

ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990
5938 HOUSE LABOR & COMMERCE

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(ii) its principal place of business; and

(iii) its directors and principal officers;

(E) the complete name, firm name, physical address and mailing address of all persons acting, or offering to act, as an agent, broker, or surplus lines broker for the risk retention group, and identification of all types of licenses held by each person and firm, including the state in which each license is held;

(F) all classes or lines of insurance the risk retention group intends to offer; and

(G) such other information, including information concerning its membership, that the director requires to establish its qualification as a risk retention group to transact business in Alaska;

(2) a copy of its plan of operation and the feasibility study submitted to its state of domicile, including all revisions;

(3) a complete copy of the financial statement submitted to its state of domicile, certified by an independent public accountant, including a statement of opinion on its reserves for loss and its reserves for loss adjustment expenses prepared by a member of the American Academy of Actuaries or by another qualified specialist in such reserves;

(4) a copy of each examination of the risk retention group, certified by the commissioner or other public officer conducting the examination, except that if no examination has been conducted or if one is pending, a statement to that effect, signed by an officer of the risk retention group, shall be submitted in its place;

(5) upon a form prescribed by the director, a statement appointing the director as its agent for the purpose of receiving service of legal documents or process; and

(6) such other information as the director requires to verify its qualification and continuing qualification as a risk retention group transacting or seeking to transact business in Alaska. (Eff. 8/23/89, Reg. 111)

Authority: AS 21.03.010
AS 21.06.090

3 AAC 24.030. PAYMENT OF FEE. The initial registration fee set by 3 AAC 31.060(a)(14) must accompany each registration form. The annual continuation fee set by 3 AAC 31.060(a)(15) must accompany each continuation application. (Eff. 8/23/89, Reg. 111)

Authority: AS 21.03.010
AS 21.06.090
AS 21.06.250

3 AAC 24.040. EXISTING OPERATION; COMPLIANCE. A risk retention group transacting insurance before 8/23/89, on a risk or subject resident, located or to be performed in Alaska, has 60 days after that date in which to comply with 3 AAC 24.020 and 3 AAC 24.030. (Eff. 8/23/89, Reg. 111)

Authority: AS 21.03.010
AS 21.05.090

3 AAC 24.290. DEFINITIONS. As used in 3 AAC 24.010 --
3 AAC 24.290,

(1) "risk retention group" means any entity meeting the definition of a risk retention group in 15 U.S.C. 3901(a)(4), as amended as of October 27, 1986 (Liability Risk Retention Act of 1986);

(2) "transact" means the same as in AS 21.90.900.

(Eff. 8/23/89, Reg. 111)

Authority: AS 21.03.010
AS 21.06.090

Article 2. PURCHASING GROUPS

Section

- 300. Purpose
- 310. Filing of registration forms
- 320. Payment of fee
- 330. Existing operation; compliance
- 590. Definitions

3 AAC 24.300. PURPOSE. The purpose of 3 AAC 24.300 -- 3 AAC 24.590 is to establish, consistent with 15 U.S.C. 3901 -- 3906, as amended as of October 27, 1989 (Liability Risk Retention Act of 1986), a procedure for the registration of purchasing groups that seek to transact the business of insurance in Alaska, or relative to a subject or risk that is resident, located, or to be performed in Alaska, and to provide for the payment of fees for the administrative cost of the registration process. (Eff. 8/23/89, Reg. 111)

Authority: AS 21.03.010
AS 21.06.090

3 AAC 24.310. FILING OF REGISTRATION FORMS. Before transacting the business of insurance in this state, a purchasing group shall submit to the director

(1) a completed registration form that shall include the following information:

- (A) the state of domicile;
- (B) the dates of its incorporation and formation as a purchasing group;
- (C) the complete physical address and mailing address of
 - (i) its offices in its state of domicile;
 - (ii) its principal place of business;
 - (iii) its directors and principal officers;
 - (iv) all persons acting, or offering to act, as an agent, broker, or surplus lines broker for the purchasing group, including all types of licenses held by each person and the states in which each license is held;
- (D) all classes or lines of insurance the purchasing group intends to purchase;
- (E) the insurance company or risk retention group from which it intends to purchase insurance; and
- (F) such other information including information concerning its membership, that the director requires to establish its qualification and continuing qualification as a purchasing group;

(2) upon a form prescribed by the director, a statement appointing the director as the purchasing group's agent for the purpose of receiving service of legal documents or process (except where exempted by 15 U.S.C. 3903(e), as amended as of October 27, 1989). (Eff. 8/23/89, Reg. 111)

Authority: AS 21.03.010
AS 21.06.090

3 AAC 24.320. PAYMENT OF FEE. The initial registration fee set by 3 AAC 31.060(a)(16) must accompany the registration forms. The annual continuation fee set by 3 AAC 31.060(a)(17) must accompany each continuation application. (Eff. 8/23/89, Reg. 111)

Authority: AS 21.03.010
AS 21.06.090
AS 21.06.250

3 AAC 24.330. EXISTING OPERATION; COMPLIANCE. A purchasing group transacting insurance before 8/23/89 on a risk or subject resident, located or to be performed in Alaska, has 30 days after that date in which to comply with 3 AAC 24.300 -- 3 AAC 24.590. (Eff. 8/23/89, Reg. 111)

Authority: AS 21.03.010
AS 21.06.090

3 AAC 24.590. DEFINITIONS. As used in 3 AAC 24.300 -- 3 AAC 24.590,

(1) "purchasing group" means any entity meeting the definition of a purchasing group in 15 U.S.C. 3901 (a)(5), as amended as of October 27, 1986 (Liability Risk Retention Act of 1986);

(2) "transact" means the same as in AS 21.90.900.

(Eff. 8/23/89, Reg. 111)

Authority: AS 21.03.010
AS 21.06.090

STATE OF ALASKA

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

DIVISION OF INSURANCE

STEVE COWPER, GOVERNOR

P. O. BOX D
JUNEAU, ALASKA 99811-0800
PHONE: (907) 485-2515

DATE: June 16, 1989

TO: All Admitted Insurers, Agents, Brokers,
Adjusters, Trainee Adjusters, Solicitors, General
Agents, Surplus Lines Brokers, and Surplus Lines
Insurers

FROM: Paul Roller
Director of Insurance

SUBJECT: Regulatory Orders 89-2 and 89-4

Both of the enclosed regulations are effective July 1, 1989.

Most of the changes incorporated in the regulations are self-explanatory. A couple of items, however, i.e., the new surplus lines fees and the new admitted company continuation fee, may cause some confusion.

The division will be preparing surplus lines white list registration forms for use prior to the next issuance of the white list. A certified financial statement will also be required if it is not already on file. Surplus lines companies will receive the new forms as soon as they are completed.

Admitted companies will be assessed the new continuation fee next March for the year beginning July 1, 1990. The \$10.00 appointment fee is still applicable until then.

Please contact the division if you have any questions regarding these regulations.

PR/JB/mm1266t
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STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

P. O. BOX D
JUNEAU, ALASKA 99811-0800
PHONE: (907) 465-2515

DIVISION OF INSURANCE

ORDER 89-2

ORDER REPEALING AND ADOPTING REGULATIONS OF THE DIVISION OF INSURANCE

The attached one page of regulations, which repeals a statutorily superceded regulation regarding the license requirements for producing general agents, which establishes that examination scores are valid for one year from the test date and if licensure is not obtained within that one-year period the applicant must retest and which requires reexamination of applicants who were previously licensed by the division and whose license was revoked for any reason is hereby adopted and certified to be a correct copy of the regulations that the Division of Insurance adopts under authority vested by AS 21.06.090 and after compliance with the Administrative Procedure Act (AS 44.62), specifically including notice under AS 44.62.190 and 44.62.200 and opportunity for public comment under AS 44.62.210.

This action is not expected to require an increased appropriation.

This order takes effect on the 30th day after it has been filed by the Lieutenant Governor, as provided in AS 44.62.180.

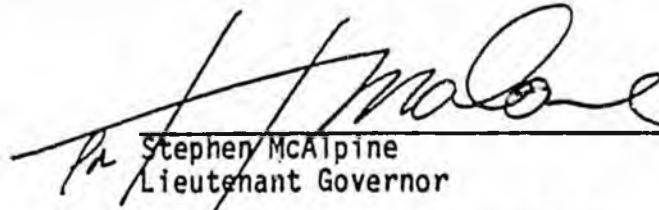
DATE: March 21, 1989
Juneau, Alaska



Paul Rötter
Director of Insurance

FILING CERTIFICATION

Hugh Malone for
I, Stephen McAlpine, Lieutenant Governor for the State of Alaska, certify that on June 1, 1989, at 9:00 a.m., I filed the attached regulations according to the provisions of AS 44.62.040 - 44.62.120.



Stephen McAlpine
Lieutenant Governor

PR/djd9839W-1
032189c
Attachment

EFFECTIVE: July 1, 1989
REGISTER: 110, July 1989

STATE OF ALASKA
LIEUTENANT GOVERNOR
JUNEAU

CERTIFICATE

FOR DELEGATION OF LIEUTENANT GOVERNOR'S AUTHORITY

I, STEPHEN McALPINE, LIEUTENANT GOVERNOR OF THE STATE OF ALASKA, as authorized by AS 44.19.026, designate Hugh Malone, Commissioner of the Department of Revenue, as temporary custodian of the State Seal and as the officer to perform the Administrative Procedure Act filing functions and the authenticating functions of the Lieutenant Governor during such time as I succeed to the office of Governor, act as Governor, am absent from the state, or am otherwise unavailable at the state capital to perform these functions.

In the absence of Commissioner Malone, I designate Jim Sampson, Commissioner of the Department of Labor, to perform the functions stated above.

In the absence of Commissioner Sampson, I designate David Hoffmar, Commissioner of the Department of Community and Regional Affairs, to perform the functions stated above.



IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed hereto the Seal of the State of Alaska, at Juneau, the Capital,

This 20th day of October
A.D. 1958

Stephen McAlpine
LIEUTENANT GOVERNOR

Chapter 23.
AGENTS, BROKERS, SOLICITORS AND ADJUSTERS

3 AAC 23.050 is repealed.

3 AAC 23.050. PRODUCING GENERAL AGENTS. Repealed 7/1/89.

3 AAC 23 is amended by adding new sections to read:

3 AAC 23.070. EXAMINATION SCORES VALID FOR ONE YEAR. (a) An examination score is valid for one year after the date of the examination for a license applicant who has not completed the application process and who has not obtained licensure.

(b) After one year from the date of the examination, an applicant described in (a) of this section must retake the required examination. (Eff. 7/1/89, Register 110)

Authority: AS 21.06.090
AS 21.27.060

3 AAC 23.080. REEXAMINATION REQUIRED. An applicant for licensure who previously held a license issued by the director which was revoked for any reason must take any required examination for the type of license for which the applicant has applied as the director does not consider the applicant to be fully qualified and competent. (Eff. 7/1/89, Register 110)

Authority: AS 21.06.090
AS 21.27.060

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

P. O. BOX D
JUNEAU, ALASKA 99811-0800
PHONE: (907) 465-2515

DIVISION OF INSURANCE

ORDER 89-4 ADOPTING REGULATIONS OF THE DIVISION OF INSURANCE

The attached four pages of regulations, dealing with the repeal and reenactment of 3 AAC 31.050, Insurer Fees and 3 AAC 31.060, Miscellaneous Fees is hereby adopted and certified to be a correct copy of the regulations that the Division of Insurance adopts under authority vested by AS 21.06.090 and after compliance with the Administrative Procedures Act (AS 44.62), specifically including notice under AS 44.62.190 and 44.62.200 and opportunity for public comment under AS 44.62.210.

This action is not expected to require an increased appropriation.

This order takes effect on the 30th day after it has been filed by the Lieutenant Governor, as provided in AS 44.62.180.

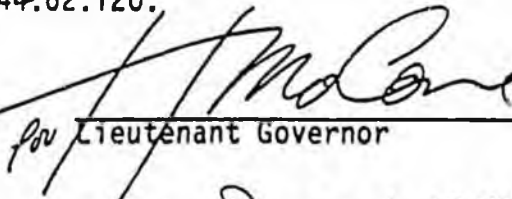
DATE: MAY 9, 1989
Juneau, Alaska



Paul Roller
Director of Insurance

FILING CERTIFICATION

Hugh Malone PV
I, Stephen McAlpine, Lieutenant Governor for the State of Alaska, certify that on June 1, 1989, at 9:00 a.m., I filed the attached regulations according to the provisions of AS 44.62.040 -- 44.62.120.


for Lieutenant Governor

EFFECTIVE: July 1, 1989
REGISTER: 110 July 1989

STATE OF ALASKA
LIEUTENANT GOVERNOR
JUNEAU

CERTIFICATE

FOR DELEGATION OF LIEUTENANT GOVERNOR'S AUTHORITY

I, STEPHEN McALPINE, LIEUTENANT GOVERNOR OF THE STATE OF ALASKA, as authorized by AS 44.19.026, designate Hugh Malone, Commissioner of the Department of Revenue, as temporary custodian of the State Seal and as the officer to perform the Administrative Procedure Act filing functions and the authenticating functions of the Lieutenant Governor during such time as I succeed to the office of Governor, act as Governor, am absent from the state, or am otherwise unavailable at the state capital to perform these functions.

In the absence of Commissioner Malone, I designate Jim Sampson, Commissioner of the Department of Labor, to perform the functions stated above.

In the absence of Commissioner Sampson, I designate David Hoffman, Commissioner of the Department of Community and Regional Affairs, to perform the functions stated above.



IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed hereto the Seal of the State of Alaska, at Juneau, the Capital,

This 20th day of October
A.D. 1958


LIEUTENANT GOVERNOR

CHAPTER 31.

MISCELLANEOUS.

Section

50. Insurer fees

60. Miscellaneous fees

3 AAC 31.050 is repealed and readopted to read:

3 AAC 31.050. INSURER FEES. The following fees are established for insurers:

(1) application for a certificate of authority, including a solicitation permit and issuance of the certificate, if issued, a one-time fee of \$1,000;

(2) annual continuation of a certificate of authority, \$500;

(3) amendment to a certificate of authority, \$100;

(4) amendment to the articles of incorporation, \$100;

(5) revised bylaws or amendment to bylaws, \$100;

(6) filing an annual statement, \$100;

(7) solicitation permit for subsequent financing, for domestic insurers, \$100;

(8) reinstatement of a certificate of authority, \$500. (Eff. 6/2/88, Register 106; am 7/1/89, Register 110)

Authority: AS 21.06.090

AS 21.06.250

3 AAC 31.060 is repealed and readopted to read:

3 AAC 31.060. MISCELLANEOUS FEES. (a) The following fees are established:

(1) application for an original resident solicitor license, including issuance of the license, if issued, for an individual soliciting on behalf of a licensed individual or firm, \$70;

(2) annual continuation of a resident solicitor license for an individual soliciting on behalf of a licensed individual or firm, \$50;

(3) amendment to an insurance license, \$20;

(4) insurance vending machine license, each machine, each year, \$70;

(5) issuance of a certification, \$25;

(6) acceptance of service of process, \$25;

(7) copy of an insurance report, \$25;

(8) three-year rating bureau license, \$300; and

(9) with respect to a license other than surplus lines broker, which has not been revoked, a surcharge for late payment of an annual license continuation fee, if payment is overdue by

(A) 1 to 60 days, \$100; or

(B) over 60 days, \$200;

(10) with respect to an application to reinstate a revoked license, if received within six months after the revocation, the application fee plus a reinstatement fee of \$500;

(11) filing of a certified annual financial statement by surplus lines insurer, \$100;

(12) application for registration of a surplus lines insurer on the division's "white list," \$500;

- (13) annual renewal of "white list" registration, \$300;
- (14) initial registration of a risk retention group,
\$1,000;
- (15) annual continuation of a risk retention group,
\$200;
- (16) initial registration of a risk purchasing group,
\$500; and
- (17) annual continuation of a risk purchasing group,
\$200.

