is amended to read:

(a) A property, casualty, or surety insurer [OR ITS EMPLOYEE OR REPRESENTATIVE, OR AN AGENT, OR SOLICITOR] may not pay, allow, give, or offer to pay, allow or give, directly or indirectly, as an inducement to insurance or after insurance has been effected, a rebate, discount, abatement, credit or reduction of the premium named in the policy of insurance, or a special favor or advantage in the dividends or other benefits to accrue thereon, or any valuable consideration or inducement, not specified in the policy, except to the extent provided for in an applicable filing with the director as provided by law. An agent or broker may give a rebate on a property, casualty, or surety insurance, provided the rebate

(1) results only in a reduction of the commission due the agent or broker;

(2) does not reduce the amount or type of insurance coverage;
and.

(3) applies only to an insured with insurance premium in excess of \$50,000 per year.

- On Page 26, Lines 23-29

Delete all language (Section 46)

CSHB 46(Jud)

4/27/87

On Page 27, Lines 8-13

Delete all language (Section 48)

On Page 33, Line 25

Change "52" to "47"

On Page 33, Line 27

Change "52" to "47"

Renumber Sections as appropriate

Explanation:

This alternative is similar to that discussed as the conceptual objective sought by the House Judiciary Committee on 4/23/87. It permits rebate by property and casualty agents and brokers but not by insurers. It continues the present rebate prohibition for life, annuity, disability, and title insurance. The difference between this alternative and alternative #1, is that the rebate prohibition would only be lifted on those cases where the premium is in excess of \$50,000.

MEMORANDUM

TO: House Rules Committee

JS FROM: American Insurance Association-Thomas J. Slagle

RE: CSHB46

DATE: April 27, 1987

The American Insurance Association, representing 171 property-casualty insurance companies in the United States today, supports legislation on cancellation and non-renewal of commercial policies that will both provide reasonable protection for commercial and insurance consumers, and provide companies with the flexibility they need to react to changes affecting individual risks.

There are several changes the AIA would urge you to consider, and which we will be actively encouraging. These concerns include:

Notice of Cancellation § 38

The advance notice on cancellation for personal policies should be less than commercial policies. We suggest a reduction from sixty (60) days to thirty (30) days (except in those cases already indicated with shorter notice). A sixty day period may be appropriate for commercial lines of insurance because of the larger, or more unusual risks involved; a thirty day period is more than adequate, however, for persons to obtain personal lines coverage. Suggested change is found on page 20, line 1; change 60 to 30.

Failure to Renew § 41

The time period for a notice of non-renewal should be no longer than---and ideally should be shorter for both personal and commercial lines than the notice period for cancellation. As a practical matter, the factors involved in non-renewal takes the insurance carrier longer to evaluate than those in cancellation. We would suggest that the period for non-renewal notice

Memorandum to House Rules Committee Members
April 27, 1987
Page Two

on business or commercial policies be shortened from about forty-five (45) days to thirty (30) days. See page 23, line 6.

The House Judiciary Committee incorporated a "rolling" provision which provides that "if notice of non-renewal is not given as required by this section, the existing policy shall continue until the insurer provides notice for the time period required by this section for that policy." We believe that this provision will benefit both the consumer and the insurer. The AIA would like in addition to that provision that "earned premium for any period of coverage that extends beyond the expiration date shall be considered prorata based upon the previous year's rate." As a matter of principle, the AIA does not want to provide coverage without any premium return. From a practical viewpoint, the collection of the prorata premium will be rare, either because the non-renewal notice has been sent timely, or the difficulty in collecting a relatively small premium, but the AIA would prefer to see proration language in the Bill. See page 23, line 12, to insert proration language after policy.

Cancellation of Auditable policies - § 39 C(c)(2)

This section requires the insurer to perform, or waive the audit before the effective date of cancellation and return or credit any estimated unearned premium before the effective date of cancellation. With many auditable policies, it is virtually impossible to perform an audit prior to cancellation, in particular if the policy premium is based upon payroll, or sales receipts. The AIA is concerned that if the returned premium is not adequate, that the courts may construe the cancellation to be ineffective. Taking into consideration the consumer's need for a return of premium to obtain a replacement policy, and the insurer's concerns with this section, the AIA suggests the following language: "Upon return or credit of the estimated unearned premium, the insurer or insured may still request a post cancellation audit. Failure of the

Memorandum to House Rules Committee Members
April 27, 1987
Page Three

insurer to return the precise amount of unearned premium prior to completion of the audit shall not invalidate the cancellation."

We would be willing to work with the Committee to implement these concerns.

Original sponsors: Navarre, Swackhammer
and Sund

1 IN THE HOUSE

BY THE JUDICIARY COMMITTEE

2 CS FOR HOUSE BILL NO. 46 (Judiciary)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to insurance; and providing for an
7 effective date."

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

9 * Section 1. AS 21.09.250 is amended to read:

10 Sec. 21.09.250. PROHIBITED ACTS. An insurer doing business in
11 this state may not make, write, place or cause to be made, written or
12 placed in this state a policy, duplicate policy or contract of insur-
13 ance of any kind or character, or general or floating policy upon
14 persons or property resident, situated or located in this state, from
15 or through a broker, agent, general agent, surplus line broker, or
16 person who has not secured a license in this state. An insurer may
17 not pay a commission or any form of remuneration to a person, firm, or
18 organization for the writing or placing of insurance coverage in this
19 state unless that person, firm, or organization holds a license issued
20 by the director.

21 * Sec. 2. AS 21.09.280 is amended to read:

22 Sec. 21.09.280. GENERAL AGENTS [AND MANAGERS]. (a) An insurer
23 appointing a person as its general agent [OR MANAGER] to represent it
24 in this state shall file notice of the appointment with the director
25 on forms prescribed and furnished by the director.

26 (b) A general agent [OR MANAGER] has the authority, consistent
27 with this title, that may be conferred by the insurer. A general
28 agent, resident or nonresident, qualified in AS 21.27.090, licensed as
29 provided in this section in the same manner as is provided for agents

1 subsidiary of the insurance holding company that owns or controls the
2 insurer.

3 * Sec. 4. AS 21.27.020 is amended to read:

4 Sec. 21.27.020. GENERAL QUALIFICATIONS FOR LICENSE. For the
5 protection of the people of this state, the director may not issue [OR
6 RENEW] a license except in compliance with this chapter [, OR] to a
7 person, or to be exercised by [,] a person, found by the director to
8 be untrustworthy, incompetent, or who has not established to the
9 satisfaction of the director that the person is qualified under [IN
10 ACCORDANCE WITH] this chapter.

11 * Sec. 5. AS 21.27.030(a) is amended to read:

12 (a) The director may not grant an agent, solicitor, or broker
13 license to a person if the director has reasonable cause to believe
14 that

15 [(1) DURING EITHER OF THE TWO CALENDAR YEARS IMMEDIATELY
16 PRECEDING THE REQUEST FOR RENEWAL OF THE LICENSE THE AGGREGATE AMOUNT
17 OF COMMISSIONS REPRESENTED BY THE CONTROLLED BUSINESS PROCURED BY OR
18 THROUGH THE LICENSEE EXCEEDED THE AGGREGATE AMOUNT OF COMMISSIONS
19 REPRESENTED BY ALL OTHER INSURANCE BUSINESS PROCURED BY OR THROUGH THE
20 LICENSEE; OR

21 (2)] the circumstances of the applicant for the license [OR
22 OF A LICENSEE] are such [AS TO CAUSE THE DIRECTOR REASONABLY TO BE-
23 LIEVE] that during the 12-month period immediately following issuance
24 [OR RENEWAL] of the license, if issued [OR RENEWED], the aggregate
25 amount of commissions to be represented by the controlled business
26 would exceed the aggregate amount of commissions to be represented by
27 all other insurance business to be procured by or through the appli-
28 cant [OR LICENSEE].

29 * Sec. 6. AS 21.27.030 is amended by adding a new subsection to read:

1 the same kinds of insurance as an agent's or solicitor's license then
2 held by them.

3 (b) The director may at any time require an individual [A]
4 licensed as an agent, broker, solicitor, or adjuster to take and
5 successfully pass an examination testing competence and qualifications
6 as a condition to the continuance [OR RENEWAL] of the license if the
7 licensee has been guilty of violation of this title, or has so con-
8 ducted affairs under the license as to cause the director reasonably
9 to desire further evidence of the qualifications of the licensee.

10 * Sec. 8. AS 21.27.090(a) is amended to read:

11 (a) To qualify for an individual agent or broker license an
12 applicant shall comply with this title and

13 (1) be 19 years of age or over [, IF AN INDIVIDUAL];

14 (2) if for a resident agent's or broker's license, be a
15 bona fide resident before issuance of license [,] and actually reside
16 in the state [RESIDING IN ALASKA, OR IF A CORPORATION, BE OTHER THAN
17 AN INSURER AND MAINTAIN A LAWFULLY ESTABLISHED PLACE OF BUSINESS IN
18 THIS STATE, EXCEPT AS PROVIDED IN AS 21.27.270];

19 (3) [BE EMPOWERED TO BE AN AGENT OR BROKER, AS THE CASE MAY
20 BE, UNDER ITS MEMBERS' AGREEMENT, IF A FIRM, OR BY ITS ARTICLES OF
21 INCORPORATION, IF A CORPORATION;

22 (4)] successfully pass any examination required under
23 AS 21.27.060;

24 (4) [(5)] be a trustworthy person;

25 (5) [(6)] not use or intend to use [OR USE] the license for
26 the purpose principally of writing controlled business, as defined in
27 AS 21.27.030;

28 (6) [(7)] if for an agent license, be appointed as its
29 agent by one or more authorized insurers, subject to issuance of the

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

Original sponsors: Navarre, Swackhammer
and Sund

1 IN THE HOUSE

BY THE JUDICIARY COMMITTEE

2 CS FOR HOUSE BILL NO. 46 (Judiciary)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to insurance; and providing for an
7 effective date."

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

9 * Section 1. AS 21.09.250 is amended to read:

10 Sec. 21.09.250. PROHIBITED ACTS. An insurer doing business in
11 this state may not make, write, place or cause to be made, written or
12 placed in this state a policy, duplicate policy or contract of insur-
13 ance of any kind or character, or general or floating policy upon
14 persons or property resident, situated or located in this state, from
15 or through a broker, agent, general agent, surplus line broker, or
16 person who has not secured a license in this state. An insurer may
17 not pay a commission or any form of remuneration to a person, firm, or
18 organization for the writing or placing of insurance coverage in this
19 state unless that person, firm, or organization holds a license issued
20 by the director.

21 * Sec. 2. AS 21.09.280 is amended to read:

22 Sec. 21.09.280. GENERAL AGENTS [AND MANAGERS]. (a) An insurer
23 appointing a person as its general agent [OR MANAGER] to represent it
24 in this state shall file notice of the appointment with the director
25 on forms prescribed and furnished by the director.

26 (b) A general agent [OR MANAGER] has the authority, consistent
27 with this title, that may be conferred by the insurer. A general
28 agent, resident or nonresident, qualified in AS 21.27.090, licensed as
29 provided in this section in the same manner as is provided for agents

1 in AS 21.27, may exercise the powers conferred by this title upon
2 agents licensed for the kinds of insurance that the general agent is
3 authorized to transact for the insurer appointing the agent.

