

ALASKA LEGISLATURE COMMITTEE FILES 1991-1992 8672
6947 HOUSE JUDICIARY

should work to keep runaway and homeless youth in school by reducing the number of suspensions and working more closely with parents.

Kenai Peninsula Borough

Twenty-six representatives from Seward, Homer, Kenai and Soldotna attended a one day workshop in Soldotna on December 10, 1991, to address their region's runaway and homeless youth issues. These participants identified the following program/service areas:

- * immediate, short-term, safe shelter for both runaway and homeless youth
- * adequate social workers to serve the area
- * additional foster homes for temporary placement of runaway and homeless youth
- * expand human services in the area.
- * the community of Seward expressed a need for better networking between existing programs/services
- * third funding source for runaways

Homer has started a "Safe Harbor" non-profit organization under the umbrella of the Catholic Social Services in Anchorage to aid the homeless. "Helping our Teens" (H.O.T.) is the organizations first program. Its program goals are to:

- assist with food bank programs
- locate temporary living quarters in area homes
- locate permanent, reasonable rentals
- assist with employment
- improve communications between teens and parents
- provide a crisis line.

"Safe Harbor" is working directly with legislators to investigate the liability issues and a "Good Samaritan" law. This group has identified a need for a short term (1 to 3 days with a maximum stay of 2 weeks) safe home model for homeless youth. They will be meeting with representatives from the Kenai Peninsula Community Care Center and Youth Corrections staff to determine the feasibility of cooperative utilization of existing resources.

Two other groups, the Kenai Interagency Team and the Social Service Task Force, will continue their meetings regarding runaway and homeless youth in their area, and will carry forward strategies identified at the conference.

Kodiak

A one-day conference on runaway and homeless youth was held in Kodiak on December 12, 1991. Conference participants concluded that the following are needed in the Kodiak area:

- * Community must "own" problem/ combination of city, borough and state responsibility
- * Safe housing with a home type environment probably a "safe home" model which is citizen based
- * Centralized resources
- * Heightening of public awareness
- * Funding
 - from whom
 - how much
 - consider pull tabs from local service organizations
 - consider a "Ronald McDonald House" model
- * Change legislation
- * Research liability issues and "Good Samaritan" law
- * Vocational skills for runaway and especially homeless youth

The conference in Kodiak resulted in an acute awareness of the extent of the runaway and homeless youth population in their community. Participants agreed to discuss the runaway and homeless youth issue at the Child Abuse Task Force meeting in January 1992 to determine if the two should be combined or whether to establish a separate Runaway and Homeless Youth Task Force.

Consultant Recommendations

Follow-up Planning

Meetings or other information gathering efforts should be initiated in geographic areas outside the Mat-Su Valley to complete the recommended strategies section of this report. This will allow individuals who were not able to attend the conference to contribute their expertise and experience to each area's plan. The information contained in this report can be used as a starting point for these regional discussions.

Need for Services

It is clear that additional services for runaway and homeless youth are needed in the state. In most areas of the state inadequate services have allowed youth behaviors to escalate to the level of services they can access. Division of Family and Youth Services programs are the only services available in many communities. Consequently, youth must commit law violations or reach an observable level of abuse and neglect before the service system can respond. A more complete continuum of care is needed that provides for earlier intervention and more efficient safe shelter for runaway and homeless youth. In addition, programs specifically designed to meet the needs of runaway and homeless youth are likely to elicit the voluntary cooperation of juveniles who now refuse services.

The use of detention to provide safe shelter for runaways is directly related to the lack of appropriate shelter programs in the community. Debate over the criminalization of runaway behavior should follow, not precede, creation of a separate state funding stream for services to runaway and homeless youth. Once adequate services are in place in all parts of the state the need for new laws can be considered.

Several conference participants commented that existing state juvenile detention facilities were full and that funding for some of these facilities may be in jeopardy. It makes little sense to make running away from home a crime if the state (as a vehicle for allowing runaways to be placed in secure detention) has no way of providing a useful sanction for violation of the law. In addition, youth will quickly learn that the law has no teeth and runaway behavior will continue unabated.

Prevention

Throughout the Mat-su conference, several participants noted the need to develop specific strategies to prevent runaway incidents and youth homelessness. While this planning was beyond the scope of the conference, it remains an important unaddressed need. In addition, stabilization of the existing runaway population will allow programs to begin focusing on services that will prevent future family problems and subsequent runaway behavior.

Continued Advocacy and Statewide Communication

The professionals and citizens who attended these conferences are building the nucleus of a strong state network on runaway and homeless youth. They will share information and program technology, and advocate for the needs of this vulnerable population. A strategy should be considered to develop and support this network. In particular, a lead agency or agencies should be identified to coordinate the network.