(b) For any printed material furnished by the director and not otherwise described in this section, at the director's discretion, the director will charge the actual cost of printing plus handling and postage.

(c) For photocopies, \$.25 per page if copied by division staff, otherwise \$.15 per page. (Eff. 6/2/88, Register 106; am 7/1/89, Register 110)

Authority: AS 21.06.090
AS 21.06.250

State of Alaska
Department of Commerce
& Economic Development
Division of Insurance
P.O. Box D
Juneau, Alaska 99811-0800

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IMPORTANT INSURANCE INFORMATION

The Risk Retention Reporter

RECEIVED

FEB 20 1990

Volume 3, No.11

A Publication of Insurance Communications Department of Commerce and Economic Development February 15, 1990 Division of Insurance

Laramie Insurance Company Under Wyoming Seizure Order

Purchasing group insurers continue to experience difficulties. In Wyoming, Laramie Insurance Co. was placed under a Seizure Order and Injunction issued January 23 by a Wyoming District Court. Under the Order, which freezes all books, records and assets of the carrier, Laramie cannot write any new or renewal business or pay any claims. The Wyoming Acting Insurance Commissioner, Ralph E. Thomas, has also requested an order for receivership. Laramie has twenty days to consent to or contest such request. If Laramie contests it, there will be a hearing. If it does not, the receivership order will be entered by default. Laramie's intentions were unknown at press time.

According to John McBride, attorney with the Wyoming Department of Insurance, the Seizure Order was requested after conducting an examination of Laramie's books and records which showed that the Wyoming-domiciled carrier was deficient in the \$4 million of capital and surplus required by Wyoming law for a multi-line carrier. McBride declined to say by how much it was deficient, but said it was "substantial."

Laramie's problems follow close on the heels of the recent difficulties of Commercial General and Oxford Indemnity, also Wyoming carriers, both placed in receivership and ordered liquidated in the last several months (see RRRs, Sept., Oct., Dec. 1989). For more information, contact John McBride, Wyoming DOI, at (307)777-6896.

American Insurance & Indemnity Co. Placed In Rehabilitation

American Insurance & Indemnity Co. (AIIC), previously under a Seizure Order issued by a Kentucky Court (see RRR, Jan.'90) has now been placed in rehabilitation. Under the rehabilitation order, all officers of the company have been relieved of their duties, effective January 18 while policies remain in force and effect pending a final determination on whether the carrier can be rehabilitated or will be liquidated.

The Order for Rehabilitation is based upon grounds asserted in the Petition filed by Kentucky Insurance Commis-

sioner, Leroy Morgan. Among the grounds alleged are the wrongful diversion of AIIC assets in the amount of \$1,499,116 to AIIC's holding company. In addition, the Petition states that AIIC "is or is about to become insolvent," and cites a negative surplus as regards policyholders in the amount of \$1,165,780 as reported on AIIC's financial statement for the third quarter of 1989. Among other allegations included in the Petition are failure to produce books and records by the requested date and failure to produce adequate records to examine the transaction of its business as required by Kentucky law.

Although AIIC officials agreed to the Order of Rehabilitation, they did not admit to the allegations of the Petition. For further information, contact Patrick Watts, attorney, Kentucky DOI at (502)564-6032.

Georgia Requires RRGs To Comply With Its Unauthorized Insurers Act

The Georgia Insurance Department recently notified all risk retention groups providing coverage to members in Georgia that compliance with the Georgia Unauthorized Insurers Act is required, including provisions specifying the minimum capital and surplus for an eligible surplus lines insurer as well as those requiring all risks be placed through a Georgia surplus lines broker.

The National Risk Retention Association, in a letter written by its Legislative Counsel, Michael J. Mullen of Crowell & Moring in Washington, D.C., challenged the authority of the Georgia DOI to take such action. Asserting that the Risk Retention Act clearly preempts a risk retention group from state surplus lines laws, Mullen cites the Report of the Senate Committee on Commerce, Science and Transportation in support of NRRRA's position, which says that, "Whether a group is in a hazardous financial condition is to be determined in accordance with the general actuarial principles ... and not the capital and surplus requirements of a particular state."

Under the Georgia directive, all risk retention groups must meet the requirements of its Unauthorized Insurers Act within 30 days or cease doing business in Georgia. NRRRA asserts that this position is incorrect because, under the supremacy clause of the Constitution, federal rules for a risk retention

group preempt the application of the requirements of the Georgia Unauthorized Insurers Act.

Out-Of-State RRGs To Pay Vermont Registration Fees Effective Feb. 1

Effective February 1, out-of-state risk retention groups will be required to pay a one-time, non-refundable \$200 registration fee upon submitting their feasibility study or plan of operation to the Vermont Dept. of Banking and Insurance. If the RRG is placed on the Vermont list, the RRG will then be required to pay an additional \$300 annual listing fee. Also required is a \$100 annual statement filing fee. Thus, non-domiciled RRGs, after paying the initial \$200 fee, will be required to pay \$400 annually to comply with the new requirement.

There is, however, a retaliatory aspect to the measure which permits fees in excess of those set forth. According to Carol Carbo, spokesperson for the Vermont Department, if a state charges Vermont-domiciled RRGs more than Vermont charges for out-of-state RRGs, then Vermont will adjust its fees to parallel what the other state charges Vermont RRGs.

Risk Retention Roundup

Following a holiday lull, risk retention activity has picked up. This month, 11 new purchasing groups and one new risk retention group were added to *RRR* listings, bringing the total number of purchasing groups to 405 and the total number of risk retention groups to 67.

Included in the types of risks for which these new purchasing groups are providing liability coverage are wholesalers, title agents, escrow agents and abstractors, bankruptcy and commercial lawyers, nurse anesthetists, and members of the oil and natural gas industry.

At least two of the purchasing groups were formed out of existing associations — Colorado Oil and Gas Association, a Risk PG (CO) and Bankruptcy and Commercial Lawyers PG, Inc. (IL).

Colorado Oil and Gas Assn., a Risk PG was formed from Denver-based Colorado Oil and Gas Assn. (COGA), a trade association serving those engaged in exploration, development and production of oil and natural gas in Colorado. Although members of the purchasing group reside in Colorado where most of the risks are located, some risks are also found in other states. A similar purchasing group was formed for the Kansas Oil and Gas Association. In both cases, Insurance Management Association Inc., (IMA) with offices in Colorado and Kansas, provides safety engineering, risk management and

educational programs for members. While there are no immediate plans to form a risk retention group, Robert Cohen, based in IMA's Denver office, says that formation of an RRG in the future is a possibility. Lloyd's underwriters and London & Hull Maritime Insurance Co. (Eng.) are providing commercial general liability, umbrella and excess coverage for the purchasing group. For more information on COGA contact Robert Cohen at (303) 293-8888.

Bankruptcy and Commercial Lawyers, PG, Inc. (IL) was formed from an old, established association — the Commercial Law League of America. One of the motivations in forming the purchasing group was the desire to capitalize on the more favorable loss experience of bankruptcy and commercial lawyers as compared to higher risk specialties. Massachusetts-domiciled New England Insurance Co. is providing professional liability for the purchasing group. For more information contact David Webster at (617) 482-3100.

State by State Analysis of Purchasing Group Requirements in PROFILE

Drafters of the Risk Retention Act hoped the legislation would bring uniformity to states in regulating risk retention groups and purchasing groups, but the reality has been different — particularly for purchasing groups and their insurers. As purchasing group organizers have discovered, purchasing groups are subject to varying, and often conflicting, regulatory requirements, depending upon the state with which the entity is dealing.

In this month's Profile, Beth Kravetz, a Washington, D.C.-based attorney specializing in insurance and risk retention, makes a comprehensive state-by-state analysis of regulatory requirements for purchasing groups. Kravetz' in-depth article also discusses practical issues involved in forming purchasing groups as well as how to shepherd them through the state regulatory process. (See page 4.)

New RRG For Hospitals Formed

A new Vermont-domiciled risk retention group providing hospital professional liability has been licensed. Formed by a group of nine Florida hospitals and Edgewater Management Services Co., Inc., a subsidiary of the South Florida Hospital Association, Hospital Liability Risk Retention Group, Inc., will be available nationwide. According to Fran Everett, President of Florida-based Frank B. Hall Health Care Risk, Inc., which provides marketing, underwriting, claims and data administration for the RRG, a strong risk management program, called

RISK RETENTION REPORTER — Published by INSURANCE COMMUNICATIONS, P.O. Box 50147, Pasadena, California 91115. (818)796-4972. Fax: (818) 796-2363 Managing Editor: Karen Cutts. © Copyright 1987, 1988, 1989, 1990 *Risk Retention Reporter*. The editor has made every effort to ensure the accuracy of information published in each issue. Opinions on financial, fiscal and legal matters are those of the editors and others; professional counsel should be consulted before any action or decision based on this material is taken. Publication of a risk retention/purchasing group in the *RRR* should not be construed as an endorsement of such entity, nor should publication create any reliance on the operational status or qualifications of such group in state of domicile or elsewhere. No part of this report may be reproduced in any manner without the written permission of the publisher. All rights reserved. The *Risk Retention Reporter* is published 12 times a year. Subscription Rates: One year: \$225; Outside U.S.: \$245. Back Issues — For Subscribers: \$15 per issue. Non-subscribers: \$20 per issue. Add \$5 to orders for postage & handling.

S B

268

STEVE FRANK
DISTRICT K
SEAT A

Alaska State Legislature



Senate

MEMBER
Finance Committee
Resources Committee
Legislative Council
Special Committee on Banking &
Economic Development

VICE-CHAIR
Community & Regional
Affairs Committee

119 N. Cushman, Rm. 213
Fairbanks, Alaska 99701

While in Juneau
P.O. Box V

Juneau, Alaska 99811
(907) 465-3709

Capitol Rm. 514

MEMORANDUM

DATE: April 12, 1989

A handwritten signature in dark ink, appearing to be "Steve Frank", written over the "TO:" and "FROM:" fields.

TO: Senator Al Adams, Chairman
Community and Regional Affairs Committee

FROM: Senator Steve Frank

SUBJECT: SB 268, An Act relating to municipal financing and municipal joint insurance arrangements; the Alaska Municipal Bond Bank Authority; and providing for an effective date.

SB 268, legislation developed and endorsed by the Alaska Municipal League will allow municipalities and municipal joint insurance associations to utilize debt financing to establish reserves to self-insure against liability when the cost of reinsurance is too high.

Recognizing that insurance costs were reaching levels beyond the reach of many individual municipalities, the Fourteenth Legislature passed legislation establishing joint insurance pools. The proposed bill will provide a back-up tool that municipalities and municipal joint insurance associations can use in instances where excessively high premiums predominate in the reinsurance market.

Drafts of the bill were reviewed by Eric Wohlforth, bond counsel for the Alaska Municipal League Joint Insurance Association, and John Havelock. Both attorneys have endorsed the proposed bill and are of the opinion that the proposed legislation, as phrased, is constitutional.

The Alaska Municipal League Joint Insurance Association has offered to have staff available to answer any questions the committee might have regarding provisions of the legislation.

AML JIA

Alaska Municipal League Joint Insurance Association, Inc.

217 Second Street, Suite 200

Juneau, Alaska 99801

(907) 586-3222

FAX: (907) 463-5480

April 12, 1989

The Honorable Steve Frank
Alaska State Senate
State of Alaska
P. O. Box V
Juneau, Alaska 99811-3100

Re: AN ACT RELATING TO MUNICIPAL FINANCING
 AND MUNICIPAL JOINT INSURANCE ARRANGEMENTS,
 THE ALASKA MUNICIPAL BANK

Dear Senator Frank:

In 1986 the Alaska Legislature, under AS 21.76, gave Alaskan municipalities, city and school borough school districts authority to form joint insurance arrangements as an alternative to commercial property, liability and workers compensation insurances. This legislation was enacted to enable municipalities to cope with the adverse effects of constantly fluctuating insurance markets. Availability and cost of needed insurance coverages has been subject to wild swings which place a strain on the municipal budgeting process. These wild swings are best illustrated by the enclosed study published recently by the Insurance Services offices. These severe swings in profitability have caused large rate increases and restrictions of coverage for municipalities countrywide.

In recent years, many states including, California, New York, Texas, Louisiana, Arkansas, Michigan, Washington, Maryland, South Dakota, Montana, Kentucky and Illinois have passed enabling legislation allowing their public entities, municipalities, school districts, special districts, etc, to use alternative methods of financing the costs of their insurance risks. Such capital market financing methods as Bonds, Certificates of Participation and Letters of Credit, are now being used to augment, supplement, or replace commercial insurance. These alternative financing methods are also being used in private industry. Self insurance, risk retention groups and risk purchase groups are indications of the continuing trend towards alternative approaches to insurance in the financing of risk (costs of loss). It is estimated that by 1990, 35 to 40 per cent of commercial organizations, both public and private, will be using such alternative risk finance techniques. In the public sector there are currently over 200 public pools such as ours. In addition, most major cities, counties and states are

self insured to some extent.

The purpose of this Act, then, is to allow municipalities and municipal joint insurance arrangements organized under AS 21.76 to utilize such alternative methods to finance the costs of establishing self funded reserves to cover their liabilities. Such funds would be used:

- * to create capital surplus on a pre-loss basis to fund to aggregate retention levels for multiple losses requiring payments in excess of retention level.
- * to fund large losses in excess of aggregate retentions on a post loss basis in lieu of assessments.
- * to augment, supplement or replace reinsurance or excess insurance.

The amount of funds needed to accomplish these goals would be determined by actuaries certified by the American Academy of Actuaries. The Alaska Bond Bank or other lender would have right of approval. They could either accept or reject our proposal based on their underwriting criteria.

Currently, the AML Joint Insurance Association self funds the first \$250,000 of its Property and Liability losses. The first \$350,000 of Workers Compensation loss is also self funded. This self funding is accomplished on a pooled basis using a portion of the member's premium contributions. This pooled loss fund is actuarially determined by certified actuaries, and along with reinsurance and administrative costs is reflected in the rates charged our members. Our reinsurance includes both an occurrence limit and aggregate retention limits as required by AS 21.76.

The requested legislation would provide us with a "tool" to use in better managing the financing of our risks. It could be used to reduce or replace reinsurance when its cost is expensive and to supplement our program with coverages not offered by commercial insurers. The fund could also be used to provide coverages for our members at more favorable costs than is now provided by insurers. Municipalities in other states have used this approach to provide necessary funds at substantially less cost than those of insurers when the market is "hard." The cost of insurance premiums can be likened to the cost of debt service on a capital instrument. If the cost of debt service is less than the cost of conventional insurance then certainly debt financing serves a legitimate public purpose. Financing of its costs of risk also gives municipalities greater control of their own destinies. These alternative financing arrangements would give us flexibility and clout when dealing with insurers. Flexibility in that we would purchase

Honorable Steve Frank
April 12, 1989

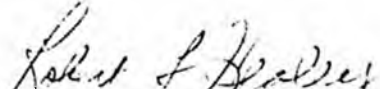
Page three

reinsurance in greater amounts when prices and coverage are The inexpensive, and lesser amounts when prices increase and coverage decreases. The clout comes from reinsurers knowing that we have an alternative to purchasing our coverage from them.