4 (c) The [EXCEPT AS PROVIDED UNDER AS 21.27.500, THE] appointment
5 of a resident or nonresident general agent is not effective unless the
6 person appointed is licensed as the general agent of the insurer by
7 the director upon application and payment of a fee set under AS 21.-
8 06.250.

9 (d) Every license is subject to the payment of an annual fee set
10 under AS 21.06.250 and payable on or before [EXPIRES AT] the close of
11 business on the 30th day of June of each year [FOLLOWING THE DATE OF
12 ISSUE, AND MAY BE RENEWED FOR AN ADDITIONAL YEAR UPON APPLICATION AND
13 PAYMENT OF THE FEE].

14 (e) The director may deny, suspend, or revoke a license for any
15 cause specified in AS 21.27.410 in the manner provided in AS 21.27.-
16 420.

17 * Sec. 3. AS 21.09.280 is amended by adding new subsections to read:

18 (f) Persons employed on salary by an insurer, including officers
19 and salaried employees performing the same services as general agents,
20 are considered to be service representatives and are not required to
21 be licensed.

22 (g) For purposes of this section, a person, firm, or corporation
23 that performs management services for an insurer is not considered a
24 general agent if

25 (1) the person, firm, or corporation is a wholly-owned
26 subsidiary of the insurer;

27 (2) the person, firm, or corporation wholly owns the insurer; or
28

29 (3) the person, firm, or corporation is a wholly-owned

1 subsidiary of the insurance holding company that owns or controls the
2 insurer.

3 * Sec. 4. AS 21.27.020 is amended to read:

4 Sec. 21.27.020. GENERAL QUALIFICATIONS FOR LICENSE. For the
5 protection of the people of this state, the director may not issue [OR
6 RENEW] a license except in compliance with this chapter [, OR] to a
7 person, or to be exercised by [,] a person, found by the director to
8 be untrustworthy, incompetent, or who has not established to the
9 satisfaction of the director that the person is qualified under [IN
10 ACCORDANCE WITH] this chapter.

11 * Sec. 5. AS 21.27.030(a) is amended to read:

12 (a) The director may not grant an agent, solicitor, or broker
13 license to a person if the director has reasonable cause to believe
14 that

15 [(1) DURING EITHER OF THE TWO CALENDAR YEARS IMMEDIATELY
16 PRECEDING THE REQUEST FOR RENEWAL OF THE LICENSE THE AGGREGATE AMOUNT
17 OF COMMISSIONS REPRESENTED BY THE CONTROLLED BUSINESS PROCURED BY OR
18 THROUGH THE LICENSEE EXCEEDED THE AGGREGATE AMOUNT OF COMMISSIONS
19 REPRESENTED BY ALL OTHER INSURANCE BUSINESS PROCURED BY OR THROUGH THE
20 LICENSEE; OR

21 (2)] the circumstances of the applicant for the license [OR
22 OF A LICENSEE] are such [AS TO CAUSE THE DIRECTOR REASONABLY TO BE-
23 LIEVE] that during the 12-month period immediately following issuance
24 [OR RENEWAL] of the license, if issued [OR RENEWED], the aggregate
25 amount of commissions to be represented by the controlled business
26 would exceed the aggregate amount of commissions to be represented by
27 all other insurance business to be procured by or through the appli-
28 cant [OR LICENSEE].

29 * Sec. 6. AS 21.27.030 is amended by adding a new subsection to read:

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

8 * Sec. 7. AS 21.27.060 is amended to read:

9 Sec. 21.27.060. EXAMINATION OF APPLICANTS. (a) Each applicant
10 for an individual license as agent, broker, solicitor, or adjuster
11 shall, before the issuance of the license, personally take and pass,
12 to the satisfaction of the director, an examination given by the
13 director as a test of the qualifications and competence of the appli-
14 cant. This requirement does not apply to

15 (1) applicants for limited licenses, as travel insurance
16 agents only, under AS 21.27.150, or, at the discretion of the direc-
17 tor, to applicants for licenses as disability insurance agents for the
18 purpose of handling limited coverages pertaining to sports and recre-
19 ation;

20 (2) applicants who at any time within the five-year period
21 immediately preceding the date of application have been licensed in
22 this state under a license requiring qualifications required by the
23 license applied for and who are considered by the director to be fully
24 qualified and competent;

25 (3) applicants for license as nonresident agent or as
26 nonresident broker who have fulfilled qualification requirements in
27 their state or province of residence and who are considered by the
28 director to be fully qualified and competent;

29 (4) applicants for an agent or solicitor license covering

1 the same kinds of insurance as an agent's or solicitor's license then
2 held by them.

3 (b) The director may at any time require an individual [A]
4 licensed as an agent, broker, solicitor, or adjuster to take and
5 successfully pass an examination testing competence and qualifications
6 as a condition to the continuance [OR RENEWAL] of the license if the
7 licensee has been guilty of violation of this title, or has so con-
8 ducted affairs under the license as to cause the director reasonably
9 to desire further evidence of the qualifications of the licensee.

10 * Sec. 8. AS 21.27.090(a) is amended to read:

11 (a) To qualify for an individual agent or broker license an
12 applicant shall comply with this title and

13 (1) be 19 years of age or over [, IF AN INDIVIDUAL];

14 (2) if for a resident agent's or broker's license, be a
15 bona fide resident before issuance of license [,] and actually reside
16 in the state [RESIDING IN ALASKA, OR. IF A CORPORATION, BE OTHER THAN
17 AN INSURER AND MAINTAIN A LAWFULLY ESTABLISHED PLACE OF BUSINESS IN
18 THIS STATE, EXCEPT AS PROVIDED IN AS 21.27.270];

19 (3) [BE EMPOWERED TO BE AN AGENT OR BROKER, AS THE CASE MAY
20 BE, UNDER ITS MEMBERS' AGREEMENT, IF A FIRM, OR BY ITS ARTICLES OF
21 INCORPORATION, IF A CORPORATION;

22 (4)] successfully pass any examination required under
23 AS 21.27.060;

24 (4) [(5)] be a trustworthy person;

25 (5) [(6)] not use or intend to use [OR USE] the license for
26 the purpose principally of writing controlled business, as defined in
27 AS 21.27.030;

28 (6) [(7)] if for an agent license, be appointed as its
29 agent by one or more authorized insurers, subject to issuance of the

1 license, except that an individual acting on behalf of a firm is not
2 required to have an appointment as an agent for that activity;

3 (7) ~~[(8)]~~ if for broker license, have had experience either
4 as an agent, solicitor, adjuster, general agent, broker, or as an
5 employee of insurers or representatives of insurers, or special educa-
6 tion or training of sufficient duration and extent reasonably to
7 satisfy the director that the applicant possesses the competence
8 necessary to fulfill the responsibilities of broker.

9 * Sec. 9. AS 21.27.090 is amended by adding a new subsection to read:

10 (c) To qualify for a firm agent or broker license an applicant
11 shall comply with this title and

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

13 (2) if a corporation, maintain a lawfully established place
14 of business in this state, except as provided in AS 21.27.270.

15 * Sec. 10. AS 21.27.130 is amended to read:

16 Sec. 21.27.130. CONTENT OF AGENT, BROKER, SOLICITOR LICENSES.
17 Agent, solicitor, and broker licenses must [SHALL] be in the form the
18 director prescribes, and must [SHALL] set out

19 (1) the name and address of the licensee, or if the lic-
20 ense is required to have a place of business, the address of the
21 place of business;

22 (2) if the agent or broker is a firm [OR CORPORATION], the
23 name of the principal or manager of the firm holding an individual
24 license as required by AS 21.27.140 [EACH INDIVIDUAL AUTHORIZED TO
25 EXERCISE THE POWERS CONFERRED BY THE LICENSE];

26 (3) the kind or kinds of insurance the licensee is [THERE-
27 BY] licensed to handle;

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

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

2 (6) the date of issuance [AND DATE OF EXPIRATION] of the
3 license.

4 * Sec. 11. AS 21.27.140 is amended to read:

5 Sec. 21.27.140. LICENSES TO FIRMS [AND CORPORATIONS]. A firm
6 shall have a firm license of the same degree as each individual li-
7 icensee acting on behalf of the firm. A firm [OR CORPORATION] may not
8 be licensed as an adjuster, agent, or broker unless each individual
9 acting as or representing to be an adjuster, agent, or broker on
10 behalf of the firm is licensed as an individual, and the principal or
11 manager of the firm is licensed as an individual to exercise all the
12 powers conferred by the firm's license. If the licensee knows of and
13 consents to an act or representation on behalf of the firm by an
14 individual who is not licensed as required by this chapter, that act
15 or representation [TO BE EMPOWERED AND DESIGNATED IN THE LICENSE TO
16 EXERCISE THE POWERS CONFERRED BY THE LICENSE IS QUALIFIED AS THOUGH
17 THE INDIVIDUAL WERE THE SOLE INDIVIDUAL TO BE SO EMPOWERED, EXCEPT
18 THAT A FIRM OR CORPORATION LICENSED FOR ALL LINES MAY EMPOWER AND
19 DESIGNATE ANY INDIVIDUAL, OTHER THAN THE PRINCIPAL OR MANAGER, LI-
20 CENSED FOR ONLY PROPERTY-CASUALTY OR LIFE-DISABILITY TO EXERCISE THE
21 POWERS CONFERRED BY THE LICENSE TO THE EXTENT THAT INDIVIDUAL IS
22 QUALIFIED TO ACT. EXERCISE OR ATTEMPTED EXERCISE OF THE POWERS BY AN
23 INDIVIDUAL NOT SO DESIGNATED, WITH THE KNOWLEDGE OR CONSENT OF THE
24 LICENSEE,] is cause for the revocation or suspension of the firm
25 license.

26 * Sec. 12. AS 21.27.170(b) is amended to read:

27 (b) The director shall issue to the agent a special vending
28 machine license for each machine to be used. The license must [SHALL]
29 specify the name and address of the insurer and agent, the name of the

1 policy to be sold, the serial number of the machine, and the place
2 where the machine is to be in operation. The license is [SHALL BE]
3 subject to [ANNUAL CONTINUATION, TO EXPIRATION,] suspension or revoca-
4 tion coincidentally with that of the agent. The director shall also
5 revoke the license on a machine if the director finds that the condi-
6 tions upon which the machine was licensed, under [AS REFERRED TO IN]
7 (a) of this section, no longer exist. Proof of the existence of a
8 [SUBSISTING] license shall be displayed on or about each vending
9 machine in use in the manner the director may reasonably require.