Participant Lists

Runaway and Homeless Youth Workshop Palmer, Alaska November 7 & 8, 1991

Ducan Hunter
Mat-Su Schools
123 West Evergreen
Palmer, AK 99645
746-9200

Heidi Shumate
Life Quest
Wasey House
230 E. Paulson Street #68
Wasilla, AK 99687
373-3449

B.W. Mac Armstrong
Division of Alcohol and Drug Abuse
3601 C Street
Suite 358
Anchorage, AK 99516
561-3812

Kathy Summers
Mat-Su Schools (PJMS)
1159 S. Chugach
Palmer, AK 99645
745-3812

Karen Wilson
Ft. Richardson Youth Services
Ft. Richardson, AK 99505
384-1508

Pascal Lambert
Army Community Service
Ft. Richardson, AK 99505
384-1502

Guy Harrison
Palmer Police Dept.
423 S. Valley Way
Palmer, AK 99645
373-7775

Bill Tandeske
Alaska State Troopers
453 S. Valley Way
Palmer, AK 99645
745-2131

Shirley Whittingham
Mat-Su Borough School District
Palmer, AK 99645
746-5484

Dace C. Boyd
Mat-Su School District
Palmer High School
1170 W. Archer Ave.
Palmer, AK 99645
745-3241

Kathy Faris
Mat-Su Schools
650 Bogard
Wasilla, AK
376-5308

Joni Peterson
FNA Family Focus
313 7th Avenue
Fairbanks, AK
452-5802

Kent MacDougall
FNA Family Focus
313 7th Avenue
Fairbanks, AK 99708
455-2645

Mindy Hunter
FNA Family Focus
P.O. Box 84483
Fairbanks, AK 99708
455-6079

Paula Hunt
Foster Parent
P.O. Box 1983
Palmer, AK 99645
746-2645

Leslie Bogda
Valley Women's Resource Center
403 S. Alaska Street
Palmer, AK 99645-6339
746-4080

Candi Hullett
Parent
Meddac, AK
384-0600

Renee Chatman
Rep. Bettye Davis' Office
3111 C Street #508
Anchorage, AK 99503
561-2039

Sandy Pevan
P.O. Box 871256
Wasilla, AK 99654
373-6198

Steve Strube
P.O. Box 521155
Big Lake, AK 99652
892-7760

Gladys Langdon
DFYS
550 W. 8th Avenue
Anchorage, AK
265-5080

Charm Mastriano
DFYS
268 Fireweed
Palmer, AK 99645
745-4836

Denise Prince
Human Resources Co.
1075 Check Street #101
Wasilla AK 99654
376-4836

Lois Pillifant
Sen. Jay Kerttula's Office
376-2675

Rep. Pat Carney
(D) Anchorage
373-2518

Darlene Sheal
Box 738
Palmer, AK 99654
745-4258

Jayne Webb
LifeQuest
Mat-Su Crisis Line
230 E. Paulson #68
Wasilla, AK 99654
376-2411
Kathleen Wicker
Human Resources Co.
1075 Check Street #101
Wasilla, AK 99687
376-4836

Carolyn Frichette
Division of Mental Health
Juneau, AK 99811
465-2195

Ted Beilman
Sen. Jay Kerttula's Office
Box 1009
Palmer, AK 99654

Ken Fallon
Family and Children's Clinic
561 S. Denali Street
Suite A
Palmer AK 99654
745-3327

Lois Conway
DFYS
268 E. Fireweed
Palmer, AK
745-1701

Rep. Randy Phillips
(R) Eagle River
Box 142
Eagle River, AK 99577
694-4749

James A. Steele
LifeQuest
230 E. Paulson
Wasilla, AK 99687
373-0132

Dolores Pinion
Houston Jr/Sr High
Big Lake, AK 99652
892-9266

Bill Herman
Mat-Su Council on Alcoholism
2801 Bogard Road
Wasilla, AK 99654
376-4000

Judy Mathis
Rep. Ron Larson's Office
165 E. Parks Highway
Suite 106
Wasilla, AK 99687
376-5211

Jimmy Rail
City of Barrow
Box 629
Barrow, AK 99723
852-5211

Betty Jo Engleman
Juneau Youth Service
P.O. Box 32839
Juneau, AK 99801
789-7610

Stacy Toner
Juneau Youth Service
P.O. Box 32839
Juneau, AK 99803
789-7610

Steve Richards
Sen. Curt Menard's Office
165 E. Parks Highway
Suite 106
Wasilla, AK 99654

Martin Poyourow
Norton Sound Community Mental Health
Box 966
Nome, AK 99672
443-5206

Peg Rogers
Kids Are People
701 E. Parks Highway
Suite 206B
376-9273

Sheila Gaddis
Karen Brady
Sara THoelke
Helen Vickerson
Susan Thompson
Sue Wendling
Tamara Williams
Alaska Youth and Parent Foundation
3745 Community Park Loop
Anchorage, AK 99508
274-6541