In summary, the requested legislation would give Alaskan municipalities and the AML Joint Insurance Association greater protection against the cyclical swings of the insurance industry. It would enable us to increase our financial strength while broadening our coverages and would give us a stronger bargaining position with reinsurers.

Your support is earnestly requested and will be deeply appreciated.

Sincerely,


Robert F. Healey, CPCU, ARM, ALCM
Administrator

Enclosure

Copies to: Phil Younker, Chairman, Board of Trustees, AML/JIA
Members, Board of Trustees, AML/JIA

CURRENT PARTICIPATING MEMBERS OF THE AML/JIA

PARTICIPANTS	AUTHORIZED REPRESENTATIVES	RISK MANAGERS
Akutan	Jacch Stephin, Mayor	Erika Tritremmel, Administrator
Angoon	Cynthia Paul, City Clerk	Cynthia Paul, City Clerk
Barrow	Eben Hopson, Jr., Mayor	Eben Hopson, Jr., Mayor
Chuathbaluk	Terry Hoeflerle, City Manager	Terry Hoeflerle, City Manager
Cordova	Jack Ferrence, Finance Director	Jack Ferrence, Finance Director
Craig	Dave Palmer, Administrator	Dave Palmer, Administrator
Dillingham	Lyle Larson, City Manager	Lyle Larson, City Manager
Eagle	Jean Boone, City Clerk/Treasurer	Oscar Ingold
Elim	Luther Nagaruk, City Clerk	Luther Nagaruk, City Clerk
Emmonak	John Alder, City Manager	John Alder, City Manager
Golovin	Thomas Punguk, Mayor	Thomas Punguk, Mayor
Hooper Bay	Susie DeGrace, Administrative Assistant	Susie DeGrace
Huslia	Elsie Vent, Administrator	Elsie Vent, Administrator
King Cove	Wayne Marshall, City Manager	Wayne Marshall, City Manager
Kotlik	Peter F. Elachik, Sr.	Peter F. Elachik, Sr.
Kotzebue	Allen Jessup, Finance Director	Allen Jessup, Finance Director
Mountain Village	Joyce A. Brown, City Clerk	Robert H. Hall, VPSO
Nenana	Steve Bainbridge, City Manager	Steve Bainbridge, City Manager
Nikolai	Roger Jenkins, City Manager	Roger Jenkins, City Manager
Nome	Polly Prchal, City Manager	Polly Prchal, City Manager
Nunapitchuk	Eli J. Wassillie, Administrator	Eli J. Wassillie, Administrator
Ouzinkie	Debra Garner, City Clerk	Debra Garner, City Clerk
Palmer	David L. Soulak, City Manager	David L. Soulak, City Manager
Petersburg	Patricia Curtiss, Acting City Manager	Patricia Curtiss, City Clerk
Port Lions	David Wakefield, City Clerk	David Wakefield, City Clerk
Quinhagak	Larry Strunk, Administrator	Larry Strunk, Administrator
St. Mary's	Francis Thompson, Administrator	Francis Thompson, Administrator
Sand Point	Bob Juettner, Administrator	Bob Juettner, Administrator
Seward	Max Royle, City Manager	Max Royle, City Manager
Shishmaref	Morris Klyutelluk, Administrator	Morris Klyutelluk, Administrator
Skagway	Tom Healy, City Manager	Tom Healy, City Manager
Soldotna	Richard Underkoller, City Manager	Richard Underkoller, City Manager
Tenakee Springs	Janice Eagle, City Clerk	Janice Eagle, City Clerk
Thorne Bay	Ruth Anne Taylor	Ruth Anne Taylor
Unalakleet	Steve Kniseley, Administrator	Steve Kniseley, Administrator
Wainwright	Frances Hopson, Mayor	Frances Hopson, Mayor
Whittier	Cecil DePedro, Finance Director	Cecil DePedro, Finance Director

November 7, 1988

AML JIA

Alaska Municipal League Joint Insurance Association, Inc.

217 Second Street, Suite 200

Juneau, Alaska 99801

(907) 586-3222

FAX: (907) 463-5480

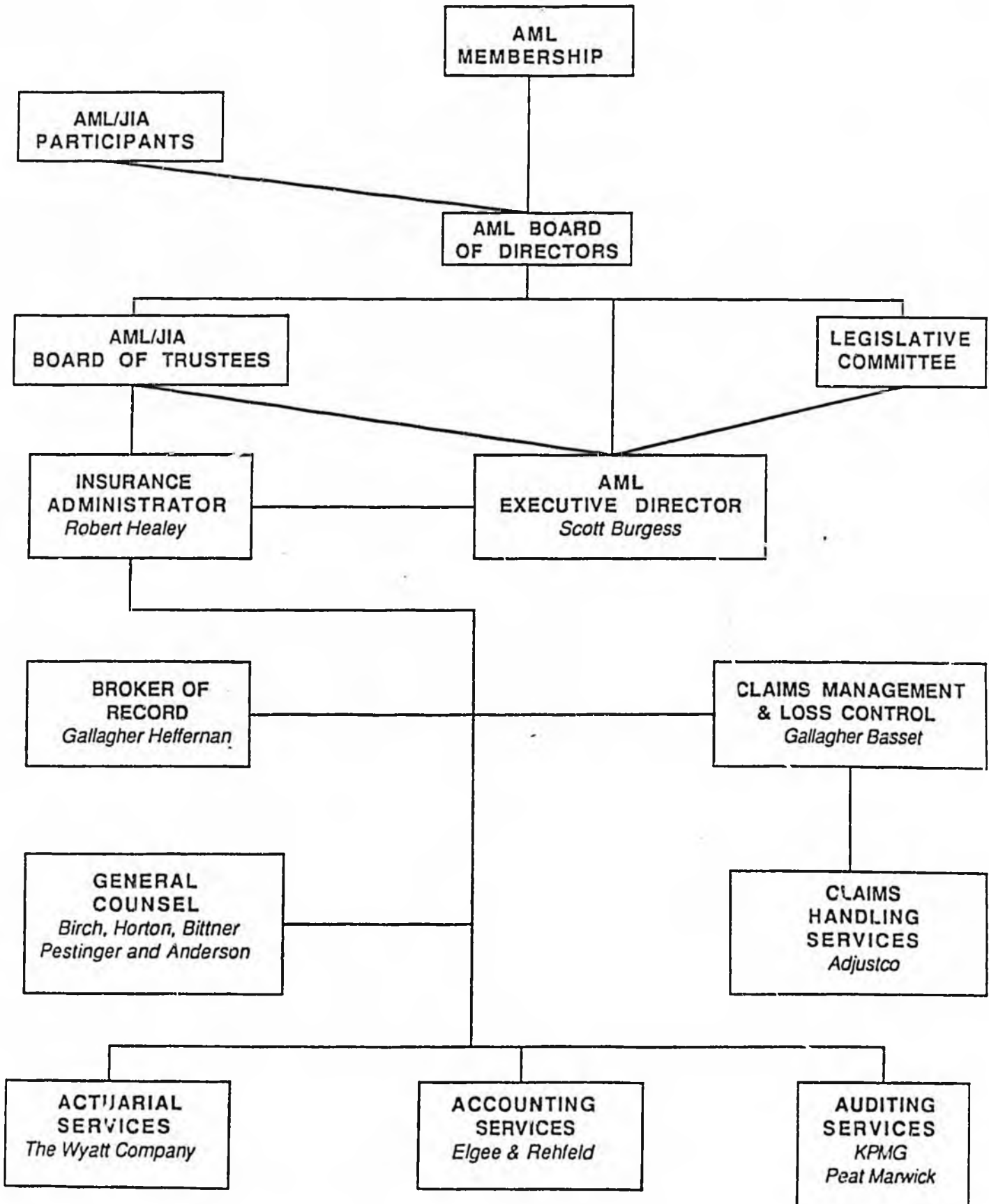
April 12, 1989

AML/JIA ACTIVE PROSPECTS

Aleutians East Borough
Atka
Atkasuk
Brevig Mission
Haines
Houston
Homer
Koyukuk
Hughes
Kake
Ketchikan Gateway Borough
Kenai
Kenai Peninsula Borough
Mat-Su Borough
Napakiak
New Halen
Northwest Arctic Borough
Nightmute
Nondalton
Old Harbor
Pelican
Pilot Station
Point Hope
St. Michaels
Shaktoolik
Sitka
Unalaska
Upper Kalskag
Wasilla

ALASKA MUNICIPAL LEAGUE
JOINT INSURANCE ASSOCIATION, INC.

ORGANIZATION CHART



Summary Of Coverages And Limits Of Liability

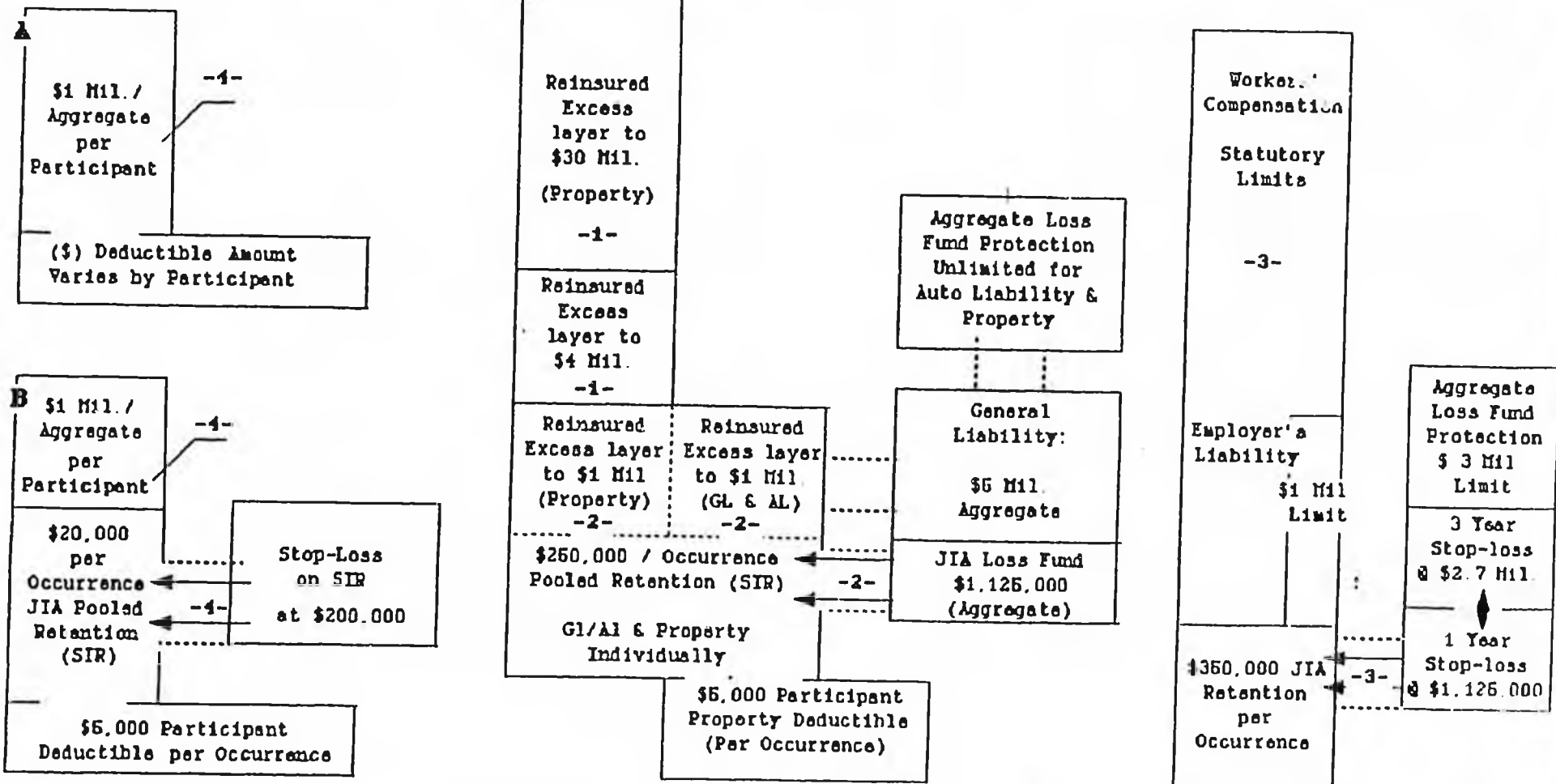
(AML-JIA)

FY 1989 Structure

**A - PUBLIC OFFICIALS and
B - POLICE PROFESSIONAL
LIABILITY**

**GENERAL & AUTOMOBILE LIABILITY
and PROPERTY**

**WORKERS' COMPENSATION &
EMPLOYER'S LIABILITY**



-1-, -2-, -3-, -4- References Specific To Carriers
(Refer To Section On "Reinsurance & Excess Insurance Coverages" (Detail))

THIRTY THREE & ONE-HALF YEAR STUDY
ALL STOCK PROPERTY/CASUALTY COMPANIES IN U.S.A.

(UNDERWRITING PROFIT/LOSS IN MILLIONS)

Derived from data in: "BEST'S INSURANCE MANAGEMENT REPORTS" of A.M. BEST CO.

	PLUS (+)		MINUS (-)		Billions
	\$17-999 Millions	\$1-99 Millions	\$1-99 Millions	\$17-999 Millions	
1953	335				
1954	387				
1955	258				
1956				134	
1957				358	
1958		87			
1959		73			
1960		70			
1961		35			
1962		9			
1963				210	
1964				341	
1965				419	
1966		109			
1967		27			
1968				186	
1969				383	
1970				143	
1971		854			
1972		919			
1973		219			
1974				1,763	
1975				2,899	
1976				1,399	
1977		793			
1978	1,284				
1979				1,000	
1980				2,770	
1981				4,573	
1982				8,440	
1983				11,091	
1984				19,371	
1985				22,567	
1986				13,844	
1987-1/2				3,272	
1988				?	
1989				?	

STEVE FRANK
DISTRICT K
SEAT A

119 N. Cushman, Rm. 213
Fairbanks, Alaska 99701

While in Juneau
P.O. Box V

Juneau, Alaska 99811
(907) 465-3709

Capitol Rm. 514

Alaska State Legislature



Senate

MEMBER
Finance Committee
Resources Committee
Legislative Council
Special Committee on Banking &
Economic Development

VICE-CHAIR
Community & Regional
Affairs Committee

April 12, 1989

RE: Joint Insurance Association
Debt Financing

attached letters:

March 24, 1989	John Havelock
March 24, 1989	Eric Wohlforth
February 15, 1989	Mike Ford
January 31, 1989	Jim Baldwin

WOHLFORTH, ARGETSINGER, JOHNSON & BRECHT

A PROFESSIONAL CORPORATION

ATTORNEYS AT LAW

900 WEST 5TH AVENUE, SUITE 600

ANCHORAGE, ALASKA 99501

TELEPHONE (907) 278-8401

TELECOPY (907) 278-8093

SEATTLE OFFICE
FIRST INTERSTATE CENTER
990 THIRD AVENUE, SUITE 2830
SEATTLE, WASHINGTON 98104
TELEPHONE (206) 442-9133
TELECOPY (206) 442-9138

OF COUNSEL
HARRIS, ORR & KINZER
3E10 FIRST INTERSTATE CENTER
990 THIRD AVENUE
SEATTLE, WASHINGTON 98104
TELEPHONE (206) 881-1818

JUNEAU
GRUENING & SPITZFADEN
217 SECOND STREET
JUNEAU, ALASKA 99901
(907) 886-8110 TELECOPY (907) 886-8088

PETER ARGETSINGER
JULIUS J. BRECHT
ROBERT M. JOHNSON
THOMAS F. KLINNER
ROGER A. LUBOVICH**
BRADLEY E. MEYER
DANIEL PATRICK DYERNEY
JAMES A. SARAFIN
JAMES R. ZENDER
KENNETH E. VASSAR
ERIC E. WOHLFORTH

OF COUNSEL
ROGER O. CONNOR
**SEATTLE OFFICE

March 24, 1989

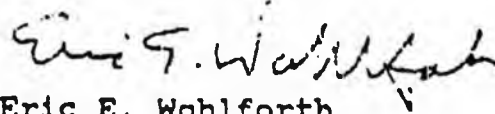
The Honorable Steve Frank
Member, House of Representatives
State of Alaska Legislature
P.O. Box V
Juneau, Alaska 99811

Dear Representative Frank:

I have been asked by the Alaska Municipal League to give you my opinion as to the constitutionality of the proposed draft legislative bill relating to municipal insurance arrangements. This letter will refer to the work draft of that bill dated 02/20/89 with amendments suggested by my letter of February 28, 1989 to Robert Healy.