10 * Sec. 13. AS 21.27.190(a) is amended to read:

11 (a) Each applicant for a broker license [OR FOR THE RENEWAL OF A
12 BROKER LICENSE EXISTING ON JULY 1, 1966,] shall file with the applica-
13 tion [OR REQUEST FOR RENEWAL] and shall after that [THEREAFTER] main-
14 tain in force while [SO] licensed a bond in favor of the people of the
15 state, executed by an authorized corporate surety approved by the
16 director, in the amount of \$10,000 [\$5,000]. The bond may be continu-
17 ous in form, and total aggregate liability on the bond may be limited
18 to the payment of \$10,000 [\$5,000]. The bond must [SHALL] be contin-
19 gent on the accounting by the broker, to a [ANY] person requesting the
20 broker to obtain insurance or to a person from whom the broker obtains
21 insurance, for money or premiums collected in connection with the
22 insurance [THEREWITH].

23 * Sec. 14. AS 21.27.190 is amended by adding a new subsection to read:

24 (c) An individual who acts on behalf of a firm that files and
25 maintains in force the bond described in (a) of this section is exempt
26 from the requirements of (a) of this section.

27 * Sec. 15. AS 21.27.200(a) is repealed and reenacted to read:

28 (a) A broker is not an agent or other representative of an
29 insurer and does not have power as a broker to bind the insurer

1 regarding a risk or an insurance contract.

2 * Sec. 16. AS 21.27.200 is amended by adding new subsections to read:

3 (c) In determining an insured's entitlement to coverage or
4 return premium, a premium payment made to a broker shall be considered
5 received by the insurer if

6 (1) the payment was, at the time it was made, designated
7 for specific coverage; and

8 (2) the insurer accepted or acknowledged coverage by issu-
9 ing a policy, binder, or other contract for temporary insurance.

10 (d) A broker may not knowingly accept payment for coverage until
11 coverage is authorized by an insurer.

12 (e) Except as provided under (c) of this section, this section
13 is not intended to alter the common law of agency as applied to trans-
14 actions under this title.

15 * Sec. 17. AS 21.27.240(a) is amended to read:

16 (a) An agent or broker who employs a solicitor shall pay the
17 [THE] fee for issuance or annual fee for continuation [RENEWAL] of a
18 solicitor license [SHALL BE PAID BY THE AGENT OR BROKER BY WHOM THE
19 SOLICITOR IS EMPLOYED].

20 * Sec. 18. AS 21.27.300 is amended to read:

21 Sec. 21.27.300. CONTENTS OF LICENSE. The director shall pre-
22 scribe the form of adjuster license, which must contain

23 (1) the name and business address of the adjuster;

24 (2) date of issuance [AND DATE OF EXPIRATION] of the li-
25 cense;

26 (3) other statements proper to the purposes of the license.

27 * Sec. 19. AS 21.27.350 is amended by adding a new subsection to read:

28 (c) In addition to the record required under (a) of this sec-
29 tion, each agent or broker shall have and maintain at the agent's or

1 broker's principal place of business current accounting and financial
2 records maintained in accordance with generally accepted accounting
3 principles. The director may request summary or detailed copies for
4 examination by the division. Records examined under this subsection
5 are confidential when in the possession of the division, but may be
6 used by the director in a proceeding against the licensee. For pur-
7 poses of this subsection, the records of a firm shall be considered
8 the records of an individual agent or broker acting on behalf of the
9 firm.

10 * Sec. 20. AS 21.27.360(b) is amended to read:

11 (b) All funds, except those made payable to the insurer, repre-
12 senting premiums or return premiums received by an agent or broker,
13 shall be received in the fiduciary account of the agent or broker, and
14 shall be deposited in a bank account or depository separate from any
15 other account or depository, and shall be promptly accounted for and
16 paid to the insured, insurer, or agent entitled to the funds. For
17 purposes of this subsection, the fiduciary account of the firm shall
18 be considered the fiduciary account of an individual agent or broker
19 acting on behalf of the firm. Funds deposited into a fiduciary ac-
20 count may not be commingled or otherwise combined with other funds,
21 except as allowed under (d) of this section.

22 * Sec. 21. AS 21.27.360 is amended by adding new subsections to read:

23 (d) An agent or broker may commingle with premium funds, addi-
24 tional funds for the purpose of advancing premiums, establishing
25 reserves for the payment of return premiums, or reserves for receiving
26 and transmitting premium or return premium funds. Funds collected for
27 the payment of premium taxes, policy or filing fees, late payment
28 charges, and interest from fiduciary funds on deposit, may be com-
29 mingled in a fiduciary account, but shall be separately accounted for

1 and periodically removed from the fiduciary account.

2 (e) An agent or broker may not treat funds required to be in a
3 fiduciary account as a personal asset, as collateral for a personal or
4 business loan, or as a personal asset or income on a financial state-
5 ment, except that funds in a fiduciary account may be included in a
6 financial statement of the agent or broker if clearly identified as
7 fiduciary account assets.

8 (f) In this section, "fiduciary account" means an account in
9 which the agent or broker holds funds as a trustee for the insured,
10 insurer, or agent entitled to the funds.

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

12 Sec. 21.27.380. ANNUAL FEE FOR LICENSES. (a) An annual fee set
13 under AS 21.06.250 for resident and nonresident agent, solicitor, and
14 adjuster licenses is due on or before the close of business on the
15 30th day of June.

16 (b) An annual fee set under AS 21.06.250 for resident and non-
17 resident broker licenses is due on or before the close of business on
18 the 31st day of December.

19 (c) An agent or broker shall file the annual fee set under
20 AS 21.06.250 on behalf of a solicitor employed by the agent or broker.

21 (d) If payment of the annual license fee is not received by the
22 director before the due date as required under this section, the
23 licensee shall pay to the director and the director shall collect, in
24 addition to the regular fee, a surcharge as established by regulation
25 under AS 21.06.250. This subsection may not be considered to exempt a
26 person from a penalty provided by law for transacting business without
27 a valid license.

28 * Sec. 23. AS 21.27.390(a) is amended to read:

29 (a) The director may adopt regulations regarding the issuance of

1 an agent or broker temporary license to

2 (1) the surviving spouse or next of kin or to the adminis-
3 trator or executor of a deceased licensed agent or broker;

4 (2) the spouse, next of kin, employee, or legal guardian of
5 a licensed agent or broker who is disabled because of sickness, insan-
6 ity, or injury;

7 (3) a surviving member, [OF A FIRM OR SURVIVING] officer,
8 or employee of a firm [CORPORATION] licensed as agent or broker, upon
9 the death of the principal or manager of the firm holding the same
10 licenses as the firm [AN INDIVIDUAL DESIGNATED IN THE FIRM OR CORP()-
11 RATION'S LICENSE TO EXERCISE POWERS THEREUNDER];

12 (4) the designee of a licensed agent who enters active
13 service in the armed forces of the United States;

14 (5) a person preparing for examination for permanent li-
15 cense under the supervision of an authorized insurer.

16 * Sec. 24. AS 21.27.410(a) is amended to read:

17 (a) The director may refuse to issue a license or may suspend or
18 [,] revoke [, OR REFUSE TO RENEW] a license issued under this chapter
19 or a surplus line broker license, or may refuse to renew a surplus
20 line broker license, for a cause specified in another [ANY OTHER]
21 provision of this title, or for any of the following causes:

22 (1) for a [ANY] cause for which issuance of the license
23 could have been refused had it then existed and been known to the
24 director;

25 (2) if the licensee or applicant wilfully violates or
26 knowingly participates in the violation of a provision of this title;

27 (3) if the licensee or applicant has obtained or attempted
28 to obtain the license through wilful misrepresentation or fraud, or
29 has failed to pass an [ANY] examination required under this chapter;

1 (4) if the licensee or applicant has misappropriated or
2 converted to personal use or has illegally withheld money required to
3 be held in a fiduciary capacity;

4 (5) if the licensee or applicant has, with intent to de-
5 ceive, materially misrepresented the terms or effect of an insurance
6 contract; or has engaged or is about to engage in a fraudulent trans-
7 action;

8 (6) if the licensee or applicant has been guilty of "twist-
9 ing," under AS 21.36.050, or of rebating, under AS 21.36.100;

10 (7) if the licensee or applicant has been convicted, by
11 final judgment, of a felony;

12 (8) if in the conduct of affairs under the license, the
13 licensee exhibits conduct considered by the director to reflect incom-
14 petence, untrustworthiness, or a source of injury and loss to the
15 public;

16 (9) if the licensee or applicant has dealt with, or at-
17 tempted to deal with, insurances or to exercise powers relative to
18 insurance outside the scope of the licenses of the licensee or appli-
19 cant.

20 * Sec. 25. AS 21.27.410(b) is amended to read:

21 (b) The license of a firm [OR CORPORATION] may be suspended,
22 revoked, or refused for any of the causes that [WHICH] relate to a
23 [ANY] person acting on behalf of the firm [DESIGNATED IN THE LICENSE
24 TO EXERCISE ITS POWERS].

25 * Sec. 26. AS 21.27.420 is amended to read:

26 Sec. 21.27.420. PROCEDURE FOR SUSPENDING OR [,] REVOKING [OR
27 REFUSING TO RENEW] A LICENSE. The director may suspend or [,] revoke
28 [, OR REFUSE TO RENEW] a license

29 [(1) BY ORDER GIVEN TO THE LICENSEE NOT LESS THAN 15 DAYS

1 BEFORE THE EFFECTIVE DATE OF THE LICENSE, SUBJECT TO THE RIGHT OF THE
2 LICENSEE TO HAVE A HEARING AS PROVIDED IN AS 21.06.180(b); PENDING A
3 HEARING THE LICENSE SHALL BE SUSPENDED; OR

4 (2)] by an order on hearing made as provided in AS 21.06.-
5 220 effective 10 days after the date of the giving of the order,
6 subject to the right of the licensee to appeal to the superior court
7 as provided in AS 21.06.230.

8 * Sec. 27. AS 21.27.440 is amended to read:

9 Sec. 21.27.440. CIVIL PENALTIES MAY BE IMPOSED. After hearing
10 and in addition to or in lieu of the suspension or [,] revocation of
11 [, OR REFUSAL TO RENEW] a license, the director may levy a civil
12 penalty upon the licensee not to exceed \$2,500. The order levying the
13 civil penalty must [SHALL] specify the period within which the civil
14 penalty shall be fully paid. The [, WHICH] period may not be less
15 than 15 or more than 30 days after [FROM] the date of the order. Upon
16 failure to pay the civil penalty when due, the director shall revoke
17 the licenses of the licensee if not already revoked. A [THE] civil
18 penalty collected [SHALL BE PAID] by the director shall be paid to the
19 commissioner of revenue for deposit in the general fund.

20 * Sec. 28. AS 21.27.450 is amended to read:

21 Sec. 21.27.450. FINE IN LIEU OF ACTION AGAINST THE LICENSE.
22 Upon the hearing of an appeal from an order suspending or [,] revoking
23 [, OR REFUSING TO RENEW] a license issued under this chapter, the
24 court, if it finds that the licensee is guilty of violation of the law
25 and if it considers the suspension or [,] revocation [, OR REFUSAL TO
26 RENEW THE LICENSE] too severe a penalty under the facts as found, may
27 instead impose a fine of not more than \$2,500. Payment of the fine
28 within 10 days after its imposition reinstates or restores [SHALL
29 REINSTATE, RESTORE, OR RENEW] the license.