Josephine Angaiak
DFYS
Box 328
Bethel, AK 99559
543-3141

Emil Portscheller, Jr.
P.O. Box 2544
Palmer, AK 99654
746-3011

Jane Barnes
Covenant House
609 F. Street
Anchorage, AK 99501
272-1255

Margaret Krause
Youth Corrections
286 E. Fireweed #5
Palmer, AK 99645
745-9527

Marie Congden
LifeQuest
P.O. Box 1085
Palmer, AK 99645
745-7733

Shirley Covington
Health Services Coordinator
Mat-Su School District
690 Cope Industrial Way
Palmer, AK 99645
746-9527

Peter Burch
Mat-Su Alternative School
Wasilla, AK
373-7775

Thomas Pease
Rep. Pat Carney's Office
165 E. Parks Highway
Suite 106
Wasilla, AK 99654
373-2518

Michaele Giesler
DFYS Probation Intake
2600 Providence
Anchorage, AK 99508
562-2285

Scott Waterman
KSKA FM 91
561-1161

Rick Cooke
Sen. Rick Halford's Office
P.O. Box 190
Chugiak, AK 99567
694-4958

Vicki DeWalt
Palmer Jr Middle School
745-3812

Donis Morris
McLaughlin Youth Center
2600 Providence Drive
Anchorage, AK 99508
561-1433

Phil Snyder
DFYS-Youth Corrections
1502 Wilbur Street
Fairbanks, AK 99701
452-1581

Gene Shafer
Fairbanks Youth Facility
1502 Wilbur
Fairbanks, AK 99701
452-1581

Mary Stachelrodt
Group One Consortium
HCol 621 A
Palmer, AK 99654
745-8152

Gregory D. VanKirk
DFYS
268 E. Fireweed
Palmer, AK 99645
745-1701

Donna M. Schultz
DFYS
P.O. Box 110630
Juneau, AK 99811-0630
465-3085

Randall Hines
DFYS
P.O. Box 110630
Juneau, AK 99811-0630
465-3781

Ernesto Alvarez
DFYS-Youth Corrections
550 W. 8th Avenue
Suite 302
Anchorage, AK 99501
265-5095

Patti Becker
DFYS
P.O. Box 110630
Juneau, AK 99811-0630

*Runaway and Homeless Youth Workshop
Kenai, Alaska
December 10, 1991*

Joe Lawlor
Safe Harbor
Box 1133
Homer, AK 99603
235-7943

Tom Schroder
Safe Harbor
Box 2043
Homer, AK 99603
235-6223

Ginger Drais
School District
Box 691
Soldotna, AK 99669
262-7634

Nancy Orth
Seward Life Action Council
Box 402
Seward, AK 99664
224-5257

Marilyn Schoder
Safe Harbor
Box 2043
Homer, AK 99603
235-6223

Stan Vogel
Sohi Counselor
Box 1904
Soldotna, AK 99669
262-7411

Sen. Paul Fischer
Box 748
Soldotna, AK 99669
262-9269

Joyce Fischer
Sen. Fisher's Office
Box 784
Soldotna, AK 99669

Dan Morris
Kenai Police Department
107 S. Willow
Kenai, AK 99611
283-7879

Pat Malone
Rep. Mike Navarre's Office
34824 K. Beach
Soldotna, AK 99669
262-7842

Lucie Statr
Catholic Social Services
11127 Frontage Road
Kenai, AK 99611
238-3627

Lela McNutt
DFYS
110 Trading Bay #106
Kenai, AK 99611
283-3136

Nick Nanent
DFYS
110 Trading Bay #160
Kenai, AK 99611
283-3136

Karen Rogers
DFYS-Youth Corrections
145 Main St. Loop
Kenai, AK 99611
283-3128

Elizabeth M. Allen
DFYS
110 Trading Bay #160
Kenai, AK 99611
283-3136

Harvey Moore
Skyview High School
HC 2 Box 301
Soldotna, AK 99669
262-7675

Mary Rubadeau
KPBSD
148 N. Binkley
Kenai, AK 99611
262-5846

Linda S. Parker
K.P. Food Bank
Box 1267
Soldotna, AK 99669
262-3111

Bob Rubadeau
United Way
Box 1406
Kenai, AK 99611
262-3200

DFYS STAFF: Donna Schultz,
Associate Coordinator

Patti Becker
Project Assistant

Mike Rore
Soldotna Police Dept.
238 W. Wilson
Soldotna, AK 99669
262-4455

Rep. Mike Navarre
Box 169
Kenai, AK 99611
262-7842

Tammy Bidwell
KPCCC
P.O. Box 8573
Kenai, AK 99611
262-7842

Andy Klamser
Homer Police Department
4060 Heath
Homer, AK 99603
235-3150

Jinan Martin
KPCCC
320 Spruce
Kenai, AK 99611
283-3150

*Runaway and Homeless Youth Workshop
Kodiak, Alaska
December 12, 1991*

Janice Simeonoff
Kodiak Area Native Association
Box 1782
Kodiak, AK 99615
486-5725