In my opinion, the draft legislative bill with the changes indicated in my letter of February 28, 1989 would if enacted constitute a valid legislative enactment. Further, in my opinion such a legislative bill if enacted would not be in violation of any provision of the Alaska State Constitution. Specifically, the apprehension that indebtedness might be authorized pursuant to the legislative enactment which would violate the Alaska State Constitution does not make the enactment unconstitutional. We would assume that action be taken pursuant to the legislative authority which is constitutional at the local government level. I suggested that the particular means of authorizing constitutionally permitted indebtedness be specified in the bill if it was deemed to be the only means that was permitted under our Constitution. This suggestion which I had hoped would satisfy the apprehension on the bill did not find favor.

Very truly yours,



Eric E. Wohlforth

LAW OFFICES
JOHN E. HAVELOCK
725 WEST 16TH AVENUE
ANCHORAGE ALASKA 99501

(907) 276-1816

March 24, 1989

Representative Steve Frank
119 N. Cushman, Suite 211
Fairbanks, Alaska 99701
Fax Number 458-3346

Dear Representative Frank,

Alaska's smaller towns and villages need affordable insurance. The only way they can get it is through systems like the nonprofit, Municipal League JIA, creating their own insurance pool arrangement. The pool needs the backing of a capital reserve. I am pleased to hear that you will be a principal backer of legislation allowing the creation of the fund through the Bond Bank.

I have reviewed draft legislation on this subject which is before you. As an attorney formerly specializing in bond work and now devoting much of my time to constitutional law, I believe the proposed legislation is constitutional.

I realize that an attorney with the Attorney Generals Office has voiced concerns on this subject. To a degree, I share his concern. However, the distinction must be made between "facial" constitutionality and constitutionality "in execution".

This distinction might be illustrated better by a bill to allow health officials to conduct searches. On its face, such a bill is not unconstitutional though it signals many constitutional issues. The administrative practices which determine when, how, and by whom such searches are conducted may well be unconstitutional but such issues are not ripe until the plan of execution is established.

There are many issues to be addressed beyond the legislation itself, in determining in how this bond fund should be created and administered. Mr. Wohlforth and other draftsmen of this bill (which is similar to legislation adopted in other jurisdictions on this subject and which have similar constitutional restrictions) have wisely chosen in this draft to leave open specific choices in execution until a more detailed exploration of interrelated marketing and legal strategies is undertaken with this legislation in place.

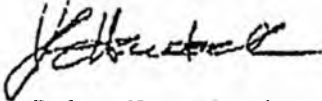
Unlike some other legislations, this statute is neither mandatory nor automatic but requires specific implementation, always under the eye of cautious attorneys.
In the extreme -----

Representative Steve Frank
March 24, 1989
Page 2

counsel require that a test case be brought to test the legality of a particular strategy. Some years ago I represented the taxpayers in such a case on the earthquake mortgage relief bonds, which paved the way for that successful program.

Thus, while there are many constitutional pitfalls to be avoided in execution, the legislation, as now phrased, is not unconstitutional on its face and should not be tabled or otherwise defeated on constitutional grounds. I urge the legislature to adopt the bill so we can get on with the plan.

Sincerely,



John Havelock

cc: Alaska Municipal League
Eric Wolforth

STATE OF ALASKA
THE LEGISLATURE

POUCHY STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 15, 1989

SUBJECT: Joint insurance arrangements
(Work Order No. 6-0814)

TO: Senator Steve Frank
Attn: Paul Pesika

FROM: Michael F. Ford *M.F.*
Legislative Counsel

You have asked for our review of legislation to allow municipalities involved in joint insurance arrangements to finance debt through the Alaska Municipal Bond Bank. As explained in this memo, it is our opinion that the legislation would violate Article IX, section 9, of the Alaska Constitution.

Under Article IX, section 9, municipalities are prohibited from contracting debt, unless the debt is authorized by the governing body for capital improvements and ratified by the voters. A "debt" in the context of this constitutional limitation, means an obligation secured by the full faith and credit of the municipality; it does not include an obligation payable from funds on hand or current revenue. 81A C.J.S. §§219,220. The proposed legislation would authorize a contractual pledge of money by a municipality through a joint insurance arrangement. This pledge of money is the type of "debt" that is prohibited by Article IX, section 9, unless the debt is for a capital improvement and is ratified by the voters. The use of notes, certificates of participation, or bonds to establish insurance reserves would clearly not constitute a "capital improvement." See City of Juneau v. Hixson, 373 P.2d 743 (Alaska 1962).

Under Sec. 21.76.120(c) of the proposed legislation, the debt incurred would "not be a general obligation of a municipality." This language is clearly an attempt to avoid the prohibition against debt contained in Article IX, section 9. I do not think that this language will effectly remove the constitutional problem. If a court considered this issue,

Senator Steve Frank
Page 2
February 15, 1989

it would certainly look at the substance of the pledge. Unless the pledge is limited to current revenues, the pledge amounts to creation of a prohibited obligation on future revenues of the municipal treasury. This same section also provides that a pledge may "not include revenues derived from taxes." Again this is an effort to avoid creating the kind of "debt" prohibited by the constitution. However the debt will still be payable from whatever other general revenues are available, probably state funding. So, by eliminating tax revenues in securing the pledge, the state may be faced with an increased "moral obligation" to make payments on these bonds as a practical matter. This is precisely the kind of future obligation that Article IX, section 9 was designed to avoid.

I should also mention that there is an exception to Article IX, section 9, contained in Article IX, section 11. But this exception does not apply to the suggested legislation as I interpret it. The only bonds mentioned in this proposal are those issued by the Alaska Municipal Bond Bank. The exception would not apply to debt undertaken by a municipality, to repay revenue bonds issued by the Alaska Municipal Bond Bank.

For the above reasons, it is our opinion that a municipality could not finance it's joint insurance arrangement in this manner, without serious risk of violating the state constitution. Because bond financing is a specialized area of the law it would be wise to have bond counsel review this proposal before introducing legislation on the subject. This kind of financing arrangement may also create marketing or other practical bonding problems that bond counsel could provide advice on.

MFF:kb
WKK2/007

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

REPLY TO:

1031 W 4th AVENUE
SUITE 200
ANCHORAGE, ALASKA 99501-1994
PHONE: (907) 276-3550

1st NATIONAL CENTER
100 CUSHMAN ST.
SUITE 400
FAIRBANKS, ALASKA 99701-4679

January 31, 1989

P.O. BOX K—STATE CAPITOL
JUNEAU, ALASKA 99811-0300
PHONE: (907) 465-3600

Hon. Ronald L. Larson
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Re: Debt financing for municipal
joint insurance pool

Dear Representative Larson:

At the request of Jay Hogan of your staff, I have reviewed a memorandum dated February 12, 1988 of the Alaska Municipal League relating to "debt financing for municipal liability exposures." I have also reviewed a draft bill dated January 24, 1989 attached to the memorandum. You ask our opinion whether it would be lawful under art. IX of the Alaska Constitution for an association of municipalities to finance an insurance pool through the issuance of revenue bonds. I believe that it is possible to finance an insurance enterprise through the issuance of revenue bonds. Of course, my opinion is conditioned on the financial feasibility of the enterprise and possible federal tax consequences which would affect the marketability of the bonds.

It must be made clear at the outset that we are not giving an opinion concerning the adequacy of the draft bill to accomplish the purpose of the municipal league. We believe that providing insurance coverage for municipal activities is a public purpose for which municipal funds may be expended. Under art. IX, sec. 11 of the Alaska Constitution, the prohibition against incurring debt does not apply to a public enterprise financed solely by revenues generated by the enterprise. The provision of insurance to an association of municipalities probably qualifies as an enterprise under sec. 11. Presently, the municipalities are presumably purchasing insurance from private carriers and we all know that they are not charitable institutions. Insurance premiums paid by municipalities would serve as the source of rev-

Hon. Ronald L. Larson
Alaska State Legislature
Re: Debt financing, municipal joint ins.

January 31, 1989
Page #2

enue to support the issuance of revenue bonds. These periodic premiums could be pledged by the public corporation operating the insurance enterprise to secure the repayment of the bonds.

Subject to authorization being granted by law, the Municipal Bond Bank Authority could operate the enterprise or it could be authorized to spin off a subsidiary public corporation for this purpose. It is also possible for municipalities to form an entity by cooperative agreement to jointly exercise the implied power to insure against risks without using the Municipal Bond Bank Authority. See Alaska Const. art. X, sec. 13 and AS 36.30.700 -- 36.30.790. However, it may be desirable to use the authority as the conduit for the financing because it is recognized by potential investors and, by virtue of that recognition, enjoys a favorable bond rating. Section 13 also allows cooperative agreements between municipalities and state agencies.

I have reviewed the memorandum dated January 30 prepared by legislative counsel on this matter and must respectfully disagree with his conclusions. Legislative counsel argues that a municipality would be barred from this financing technique because the municipality is not financing capital improvements. In support of his conclusion, counsel cites City of Juneau v. Hixson, 373 P.2d 743 (Alaska 1962). This financing arrangement could be distinguished from the method used in Hixson if the premiums paid by the municipalities are subject to annual appropriation. For this financing to work, there would need to be agreements between each municipality and the financing entity in which the payment of premiums is conditioned on the adoption of municipal appropriations. It is also likely that each municipality would need to acknowledge a moral obligation to make premium payments until the bonded indebtedness is retired. Because the debt incurred under this proposal is not for capital improvements, a municipality cannot unconditionally pledge general tax revenues. However, we believe there is no problem making premium payments from tax revenues generated by a municipality if, as explained above, the governing body of the municipality retains the discretion to appropriate amounts to pay the premiums.

I agree with legislative counsel that the committee should seek the advice of a qualified bond counsel before this bill is prepared for introduction. For example, without the concurrence of bond counsel, I would be hesitant to recommend that the bill allow the issuing entity to use negotiable or nonnegotiable instruments or certificates of participation.

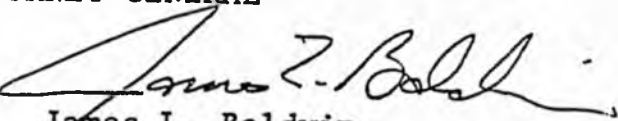
Hon. Ronald L. Larson
Alaska State Legislature
Re: Debt financing, municipal joint ins.

January 31, 1989
Page #3

I hope this memorandum will serve your purposes.

Sincerely yours,

GRACE BERG SCHAIBLE
ATTORNEY GENERAL

By: 
James L. Baldwin
Assistant Attorney General

JLB/pjg

cc: Michael Ford
Legislative Affairs Agency

Arthur H. Peterson
Department of Law

S B

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HOUSE COMMITTEE REPORT

(7)

Date Referred: April 3, 1990

FURTHER REFERRALS:

Date of Committee Action: 5/3/90

The LABOR & COMMERCE Committee considered:

CSSB 273 (FINANCE)

CS SB NO. 273 (Fin)

LICENSING OF INSURANCE AGENTS

"An Act relating to the regulation of insurance agents, general agents, brokers, managers, solicitors, adjusters, and firms; and providing for an effective date."

RECOMMENDATIONS:

- [] be replaced with _____ [] the same title
- [] _____ [] a new title
- [] have attached amendment(s)
- [] do pass
- [] do not pass
- [] no recommendation
- [] individual recommendations
- [] additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):
(Dept)

APPROVES PREVIOUS:

(Date/Dept)

- [] fiscal impact _____
- [] zero fiscal note _____
- [] zero with analysis _____

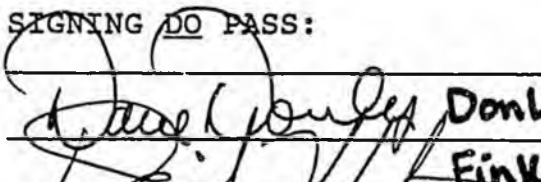

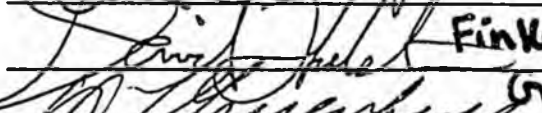
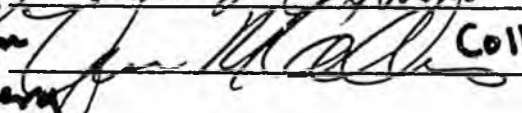
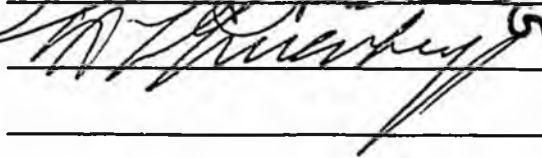
- [] fiscal note(s) _____
- [] zero fiscal note(s) C+ED 3/5/90
- [] zero fn/analysis _____


SIGNING DO PASS:

SIGNING:

(Check approp. column)

Do Not
Pass No Rec Amend

		Do Not Pass	No Rec	Amend
		<input checked="" type="checkbox"/>		
				


Chairman's Signature

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

April 11, 1989

The Honorable Tim Kelly
President of the Senate
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Mr. President:

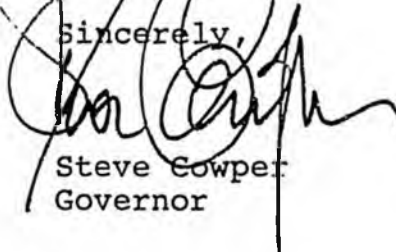
Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the licensing of insurance agents, brokers, solicitors, and adjusters. This bill will improve and up-date our licensing system.

The proposal is based on a National Association of Insurance Commissioners model Act. The proposal makes a number of changes in the present licensing statutes, the most important of which are the following:

- (1) requires more frequent re-testing of applicants who were previously licensed, by requiring that persons who have dropped out of the industry for more than two years be retested;
- (2) adds educational requirements for licensing by requiring a high school degree or its equivalent;
- (3) allows the director of insurance to establish more educational or experience requirements by regulation;
- (4) increases bond requirements for brokers and their firms;
- (5) limits the term of a trainee adjuster to one year; after that time, a person must obtain a regular adjuster license; and
- (6) limits the use of a "temporary license" to cases involving the disability or death of an agent, general agent, or broker.

The bill contains other, more technical, changes up-dating our statutes. The division of insurance will provide you with a section-by-section analysis.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Cowper", written over the typed name below.

Steve Cowper
Governor

3/23/90

Adopted
by 3FC

CS SB 273 (FIN), relating to regulation of insurance agents.

LEGISLATIVE INTENT

It is the intent of the legislature that regulations prescribed under Sec. 21.27.380 (e) be consistent with recommendations of the National Association of Insurance Commissioners' regulatory model for agent continuing education requirements and standards. It is also the intent of the legislature that the director of the Division of Insurance, Department of Commerce and Economic Development, shall seek the advice of Alaska insurance organizations and associations on appropriate adaptations of the regulatory model.