1 * Sec. 29. AS 21.27.460(a) is amended to read:

2 (a) Each license issued under this chapter, although issued and
3 delivered to the licensee agent, broker, solicitor, or adjuster, is
4 the property of the state. Upon the [EXPIRATION,] termination, sus-
5 pension, or revocation of the license, the licensee or other person
6 having possession or custody of the license shall immediately deliver
7 it to the director either by personal delivery or by mail.

8 * Sec. 30. AS 21.34.040(c) is amended to read:

9 (c) A nonadmitted insurer may be eligible to provide coverage in
10 this state if it qualifies under one of the following:

11 (1) a foreign but nonalien insurer may qualify under this
12 subsection if it has a minimum capital and surplus equal to that
13 required in its domiciliary jurisdiction, or [,] \$1,500,000 on Septem-
14 ber 18, 1984, [AND] \$2,500,000 on June 20, 1985, [AND] \$3,500,000 [,]
15 on June 20, 1986, and \$5,000,000 on June 20, 1987, whichever is great-
16 er;

17 (2) an alien insurer may qualify under this subsection if
18 it meets the minimum capital and surplus requirements in (1) of this
19 subsection and maintains in the United States an irrevocable trust
20 fund in either a national bank or a member of the Federal Reserve
21 system, in an amount not less than \$1,500,000 [THAT REQUIRED AS MINI-
22 MUM CAPITAL AND SURPLUS IN (1) OF THIS SUBSECTION], for the protection
23 of all its policyholders in the United States; the trust fund must
24 [SHALL] consist of instruments of substantially the same character and
25 quality as those that are eligible investments for the capital and
26 statutory reserves of admitted insurers authorized to write like kinds
27 of insurance in this state or of irrevocable letters of credit; the
28 trust fund must [FUNDS SHALL] have an expiry date that at no time is
29 less than five years;

1 (3) a Lloyd's or other similar unincorporated group of
2 alien individual insurers may qualify if it maintains a trust fund of
3 not less than \$50,000,000 as security to the full amount, for all
4 policyholders and creditors in the United States, of each member of
5 the group;

6 (4) an "insurance exchange" created by the laws of indi-
7 vidual states may qualify if it maintains capital and surplus, or the
8 substantial equivalent, of not less than \$15,000,000 in the aggregate;
9 in the event the insurance exchange does not maintain funds for the
10 protection of all its policyholders, each individual syndicate shall
11 meet the minimum capital and surplus requirements of (1) of this
12 subsection.

13 * Sec. 31. AS 21.36.100 is amended to read:

14 Sec. 21.36.100. REBATES. Except as provided in (b) of this
15 section and as otherwise expressly provided by law, a person may not
16 knowingly permit or offer to make or make a contract of life insur-
17 ance, life annuity or disability insurance, or agreement under the
18 contract other than as plainly expressed in the contract issued there-
19 on, or pay, allow, give or offer to pay, allow, or give, directly or
20 indirectly, as inducement to the insurance, or annuity, a rebate of
21 premiums payable on the contract, or a special favor or advantage in
22 the dividends or other benefits, or paid employment or contract for
23 services of any kind, or any valuable consideration or inducement
24 whatever not specified in the contract; or directly or indirectly
25 give, sell, purchase or offer to agree to give, sell, purchase, or
26 allow as inducement to the insurance or annuity or in connection
27 therewith, whether or not to be specified in the policy or contract,
28 an agreement of any form or nature promising returns, profits, stocks,
29 bonds, or other securities, or interest present or contingent therein

1 or as measured thereby, of an insurance company or other corporation,
2 association, or partnership, or dividends or profits accrued or to
3 accrue thereon; or offer, promise or give anything of value which is
4 not specified in the contract.

5 * Sec. 32. AS 21.36.100 is amended by adding a new subsection to read:

6 (b) An agent or broker may rebate part or all of the commission
7 due the agent or broker, provided the rebate does not alter the amount
8 or type of insurance coverage.

9 * Sec. 33. AS 21.36.110 is amended to read:

10 Sec. 21.36.110. EXCEPTIONS TO DISCRIMINATION AND REBATES.
11 Nothing in AS 21.36.090 and 21.36.100 may be construed as including
12 within the definition of discrimination or rebates any of the follow-
13 ing practices:

14 (1) in the case of a contract of life insurance or life
15 annuity, paying bonuses to policyholders or otherwise abating their
16 premiums in whole or in part out of surplus accumulated from nonpar-
17 ticipating insurance, if the bonuses, or abatement of premiums are
18 fair and equitable to policyholders and for the best interests of the
19 insurer;

20 (2) in the case of life insurance policies issued on the
21 industrial debit, preauthorized check, bank draft, or similar plans,
22 making allowance to policyholders who have continuously for a speci-
23 fied period made premium payments directly to an office of the insurer
24 or by preauthorized check, bank draft, or similar plan, in an amount
25 that [WHICH] fairly represents the saving in collection expense;

26 (3) readjustment of the rate of premium for a group insur-
27 ance policy based on the loss or expense experience thereunder, at the
28 end of the first or a subsequent policy year of insurance thereunder,
29 that [WHICH] may be made retroactive only for that policy year;

1 (4) issuance of life or disability insurance policies or
2 annuity contracts at rates less than the usual rates of premiums for
3 the policies or contracts, or modification of premium or rate based on
4 amount of insurance; but the issuance or modification shall not result
5 in reduction in premium or rate in excess of savings in administration
6 and issuance expenses reasonably attributable to the policies or
7 contracts; or

8 (5) a rebate of the commission due an agent or broker,
9 provided that the rebate does not alter the amount or type of insur-
10 ance coverage.

11 * Sec. 34. AS 21.36.120(a) is repealed and reenacted to read:

12 (a) An agent or broker may give a rebate on property, casualty,
13 or surety insurance, provided the rebate results only in a reduction
14 of the commission due the agent or broker and does not reduce the
15 amount or type of insurance coverage.

16 * Sec. 35. AS 21.36.210(a) is amended to read:

17 (a) An insurer may not exercise its right to cancel a policy of
18 personal [AN] automobile insurance [POLICY] except for the following
19 reasons:

20 (1) nonpayment of premium; or

21 (2) the driver's license or motor vehicle registration of
22 either the named insured or of an operator who resides in the same
23 household as the named insured or who customarily operates a motor
24 vehicle insured under the policy has been under suspension or revoca-
25 tion during the policy period or, if the policy is a renewal, during
26 its policy period or the 180 days immediately preceding its effective
27 date.

28 * Sec. 36. AS 21.36.210(d) is amended to read:

29 (d) This section does not apply to

1 (1) the failure to renew a policy, except as to coverage in
2 force for less than 12 months;

3 (2) a policy that has been in effect less than 60 days at
4 the time notice of cancellation is mailed or delivered by the insurer,
5 unless it is a renewal policy.

6 * Sec. 37. AS 21.36.210(f) is amended to read:

7 (f) An [NOTWITHSTANDING (e) OF THIS SECTION, AN] insurer may not
8 exercise its right to cancel a policy of personal insurance other than
9 personal automobile insurance, except for the following reasons [THE
10 TYPE DESCRIBED IN (e) OF THIS SECTION IF ONE OF THE FOLLOWING CON-
11 DITIONS OR CIRCUMSTANCES ARISES]:

12 (1) nonpayment of premiums, including nonpayment of addi-
13 tional premiums, calculated in accordance with the current rating
14 manual of the insurer, justified by a physical change in the insured
15 property or a change in its occupancy or use;

16 (2) conviction of the insured of a crime having as one of
17 its necessary elements an act increasing a hazard insured against;

18 (3) discovery of fraud or material misrepresentation made
19 by the insured or a representative of the insured in obtaining the
20 insurance or by the insured in pursuing a claim under the policy;

21 (4) discovery of a grossly negligent act or omission by the
22 insured that substantially increases the hazards insured against; or

23 (5) physical changes in the insured property that result in
24 the property becoming uninsurable.

25 * Sec. 38. AS 21.36.220 is amended to read:

26 Sec. 21.36.220. NOTICE OF CANCELLATION. An insurer may not
27 exercise its right to cancel a personal insurance policy unless a
28 written notice of cancellation is mailed [OR DELIVERED] to the named
29 insured as required by AS 21.36.260 [, AT THE ADDRESS SHOWN IN THE

1 POLICY,] at least 60 [20] days before the effective date of cancella-
2 tion. However, if [, EXCEPT THAT WHEN] cancellation is for nonpayment
3 of premium, the notice shall be mailed [OR DELIVERED] to the named
4 insured as required by AS 21.36.260 [AT THE ADDRESS SHOWN IN THE
5 POLICY] at least 20 [10] days before the effective date of cancella-
6 tion. If cancellation is for a reason described in AS 21.36.210(a)(2)
7 or (f)(2) or (3), the notice shall be mailed to the named insured as
8 required by AS 21.36.260 at least 10 days before the effective date of
9 cancellation [AND SHALL INCLUDE OR BE ACCOMPANIED BY A STATEMENT OF
10 THE REASON FOR THE CANCELLATION. THIS SECTION DOES NOT APPLY TO THE
11 FAILURE TO RENEW A POLICY, EXCEPT AS TO COVERAGE IN FORCE FOR LESS
12 THAN 12 MONTHS].

13 * Sec. 39. AS 21.36.220 is amended by adding new subsections to read:

14 (b) An insurer may not exercise its right to cancel a policy of
15 business or commercial insurance unless a written notice of cancella-
16 tion is mailed to the named insured as required by AS 21.36.260 and to
17 the agent or broker of record at least 60 days before the effective
18 date of cancellation. However, if cancellation is for nonpayment of
19 premium, or for failure or refusal of the insured to provide the
20 information necessary to confirm exposure or necessary to determine
21 the policy premium, the notice shall be mailed to the named insured as
22 required by AS 21.36.260 and to the agent or broker of record at least
23 20 days before the effective date of cancellation. If cancellation is
24 (1) for conviction of the insured of a crime having as one of its
25 necessary elements an act increasing a hazard insured against, or (2)
26 for discovery of fraud or material misrepresentation made by the
27 insured or a representative of the insured in obtaining the insurance
28 or by the insured in pursuing a claim under the policy, the notice
29 shall be mailed to the named insured as required by AS 21.36.260 and

1 to the agent or broker of record at least 10 days before the effective
2 date of cancellation.

3 (c) If an insurer cancels a policy under this section, it shall
4 return or credit any unearned premium to the agent or broker of record
5 or directly to the insured or premium finance company, if applicable,
6 before the effective date of cancellation, except that

7 (1) an unearned premium shall be returned or credited within
8 30 days after notice of cancellation is given, if cancellation is for

9 (A) nonpayment of premium, including nonpayment of
10 additional premiums, calculated in accordance with the current
11 rating manual of the insurer, justified by a physical change in
12 the insured property, a change in its occupancy or use, or a
13 change in payroll, receipts, values, or other exposure units;

14 (B) conviction of the insured of a crime having as one
15 of its necessary elements an act increasing a hazard insured
16 against;

17 (C) discovery of fraud or material misrepresentation
18 made by the insured or a representative of the insured in obtain-
19 ing the insurance or by the insured in pursuing a claim under the
20 policy;

21 (D) failure or refusal of the insured to provide the
22 information necessary to confirm exposure or necessary to deter-
23 mine the policy premium;

24 (E) a reason described in AS 21.36.210(a)(2);

25 (2) the insurer shall perform or waive the audit before the
26 effective date of the cancellation and return or credit any estimated
27 unearned premium before the effective date of cancellation if the
28 policy is subject to audit and is canceled for a reason other than
29 those described in (1)(A) - (D) of this subsection.