Will Walton
Kodiak Police Dept.
217 Lower Mill Bay Road
Kodiak, AK 99615
486-8000

Margaret Knowles
Kodiak Area Native Association
202 Center Street
Kodiak, AK 99615
486-5705

Mike McCarthy
Kodiak Police Department
217 Lower Mill Bay Road
Kodiak, AK 99615
486-8000

John C. Hounet
Kodiak Council of Alcoholism
P.O. Box 497
Kodiak, AK 99615
486-3535

J. Lyn Lofquist
Kodiak Council of Alcoholism
P.O. Box 1426
Kodiak, AK 99615
486-5183

Tamie S. Everton
Kodiak Council of Alcoholism
10928 Bells Flats Road
Kodiak, AK 99615
486-3535

Barbara J. Babnew
U.S. Coast Guard
Box 22
Kodiak, AK 99619
487-5542

Mary Gray
DFYS
315 Mission Road
Kodiak, AK 99615
486-6174

Terry Westing
Kodiak Baptist Mission
1944 Rezanof Drive East
Kodiak, AK 99615
486-4126

Delores Chiaravalle
Kodiak Baptist Mission
1944 Rezanof Drive East
Kodiak, AK 99615

Martha Sager
Kodiak Baptist Mission
1944 Rezanof Drive East
Kodiak, AK 99615
486-5185

Val Watson
DFYS
202 Marine Way, Room 18
Kodiak, AK 99615
486-4788

Heather Spear
Kodiak Baptist Mission
1944 Rezanof Drive East
Kodiak, AK 99615
486-4126

Program Models

CONTACT PERSON: GINGER BAGGETT
94 THIRD STREET
ASHLAND, OR. 97520
PH. (503) 482-8890

NORTHWEST NETWORK OF RUNAWAY AND YOUTH SERVICES

PROGRAM MODEL INFORMATION FOR RUNAWAY AND HOMELESS YOUTH

Addressing the service needs of runaway and homeless youth requires planning and implementation of appropriate program models. Categories for general service areas that other communities have found to be important are:

- ***Crisis Intervention (24-hour access to services)***
- ***Temporary Shelter***
- ***Health Care***
- ***Follow-up Support For Families***
- ***Transitional Housing For Homeless Youth***
- ***Independent Living Skills Programs***
- ***Case Management***

The following is a summary of examples of program models for these service components. Program models for runaway and homeless youth are more short-term and time-bound, whereas, homeless youth need more focused long-term services

CRISIS INTERVENTION:

The purpose of crisis intervention services is to assess immediate service needs, provide 24 hour access to services and resolve the immediate crisis.

24-Hour Access Systems: *This service is necessary for youth and families to have a point of access into the service system.*

- ***Coordinated On-Call System:*** One agency takes the lead to coordinate 24-hour access to the community's system of available services. All agencies are involved in system planning and share on-call activities. Some programs have staff carry electronic beepers on a rotating basis to provide a responsive cost effective 24-hour access "on-call" system and response to crisis needs. (Works well for rural communities)
- ***Designated Awake Staff:*** Programs where 24-hour awake staffing is available provide 24-hour access to services. (Works well in urban areas where residential facilities are available)
- ***Crisis Hot-line service:*** Some communities have existing crisis hotlines that provide services to the entire community. Calls by runaway youth and their families can be referred to an on-call network of professionals and volunteers.

Counseling:

- ***On-call response team*** or individual to provide initial assessment and crisis counseling.
- ***Outreach services*** in schools.
- ***Drop-in center*** or "store front" programs.

TEMPORARY SHELTER:

Some runaway and homeless youth will need at least short term shelter until their situation has been assessed to determine an individual service plan. The program design needs to be short-term (less than 2 weeks), non-secure, and provide 24-hour supervision.

****Host Homes:* Families that are paid for their services or volunteer to provide temporary shelter in their homes. Requires specialized, intensive training and agency staff support for families.

****Basic Residential Shelter:* 24-hour awake staff in a house or other group setting. *This provides a higher level of supervision.*

****Attendant Care:* Trained individuals (contracted or employee status) that provide 24-hour supervision in family homes or another safe shelter such as a motel or the individuals home.

****Respite care:* "Time-out" for youth and families prior to a runaway incident. Any of the above shelter models can provide this service.

HEALTH CARE:

Providing emergency or acute care for runaway and homeless youth.

****Formal agreements* with hospitals, clinics and/or private medical professionals to donate or provide at reduced cost, emergency/acute care. Important for youth that are not considered to be under the purview of protective services or with medical card status.