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Commerce & Econ. Dev.
 Title: An Act relating to the licensing of agents, general agents, brokers, solicitors and adjusters BRU: Insurance
 Sponsor: Rules Committee Components: Operations
 Requestor: Senate Finance

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
---------	---	---	---	---	---	---

REVENUE	0	0	0	0	0	0
---------	---	---	---	---	---	---

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

No fiscal impact for FY 90.

Prepared by: Joan Brown, Administrative Officer Phone: 465-2597
 Division: Insurance Date: 3/2/90

Approved by Commissioner: Larry Merculieff *LM* Date: 3/1/90
 Agency: Department of Commerce & Economic Development

Distribution (by preparer):

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

Changes in CSSB 273 (Fin) have no fiscal impact. This fiscal note is appropriate. 3/23/90

5/5 2/1

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HOUSE COMMITTEE REPORT

(7)

Date Referred: March 14, 1990

FURTHER REFERRALS:

Date of Committee Action: 5/1/90

The LABOR & COMMERCE Committee considered:

SSSE 288

SS SENATE BILL NO. 288

REAL ESTATE LICENSING

"An Act relating to the Real Estate Commission; and providing for an effective date."

RECOMMENDATIONS:

- [] be replaced with _____ [] the same title
- [] _____ [] a new title
- [] have attached amendment(s)
- [] do pass
- [] do not pass
- [] no recommendation
- [] individual recommendations
- [] additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):
(Dept)

APPROVES PREVIOUS:

(Date/Dept)

- [] fiscal impact _____
- [] zero fiscal note _____
- [] zero with analysis _____

- [] Senate _____
- [] fiscal note(s) _____
- [] zero fiscal note(s) C + E D
- [] zero fn/analysis _____

SIGNING DO PASS:

SIGNING:

(Check approp. column)

Do Not
Pass No Rec Amend

<u>Dave Donley Donley</u>	<u>Henry A. Lemmon Lemmon</u>	<input checked="" type="checkbox"/>		
<u>Mark Boyer Boyer</u>				
<u>Frank Habsten Finelstein</u>				
<u>John R. Boucher Boucher</u>				

Dave Donley
Chairman's Signature

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Act relating to the real
estate commission
Sponsor: Sen. Sturgulewski
Requestor: Senate Finance

Agency Affected: Commerce & Economic Dev.
BRU: Occupational Licensing
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
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	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Senator Rick Uehling, Co-chairman
Division: Senate Finance Committee

Phone: 465-4821
Date: March 8, 1990

Approved by Commissioner: _____
Agency: _____

Date: _____

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



**Above
the
Crowd!**[®]

March 19, 1990

Senator Kerttula
P.O. Box V
Juneau, AK 99811

Dear Senator Kerttula:

The following Real Estate Broker and Agents support SSSB 288, as introduced 1/23/90, regarding the continuing education of Real Estate agents and the retesting of inactive agents seeking to become active again.

This will keep agents abreast of the ever changing and updating laws and regulations regarding real estate in Alaska, as well as the changing wetland laws, new financing opportunities and other related material. Thus educated, the professional agent will better represent Alaska in their Real Estate transactions.

Sincerely,

Kevin Crozier

Kevin Crozier
Broker

Helga Larson

Helga Larson
Broker Associate

James Bonham

James Bonham
Broker Associate

Charlene Moss

Charlene Moss
Sales Associate

Troy Broadrick

Troy Broadrick
Sales Associate

John Neace

John Neace
Broker Associate

Kristan Tanner

Kristan Tanner
Broker Associate

Harley Harris
Sales Associate

RE/MAX of wasilla, inc.
1590 east financial drive, suite 110
wasilla, alaska 99687
phone: (907) 376-4515
an independent member broker



SBZ88

ALASKA STATE LEGISLATURE · SENATE

SENATOR RICHARD I. ELIASON

LABOR & COMMERCE COMMITTEE, CHAIRMAN
RESOURCES COMMITTEE
RULES COMMITTEE
SPECIAL COMMITTEE ON HIGH SEAS
SALMON INTERCEPTION
SELECT COMMITTEE ON
LEGISLATIVE ETHICS



P.O. BOX 143
SITKA, ALASKA 99835

P.O. BOX V
JUNEAU, ALASKA 99811
(907) 465-4916

FAX (907) 465-4928

March 27, 1990

Deidre Preuss
Anderes Realty
201 Katlian Street
Sitka, Alaska 99835

Dear Ms. Preuss:

Thank you for your recent letter expressing opposition to the real estate license renewal provisions in Senate Bill 288, relating to the Real Estate Commission.

There was very little opposition to this bill during committee hearings or on the floor of the Senate. It was voted on by the full Senate and passed with only one dissenting vote. Any effort to have the bill amended to remove the continuing education requirement must now be undertaken in the House.

The continuing education requirement has been presented as a consumer protection measure, and similar laws have been adopted in all but ten states (four of which do not even have a pre-certification requirement).

I have forwarded a copy of your concerns to the committee now considering the bill, the House Labor and Commerce Committee chaired by Rep. Dave Donley.

Thanks for taking the time to write. I appreciate the constructive, thoughtful nature of your letter.

Sincerely,

A handwritten signature in cursive script that reads "Dick".

Senator Dick Eliason

Anderes Realty

201 KATLIAN, SUITE 5 • SITKA, ALASKA 99835 • (907) 747-5866

March 14, 1990

The Honorable Richard Eliason
Alaska State Legislature
PO Box V (MS 3100)
Juneau, AK 99811

Dear Sir,

With regard to SB288 requiring 20 hours of continuing education prior to renewal of a real estate license. I respectfully submit opposition to such legislation on the following grounds:

1. Consumer protection can be heightened through more timely investigation and resolution of claims and tools in place which would enable us to better regulate ourselves.
2. Continuing education is important and most successful licensees seek avenues of learning which deal with specifics needed for his or her own community experience through affiliation with local Boards.
3. Dishonest licensees are as abhorant to most of us in the industry as they are to the consumer. Education will not protect the consumer - it is the local governing boards and the Real Estate Commission who have the responsibility of policing the industry.
4. Mandandory education prior to licensing may help eliminate incompetency and would be a worth while requirement for initial licensing, but once laws and regulations are absorbed well enough to pass the initial licensing exam, we need only to be made aware of ongoing legislation through newsletters and the like.
5. If State-sponsored, continuing education for the real estate industry becomes mandantory, then the State will also have to enact law and provide the same education requirements for CPA's, the legal profession, the constrution industry, and any other industry, profession, or trade which requires a State license to practice.

Mr. Eliason, I believe we would be wiser to work from a philosophy of offering incentives to those who attain higher levels of voluntary learning/excellance and, conversely, swift discipline/censure to those who betray the public trust or disregard our industry Code of Ethics.

Respectfully submitted,
ANDERES REALTY

Deidre J. Preuss

Deidre (Dede) Preuss
Realtor

DFP/bsn

Alaska State Legislature

SENATOR
ARLISS STURGULEWSKI
Senate President Pro Tempore
Chairman, Senate Rules Committee



2957 SHELDON JACKSON STREET
ANCHORAGE, ALASKA 99508

While in Juneau
P.O. BOX V
JUNEAU ALASKA 99811
(907) 465-3818

Senate

MEMORANDUM

March 20, 1990

TO: Representative Dave Donley, Chairman
House Labor and Commerce Committee

FROM: Senator Arliss Sturgulewski *AS*
District 7

RE: Hearing request for SB 288 "An Act relating to the Real
Estate Commission; and providing for an effective
date."

This legislation was requested by the Alaska Association of Realtors. It would require minimum education standards for prelicensing of real estate agents and for continuing education. Every other licensing jurisdiction in the United States and Canada requires either prelicensing or continuing education.

The legislation is supported by the Alaska Association of Realtors, the Alaska Real Estate Commission, and the Department of Commerce and Economic Development.

It has a zero fiscal note.

A packet of background information is attached. If there are any questions, please contact Frank Homan in my office.

Thank you for your consideration of this legislation.

Attachments

SSSB 288: "An Act relating to the Real Estate Commission; and providing for an effective date."

The Department of Commerce and Economic Development supports passage of SSSB 288. The bill, as revised, beefs up present real estate licensing requirements by adding consumer protection provisions which the Real Estate Commission and the Division of Occupational Licensing wholeheartedly support. What follows is a sectional analysis of the proposed amendments to AS 08.88.

Section 1 of the bill amends AS 08.88.081 to clarify the ability of the Real Estate Commission (hereinafter "commission") to adopt appropriate administrative regulations. AS 08.01.080 gives broad authority to the department to adopt "regulations necessary to implement the licensing statutes." Most of the individual board statutes reiterate this authority, but the commission's existing language limits its authority to adopting "regulations pertaining to the responsibilities of licensees." The proposed amendment would bring the real estate license law into conformity with the centralized licensing statute and give the commission authority parallel to that granted other boards.

Section 2 of the bill amends AS 08.88.091 by establishing a variety of education requirements. Every other licensing jurisdiction in the United States and Canada requires either prelicensing or continuing education. Most require both. Only four (4) other states have no prelicensing educational requirements and only ten (10) other states have no continuing educational requirements. Nationally, prelicensing requirements average fifty-eight (58) hours while continuing education requirements average twenty-five (25) hours over a two-year licensing period. Alaska needs to join the rest of the country by setting some minimum education standards for its applicants and licensees.

Although SB 288 is not specifically modeled after other state legislation, the statutory requirements of other jurisdictions were reviewed before formulating the additions proposed in this section of the bill. The primary objective is to ensure that applicants for initial licensure, salespersons, and salespersons seeking to upgrade their licenses to broker or associate broker have the appropriate level of knowledge. Licensees and applicants should thoroughly understand the complexities of holding title, financing, agency, and representation and disclosure, and should be sensitive to the expectations which the public has of real estate professionals.

The various educational requirements contained in this section were drafted to require: (1) a broad base of knowledge before issuance of an initial license to an applicant for a real estate license; (2) a minimum number of continuing education hours for licensed salespersons and brokers in order to ensure licensees are keeping up-to-date on important industry changes; and (3) specific additional classroom training for persons seeking to become brokers and associate brokers because the responsibilities of these positions are great and not always fully appreciated by those seeking or holding the license.

The number of hours required by this section has been tempered by an appreciation for the complexities of providing real estate education courses to licensees across all areas of the state. The geographic distribution of licensees is a factor that must be considered. As proposed, the Real Estate Commission would not be a provider of classes, but would control course quality by recognizing for credit only those courses and instructors which were approved by the commission prior to presentation [AS 08.88.091(e)].

The increasing complexity of real estate transactions requires that a greater degree of competency and skill be attained in order to adequately protect the public. For example, requiring a minimum number of classroom hours prior to licensure will help to protect prospective home buyers from errors made by the inexperienced licensee [AS 08.88.091(b)]. Requiring additional training focused on office supervisory responsibilities and trust account management prior to being licensed as a broker or associate broker will address the most common causes for complaints received by the division against real estate brokers [AS 08.88.091(c)]. Finally, requiring continuing education during each biennial licensing period should assist in ensuring that all real estate professionals are periodically updated on current real estate laws and practices [AS 08.88.091(d)].

In addition to attaining a new level of credibility and professional respect from other licensing jurisdictions, adoption and implementation of these requirements as an integral part of Alaska's real estate licensing program will enhance the degree of public protection and service available to consumers in the state.

Sections 3 through 5 of SB 288 simply make the amendments necessary to applicant, licensee, and broker provisions of the statute to require proof of having complied with the education requirements set out in Section 2 of the bill. In addition, these sections replace existing language that states a person is "entitled" to a license with language stating that a person is "eligible" for a license, thus allowing the Real Estate Commission some discretion in determining whether an applicant's qualifications meet the intent as well as the letter of the law.

Section 6 amends AS 08.88.251(c) to shorten the maximum time a license may be held inactive. The purpose of limiting the amount of time a person may hold a license in an inactive status and still reactivate without retesting is to protect the public from licensees who have been out of touch with real estate practices for an extended period of time. The current three-year limit does not serve this purpose in today's rapidly changing marketplace. In addition, the need to "renew inactive" in order to prevent the license from lapsing at the end of each licensing biennium is extremely confusing to licensees who assume that the inactive status prevails for a three-year period with nothing required from them during that time.

Section 7 of the bill amends AS 08.88.261 to repeal statutory provisions providing for reciprocity. As it now exists, AS 08.88.261 is operative only when there are reciprocal agreements with other states.

Presently, no state has signed an agreement with Alaska because of the absence of educational requirements. Among states that do have reciprocal agreements, the agreement itself usually contains a clause that requires the applicant to demonstrate familiarity with that state's license law by passing the state law portion of the examination. Assuming SB 288 passes and the educational requirements become necessary, it is anticipated that the requirement to pass the state portion of the Alaska exam would remain.

However, another section of the real estate statute -- AS 08.88.263 (entitled "License by Endorsement") -- presently authorizes the commission to recognize the license and experience of a real estate professional from another state seeking licensure here in Alaska. This existing provision also contains language allowing the commission to ensure that the applicant from another state is familiar with Alaska's license law before issuing him or her an Alaska license.

To have both AS 08.88.261 and 263 in their present form in the statute is confusing to present and potential licensees. Because AS 08.88.263 is the only section currently applicable and would continue to be so following passage of SB 288, this bill repeals the inoperative AS 08.88.261.

Finally, Sections 8-10 of the bill establish varying effective dates. The effective dates of the various educational requirements would allow the Real Estate Commission staff to gradually approve course outlines and instructors on a realistic basis, and still implement the overall program in a timely manner. The first continuing education requirement would coincide with the next biennial renewal (January, 1992).

This bill establishes some very necessary education requirements for the real estate industry and brings Alaska into step with the other licensing jurisdictions. The provisions of the bill have been discussed and debated by the real estate industry and the commission. It reflects a compromise that will benefit Alaskan consumers and ensure better trained and qualified real estate professionals. For these reasons, the department urges passage of the bill.



Larry Mercurieff, Commissioner

Date: 11/30/90

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3800

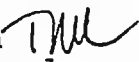
LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 5, 1990

SUBJECT: Sectional Summary
(SSSB 288)

TO: Senator Arliss Sturgulewski

FROM: Terri Lauterbach 
Legislative Counsel

Following is a brief sectional summary of SSSB 288:

Sec. 1. Clarifies the authority of the Real Estate Commission to adopt regulations.

Sec. 2. Establishes various education and continuing education requirements for licensure in real estate occupations. As noted in secs. 8 - 11 of the bill, subsection (b) would take effect January 1991, subsection (c) would take effect July 1991, subsection (d) would take effect January 1992, and subsection (d) would take effect immediately.

Sec. 3. Pertains to real estate broker licensing.

Sec. 4. Pertains to associate broker licensing.

Sec. 5. Pertains to real estate salesman licensing.

Sec. 6. Changes requirements for converting licenses from inactive to active status.

Sec. 7. Repeals a section relating to licensure of persons who were licensed in another jurisdiction. AS 08.88.263, which is not repealed, offers an avenue for licensure of persons licensed in other jurisdictions.

Secs. 8 - 11. Effective dates.

Please let me know if you have further specific questions about the bill.