1 (d) The division may require an insurer to perform an audit that
2 the insurer has elected to waive under (c) of this section.

3 (e) A notice of cancellation of insurance required to be given
4 under this section must include or be accompanied by a statement of
5 the reason for the cancellation.

6 * Sec. 40. AS 21.36 is amended by adding a new section to read:

7 Sec. 21.36.235. NOTICE OF PREMIUM OR COVERAGE CHANGES UPON
8 RENEWAL. (a) Except as provided in AS 21.36.420, if the renewal
9 premium is increased more than 10 percent for a reason other than an
10 increase in coverage or exposure base, or if after renewal there will
11 be a material restriction or reduction in coverage not specifically
12 requested by the insured, written notice shall be mailed to the
13 insured and to the agent or broker of record as required by AS 21.36.-
14 260

15 (1) at least 20 days before expiration of a personal insur-
16 ance policy;

17 (2) at least 45 days before expiration of a business or
18 commercial policy; or

19 (3) by the anniversary date of the year before expiration
20 of a policy written for a term longer than one year or without a fixed
21 expiration date.

22 (b) If notice before expiration of the policy is not given as
23 required by (a) of this section, the existing policy shall continue
24 until the insurer provides notice for the time period required by (a)
25 of this section for that policy.

26 (c) This section does not apply to workers' compensation insur-
27 ance.

28 * Sec. 41. AS 21.36.240 is amended to read:

29 Sec. 21.36.240. FAILURE TO RENEW. An insurer may not fail to

1 renew a personal insurance policy in force for less than 12 months.
2 An insurer may not fail to renew a policy [IN FORCE FOR 12 MONTHS OR
3 MORE] unless a written notice of nonrenewal is mailed [OR DELIVERED]
4 to the named insured as required by AS 21.36.260 [, AT THE ADDRESS
5 SHOWN IN THE POLICY,] at least 20 days for a personal insurance
6 policy, and at least 45 days for a business or commercial insurance
7 policy, before the expiration date of the policy [,] or of the anni-
8 versary date of a policy written for a term longer than one year or
9 with no fixed expiration date. If notice of nonrenewal is not given
10 as required by this section, the existing policy shall continue until
11 the insurer provides notice for the time period required by this
12 section for that policy. This section does not apply

13 (1) if the insurer has in good faith manifested [IN ANY
14 WAY] its willingness to renew;

15 (2) in case of nonpayment of premium for the expiring
16 policy; or

17 (3) if the insured fails to pay the premium as required by
18 the insurer for renewal.

19 * Sec. 42. AS 21.36.250 is amended to read:

20 Sec. 21.36.250. NOTICE OF ELIGIBILITY. When a policy of automo-
21 bile liability insurance is cancelled, other than for nonpayment of
22 premium, or is not renewed in accordance with [FOR FAILURE TO RENEW A
23 POLICY OF AUTOMOBILE LIABILITY INSURANCE TO WHICH] AS 21.36.240 [AP-
24 PLIES], the insurer shall notify the named insured of possible eligi-
25 bility for automobile insurance through the automobile assigned risk
26 plan, or automobile insurance plan. The notification must [SHALL]
27 accompany or be included in the notice of cancellation or nonrenewal
28 required by AS 21.36.220 [AS 21.36.230] and 21.36.240.

29 * Sec. 43. AS 21.36 is amended by adding a new section to read:

1 Sec. 21.36.255. PREMIUM REFUND. (a) If an insurance policy is
2 cancelled, rejected, or rescinded by the

3 (1) insurer, the insurer shall refund the unearned premium
4 paid to the insured or premium finance company; or

5 (2) insured, the insurer shall return any unearned premium
6 paid to the insured or premium finance company, less a cancellation
7 fee not to exceed five percent of the unearned premium or \$1,000,
8 whichever is less; a cancellation fee may not be charged unless the
9 fee is clearly stated in the policy.

10 (b) Notwithstanding (a) of this section, if the insurer clearly
11 indicates one or more of the following features in the policy, an
12 insurer may issue a policy

13 (1) whose premium is earned at a varying rate due to sea-
14 sonality of exposure;

15 (2) that contains a minimum earned premium; or

16 (3) with a fluctuating premium base.

17 * Sec. 44. AS 21.36.260 is repealed and reenacted to read:

18 Sec. 21.36.260. PROOF AND METHOD OF MAILING NOTICE. If a notice
19 is required from an insurer under this chapter, the insurer shall

20 (1) mail the notice by first class mail to the last known
21 address of the insured; and

22 (2) obtain a certificate of mailing from the U.S. Postal
23 Service.

24 * Sec. 45. AS 21.36.310 is amended to read:

25 Sec. 21.36.310. DEFINITIONS. In AS 21.36.210 - 21.36.310

26 (1) "business or commercial insurance" means insurance
27 other than personal insurance, reinsurance, life insurance, disability
28 insurance, fidelity and surety insurance, title insurance, wet marine
29 and transportation insurance as defined in AS 21.34.900, or an annuity

1 contract;

2 (2) "nonpayment of premium" means failure of the named
3 insured to discharge when due any obligations of the named insured in
4 connection with the payment of premium on a policy, or any installment
5 of the premium, whether the premium is payable directly to the insurer
6 or its agent or indirectly under any premium finance plan or extension
7 of credit;

8 (3) "personal automobile insurance" means insurance not
9 related to business or commercial activities, covering [(2) "POLICY"
10 MEANS AN INSURANCE POLICY COVERING THE RISKS AND EXPOSURES LISTED IN
11 AS 21.36.210(e) OR AN AUTOMOBILE POLICY THAT INCLUDES] automobile
12 liability, uninsured or underinsured motorists [COVERAGE, UNINSURED
13 MOTORIST COVERAGE], automobile medical payments [COVERAGE], or automo-
14 bile physical damage [COVERAGE], that is delivered or issued for
15 delivery in this state [INSURING AS THE NAMED INSURED, ONE INDIVIDUAL
16 OR HUSBAND AND WIFE RESIDENT OF THE SAME HOUSEHOLD], and under which
17 the insured vehicles are of the following types only:

18 (A) a motor vehicle of the private passenger or sta-
19 tion wagon type that is not used as a public or livery convey-
20 ance, nor rented to others; or

21 (B) any other four-wheel motor vehicle with a load
22 capacity of 1,500 pounds or less that is not used in the occupa-
23 tion, profession, or business of the insured, nor used as a
24 public or livery conveyance, nor rented to others;

25 (4) "personal insurance"

26 (A) means personal automobile insurance, or insurance
27 covering

28 (i) loss of or damage to real property that is
29 used predominantly for residential purposes and that does

1 not consist of more than four dwelling units;

2 (ii) loss of or damage to personal property,
3 including personal effects, household furniture, fixtures
4 and equipment located in not more than four dwelling units;

5 or

6 (iii) legal liability of natural persons for loss
7 of, damage to, or injury to persons or property if the in-
8 surance does not cover liability arising from or in con-
9 nection with business or commercial activities;

10 (B) does not include an annuity contract or a policy
11 of life insurance, disability insurance, or title insurance;

12 (5) [(3)] "renewal" or "renew" means

13 (A) the issuance and delivery [BY AN INSURER] of an
14 insurance [A] policy [REPLACING] at the end of the policy period,
15 that replaces a policy previously issued and delivered by the
16 same insurer; [,]

17 (B) the issuance and delivery of a certificate or
18 notice extending the term of a policy beyond its policy period or
19 term; [,] or

20 (C) the extension of the term of a policy beyond its
21 policy period or term under a provision for extending the policy
22 by payment of a continuation premium.

23 * Sec. 46. AS 21.66.310 is repealed and reenacted to read:

24 Sec. 21.66.310. REBATES. A title insurer, or agent or solicitor
25 of a title insurer may rebate to the insured a portion of the cost of
26 the insurance, provided the rebate consists of a reduction in the
27 commission received by the title insurer, agent, or solicitor, and
28 does not result in a reduction in the amount or type of insurance
29 coverage.

1 * Sec. 47. AS 21.84.430(c) is amended to read:

2 (c) The director may refuse to issue or may suspend or revoke
3 [RENEW] an insurance agent's license if, in the judgment of the direc-
4 tor, the proposed licensee is not trustworthy and competent to act as
5 agent, or has given cause for revocation or suspension of the license,
6 or has failed to comply with a prerequisite for the issuance [OR
7 RENEWAL, AS THE CASE MAY BE,] of the license.

8 * Sec. 48. AS 21.84.480(b) is repealed and reenacted to read:

9 (b) A society, or an agent or solicitor representing a society
10 may rebate the premium or part of the premium, provided the rebate
11 consists of a reduction in the commission charged by the society,
12 agent, or solicitor and does not result in a reduction in the amount
13 or type of insurance coverage.

14 * Sec. 49. AS 21.88.050 is amended to read:

15 Sec. 21.88.050. POWERS AND DUTIES OF THE CORPORATION. (a) The
16 corporation shall

17 (1) in the form approved by the director, issue to all
18 physicians, nurses, and hospitals who are found to be acceptable risks
19 under standards developed under (5) of this subsection, and who pay
20 the premiums for it, a contract or contracts indemnifying physicians,
21 nurses, and hospitals and their employees who are health care provid-
22 ers against loss by reason of liability for covered claims for an act
23 or omission in the delivery of professional health care in this state,
24 and agreeing to tender on behalf of the physicians, nurses, and hos-
25 pitals and their employees who are health care providers a defense to
26 a covered claim in a proceeding brought under AS 09.55.530 - 09.55.-
27 560; the limits of liability for policies issued by the corporation
28 shall be approved by the director; the contract shall cover the de-
29 fense against but need not indemnify liability for punitive damages

1 arising from a covered claim; at the option of the corporation, if
2 approved by the director, and for an additional premium the contract
3 may cover claims against the physician, nurse, or hospital that arise
4 out of professional services performed by the physician, nurse, or
5 hospital for any period before the contract is issued, except that
6 coverage will not be provided for a claim already filed or that [OF
7 WHICH] the physician, nurse, or hospital had or reasonably should have
8 had notice at the time the retroactive insurance was purchased;

9 (2) charge a premium for the protection provided by the
10 contracts issued by the corporation which shall be determined by the
11 board of governors in accordance with AS 21.88.080 and subject to the
12 approval of the director;

13 (3) comply with or be subject to AS 21.06.090, 21.06.120,
14 21.06.140, 21.06.160, 21.06.250, AS 21.09.180 - 21.09.200, 21.09.250,
15 21.09.280, AS 21.12.020(b)-(e), AS 21.18, AS 21.21, AS 21.24 and
16 AS 21.36; and shall be exempt from participation as a member insurer
17 in the Alaska Insurance Guaranty Corporation;

18 (4) carry out the obligations of the contracts issued by
19 the corporation by defending all covered claims made against insured
20 health care providers and by paying all liabilities that [WHICH] are
21 finally adjudicated against the insured health care provider or that
22 [WHICH] may in the opinion of the corporation reasonably be expected
23 to be finally adjudicated against the health care provider to the
24 extent of the contract obligation;

25 (5) establish standards for the acceptability of risks; in
26 establishing these standards the corporation may exclude an applicant
27 for insurance based on individual risk selection factors, but may not
28 exclude an applicant based only on the classification of the appli-
29 cant.