****Agreements with and referral mechanisms* to local government funded health department clinics and services.

****Planned Parenthood or other similar programs* for sexually transmitted diseases and specialized testing.

****School based clinics* funded through local school districts, government health departments, etc.

FOLLOW-UP SUPPORT FOR FAMILIES:

Providing family counseling, mediation, parent training and support, alternative education, drug and alcohol treatment, to assist in resolving conflict that led to the runaway incident. Services that are especially important are:

****On-going family or individual counseling* for 3-6 months.

****Mediation* - Focuses on immediate presenting problems and negotiating agreements for solutions to those problems.

****Big Brother/Big Sister Programs.*

****Peer Counseling* for youth regarding drug and alcohol issues as well as basic counseling (school based and through local private providers)

TRANSITIONAL HOUSING FOR HOMELESS YOUTH:

Providing housing for homeless youth for 6 - 18 mos. while they acquire skills necessary to become productive members of the community.

- ****Supervised apartments* - Youth live alone or with roommates in apartments with on-site staff that provide supervision and structure for clients. Subsidies are generally required for payment of rent.
- ****Unsupervised apartments/hotels* - programs provide "vouchers" or some type of subsidized housing for youth while they are involved in living skills programs. Supervision is provided through weekly visits from staff/case managers.
- ****Self-governing group homes* - Youth live in a group setting and are responsible for developing and maintaining the house rules with the assistance of on-site staff. Appropriate for older homeless/street youth that have been out of structured family environments for a long period of time.
- ****Host Homes* - Paid or volunteer families that provide long term housing for youth that cannot return home. This model works well for younger youth that have not been outside of a family environment for a long period of time.

INDEPENDENT LIVING SKILLS PROGRAMS:

Providing a program model that teaches independent living skills through methods that are non-traditional and at the individual's learning level and pace. Components of independent living skills programs that are important are:

- ****Jobs skills training* - resume writing, interviewing skills, basic work skills, knowledge of employee rights and labor laws. Homeless youth may require staff support to maintain initial job placements.
- ****Living skills* - food preparation, basic health and hygiene, money/budget management, grocery shopping, nutrition, decision making, refusal skills, group process, etc.
- ****GED/High School Equivalency programs* outside traditional public school settings.

CASE MANAGEMENT FOR HOMELESS YOUTH:

Provides homeless youth with minimal supervision in developing a service plan to assist in them in accessing needed services. Staff providing case management services will provide referral to community services, advocacy and personal support to clients.

- ****Youth Services Team (YST) Case Management* - Development of a YST (consisting of community agencies that come in contact with youth) that has the capacity to hire case management staff to provide services to youth that are referred by the participating agencies.
- ****Program Case Management* - case management services are provided by program staff to youth that are enrolled, living in or participating in an established service, i.e. alternative education program, host home or residential program, etc.

Alaska Statutes

Title 47

Alaska Runaway Law

Sec. 47.10.141. Runaway and missing minors. (a) Upon receiving a written, telephonic, or other request to locate a minor evading the minor's legal custodian or to locate a minor otherwise missing, a law enforcement agency shall make reasonable efforts to locate the minor and shall immediately complete a missing person's report containing information necessary for the identification of the minor. As soon as practicable, but not later than 24 hours after completing the report, the agency shall transmit the report for entry into the Alaska Public Safety Information Network and the National Crime Information Center computer system. The report shall also be submitted to the missing persons information clearinghouse under AS 18.65.620. As soon as practicable, but not later than 24 hours after the agency learns that the minor has been located, it shall request that the Department of Public Safety and the Federal Bureau of Investigation remove the information from the computer systems.

(b) A peace officer shall take into protective custody a minor described in (a) of this section if the minor is not otherwise subject to arrest or detention. The peace officer shall honor the minor's preference to (1) return the minor to the legal custodian if the legal custodian consents to the return; (2) take the minor to a nearby location agreed to by the minor and the legal custodian; or (3) take the minor to an office specified by the Department of Health and Social Services, a program for runaway minors licensed by the department under AS 47.10.310, or a facility or contract agency of the department. If an office specified by the department, a licensed program for runaway minors, or a facility or contract agency of the department does not exist in the community, the officer shall take the minor to another suitable location and promptly notify the department. A minor under protective custody may not be housed in a jail or other detention facility. Immediately upon taking a minor into protective custody, the officer shall advise the minor orally and in writing of the right to social services under AS 47.10.142(b), and, if known, the officer shall advise the legal custodian that the minor has been taken into protective custody.