TL:mi
wkmi6/039



ALASKA ASSOCIATION OF REALTORS, INC.[®]
741 Sesame Street, Suite 100 • Anchorage, Alaska 99503
Telephone 907-563-7133

January 17, 1990

Senator Arliss Sturgulewski
P.O. Box V (MS 3100)
Juneau, AK 99811

Attn: Frank Homan

Re: SB 288

Dear Mr. Homan:

During the past several years, members of the Alaska Association of Realtors[®] have been studying the question of mandatory pre-licensing education and mandatory continuing education requirements for real estate licensees. These members have served on several task forces in cooperation with the Alaska Real Estate Commission and special study groups as part of AAR's Legislative Committee. The conclusions of these studies have resulted in our recommending legislation to require both pre-license and continuing education for all real estate licensees in Alaska.

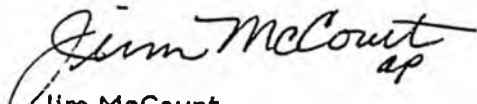
The rationale for these conclusions is, first, Alaska is the only state which has no education requirements. Second, consumers have the right to expect a high degree of knowledge from those who advise them on (in some cases) the largest investment they may make during their lifetime. Third, the field of real estate is constantly changing with its multitude of financing and tax implications. It is imperative that real estate practitioners remain current on taxes, financing, zoning, equal housing laws, hazardous waste, and a myriad of topics to best advise their clients and customers.



January 17, 1990
Page Two

For these reasons, the Alaska Association of Realtors® urges passage of SB 288 during this legislative session. AAR stands ready to testify in support of this bill.

Sincerely,


Jim McCourt
President



ALASKA ASSOCIATION OF REALTORS, INC.
741 Sesame Street, Suite 100 • Anchorage, Alaska 99503
Telephone 907-563-7133

January 12, 1990

Senator Artliss Sturgulewski
P.O. Box V
Juneau, AK 99811

Attn: Frank M. Homan

Re: S.B. 288

Dear Senator:

The enclosed background paper and attachments are by way of information in reference to S.B. 288. The background paper is a brief statement describing the rationale for the bill's introduction and the goals it would accomplish. The attachment is the most recent NARELLO report on real estate prelicensing and continuing education requirements throughout the U.S. and Canada.

If I can be of further assistance, please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script that reads 'Dea Turner'.

Dea Turner
Executive Vice President

Attachment

cc: Joe Hayes



Every other licensing jurisdiction in the US and Canada requires either pre-licensing or continuing education. Many require both. Only four other states have no pre-licensing educational requirements and only 10 other states have no continuing educational requirements. Pre-licensing requirements average 58 hrs; continuing average 25 hours/2-year licensing period.

Although SB288 is not modeled after any other state's legislation, the statutory requirements of other jurisdictions were reviewed. This legislation was drafted in an attempt to amend Alaska's real estate license law (AS 08.88) to provide a higher level of competency and professionalism for present and future licensees in Alaska. In turn, this will enhance the degree of public protection and service available to consumers.

The increasing complexity of real estate transactions requires that this greater degree of competency and skill be attained in order to adequately protect the public.

Requiring minimum educational hours prior to licensure helps to protect consumers from suffering because of the inexperience of new licensees.

Requiring continuing education is a means of ensuring that all licensees have periodic update on current real estate laws and practices each renewal period.

AS 08.88.

Section 261 repeal:

As it now exists, Section 261 is operative only when there are reciprocal agreements with other states.

No other state has been willing to sign an agreement with Alaska because of the absence of educational requirements.

Section 263 allows the Commission to recognize the license and experience of a person coming from another state and to also ensure that they are familiar with Alaska's license law before issuing them an Alaska license.

Among states that do have reciprocal agreements, the agreement itself usually contains a clause that requires the applicant to demonstrate familiarity with the state's license law by passing that portion of the examination.

Assuming SB288 passes and the educational requirements become necessary, it is anticipated that the requirement to pass the state portion of the Alaska exam would remain.

To have both sections 261 and 263 in their present form is confusing to both present and potential licensees. Since Section 263 is the only operative section currently, and would continue to be satisfactory with the passage of the remainder of SB288, the recommendation is to repeal Section 261.

167 SLA 1980;

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Repealed

Sec. 08.88.230. [Repealed, § 3 ch 95 SLA 1964.]

Sec. 08.88.231. Deposit in general fund. [Repealed, § 9 ch 74 SLA 1987.]

Sec. 08.88.240. [Repealed, § 3 ch 95 SLA 1964.]

Sec. 08.88.241. Reinstatement of lapsed license. A licensee who was required to take an examination before receiving a license and whose license has lapsed for more than two years shall be reexamined before reinstatement. (§ 1 ch 95 SLA 1964; am § 5 ch 130 SLA 1966; am § 3 ch 31 SLA 1968; am § 6 ch 94 SLA 1968; am § 6 ch 108 SLA 1970; am § 21 ch 167 SLA 1980)

Sec. 08.88.250. [Repealed, § 3 ch 95 SLA 1964.]

Sec. 08.88.251. Inactive license. (a) A person licensed by the commission may become inactive by returning to the commission the person's license certificate and a form provided by the commission. In the form, the person shall state the date on which the person intends to become inactive. The person's inactive status begins on the date stated. The commission shall issue the person an inactive license certificate.

(b) An inactive licensee may not attempt or offer to do any of the activities listed in AS 08.88.161.

(c) A person who is inactive may become active by applying for an active license and paying the required fees. In the application form the person shall state the date on which the person intends to become active. The person's active status begins on the date stated. The commission shall send the person a license certificate. A person is entitled to change from an inactive to an active status without examination if the person has not been inactive more than three years. If the person has been inactive more than three years, the person is required to take an examination. (§ 1 ch 95 SLA 1964; am § 4 ch 31 SLA 1968; am § 7 ch 108 SLA 1970; am §§ 22 — 24 ch 167 SLA 1980)

Sec. 08.88.260. [Repealed, § 3 ch 95 SLA 1964.]

Sec. 08.88.261. Out-of-state licenses. A person who holds a valid, active license from another state which grants an equivalent right to Alaskan licensees is entitled to a license of the kind the person holds there without examination if the person

(1) meets the requirements of AS 08.88.171 and files the required bond;

(2) passed an examination in the other state; and

(3) has actively practiced the person's profession for at least five out of the previous six years before filing an application. (§ 1 ch 95 SLA 1964; am § 3 ch 55 SLA 1969; am § 33 ch 6 SLA 1984)

Effect of amendments. — The 1984 amendment substituted "AS 08.88.171" for "AS 08.88.211(a)(2) — (5) for brokers or AS 08.88.211(b) for salesmen."

Article 3. Miscellaneous Provisions.

Section	Section
263. License by endorsement	331. Making of transactions
281. Real estate surety fund	341. Listings
291. Location	351. Record of transaction
301. Change of location	361. When commission is earned
311. Branch offices	381. Signs
321. Possession and display of license certificates	391. Conflict of interest
	401. Prohibited conduct

REMOVED

Sec. 08.88.263. License by endorsement. A person who holds a valid active real estate license issued by another state shall be granted an equivalent Alaska real estate license if that person (1) passes the portion of the real estate examination which examines on Alaska law; and (2) meets the requirements of AS 08.88.171. (§ 25 ch 167 SLA 1980; am § 34 ch 6 SLA 1984)

Effect of amendments. — The 1984 amendment deleted "and 08.88.211" at the end of paragraph (2).

Secs. 08.88.270 — 08.88.280. [Repealed, § 3 ch 95 SLA 1964.]

Sec. 08.88.281. Real estate surety fund. Before issuing a license to an applicant under this chapter, the board shall determine that the applicant has complied with the provisions of AS 08.88.455 and is covered by the real estate surety fund established in AS 08.88.450. (§ 1 ch 95 SLA 1964; am § 1 ch 54 SLA 1968; am § 2 ch 143 SLA 1974)

Sec. 08.88.290. [Repealed, § 3 ch 95 SLA 1964.]

Sec. 08.88.291. Location. A licensed real estate broker shall inform the commission of the broker's principal office and of any branch offices the broker has. The broker and the associate real estate brokers and real estate salesmen the broker employs may do business only in or out of the broker's principal office and the broker's branch offices. Failure of a real estate broker to maintain a place of business or inform the commission of its location and the names and addresses of all licensees under the broker's jurisdiction at the location are grounds for the suspension or revocation of the broker's license. (§ 1 ch 95 SLA 1964; am § 14 ch 28 SLA 1974; am § 26 ch 167 SLA 1980)

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NARELLO
EDUCATION AND STANDARDS COMMITTEE

1989 ANNUAL REPORT
ON
REAL ESTATE
PRELICENSING/CONTINUING EDUCATION
REQUIREMENTS AND STANDARDS

The NARELLO Education and Standards Committee prepares a comprehensive annual report based on a survey of its member jurisdictions on the subject of real estate prelicensing/continuing education requirements and standards. The primary purpose of the report is to provide member jurisdictions and others interested in real estate education with helpful information on this subject. The report also contains information regarding the transferability of prelicensing and continuing education as well as certain other general information regarding the jurisdictions' education programs.

This report, which is divided into five parts (see Table of Contents), is a compilation of data collected by survey during August-September, 1989 from the various jurisdictions. Responses to the 1989 survey were obtained from 56 of NARELLO's 60 member jurisdictions. Jurisdictions are listed alphabetically in each part of the report.

Persons desiring more specific information about the education programs, requirements and/or standards of a particular jurisdiction should contact the real estate licensing agency in that jurisdiction.

Larry Outlaw
1988-89 Chairman
NARELLO Education and
Standards Committee
October 7, 1989

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PART I - PRELICENSING EDUCATION/EXPERIENCE REQUIREMENTS	2-9
Reports each jurisdiction's basic prelicensing requirements; states when prelicensing courses must be completed; indicates how experience as a salesperson, if required for broker applicants, is verified; indicates whether or not the basic prelicensing requirements are waivable based on "equivalent" education/experience.	
PART II - PRELICENSING EDUCATION STANDARDS	10-13
Reports the basic standards used (or not used) by each jurisdiction when approving prelicensing courses.	
PART III - CONTINUING EDUCATION REQUIREMENTS AND STANDARDS	14-19
Reports each jurisdiction's basic continuing education requirement, if any, and the basic standards used (or not used) when approving continuing education courses.	
PART IV - TRANSFERABILITY OF PRELICENSING AND CONTINUING EDUCATION	20-23
Reports whether or not a jurisdiction will recognize comparable prelicensing and continuing education courses taken in another jurisdiction and approved by the other jurisdiction.	
PART V - OTHER EDUCATION INFORMATION	24-26
Reports whether or not a jurisdiction has an Education Director, uses an education advisory committee, has an education/research fund, or funds a real estate research center.	

USERS GUIDE

1. Identify the part containing the desired information from the "Table of Contents".
2. Read the "Notes and Comments" at the beginning of each part.
3. Refer to the "Key to Abbreviations" to understand abbreviations used in the charts.

KEY TO ABBREVIATIONS

The following abbreviations are used in the survey report.

add.....addition	eval.....evaluation(s)	prev.....previous
add'l.....additional	exc.....except	prof.....professional
adm.....administration	exp.....experience	prop.....proprietary
adv.....advisory	ff.....following	qtr.....quarter
aft.....after	F-T.....full-time	RE.....real estate
app.....application	gen.....general	recog.....recognize
appl.....applicant	hr(s).....hour(s)	reqd.....required
appr.....approve(d)	ind.....independent	reqt.....requirement
assoc.....associate	inst.....instructor	resear.....research
assn.....association	instl.....instructional	rev.....review
att.....attendance	iss.....issuance	SP.....salesperson
bef.....before	juris.....jurisdiction	sch.....school
BR.....broker	lgth.....length	sem.....semester
cert.....certified	liais.....liaison	std(s).....standard(s)
cls.....class(es)	lic.....license	stud.....student
coll.....college	licee.....licensee	sup.....supervising
Comm.....Commission/ committee	matls.....materials	temp.....temporary
comp.....comparable	max.....maximum	trans.....transaction(s)
CE.....continuing education	min.....minimum	univ.....university
corr.....correspondence	mon.....monitor	yr(s).....year(s)
crs.....course(s)	NA.....not applicable	waiv.....waivable
cred.....credit	NR.....no response	w/in.....within
dep.....depending	occ.....occasionally	
desig.....designated	outl.....outline(s)	
ED.....Education Director	PL.....prelicensing	
eff.....effective	P-T.....part-time	
	perf.....performance	
	perm.....permanent	
	presc.....prescribed	

PART 1 - PRELICENSING EDUCATION/EXPERIENCE REQUIREMENTS

Part I reports the real estate prelicensing (PL) education and experience requirements of the NARELLO member jurisdictions. Refer to the "Key to Abbreviations" page for further assistance in understanding the reported information.

NOTES AND COMMENTS

1. The salesperson and broker prelicensing education requirements shown are stated in terms of classroom or clock hours. The broker education requirements shown are IN ADDITION TO the indicated salesperson education requirements.
2. If a jurisdiction has a one-time POST-licensing education requirement (or a post-licensing requirement that ends after 2 or 3 years), such requirement is shown parenthetically (e.g., see Arizona, Arkansas and California).
3. If a jurisdiction has a time limit on the recognition of prelicensing courses, this is also indicated (e.g., see Alabama). If no time limit is indicated, then the jurisdiction will recognize such courses for an indefinite period (e.g., see Colorado).
4. The report indicates any requirement for broker applicants with regard to experience as a licensed salesperson and shows the time frame, if any, within which such experience must have been obtained.
5. The "Courses must be completed" column indicates the point in the application/licensing process when the applicant must have completed any qualifying prelicensing course(s).
6. The report also indicates the method employed by the licensing agency, where applicable, to verify any experience as a salesperson claimed by a broker applicant.
7. The last two columns indicate whether or not the licensing agency can "waive" the basic education and/or experience requirement for RESIDENT license applicants based on other "equivalent" education and/or experience. (See Part IV for information on the "transferability" of education among jurisdictions.)