1 (b) The corporation may

2 (1) employ or retain persons, individual or corporate, to
3 discharge its obligations and pay reasonable compensation for these
4 services; employees of the corporation are not considered state em-
5 ployees;

6 (2) negotiate for and procure reinsurance from private
7 casualty insurers or reinsurers for any and all liability incurred by
8 contracts issued by it;

9 (3) provide coverage to insureds for other hazards custom-
10 arily included in medical malpractice insurance policies when there is
11 a finding by the director that this coverage is not available to
12 insureds of the Medical Indemnity Corporation of Alaska in the private
13 insurance market at a competitive price;

14 (4) borrow or advance funds necessary to carry out the
15 purposes of the corporation;

16 (5) negotiate and become a party to those contracts as are
17 necessary to carry out the purposes of the corporation;

18 (6) sue or be sued in the name of the corporation;

19 (7) provide risk management advice and services to hospi-
20 tals;

21 (8) negotiate and become a party to contracts for manage-
22 ment services for the corporation;

23 (9) perform all other acts necessary and proper to carry
24 out the duties of the corporation;

25 (10) in a form approved by the director and for an addition-
26 al premium determined under AS 21.88.080, issue endorsements which
27 provide indemnity for claims not yet reported which arise out of
28 professional services rendered during a period of continuous coverage
29 under the originally issued contract, to physicians, nurses, and

1 hospitals who pay the premium for it and who are terminating their
2 original covered claims contract with the corporation for a period of
3 not less than one year;

4 (11) subject to approval by the director, extend coverage
5 to a person, entity, or facility that renders health care services in
6 the state under the supervision of a physician.

7 * Sec. 50. AS 21.90.900 is amended to read:

8 Sec. 21.90.900. DEFINITIONS FOR TITLE. In this title, unless
9 the context requires otherwise,

10 (1) "adjuster" means a person who, for compensation as an
11 independent contractor or as an employee of an independent contractor,
12 or for fee or commission, investigates and adjusts claims arising
13 under insurance contracts on behalf of the insurer, but does not
14 include an attorney at law who adjusts insurance losses from time to
15 time incidental to the practice of law or a salaried employee of an
16 insurer;

17 (2) "agent" means a person appointed by an insurer to
18 solicit applications for insurance or annuities on its behalf, and if
19 authorized to do so, to effectuate and countersign insurance con-
20 tracts, except life or disability insurance or annuities, and to
21 collect premiums on insurance or annuities;

22 (3) "alien insurer" means an insurer formed under the laws
23 of a country other than the United States of America, its states,
24 districts, territories, and commonwealths;

25 (4) [(2)] "authorized insurer" means an insurer authorized
26 by a [SUBSISTING] certificate of authority issued by the director to
27 transact insurance in this state;

28 (5) "broker" means a person who is not an agent of the
29 insurer and who, on behalf of the insured, for compensation as an

1 independent contractor by commission or fee, solicits, negotiates, or
2 procures insurance or reinsurance or the renewal or continuance of
3 insurance or reinsurance; or in any manner aids in the solicitation,
4 negotiation, procurement, renewal, or continuance of insurance or
5 reinsurance, for insureds or prospective insureds not including the
6 broker;

7 (6) [(3)] "commissioner" means the commissioner of the
8 Department of Commerce and Economic Development;

9 (7) [(4)] "court" means superior court;

10 (8) [(5)] "director" means the director of the division of
11 insurance;

12 (9) [(6)] "division" means the division of insurance,
13 Department of Commerce and Economic Development;

14 (10) [(7)] "domestic insurer" means an insurer formed under
15 the laws of this state;

16 (11) "firm" means an organization of two or more licensees
17 acting in association with each other, either in a partnership, corpo-
18 ration, or otherwise, or an organization in which a single licensee
19 has less than 50 percent ownership interest in the organization;

20 (12) [(8)] "foreign insurer" means an insurer formed under
21 the laws of a jurisdiction other than this state and includes an alien
22 insurer;

23 (13) "independent adjuster" means an adjuster representing
24 the interests of the insurer;

25 (14) [(9)] "industrial life insurance" means that form of
26 life insurance written under policies with a face amount of \$1,000 or
27 less, with the words "industrial policy" imprinted on the face as part
28 of the descriptive matter, and under which premiums are payable month-
29 ly or more often;

1 (15) [(10)] "insurance" means a contract whereby one under-
2 takes to indemnify another or pay or provide a specified or determin-
3 able amount or benefit upon determinable contingencies;

4 (16) [(11)] "insurer" includes a person engaged as indemni-
5 tor, surety, or contractor in the business of entering into contracts
6 of insurance or of annuity;

7 (17) [(12)] "person" has the meaning given in AS 01.10.060
8 and includes an insurer, Lloyd's, fraternal benefit society, medical
9 service or hospital service plan as defined in AS 21.87, reciprocal or
10 interinsurance exchange, syndicate, and any other legal entity engaged
11 in the business of transacting insurance, including agents, brokers,
12 and claims adjusters;

13 (18) [(13)] "policy" means the written contract of or writ-
14 ten agreement for or effecting insurance, by whatever name called, and
15 includes all clauses, riders, endorsements and papers attached to it
16 and a part of it;

17 (19) [(14)] "premium" means the consideration for insurance,
18 by whatever name called, and by whatever method paid or collected,
19 including an assessment, or membership, policy, survey, inspection,
20 service or similar fee or charge made in consideration for an insur-
21 ance contract;

22 (20) "solicitor" means an individual authorized by an agent
23 or broker to solicit applications for insurance as a representative of
24 the agent or broker and to collect premiums in connection with the
25 insurance;

26 (21) [(15)] "state" means a state, District of Columbia,
27 territory, commonwealth, or possession of the United States of
28 America;

29 (22) [(16)] "transact" with respect to insurance includes

- 1 (A) solicitation and inducement;
2 (B) preliminary negotiations;
3 (C) effectuation of a contract of insurance;
4 (D) transaction of matters subsequent to effectuation
5 of the contract of insurance and arising out of it;

6 (23) [(17)] "unauthorized insurer" means an insurer not
7 authorized to transact insurance in this state.

8 * Sec. 51. AS 21.90 is amended by adding a new section to read:

9 Sec. 21.90.910. EXCEPTIONS FROM DEFINITIONS. The definitions of
10 "adjuster," "agent," "broker," "firm," and "solicitor" in AS 21.90.900
11 do not include

12 (1) individuals employed and used by agents for the perfor-
13 mance of clerical, stenographic, and similar office duties; incidental
14 taking of an application for insurance from time to time in the office
15 of the employing agent if the employee's compensation is not contin-
16 gent upon or related to the volume of applications, insurance, or
17 premiums;

18 (2) the attorney-in-fact of a reciprocal insurer, or the
19 salaried traveling representative of a reciprocal or mutual insurer
20 not compensated on a commission basis.

21 * Sec. 52. AS 21.03.030, 21.03.040, 21.03.050; AS 21.06.040; AS 21.09.-
22 210(c); AS 21.27.040(b), 21.27.470, 21.27.480, 21.27.490, 21.27.500, 21.-
23 27.510, 21.27.520; AS 21.36.120(b), 21.36.210(c), 21.36.210(e), 21.36.230,
24 and 21.36.300 are repealed.

25 * Sec. 53. Sections 1 - 29 and 31 - 52 of this Act apply to insurance
26 policies entered into or renewed on or after the effective date of secs.
27 1 - 29 and 31 - 52 of this Act.

28 * Sec. 54. Section 30 of this Act takes effect immediately under
29 AS 01.10.070(c).

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act relating to insurance;
and providing for an effective date.
Sponsor: Navarre, Sund, Swackhammer
Requestor: House Labor & Commerce

Bill Version: CSHB 46 (L&C)
Publish Date: HOUSE 3/30/87

Agency Affected: Div. of Insurance-DCED
BRU: _____

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: [Signature]
Division: Division of Insurance

Phone: 465-2515
Date: 3/26/87

Approved by Commissioner: [Signature]
Agency: _____

Date: 3/26/87

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

STATE OF ALASKA
THE LEGISLATURE

POUCHY - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House Rules 4-30-87 8:00a.m.

H B

h b

Original sponsor: Rules/Governor

Funding Information

General Fund	\$	-0-
Other Funds		-0-
	\$	-0-

1 IN THE HOUSE

BY THE RULES COMMITTEE

2 CS FOR HOUSE BILL NO. 166 (Rules)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making an appropriation from the general fund
7 to the budget reserve fund of any positive amount in
8 the general fund balance on June 30, 1988, as re-
9 ported on the combined balance sheet in the state's
10 annual financial report for fiscal year 1988."

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

12 * Section 1. If the "Available Fund Equity/Balance" for the general
13 fund as reported for June 30, 1988, on the "State of Alaska, All Fund Types
14 and Account Groups, Combined Balance Sheet" in the state's "Annual Finan-
15 cial Report" for fiscal year 1988, published under AS 37.05.210(2) is a
16 positive amount, that amount is appropriated from the general fund to the
17 budget reserve fund (AS 37.05.156).

HOUSE COMMITTEE REPORT

5/16

(7)

Date referred: 5/14/87

FURTHER REFERRALS:

Indy's Calendar

DATE: MAY 16, 1987

The Rules Committee has considered HB 166

"An Act appropriating from the earnings reserve account of the Alaska permanent fund to the general fund; and providing for an effective date."

RECOMMENDS:

- replace with CS HB 166 (Rules) [] the same title
- [] attached amendment(s) [X] a new title
- [] do pass
- [] do not pass
- [] no recommendation
- [X] individual recommendations
- [] additional referral to the _____ Committee

ADOPTS: [] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

- [] fiscal impact [] same as previous fiscal note published _____
- [] zero fiscal note [] same as previous zero fiscal note published _____
- [] zero with analysis

SIGNING DO PASS:

Mike Savane

Ben Sanderson

Lynn Huffer

Mr. J. Greenberg

SIGNING OTHER RECOMMENDATIONS:

no use

~~_____~~

no use

Mike Savane
Chairman's signature

STATE OF ALASKA THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-2800

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May, 1988

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Mary Van Nimwegen

H. Rules

5-16-88

8:00 a.m.

HB

293

HOUSE COMMITTEE REPORT

3/9

Rules

(7)

Date referred: 3/2/88

FURTHER REFERRALS:

DATE: March 9, 1988

The Rules Committee has considered HB 293

"An Act relating to elections."