(c) A minor may be taken into emergency protective custody by a peace officer and placed into temporary detention in a juvenile detention home in the local community if there has been an order issued by a court under a finding of probable cause that (1) the minor is a runaway in wilful violation of a valid court order issued under AS 47.10.080 or 47.10.142(f), (2) the minor's current situation poses a severe and imminent risk to the minor's life or safety, and (3) no reasonable placement alternative exists within the community. For

the purposes of this subsection, a risk may not be considered severe and imminent solely because of the general conditions for runaway minors in the community, but shall be assessed in view of the specific behavior and situation of the minor. A minor detained under this subsection shall be brought before a court on the day the minor is detained, or if that is not possible, within 24 hours after the detention for a hearing to determine the most appropriate placement in the best interests of the minor. A minor taken into emergency protective custody under this subsection may not be detained for more than 24 hours, except as provided under AS 47.10.140. Emergency protective custody may not include placement of a minor in a jail or secure facility other than a juvenile detention home, nor may an order for protective custody be enforced against a minor who is residing in a licensed program for runaway minors, as defined in AS 47.10.390.

(d) If, after investigation of a report of a missing minor, a law enforcement agency has reason to believe that the minor is involuntarily absent from the custody of a custodial parent or guardian, the department shall notify the Bureau of Vital Statistics of the disappearance and shall provide the bureau with a description of the minor. The description of the minor must include, if known, the minor's full name, date and place of birth, parent's names, and mother's maiden name. If the Department of Public Safety has reason to believe that the minor, whether born in this state or not, has been enrolled in a specific school or school district in the state, the department shall also notify the last known school or school district attended in the state by the missing minor of the disappearance. When a person who was listed as a missing minor is found, the Department of Public Safety shall notify the Bureau of Vital Statistics and any school or school district previously informed of the person's disappearance.

(e) In this section, "law enforcement agency" has the meaning given in AS 12.36.090. (§ 2 ch 42 SLA 1985; am § 3 ch 72 SLA 1988; am §§ 1, 2 ch 144 SLA 1988; am § 4 ch 202 SLA 1990)

Effect of amendments. — The first 1988 amendment inserted the next-to-last sentence in subsection (a).

The second 1988 amendment inserted "written, telephonic, or other" in the first sentence in subsection (a), in subsection (b), inserted "a licensed program for runaway minors" in the third sentence and, in the second sentence, deleted "either" following "reference to" near the begin-

ning, added "if the legal custodian consents to the return" at the end of paragraph (1), inserted present paragraph (2), and redesignated former paragraph (2) as present paragraph (3) and inserted "a program for runaway minors licensed by the department under AS 47.10.310" therein; and added subsection (c).

The 1990 amendment added subsections (d) and (e).

Title 47

Alaska Runaway Programs

Article 4. Programs for Runaway Minors.

| Section | Section |
|--|--|
| 300. Powers and duties of the department | 330. Notice to minor's legal custodian |
| 310. Licensing of programs for runaway minors | 340. Confidentiality of records |
| 320. Residence in runaway minor program facilities | 350. Immunity from liability |
| | 360. Municipal powers |
| | 390. Definitions |

Sec. 47.10.280. Purpose of chapter. [Repealed, § 1 ch 152 SLA 1976. For current similar provisions, see AS 47.05.060.]

Sec. 47.10.300. Powers and duties of the department. The department shall

(1) review, inspect, and approve or disapprove for licensing proposed or established programs for runaway minors to ensure the health and safety of minors in the program;

(2) maintain a register of licensed programs for runaway minors;

(3) award grants for the establishment or operation of licensed programs for runaway minors;

(4) submit to the legislature and governor each January a report on programs for runaway minors in the state;

(5) adopt regulations for the administration of AS 47.10.300 — 47.10.390, including regulations providing for the coordination of services to be provided by licensed programs for runaway minors and by the department. (§ 4 ch 144 SLA 1988)

Collateral references. — 42 Am. Jur. 2d, Infants, §§ 14-17.
43 C.J.S., Infants, §§ 9, 10.

Sec. 47.10.310. Licensing of programs for runaway minors.

(a) A person may not operate a program for runaway minors in the state without a license issued under this section. A person who violates this subsection is guilty of a violation.

(b) The department may license a program for runaway minors under AS 47.10.300 — 47.10.390 only if the program

(1) is operated by a corporation organized under AS 10.20 or a municipality; and

(2) meets the requirements of (c) of this section.

(c) A program for runaway minors shall

(1) explain to a minor who seeks assistance from the program the legal rights and responsibilities of runaway minors and the services and assistance provided for runaway minors by the program and by the state or local municipality;

(2) attempt to determine why a minor in the program is a runaway;

(3) provide or help arrange for the provision of services necessary to promote the health and welfare of a minor in the program and, if appropriate, members of the minor's family; services may include, but are not limited to, the provision of food, shelter, clothing, medical care, and individual or family counseling;

(4) promptly inform the department of a minor in the program who claims to be the victim of child abuse or neglect, as defined in AS 47.17.290, or whom an employee of the program has cause to believe has been a victim of child abuse or neglect;

(5) be operated with the goal of reuniting runaway minors with their families, except in cases in which reunification is clearly contrary to the best interest of the minor; and

(6) maintain adequate staffing and accommodations to ensure physical security and to provide crisis services to minors residing in a facility operated by the program; residents under 18 years of age shall be segregated from residents who are 18 years of age or older.