PRELICENSING EDUCATION/EXPERIENCE REQUIREMENTS

Jurisdiction	Salesperson Education Requirements	Broker Requirements			Courses must be completed	Exp. as SP for BR appls. verified by	Educ. waiv.	Eq. as waiv.
		Education (in add. to SP educ. reqt.)	and /or	Experience as SP				
Alabama	45 hrs. w/in past 2 yrs.	225 hrs.	or	2 yrs. w/in past 3 yrs.	bef. exam adm.	licensure as SP only	Yes	Yes
Alaska	None	None	NA	2 yrs. w/in past 4 yrs.	NA	sup. BR	NA	No
Alberta	Home Study Program	Home Study Program	NA	None	bef. exam app.	NA	NA	NA
Arizona	90 hrs. PL (+ 6 hrs. w/in 90 days aft. licensure)	90 hrs.	and	3 yrs. w/in past 5 yrs.	before exam app.	sup. BR & list of trans.	Yes	Yes
Arkansas	None (but 30 hrs. reqd. w/in 1 yr. aft. licensure)	None	and	2 yrs.	BR-bef. exam app.	licensure as SP only	No	No
British Columbia	137 hrs. w/in past 1 yr.	194 hrs. w/in past 5 yrs.	and	2 yrs. w/in past 5 yrs.	bef. exam app.	licensure as SP only	No	Yes
California	45 hrs. PL (+ 90 hrs. w/in 18 mos. aft. licensure in desig. RE & some related crs.)	225 hrs. in desig. RE & some related crs.	and	2 yrs. w/in past 5 yrs.	bef. exam app.	sup. BR	No	Yes
Colorado	72 hrs.	48 hrs.	and	2 yrs.	bef. lic. app.	licensure as SP only	Yes	Yes
Connecticut	30 hrs.	60 hrs.	and	2 yrs.	bef. exam app.	licensure as SP only	Yes	Yes
Delaware	93 hrs. w/in past 1 yr.	75 hrs. w/in past 1 yr.	and	5 yrs.	bef. exam app.	sup. BR & list of trans.	Yes	Yes
District of Columbia	45 hrs. w/in past 6 mos.	135 hrs. w/in past 6 mos.	and	2 yrs. w/in past 2 yrs.	bef. exam app.	licensure as SP only	Yes	Yes

PRELICENSING EDUCATION/EXPERIENCE REQUIREMENTS

Jurisdiction	Salesperson Education Requirements	Broker Requirements			Courses must be completed	Exp. as SP for BR appls. verified by	Educ. waiv.	Exp. as SP waiv.
		Education (in add. to SP educ. reqt.)	and /or	Experience as SP				
Florida	63 hrs. PL w/in past 2 yrs. (+45 hrs. w/in 2 yrs. aft. licensure)	72 hrs. PL w/in past 2 yrs. (+60 hrs. w/in 2 yrs. aft. licensure)	and	1 yr. w/in past 5 yrs.	bef. exam adm.	licensure as SP only	Yes (Coll. cred. only)	No
Georgia	60 hrs.	60 hrs.	and	3 yrs.	bef. exam adm. (for most crs.)	licensure as SP only	Yes	Yes
Guam	None	4 yr. coll. degree (no major specified)	or	2 yrs.	bef. lic. iss.	licensure as SP only	Yes	Yes
Hawaii	40 hrs. w/in past 2 yrs.	46 hrs. w/in past 2 yrs.	and	2 yrs.	bef. exam adm.	Sup. BR, list of trans. & RE Comm. rec.	Yes	Yes
Idaho	90 hrs. w/in past 5 yrs.	90 hrs. w/in past 5 yrs.	and	2 yrs. w/in past 5 yrs.	bef. lic. app.	sup. BR	Yes	Yes (in par)
Illinois	30 hrs.	90 hrs.	and	1 yr. w/in past 3 yrs.	bef. exam adm.	sup. BR	Yes (Coll. cred. only)	No
Indiana	40 hrs.	24 hrs.	and	1 yr.	bef. exam app.	RE Comm. records	Yes	Yes
Iowa	30 hrs. w/in past 1 yr.	60 hrs. w/in past 2 yrs.	and	2 yrs.	bef. exam adm.	active licensure as SP only	Yes	Yes
Kansas	30 hrs. PL w/in past 1 hr. (+50 hrs. bef. first lic. renewal)	24 hrs. w/in past 1 yr.	and	2 yrs. w/in past 5 yrs.	bef. exam app.	applicant	No	Yes

PRELICENSING EDUCATION/EXPERIENCE REQUIREMENTS

Jurisdiction	Salesperson Education Requirements	Broker Requirements			Courses must be completed	Exp. as SP for BR appls. verified by	Educ. waiv.	Exp. as waiv.
		Education (in add. to SP educ. reqt.)	and /or	Experience as SP				
Kentucky	96 hrs.	96 hrs. in RE +144 hrs. in "electives"	and	2 yrs.	bef. exam adm.	sup. BR	No	No
Louisiana	90 hrs.	150 hrs.	and	2 yrs.	bef. exam app.	licensure as SP only	No	No
Maine	33 hrs. w/in past 1 yr. (SP lic. only valid for 2 yrs.)	Assoc. BR: 84 hrs. w/in past 1 yr. - BR: add'l. 45 hrs. w/in past 1 yr.	and	Assoc. BR: 2 yrs - BR: add'l. 1 yr. w/in past 1 yr.	SP & BR: bef. lic. app. - Assoc. BR: bef. exam app.	Sup. BR & list of trans.	Yes	Yes
Maryland	45 hrs. w/in past 10 yrs.	135 hrs. w/in past 10 yrs.	and	3 yrs.	bef. exam app.	licensure as SP only	Yes	Yes
Massachusetts	24 hrs. w/in past 2 yrs.	30 hrs. w/in past 2 yrs.	and	1 yr. w/in past 1 yr.	bef. exam app.	sup. BR	No	No
Michigan	40 hrs.	90 hrs.	and	3 yrs.	bef. lic.	sup. BR	No	Yes
Minnesota	90 hrs. (30 w/in past 1 yr.; 60 w/in past 2 yrs.)	30 hrs.	and	2 yrs.	30 hrs. bef. exam adm. - rest bef. lic. app.	licensure as SP only	Yes (in part)	Yes
Mississippi	60 hrs.	120 hrs. (150 hrs. w/no exp. as SP)	and	1 yr. w/in past 1 yr. (waiv. w/30 add'l. hrs. of BR educ.)	bef. exam app.	RE Comm. records	No	No
Missouri	60 hrs. w/in past 6 mos.	80 hrs. w/in past 6 mos.	or	1 yr. w/in past 1 yr.	bef. exam adm.	licensure as SP only	Yes	Yes

PRELICENSING EDUCATION/EXPERIENCE REQUIREMENTS

Jurisdiction	Salesperson Education Requirements	Broker Requirements			Courses must be completed	Exp. as SP for BR appls. verified by	Educ. waiv.	Eq. as waiv.
		Education (in add. to SP educ. reqt.)	and /or	Experience as SP				
Montana	60 hrs. w/in past 1 yr.	60 hrs. w/in past 1 yr.	and	2 yrs. w/in past 2 yrs.	bef. lic. app.	sup. BR	No	Yes
Nebraska	60 hrs.	60 hrs.	and	2 yrs. (waiv. if appl. has add'l. 60 hrs. of BR educ.)	bef. exam adm.	sup. BR & list of trans.	No	No
Nevada	90 hrs.	270 hrs. in desig. RE and some related crs. + 600 hrs. in gen. coll. crs.	and	2 yrs. w/in past 4 yrs.	bef. lic. app.	Sup. BR	No	No
New Brunswick	Home Study Program or Course	Home Study Program	and	2 yrs. w/in past 5 yrs.	NA	licensure as SP only	No	Yes
New Hampshire	None	None	NA	1 yr. w/in past 10 yrs.	NA	sup. BR	NA	Yes
New Jersey	75 hrs. w/in past 1 yr.	90 hrs. w/in past 1 yr.	and	2 yrs. w/in past 2 yrs.	before exam app.	sup. BR & list of trans.	Yes (BR only)	Yes
New Mexico	60 hrs.	30 hrs.	and	2 yrs. w/in past 3 yrs. (waiv. if appl. has add'l. 90 hrs. of BR educ.)	before exam adm.	sup. BR	Yes (BR only)	Yes
New York	45 hrs.	45 hrs.	and	1 yr.	before lic. app.	sup. BR & list of trans.	Yes	Yes
North Carolina	30 hrs. w/in past 5 yrs.	90 hrs. w/in past 5 yrs.	or	2 yrs. w/in past 5 yrs.	before exam app.	sup. BR & RE Comm. records	Yes	Yes

PRELICENSING EDUCATION/EXPERIENCE REQUIREMENTS

Jurisdiction	Salesperson Education Requirements	Broker Requirements			Courses must be completed	Exp. as SP for BR appls. verified by	Educ. waiv.	Exp as waiv
		Education (in add. to SP educ. reqt.)	and /or	Experience as SP				
North Dakota	None (but 30 hrs. reqd. aft. licensure)	90 hrs.	and	2 yrs.	bef. lic. app.	sup. BR & list of trans.	No	Yes
Nova Scotia (1988 Survey)	Home Study Program	Home Study Program	NA	2 yrs. w/in past 3 yrs.	NA	Licensure as SP only	NA	Yes
Ohio	120 hrs. in coll. cred. crs. w/in past 10 yrs. (+10 hrs. w/in 1 yr. after licensure)	Varies from "None" to current 240 hrs. in coll. crd. crs. plus 2 yrs. of coll. (dep. on date of licensure as SP)	and	2 yrs. w/in past 5 yrs.	bef. exam app.	sup. BR & list of trans.	No	No
Oklahoma	45 hrs.	45 hrs.	and	1 yr. w/in past 5 yrs.	bef. exam app.	licensure as SP only	Yes	Yes
Ontario (1987 survey)	150 hrs.	230 hrs.	and	2 yrs.	NR	NR	NR	NR
Oregon	90 hrs.	60 hrs.	and	3 yrs.	bef. lic. iss.	RE Agency records	Yes	Yes
Pennsylvania	60 hrs.	240 hrs.	and	3 yrs. (200 points on point system based on transactions)	SP: bef. exam adm. - BR: bef. exam app.	sup. BR & list of trans. & spot check investigation	No	Yes
Quebec	210 hrs.	360 hrs.	and	3 yrs.	bef. exam app.	RE Agency records	No	Yes
Rhode Island	None	90 hrs.	or	1 yr.	bef. exam app.	sup. BR	Yes	Yes

PRELICENSING EDUCATION/EXPERIENCE REQUIREMENTS

Jurisdiction	Salesperson Education Requirements	Broker Requirements			Courses must be completed	Exp. as SP for BR appls. verified by	Educ. waiv.	Exp. as waiv.
		Education (in add. to SP educ. reqt.)	and /or	Experience as SP				
Saskatchewan	Corr. crs. w/in past 2 yrs.	Corr. crs. w/in past 5 yrs.	and	2 yrs. w/in past 5 yrs.	bef. exam app.	licensure as SP only	Yes	Yes
South Carolina	Temp. SP: 30 hrs. w/in past 5 yrs. - Perm. SP: add'l. 30 hrs. w/in past 5 yrs.	30 hrs. w/in past 5 yrs. (waiv. if appl. has 5 yrs. exp. as SP)	and	3 yrs. w/in past 3 yrs.	bef. exam app.	RE Comm. records	Yes	Yes
South Dakota	30 hrs.	60 hrs.	and	2 yrs.	bef. exam app.	RE Comm. records	Yes	Yes
Tennessee	60 hrs.	60 hrs.	and	3 yrs.	bef. exam app.	sup BR & RE Comm. records	No	No
Texas	90 hrs. PL in RE crs. and 90 hrs. PL "related" crs. (+30 hrs. per yr. in RE crs. for first 3 yrs. aft. licensure)	630 hrs. in gen. coll. crs.	and	2 yrs. w/in past 3 yrs.	bef. exam app.	licensure as SP only	No	No
Utah	90 hrs. w/in past 1 yr.	120 hrs. w/in past 1 yr.	and	3 yrs.	bef. exam app.	sup. BR	Yes	Yes
Vermont (1988 survey)	None	8 hrs.	and	1 yr.	bef. lic. app.	sup. BR & list of trans.	Yes	Yes
Virginia	45 hrs.	180 hrs.	and	3 yrs. w/in past 5 yrs.	bef. exam app.	sup BR and/or others	Yes	Yes
Virgin Islands (1988 survey)	None	None	NA	1 yr.	NA	Licensure as SP only	NA	No

PRELICENSING EDUCATION/EXPERIENCE REQUIREMENTS

Jurisdiction	Salesperson Education Requirements	Broker Requirements			Courses must be completed	Exp. as SP for BR appls. verified by	Educ. waiv.	Exp. as wai
		Education (in add. to SP educ. reqt.)	and /or	Experience as SP				
Washington	30 hrs. w/in past 5 yrs.	90 hrs. w/in past 5 yrs.	and	2 yrs. w/in past 5 yrs.	bef. exam app.	sup. BR	Yes (SP only)	Yes
West Virginia	90 hrs.	90 hrs.	and	2 yrs.	bef. exam adm.	sup BR & list of trans.	No	Yes
Wisconsin	45 hrs. (w/in past 5 yrs. exc. no limit for coll. cred. crs.)	45 hrs. (w/in past 5 yrs. exc. no limit for coll. cred. crs.)	and	1 yr.	bef. lic. app.	licensure as SP only	Yes	No
Wyoming	30 hrs.	30 hrs.	and	2 yrs.	bef. lic. app.	licensure as SP only	No	No

PART II - PRELICENSING EDUCATION STANDARDS

Part II reports the primary standards regularly employed by the real estate licensing agencies in NARELLO member jurisdictions when approving and monitoring prelicensing education courses. Refer to the "Key to Abbreviations" page for further assistance in understanding the reported information.

NOTES AND COMMENTS

1. If not stated otherwise in the "Comments" column, the indicated standards employed by a jurisdiction's RE licensing agency apply to courses conducted by all types of schools approved to conduct prelicensing courses in that jurisdiction.
2. Note that "Approve Course Content" is NOT one of the standards included in this report because it is assumed that all jurisdictions with prelicensing education approve course content, and this question was not included in the survey. It is suspected that some of the jurisdictions answering "Yes" to the "Prescribe Course Outlines" question probably only approve course content based on a list of general topics included in a statute or regulation and actually do not provide any detailed course outlines which must be used by schools to teach approved courses.
3. The responses to the "Recognize Correspondence or Independent Study Courses" question (which is not actually a "standards" question) are included in this part of the report primarily for reasons of convenience.

PRELICENSING EDUCATION STANDARDS

Jurisdiction	Min. Att. Req.	Presc. Crs. Outl.	Appr. Inst.	Appr. Texts	Appr. Crs. Exams	Rev. Lic. Exam Perf. by Sch.	Mon. Cls.	Rev. Stud. Eval.	Recog. Corr. or Ind. Study Crs.	Comments
Alabama	80%	Yes	Yes	No	No	Yes	Occ.	Yes	No	
Alaska	NA									No PL educ.
Alberta	NA	Yes	No	Yes	Yes	NA	NA	Yes	Home Study	Home Study PL educ. only
Arizona	100%	Yes	Yes	Yes	No	Yes	Yes	Yes	No	
Arkansas	100%	No	No	No	No	No	No	No	Yes	
British Columbia	None	Yes	No	Yes	Yes	Yes	No	No	No	
California	87%	No	Yes*	Yes*	Yes*	No	No	No	Yes	*Coll./univ. crs. exempt from noted stds.
Colorado	100%	Yes	No	No	No	No	No	No	Yes	
Connecticut	83%	Yes	No	Yes	No	Yes	No	No	No	
Delaware	87%	Yes	Yes	Yes	No	No	No	No	No	
Dist. of Columbia	None	Yes	Yes	Yes	No	Yes	Occ.	No	No	
Florida	87%	Yes	Yes	Yes	Yes	Yes	Occ.	No	Yes*	*Corr. crs. appr. for handi-capped stud. only
Georgia	100%	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes*	*12 in-cla. hrs. reqd. for corr. crs.
Guam	NA									No PL educ.
Hawaii	100%	Yes	Yes	No	No	Yes	No	No	Yes*	*Corr. crs. appr. on case-by-case basis
Idaho	100%	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Illinois	90%	Yes	Yes*	No	Yes	Yes	Yes	No	Yes	*Coll./univ. inst. exempt
Indiana	75%	Yes	Yes	Yes	Yes	Yes	No	No	No	
Iowa	100%	No	No	No	Yes	Yes	No	No	No	
Kansas	90%	Yes	Yes	No	No	Yes	Yes	Yes	Yes	
Kentucky	95%*	Yes*	No	No	No	Yes	No	No	Yes	*Coll./univ. crs. exempt from noted stds.
Louisiana	100%*	No	Yes	No	No	Yes	Yes	Yes	No	*Coll./univ. crs. exempt from att. reqt.
Maine	None	Yes	No	No	No	Yes*	Yes	Occ.	No	*Rev. lic. exam perf. for ASSO BR crs. only
Maryland	100%*	Yes	Yes	No	No	No	No	No	No	*Coll. cred. crs. exempt from att. reqt.
Massachusetts	100%	Yes	No	No	No	Yes*	Yes*	No	No	*Do not rev. lic. exam perf. o mon. cls. for coll. cred. crs
Michigan	100%	No	Yes	No	No	Yes	Yes	No	No	