RECOMMENDS:

- replace with CS HB 293 (Rules) the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact
- zero fiscal note
- zero with analysis
- same as previous fiscal note published 3/2/88 ^{FY89} _{interim}
- same as previous zero fiscal note published _____

SIGNING DO PASS:

Mike Aviano
[Signature]
[Signature]
[Signature]

SIGNING OTHER RECOMMENDATIONS:

[Signature]
Terry Martin - No Rec.

Mike Aviano
 Chairman's signature

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
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May, 1988

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Mary Van Nimwegen

H. RULES

3-9-88



Official Business

Alaska State Legislature

House of Representatives

Committee on Rules

P. O. Box V
Juneau, Alaska 99811

Phone:
(907) 465-3764
465-3765

AGENDA - HOUSE RULES COMMITTEE MEETING

WEDNESDAY, MARCH 9, 1988 / 8:00a.m.

AGENDA:

HB 293 - "An Act relating to elections."
(Representative Pourchot)

INDEX

- I. Proposed CSHB 293 (RULES) AND ANALYSIS
- II. CSHB 293 (JUDICIARY)
- III. CSHB 293 (STATE AFFAIRS)
- IV. FISCAL NOTE - HB 293
- V. ALASKA STATUTES / ELECTIONS
- VI. LETTER DATED MARCH 8, 1988 - TO: REP. POURCHOT FROM:
DEPT. OF ELECTIONS
- VII. COMMENTS IN SUPPORT OF CSHB 293 (JUD) PREPARED BY
DIVISION OF ELECTIONS MARCH 1, 1988

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 8, 1988

SUBJECT: Elections
(CSHB 293 (Rules))

TO: Representative Mike Navarre
Chair, House Rules Committee

FROM: Richard A. Bradley
Legislative Counsel

We have provided you with a committee substitute for the above bill. Jeannie Smith has requested a sectional analysis. The Rules Committee Substitute is identical to the Judiciary Committee Substitute except for the title and Secs. 2 and 4 of the bill.

The title has been narrowed.

Section 2 of the bill provides that the director may provide notice to individuals affected by a change in a precinct boundary or polling place as necessary.

Section 4 of the bill has two portions of existing law that are amended.

The first portion, at page 2, lines 7 - 12, is unchanged from the Judiciary committee substitute.

The second portion, at page 2, lines 22 - 29, has what are essentially technical changes.

First, the suggested requirement that an application go to a member of the election board (in place of the chairman or his designee) does not change the practice since the chairman of an election board designates all of the members of the board as eligible to issue ballots to the personal representative. Second, the change from the voter applying for the ballot to the personal representative applying for the ballot (on behalf of the voter) also reflects the

Representative Mike Navarre
Page 2
March 8, 1988

present reality. The fourth paragraph prevents requests to election boards for the issuance of absentee ballots to a personal representative in those areas where the division of elections has an office that is authorized to issue absentee ballots.

If I may be of further assistance, please advise.

RAB:bb
b3/090

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 29, 1988

SUBJECT: Elections [CSHB 293 (Judiciary)]
TO: Representative Pat Pourchot
FROM: Richard A. Bradley
Legislative Counsel

You have requested a sectional analysis of the above described bill.

As a preliminary matter, note that a sectional analysis or summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1 of the bill amends AS 15.07.090(a) to alter the procedure under which a voter whose name is changed (by court order or by marriage) may vote. Existing law requires that the voter notify the division of election 30 days before the election or vote under the old name. Under the amendment, the voter may vote a questioned ballot.

Section 2 of the bill amends AS 15.10.020 by adding a new subsection (b). The section provides that "whenever possible," the director shall send written notice of a change in a precinct boundary or polling place to affected voters not less than 7 nor more than 30 days before the next state election.

Section 3 of the bill amends AS 15.15.030(10). The goal of the amendment was to eliminate the requirement that judicial retention election ballots be printed on a separate ballot. In that connection note that Art. IV, sec. 6 requires that the retention ballot be "nonpartisan"; presumably this means that judges may not appear on the ballot used for the election of the political officers of the state.

Note in this connection the conforming amendments later in the bill at secs. 14 - 17 of the bill.

Section 4 of the bill amends AS 15.20.071(a). It authorizes a personal representative to assist voters to vote by absentee ballot when the voter is imprisoned or confined to an institution. Under the Alaska Constitution, only those convicted of a felony involving moral turpitude lose the right to vote. With regard to those confined to an institution, only those "who have been judicially determined to be of unsound mind" have lost the right to vote. Art. V, sec. 2.

The same section also permits the application for the absentee voter to apply to a member of the election board; existing language says the application goes to the chairman or his designee. My records do not indicate why the changes were made at page 2, lines 26 - 28; the elimination of the limitation seems to broaden the group of officers from whom absentee ballots may be requested.

Section 5 of the bill amends AS 15.20.071(b). The addition of the requirement of identification conforms to the requirements of existing law. Compare AS 15.07.060. The remainder of the changes seem conforming.

Section 6 of the bill amends AS 15.20.071(c). The changes are intended to conform the law to the reality of the existing process.

Section 7 of the bill amends AS 15.20.071(d). The law relates to absentee voting by personal representative. It amends out the existing requirement that the election official record the "time" that the absentee ballot is provided and returned; it continues the requirement that the date be recorded when the ballot is provided and adds the requirement that the date when the ballot is returned be recorded.

Section 8 of the bill amends AS 15.20.081(b). It substitutes a requirement that an absentee ballot application be "received by the division not less than four days before the election" in place of the former "postmarked not less than ten days before the election".

Section 9 of the bill amends AS 15.20.220(b). The amendment conforms the section to changes made to AS 15.20.081(e) and (h) several years ago regarding the times within which absentee ballots must be received after an election.

Section 10 of the bill amends AS 15.20.480. The section is, I believe, a section that was omitted from an earlier revision of the election recount procedure dates. With the amendment of this section, the general law on the counting of absentee ballots received after an election is now controlled by AS 15.20.081(e) and (h).

Section 11 of the bill amends AS 15.20.730(b). The elimination of the references to "plus signs" is designed to remedy a confusion: The existing law talks about "punches" and "plus signs" and the question has been which controlled.

Section 12 of the bill amends AS 15.25.055. It requires a candidate in the primary election to give notice of a withdrawal from the primary election earlier. The earlier notice is for the better management of the primary election and the preparation of the ballots.

Section 13 of the bill amends AS 15.25.110. It permits a party to name a candidate to fill a vacancy caused by a withdrawal, disqualification, etc., of a candidate nominated at a primary election.

Section 14 of the bill amends AS 15.35.050. It eliminates the requirement that the retention election for supreme court justices be on a judicial ballot; as suggested earlier, there is still a requirement that the ballot be nonpartisan.

Section 15 of the bill amends AS 15.35.059. It eliminates the requirement that the retention election for court of appeals judges be on a judicial ballot; as suggested earlier, there is still a requirement that the ballot be nonpartisan.

Section 16 of the bill amends AS 15.35.090. It eliminates the requirement that the retention election for superior court judges be on a judicial ballot; as suggested earlier, there is still a requirement that the ballot be nonpartisan.

Section 17 of the bill amends AS 15.35.130. It eliminates the requirement that the retention election for district court judges be on a judicial ballot; as suggested earlier, there is still a requirement that the ballot be nonpartisan.

Section 18 of the bill establishes an immediate effective date.

Representative Pat Pourchot
Page 4
February 29, 1988

If I may be of further assistance, please advise.

RAB:gc
WKG2:10

~~1~~
5-0762X ✓
Bradley
3/8/88

Original sponsors: Pourchot, Ulmer
and Boucher

1 IN THE HOUSE

BY THE RULES COMMITTEE

2 CS FOR HOUSE BILL NO. 293 (Rules)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to conduct and administration of
7 elections by the director of elections; and providing
8 for an effective date."

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

10 * Section 1. AS 15.07.090(a) is amended to read:

11 (a) A voter whose name is changed by marriage or court order may
12 vote under the previous name, but a [IF THE] voter who desires to use
13 a [THE] new name shall vote a questioned ballot [, HE OR SHE SHALL
14 NOTIFY THE DIRECTOR NOT LATER THAN 30 DAYS PRECEDING AN ELECTION SO
15 THAT THE REGISTRATION MAY BE AMENDED TO REFLECT THE CHANGE].

16 * Sec. 2. AS 15.10.020 is amended by adding a new subsection to read:

17 (b) Whenever possible, the director shall send written notice of
18 any change in a precinct boundary or polling place to each affected
19 registered voter in the precinct.

20 * Sec. 3. AS 15.15.030(10) is amended to read:

21 (10) A [SEPARATE] nonpartisan [JUDICIAL] ballot shall be
22 designed for each judicial district in which a justice or judge is
23 seeking retention in office [TO SUCCEED HIMSELF]. The ballot shall be
24 divided into four parts and each part shall bear a heading indicating
25 the court to which the candidate is seeking approval. Within each
26 part the question of whether the justice or judge shall be approved or
27 rejected shall be set out in substantially the following manner: (A)
28 "Shall be retained as justice of the supreme court for
29 10 years?"; (B) "Shall be retained as judge of the

1 court of appeals for eight years?"; (C) "Shall be re-
 2 tained as judge of the superior court for six years?"; or (D) "Shall .
 3 be retained as judge of the district court for four
 4 years?" Provision shall be made for marking each question "Yes" or
 5 "No."

6 * Sec. 4. AS 15.20.071(a) is amended to read:

7 (a) A qualified voter who is physically disabled, imprisoned, or
 8 confined to an institution may vote by [APPLY FOR AN] absentee ballot
 9 through a personal representative. A personal representative may
 10 apply for absentee ballots on behalf of physically disabled voters or
 11 voters imprisoned or confined to an institution to the following
 12 election officials at the times specified:

13 (1) to an absentee voting official in the election district
 14 in which the voter resides on or after the 15th day before an election
 15 up to and including the day of the election;

16 (2) to an election supervisor

17 (A) after a date announced by the director under
 18 AS 15.20.048(b); and

19 (B) on or after the 15th day before an election up to
 20 and including the date of the election;

21 (3) to an absentee voting official at an absentee voting
 22 station designated under AS 15.20.045(b) at a time when the absentee
 23 voting station is operating;

24 (4) to a member of the election board [CHAIRMAN OR HIS
 25 DESIGNEE] on election day in the district [PRECINCT] in which the
 26 voter is entitled to vote except that the personal representative
 27 [VOTER] may not apply for absentee ballots to a member of an [THE]
 28 election board [CHAIRMAN] in an area in which absentee voting
 29 officials have been designated.

1 * Sec. 5. AS 15.20.071(b) is amended to read:

2 (b) Upon receipt of a written application and proof of identi-
3 fication from a [BY] personal representative, the election official
4 authorized to issue the absentee ballots under (a) of this section
5 [BALLOT] shall provide the ballots [BALLOT] and other absentee voting
6 material to the personal representative [IF THE WRITTEN APPLICATION IS
7 SIGNED BY THE APPLICANT AND IS ACCOMPANIED BY A LETTER FROM A LICENSED
8 PHYSICIAN OR A STATEMENT SIGNED BY TWO QUALIFIED VOTERS STATING THAT
9 THE APPLICANT WILL BE UNABLE TO GO TO THE POLLING PLACE BECAUSE OF
10 PHYSICAL DISABILITY].