(d) A program for runaway minors may provide services for the protection of the health and welfare of a person under 21 years of age who is in need of the services and who is without a place of shelter in which supervision and care of the person are available. (§ 4 ch 144 SLA 1988)

Sec. 47.10.320. Residence in runaway minor program facilities. A runaway minor may maintain residency for a period not exceeding 45 days at a facility operated as part of a licensed program for runaway minors. The minor may maintain residency without the consent of the person or agency having custody of the minor, except that if the court has ordered the minor committed to the custody of the department, written consent of the department is required. The residency may be extended for an additional period of 45 days with the written consent of the person or agency having custody of the minor. A minor may not maintain residency beyond the 90th day following admission to a licensed program for runaway minors without the written consent of the person or agency having custody of the minor and the written consent of the department. (§ 4 ch 144 SLA 1988)

Sec. 47.10.330. Notice to minor's legal custodian. (a) The director of a program for runaway minors shall make a good faith effort to notify a minor's legal custodian as soon as possible, but in no event more than 48 hours after the minor is admitted to the program, unless there are compelling circumstances that justify withholding notice. The notice must describe the minor's physical and emotional condition and the circumstances surrounding the minor's admission to the program.

(b) The director of a program for runaway minors shall promptly notify a minor's legal custodian if the minor is released from the program into the custody of a person other than the legal custodian or a person representing the legal custodian. (§ 4 ch 144 SLA 1988)

Sec. 47.10.340. Confidentiality of records. Records of a licensed program for runaway minors that identify a minor who has been admitted to or has sought assistance from the program are confidential and are not subject to inspection or copying under AS 09.25.110 — 09.25.120, unless

(1) after being informed of the minor's right to privacy, the minor consents in writing to the disclosure of the records;

(2) the records are relevant to an investigation or proceeding involving child abuse or neglect or a child in need of aid petition; or

(3) disclosure of the records is necessary to protect the life or health of the minor. (§ 4 ch 144 SLA 1988)

Sec. 47.10.350. Immunity from liability. (a) The officers, directors, and employees of a licensed program for runaway minors are not liable for civil damages as a result of an act or omission in admitting a minor to the program.

(b) This section does not preclude liability for civil damages as a result of recklessness or intentional misconduct. (§ 4 ch 144 SLA 1988)

Sec. 47.10.360. Municipal powers. Authority to establish and operate a licensed program for runaway minors is granted to municipalities that do not otherwise have that authority. (§ 4 ch 144 SLA 1988)

Sec. 47.10.390. Definitions. In AS 47.10.300 — 47-10.390

(1) "licensed program for runaway minors" means a residential or nonresidential program licensed by the department under AS 47.10.310;

(2) "runaway minor" means a person under 18 years of age who

- (A) is habitually absent from home;
- (B) refuses to accept available care;
- (C) has no parent, guardian, custodian, or relative able or willing to provide care; or
- (D) has been physically abandoned by
 - (i) both parents;
 - (ii) the surviving parent; or
 - (iii) one parent if the other parent's rights and responsibilities have been terminated under AS 25.23.180(c) or AS 47.10.080 or voluntarily relinquished. (§ 4 ch 144 SLA 1988)

Title 18

Alaska Missing Persons
Clearinghouse

Article 7. Missing Persons Information Clearinghouse.

| Section | Section |
|--|--|
| 600. Missing persons information clearinghouse | 640. Reports upon finding a missing person |
| 610. Duties of missing persons information clearinghouse | 650. Civil penalty |
| 620. Duty of law enforcement agencies | 660. Definition |
| 630. Medical and dental records of missing persons | |

Sec. 18.65.600. Missing persons information clearinghouse. There is in the Department of Public Safety the missing persons information clearinghouse. (§ 1 ch 72 SLA 1988)

Sec. 18.65.610. Duties of missing persons information clearinghouse. (a) The missing persons information clearinghouse is established as a central repository of information regarding missing persons.

(b) The clearinghouse shall

(1) establish within the state a system and appropriate procedures for communication of information regarding missing persons;

(2) collect, maintain, and disseminate accurate and complete information on missing persons for the purpose of identifying, locating, and returning them;

(3) provide for exchange of information on missing persons within the state;

(4) cooperate with private citizens, local law enforcement agencies, and other state and federal agencies in investigations concerning missing persons;

(5) provide training and assistance to law enforcement agencies to promote effective use of the clearinghouse. (§ 1 ch 72 SLA 1988)

Sec. 18.65.620. Duty of law enforcement agencies. In addition to the requirements of AS 47.10.141 regarding reports of missing minors, a local or state law enforcement agency shall submit to the clearinghouse all missing person reports received by the law enforcement agency that relate to a person who is not located within 48 hours after the first report concerning that person was filed. (§ 1 ch 72 SLA 1988)

Sec. 18.65.630. Medical and dental records of missing persons. (a) When a person files a report of a missing person with a law enforcement agency or with the clearinghouse, a form authorizing the release of medical and dental records to the law enforcement agency and to the clearinghouse shall be supplied to the family, next of kin, or legal guardian of the missing person. The family, next of kin, or legal guardian of the missing person may complete the release form and deliver the release form to the physician or dentist of the missing person. The physician or dentist who receives a release form signed by the family, next of kin, or legal guardian of the missing person shall release to the law enforcement agency and the clearinghouse only that information that is necessary to identify the missing person.