PRELICENSING EDUCATION STANDARDS

Jurisdiction	Min. Att. Req.	Presc Crs. Outl.	Appr. Inst.	Appr. Texts	Appr. Crs. Exams	Rev. Lic. Exam Perf. by Sch.	Mon. Cls.	Rev. Stud. Eval.	Recog. Corr. or Ind. Study Crs.	Comments
Minnesota	100%	Yes	Yes	Yes	No	No	Yes	Occ.	No	*Corr. crs. appr. in hardship cases only
Mississippi	None	No	No	No	No	No	No	No	Yes	
Missouri	100%	Yes	Yes	No	Yes	Yes	Yes	No	Yes*	
Montana	90%	Yes	Yes	No	No	Yes	No	Yes	No	*Coll. cred. crs. exempt from crs. outl. reqt.
Nebraska	100%	Yes	Yes	Yes	No	No	Yes	Yes	Yes	
Nevada	100%	Yes*	Yes	No	No	No	No	No	Yes	
New Brunswick	NA*	No	No	No	Yes	No	No	No	Yes	*Home study only No PL educ.
New Hampshire	NA									
New Jersey	80%	Yes	Yes	No	No	Yes	Yes	No	No	*Coll./univ. crs. exempt from inst. reqt.
New Mexico	75%	Yes	Yes*	No	No	No	No	No	Yes	
New York	90%	Yes	Yes	Yes	Yes	No	Yes	No	No	
North Carolina	80%	Yes	Yes	Yes	Occ.	Yes	No	No	No	Home study only (1988)
North Dakota	None	Yes	Yes	No	No	No	No	Yes	Yes	
Nova Scotia	NA	No	No	Yes	Yes	NA	NA	No	Home Study	
Ohio	100%	No	No	No	No	No	No	No	No	*No response to survey *Do not appr. inst. or crs. exams for coll. cred. crs. *SP educ. only
Oklahoma	100%	Yes	Yes	Yes	No	Yes	Yes	No	No	
Ontario*	NR									
Oregon	100%	Yes	Yes*	No	Yes*	Yes	Yes	Yes	No	*All PL educ. is by corr. crs. *Coll./univ. crs. exempt from noted stds.
Pennsylvania	80%	Yes*	Yes	No	No	Yes	Yes	Yes	No	
Quebec	None	Yes	No	No	No	No	No	No	No	
Rhode Island	100%	No	No	No	No	Yes	No	No	No	*All PL educ. is by corr. crs. *Coll./univ. crs. exempt from noted stds.
Saskatchewan	NA	Yes	No	Yes	Yes	No	NA	Yes	Yes*	
South Carolina	100%	Yes*	Yes*	Yes*	Yes*	Yes	Yes	No	Yes	
South Dakota	90%	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	*All stds. apply to prop. sch. crs. only
Tennessee	80%	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	
Texas	100%	No	Yes*	Yes*	Yes*	Occ.*	Yes*	Yes*	Yes*	
Utah	None	Yes*	Yes*	Yes*	Yes*	Yes	Yes	Yes	Yes	*Coll./univ. crs. exempt from noted stds.

PRELICENSING EDUCATION STANDARDS

Jurisdiction	Min. Att. Req.	Presc. Crs. Outl.	Appr. Inst.	Appr. Texts	Appr. Crs. Exams	Rev. Lic. Exam Perf. by Sch.	Mon. Cls.	Rev. Stud. Eval.	Recog. Corr. or Ind. Study Crs.	Comments
Vermont	100%	Yes	Yes	No	No	No	Yes	No	No	No SP PL educ. - stds. apply to 8-hr. BR PL crs. only (1988) *Coll. instructors exempt from noted stds.
Virginia	None	Yes	Yes*	No	No	No	No	No	No	
Virgin Islands	NA									No PL educ. (1988)
Washington	100%	Yes	Yes	Yes	Yes	Yes	No	No	Yes	*Coll. cred. crs. exempt from noted stds.
West Virginia	None	Yes	Yes	No	No	No	No	No	Yes	
Wisconsin	100%*	Yes	Yes*	No	No	No	No	No	No*	
Wyoming	None	Yes	Yes	No	No	Yes	No	No	Yes	

PART III - CONTINUING EDUCATION REQUIREMENTS AND STANDARDS

Part III reports the real estate continuing education (CE) requirements of the NARELLO member jurisdictions and the primary standards regularly employed by the real estate licensing agencies of such jurisdictions when approving and monitoring continuing education courses. Refer to the "Key to Abbreviations" page for further assistance in understanding the reported information.

NOTES AND COMMENTS

1. The continuing education requirements shown are the number of classroom or clock hours required to be completed by licensees within a recurring period of time. For example, "12 hrs/2 yrs" means that licensees must complete 12 hours in approved courses every 2 years. The stated requirements apply to both salespersons and brokers unless otherwise indicated in the "Comments" column. The time period indicated may or may not be the jurisdiction's regular license renewal period.
2. All the hours shown in the first column must be in general real estate subjects (some jurisdictions are more restrictive than others with regard to course content). The hours shown in the "Hours required in designated RE topics" column are the portion of the requirement shown in the first column that must be taken in specific, designated RE topics such as "License Law Update", "Legal Update", "Contracts", "Agency", etc.
3. Note that "Approve Course Content" is NOT one of the standards included in this report because it is assumed that all jurisdictions with continuing education approve course content, and this question was not included in the survey.
4. Note that the report indicates whether or not a course examination is required ("Exam Requi.") and any required minimum length for courses ("Min. Crs. Lgth.").
5. The indicated standards apply to courses conducted by all types of approved schools/course sponsors unless otherwise indicated in the "Comments" column.

CONTINUING EDUCATION REQUIREMENTS AND STANDARDS

Jurisdiction	CE Req't. for SP & BR	Hrs. Req'd. in desig. RE Topics	CE Eff. Date	Min. Att. Req'd.	Exam Req'd.	Min. Crs. Lgth.	Appr. Inst.	Appr. Instl. Matls	Mon- itor Cls.	Rev. Stud. Eval.	Recog. Corr./ Ind. Study Crs.	Comments
Alabama	12 hrs/2 yrs	3 hrs	1986	100%	No	3 hrs	Yes	Yes	Occ.	Yes	No	
Alaska	None											
Alberta	None											
Arizona	24 hrs/2 yrs	12 hrs	1980	90%	No	None	Yes	Yes	Yes	No	No	
Arkansas	6 hrs/yr	3 hrs (for prop & vo-tech sch)	1989	90%*	No	6 hrs	No	No	No	No	Yes	*NA to coll./univ. crs.
British Columbia	None											
California	45 hrs/4 yrs*	6 hrs	1981	90%	Yes	3 hrs	Yes	Yes	Yes	No	Yes	* 6 hrs for 1st SP renewal eff. 1/1/90
Colorado	None											
Connecticut	12 hrs/2 yrs	3 hrs	1984	100%	No	3 hrs	No	Yes	Occ.	Occ.	No	
Delaware	15 hrs/2 yrs	3 hrs *	1988	100%	No	2 hrs	Yes	No	No	Yes	No	*6 hrs in 1st renewal per.
Dt. of Columbia	12 hrs/2 yrs	3 hrs	1983	100%	No	1 hr	Yes	Yes	Occ.	No	No	
Florida	14 hrs/2 yrs	3 hrs	1977	90%	No	3 hrs	Yes	Yes	Occ.	No	Yes	
Georgia	3 hrs/ yr*	None	1987	100%	No	3 hrs	No	Yes	Yes	No	Yes	*SP & BR lic'd. prior to 1980 are exempt

CONTINUING EDUCATION REQUIREMENTS AND STANDARDS

Jurisdiction	CE Req't. for SP & BR	Hrs. Req'd. in desig. RE Topics	CE Eff. Date	Min. Att. Req'd.	Exam Req'd.	Min. Crs. Lgth.	Appr. Inst.	Appr. Instl Matls	Mon- itor Cls.	Rev. Stud. Eval.	Recog. Corr./ Ind. Study Crs.	Comments
Guam	None											
Hawaii	10 hrs/2 yrs	10 hrs	1991	100%	Yes	3.3 hrs	Yes	Yes	No	Yes	No	
Idaho	12 hrs/2 yrs	12 hrs	1989	None	Yes	3 hrs	Yes	Yes	Yes	Yes	Yes	
Illinois	None											
Indiana	None											
Iowa	36 hrs/3 yrs	12 hrs	1982	100%	No	3 hrs	No	Yes	No	No	Yes	
Kansas	12 hrs/2 yrs	None	1987	100%	No	3 hrs	Yes	Yes	Yes	Yes	Yes	
Kentucky	None											
Louisiana	15 hrs./2 yrs*	None	1981	100%	No	3 hrs	Yes	Yes	Yes	Yes	Yes	*SP & BR lic'd. prior to 1981 are exempt
Maine	12 hrs/2 yrs*	None	1979	100%	No	2 hrs	Yes	Yes	Yes	Yes	Yes	*For BR & Assoc. BR only - SP lic. is only valid for 2 yrs
Maryland	12 hrs/2 yrs	None	1988	100%	No	1 1/2 hrs	Yes	Yes	No	Yes	No	
Massachusetts	None											
Michigan	6 hrs/yr	Varies	1985	100%	No	6 hrs	Yes	Yes	Yes	No	No	
Minnesota	15 hrs/yr*	None	1987	None	No	None	Yes	Yes	Yes	Occ.	No	*30 hrs. reqd. for 1st renewal

CONTINUING EDUCATION REQUIREMENTS AND STANDARDS

Jurisdiction	CE Req't. for SP & BR	Hrs. Req'd. in desig. RE Topics	CE Eff. Date	Min. Att. Req'd.	Exam Req'd.	Min. Crs. Lgth.	Appr. Inst.	Appr. Inst. Mats.	Mon-itor Cls.	Rev. Stud. Eval.	Recog. Corr./ Ind. Study Crs.	Comments
Mississippi	8 hrs/2 yrs	2 hrs	1985	100%	No	2 hrs	Yes	Yes	Yes	No	Yes*	*Coll./univ. crs. only
Missouri	12 hrs/2 yrs	3 hrs	1984	100%	No	3 hrs	Yes	Yes	Yes	Yes	No	
Montana	15 hrs/2 yrs.	10 hrs	1988	90%	No	3 hrs	Yes	Yes	No	Yes	Yes	
Nebraska	12 hrs/2 yrs	None	1986	100%	No	3 hrs	Yes	Yes	Yes	Yes	Yes	
Nevada	15 hrs/2 yrs*	6 hrs	1978	90%	No	3 hrs	Yes*	Yes*	Yes*	Yes*	Yes	
New Brunswick	None											
New Hampshire	3 hrs/2 yrs	3 hrs	1985	100%	No	3 hrs	Yes	Yes	No	Yes	Yes*	*In some cases
New Jersey	None *											*Legislation pending
New Mexico	30 hrs/3 yrs	10 hrs from 20 core crs.	1989	*	No	None	Yes	Yes	No	Yes	Yes	*90% for "core" crs. - 75% for elective crs.
New York	45 hrs/4 yrs	None	1979	*	No	15 hrs	Yes	Yes	Yes	No	No	*90% for 45-hr crs. - 75% for 15-hr. module
North Carolina	None											
North Dakota	24 hrs/3 yrs	None	1981	90%	No	3 hrs	Yes	Yes	Yes	Yes	Yes	*1988 survey
Nova Scotia	None*											
Ohio	30 hrs/3 yrs	6 hrs	1980	90%	No	None	Yes	Yes	Yes	No	No	

CONTINUING EDUCATION REQUIREMENTS AND STANDARDS

Jurisdiction	CE Regt. for SP & BR	Hrs. Req'd. in desig. RE Topics	CE Eff. Date	Min. Att. Req'd.	Exam Req'd.	Min. Crs. Lgth.	Appr. Inst.	Appr. Instl. Matls	Mon-itor Cls.	Rev. Stud. Eval.	Recog. Corr./ Ind. Study Crs.	Comments
Oklahoma	21 hrs/3 yrs	3 hrs	1984	100%	No	2 hrs	Yes	Yes	Yes	No	Yes	
Ontario	None*											*1987 survey
Oregon	12 hrs/2 yrs* (SP only - none for BR)	None	1971	100%	No	None	No	No	No	No	No	*24 hrs/2 yrs for first 3 renewals
Pennsylvania	None											
Quebec	None											
Rhode Island	12 hrs/2 yrs	*	1990	*	No	*	*	*	*	*	*	*Stds. not yet developed
Saskatchewan	None											
South Carolina	None											
South Dakota	24 hrs/2 yrs	None	1980	90%	No	1 hr	Yes	Yes	Yes	Yes	Yes	
Tennessee	16 hrs/2 yrs (SP only - none for BR)	None	1968	100%*	No	2 hrs	Yes	Yes	Yes	Yes	Yes	*80% w/makeup and exam
Texas	15 hrs/2 yrs*	6 hrs	1991	100%	No	3 hrs	Yes	Yes	Yes	Yes	Yes	*Effective 9-1-91
Utah	None											
Vermont	4 hrs/2 yrs*	None	1986	100%	No	1 hr	Yes	Yes	Yes	Yes	No	*1988 survey
Virginia	6 hrs/2 yrs	6 hrs	1990	100%	No	6 hrs	Yes	Yes	No	Yes	No	
Virgin Islands	None*											*1988 survey

CONTINUING EDUCATION REQUIREMENTS AND STANDARDS

Jurisdiction	CE Req't. for SP & BR	Hrs. Req'd in desig. RE Topics	CE Eff. Date	Min. Att. Req'd.	Exam Req'd.	Min. Crs. Lgth.	Appr. Inst.	Appr. Instl Matls	Mon- itor Cls.	Rev. Stud. Eval.	Recog. Corr./ Ind. Study Crs.	Comments
Washington	30 hrs/2 yrs	No	1991	100%	Yes	3 hrs	Yes	Yes	No	No	No	
West Virginia	7 hrs/yr	7 hrs	1990	100%	No	7 hrs	Yes	Yes	No	No	No	
Wisconsin	None											
Wyoming	30 hrs/3 yrs	15 hrs	1984	90%	No	3 hrs	Yes	Yes	Yes	Yes	Yes	

PART IV - TRANSFERABILITY OF PRELICENSING AND CONTINUING EDUCATION

Part IV reports the types of prelicensing and continuing education courses (by type of school or course sponsor) taken in another jurisdiction that will/will not generally be recognized by the real estate licensing agencies of the NARELLO member jurisdictions for an applicant for licensure by examination. Refer to the "Key to Abbreviations" page for further assistance in understanding the reported information.

NOTES AND COMMENTS

1. Survey respondents were asked to assume that "... such courses are approved by the other jurisdiction's real estate licensing agency and the length and content (except for state law) of such courses is comparable to approved courses in your jurisdiction."
2. If a survey respondent commented that courses taken at/through a particular type of school/course sponsor would be recognized if the school/course sponsor had obtained prior approval of the courses by their agency, then a "No" response was recorded for courses taken at/through that particular type of school/course sponsor.
3. The categories of courses included in the survey/report are:
 - a. College credit courses taken at a college/university or community/junior college.
 - b. College non-credit courses taken at a college/university or community/junior college.
 - c. Courses taken at a proprietary real estate school.
 - d. Courses taken through a national or state professional association (CE only).
 - e. Courses sponsored directly by the real estate licensing agency (CE only).
 - f. Courses sponsored by individuals (CE only).
 - g. Courses certified by NARELLO (regardless of the type of school).
4. Although the survey did not address this particular point, it is quite likely that some of the jurisdictions which indicated they will not recognize "NARELLO-certified courses regardless of the type of school" may, in fact, recognize certain NARELLO-certified courses taken at/through certain types of schools/course sponsors.