11 * Sec. 6. AS 15.20.071(c) is amended to read:

12 (c) The personal representative shall deliver the application
13 for an absentee ballot to the voter as soon as practicable. On the
14 completion and receipt of the application for an absentee ballot, the
15 personal representative shall deliver an absentee ballot to the voter.
16 The [UPON RECEIPT OF AN ABSENTEE BALLOT THROUGH A PERSONAL REPRESENTA-
17 TIVE, THE] voter shall proceed to mark the ballot in secret, to place
18 the ballot in the small envelope, to place the small envelope in the
19 larger envelope, and to sign the voter's certificate on the envelope
20 in the presence of the personal representative who shall witness and
21 date the signature of the voter. The voter must complete the applica-
22 tion for the absentee ballot, mark the ballot, and sign the voter's
23 certification not later than election day. The voter shall then
24 return the application and the absentee ballot to the personal rep-
25 resentative who shall deliver the ballot to the election official who
26 provided the ballot. The application and the absentee ballot must be
27 returned to the election official not later than 8:00 p.m. on election
28 day.

29 * Sec. 7. AS 15.20.071(d) is amended to read:

1 (d) Each election official shall keep a record of the name and
2 signature of each personal representative requesting an absentee
3 ballot and the name of the person on whose behalf the ballot is re-
4 quired. The election official shall record the date [AND TIME] the
5 absentee ballot is provided and the date [TIME] the ballot is returned
6 to the election official.

7 * Sec. 8. AS 15.20.081(b) is amended to read:

8 (b) An application for an absentee ballot by mail must be re-
9 ceived by the division of elections [POSTMARKED] not less than four
10 [TEN] days before the election for which the absentee ballot is
11 sought. The absentee ballot application shall permit the person to
12 register to vote under AS 15.07.070 and to request an absentee ballot
13 for each state election held within that calendar year for which the
14 voter is eligible to vote.

15 * Sec. 9. AS 15.20.220(b) is amended to read:

16 (b) The state review board shall review and count absentee
17 ballots under AS 15.20.081(e) and (h) and questioned ballots that have
18 been forwarded to the director and that have not been reviewed or
19 counted by a district counting board. [ABSENTEE AND QUESTIONED BALLOTS
20 NOT RECEIVED IN THE OFFICE OF THE DIRECTOR BY 4:00 P.M. ON THE 15TH
21 DAY FOLLOWING THE ELECTION MAY NOT BE COUNTED IN THE REVIEW.]

22 * Sec. 10. AS 15.20.430 is amended to read:

23 Sec. 15.20.480. PROCEDURE FOR RECOUNT. In conducting the re-
24 count, the director shall review all ballots whether the ballots were
25 counted at the precinct or by computer or by the district absentee
26 counting board or the questioned ballot counting board to determine
27 which ballots, or part of ballots, were properly marked and which
28 ballots are to be counted in the recount, and shall check the accuracy
29 of the original count, the precinct certificate and the review. The

1 director shall check the number of ballots and questioned ballots cast
2 in a precinct against the registers and shall check absentee ballots
3 voted against absentee ballots distributed. [THE DIRECTOR SHALL COUNT
4 ABSENTEE BALLOTS RECEIVED AFTER CLOSE OF BUSINESS ON THE 15TH DAY
5 FOLLOWING THE ELECTION AND BEFORE THE COMPLETION OF THE RECOUNT.] For
6 administrative purposes, the director may join and include two or more
7 applications in a single review and count of votes. The rules in
8 AS 15.15.360 governing the counting of hand- marked ballots and the
9 rules in AS 15.20.730 governing the counting of punch-card ballots
10 shall be followed in the recount. The ballots and other election
11 material shall remain in the custody of the director during the re-
12 count and the highest degree of care shall be exercised to protect the
13 ballots against alteration or mutilation. The recount shall be com-
14 pleted within 10 days. The director may employ additional personnel
15 necessary to assist in the recount.

16 * Sec. 11. AS 15.20.730(b) is amended to read:

17 (b) The computer shall be programmed to count ballots as fol-
18 lows:

19 (1) a vote may be counted only if the punch is clearly
20 spaced in the square [DESIGNATED BY A PLUS SIGN] following the name of
21 the candidate the voter desires to select;

22 (2) if there is only one [PLUS-MARKED] square marked for a
23 team whose names are on separate lines, such as president and vice-
24 president or governor and lieutenant governor, a punch in the square
25 or elsewhere in the rectangle following the names shall be counted for
26 that team;

27 (3) a failure to properly punch a ballot card as to one or
28 more candidates does not itself invalidate the entire ballot;

29 (4) if a voter punches fewer names than there are persons

1 to be elected to the office, a vote shall be counted for each candi-
2 date properly marked;

3 (5) if a voter punches more names than there are persons to
4 be elected to the office, the votes for candidates to that office
5 shall not be counted;

6 (6) improper marks on the ballots shall not be counted and
7 shall not invalidate punches for candidates properly made;

8 (7) an erasure or correction invalidates only that section
9 of the ballot in which it appears;

10 (8) a vote marked for the candidate for President of the
11 United States is considered and counted as a vote for the election of
12 presidential electors.

13 * Sec. 12. AS 15.25.055 is amended to read:

14 Sec. 15.25.055. REMOVAL OF NAME FROM PRIMARY BALLOT. A candi-
15 date's name will appear on the primary election ballot unless notice
16 of the [HIS] withdrawal from the primary is received by the director
17 at least 54 [40] days before the date of the primary election.

18 * Sec. 13. AS 15.25.110 is amended to read:

19 Sec. 15.25.110. FILLING VACANCIES BY PARTY PETITION. If a
20 candidate nominated at the primary election dies, withdraws, resigns,
21 becomes disqualified from holding the office for which the candidate
22 [HE] is nominated, or is certified as being incapacitated in the
23 manner prescribed by this section after the primary election and 54
24 [40] days or more before the general election, the vacancy may be
25 filled by party petition. The central committee of any political
26 party or any party district committee may certify as being incapaci-
27 tated any candidate nominated by their respective party by presenting
28 to the director a sworn statement made by a panel of three licensed
29 physicians, not more than two of whom may [SHALL] be of the same

1 political party, that the candidate is physically or mentally in-
2 capacitated to an extent that would [IN HIS JUDGMENT] prevent the
3 candidate from active service during the term of office if elected.
4 The director shall place the name of the person nominated by party
5 petition on the general election ballot. The name of a candidate
6 disqualified under this section may [SHALL] not appear on the general
7 election ballot.

8 * Sec. 14. AS 15.35.050 is amended to read:

9 Sec. 15.35.050. PLACING NAME OF SUPREME COURT JUSTICE ON BALLOT.
10 The director shall place the name of a supreme court justice who has
11 properly filed a declaration of candidacy for retention on the [JUDI-
12 CIAL] ballot in each judicial district of the state for the general
13 election at which approval is sought.

14 * Sec. 15. AS 15.35.059 is amended to read:

15 Sec. 15.35.059. PLACING NAME OF JUDGE OF THE COURT OF APPEALS ON
16 BALLOT. The director shall place the name of a judge of the court of
17 appeals who has properly filed a declaration of candidacy for reten-
18 tion on the [JUDICIAL] ballot in each judicial district of the state
19 for the general election at which approval is sought.

20 * Sec. 16. AS 15.35.090 is amended to read:

21 Sec. 15.35.090. PLACING NAME OF SUPERIOR COURT JUDGE ON BALLOT.
22 The director shall place the name of a superior court judge who has
23 properly filed a declaration of candidacy for retention on the [JUDI-
24 CIAL] ballot in the judicial district designated in the [HIS] declara-
25 tion of candidacy for the general election at which approval is
26 sought.

27 * Sec. 17. AS 15.35.130 is amended to read:

28 Sec. 15.35.130. PLACING NAME OF DISTRICT JUDGE ON BALLOT. The
29 director shall place the name of a district judge who has properly

1 filed a declaration of candidacy for retention on the [JUDICIAL]
2 ballot in the judicial district designated in the [HIS] declaration of
3 candidacy for the general election at which approval is sought.

4 * Sec. 18. This Act takes effect immediately under AS 01.10.070(c).
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STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: CSHB 293 (JUD)
PUBLISH DATE: HOUSE 3/2/88

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act relating to elections

Agency Affected: Office of the Governor
BRU: Elections

Sponsor: Pourchot & Ulmer
Requestor: House Judiciary Committee

Components: II - Primary & General
Elections

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	0	(*)	0	(*)	0	(*)
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	(*)	0	(*)	0	(*)

CAPITAL						
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REVENUE	0	(*)	0	(*)	0	(*)
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0	(*)	0	(*)	0	(*)
FEDERAL FUNDS						
OTHER						
TOTAL	0	(*)	0	(*)	0	(*)

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Linda Edgeworth
Division: Division of Elections

Phone: 465-4611
Date: 1/22/88

Approved by Commissioner: _____
Agency: Office of the Governor

Date: 1/26/88

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1/26/88

CONTINUATION FISCAL NOTE
CSHB 293

Division of Elections

This bill will result in an additional cost to the Division of Elections in only one of its provisions. That provision relates to the increase in the number of sites which will have to have materials for personal representative voting on election day. There will be 238 additional precincts in which materials for this type of voting will be necessary. The estimated cost for these materials will be about \$1,000 for envelopes, accountability reports and applications.

The rest of this bill will result in a savings to the Division of Elections in fiscal years during which their primary and general elections. However, the savings to be realized will fluctuate from year to year.

Most of the cost savings relate to the provision which eliminates the requirement that judicial retention candidates be printed on a separate ballot card, and elimination of language requiring a plus sign in the voting squares on punch card ballots. Often there is adequate space on the other cards to be printed to accommodate the judicial candidates. However, the number of house districts in which this is the case depends on the number of candidates and offices appearing on the ballot, as well as the number of judges up for retention, and the number of total ballots needed to cover the number of voters in the given districts.

The average cost saving related to the elimination of the extra judicial card is about \$115.00 per thousand. Elimination of the plus sign would save approximately \$2,000 per election. With that in mind, a review of the cost savings for the 1984 and 1986, statewide elections, had this bill been in effect would have been as follows:

1984 (14.8)

1986 (18.1)

The Division of Elections anticipates that the amendment requiring the mailing of official notice of precinct boundary or polling place change to each impacted voter would add to the overall costs of elections. However, in view of the fact that the existing bill generates an overall savings in the costs of ballot printing, it is not expected that the costs related to the amendment will cause the fiscal note to require an increase in funding. However, the savings in ballot printing would be generally offset by the increased costs relative to implementation to the amendment. It should be remembered that the actual savings/costs ratio would fluctuate from year to year.

Costs anticipated should the amendment pass would include printing of computer self-mailers and 1st class postage.

Based on the prior bid awards the printing of similar forms, printing would come to \$0.069 per unit. Postage is figured at \$0.22.

In 1986, 65 polling places were changed, impacting 44,070 voters.

At 28.9 cents per item, the cost of mailing these notices would have been \$12,736.