(b) When the family, next of kin, or legal guardian of a missing person cannot be located or does not exist, a law enforcement agency may execute a written declaration stating that an active investigation is being conducted and that medical and dental records are required for the exclusive purpose of furthering the investigation. Notwithstanding AS 09.25.120 and AS 17.30.155, the declaration signed by a peace officer under this subsection is sufficient authority for the physician or dentist to release information necessary to aid in the identification of the missing person. The physician or dentist may only release that information that is necessary to identify the missing person.

(c) Medical and dental records obtained under this section shall be provided to the clearinghouse.

(d) When a missing person is found, the law enforcement agency and the clearinghouse shall destroy all records in their files obtained under this section. (§ 1 ch 72 SLA 1988)

Sec. 18.65.640. Reports upon finding a missing person. A person who has filed a missing person report with the clearinghouse or a law enforcement agency shall immediately notify the clearinghouse or the law enforcement agency when the location of the missing person is determined. (§ 1 ch 72 SLA 1988)

Sec. 18.65.650. Civil penalty. The commissioner of public safety, or a person designated by the commissioner of public safety, may file a civil complaint in the district court to enforce AS 18.65.640. A person who fails to comply with AS 18.65.640 is subject to a civil fine of not more than \$1,000. (§ 1 ch 72 SLA 1988)

Sec. 18.65.600. Definition. In AS 18.65.600 — 18.65.660 "clearinghouse" means the missing persons information clearinghouse established in AS 18.65.600. (§ 1 ch 72 SLA 1988)

STATE OF ALASKA

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

DIVISION OF FAMILY AND YOUTH SERVICES

WALTER J. HICKEL, GOVERNOR

P.O. BOX 110630
JUNEAU, ALASKA 99801-0630
PHONE: (907) 465-3170

January 24, 1992

Dear Alaskans:

Each year the Department of Health and Social Services, Division of Family and Youth Services (DFYS) is mandated under AS 47.10.300 to report to the Legislature on the status of Homeless and Runaway Youth in Alaska. This year's report is bolstered by tremendous public participation at the grass roots level.

In reaction to public outcry from parents of runaways, social services professionals and public safety officials, DFYS in conjunction with Representative Randy Phillips (R) Eagle River convened a series of three community-centered conferences to explore the problem of runaway and homeless youth in Alaska.

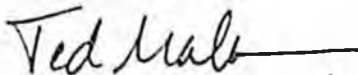
What the participants found is astounding. Over 3,500 Alaska youth runaway from home each year. On any given day, an estimated 37 youths are on the run. And, an estimated 1820 youths are homeless each year.

The conferences also brought to light shortcomings in the social services system that should serve youth. Since DFYS is mandated to serve either neglected/abused children or delinquent youth, runaways and homeless kids are often underserved.

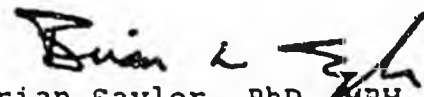
It is clear that the time has come for improved service to these lost, but not forgotten children and their families. Several communities have already taken ownership of the problem, developing 24-hour crisis networks and shelters. But before the problem of homeless and runaway youth in Alaska can be appropriately addressed, all communities, the Legislature and the Administration must climb on the wave of enthusiasm and take joint ownership of this grave dilemma.

We thank Representative Phillips, DFYS staff members, the consultants and, most of all, the people of the communities involved for their participation in this report. We are confident that together we can better serve the homeless and runaway youth of Alaska.

Sincerely,



Theodore A. Mala, MD, MPH
Commissioner



Brian Saylor, PhD, MPH
Deputy Commissioner



Alaska Department of Health and Social Services
Division of Family and Youth Services
P.O. Box 110630
Juneau, Alaska 99811-0630
(907) 465-3170

This publication was released by the Alaska Department of Health and Social Services, Division of Family and Youth Services produced at a total cost of \$1383, or \$2.77 per copy. It is published under mandate of AS 47.10.300 as an annual report to the Legislature and Executive Branch on the status of Homeless and Runaway Youth in Alaska



HB

265

ALASKA MORTGAGE BANKERS ASSOCIATION

P.O. BOX 9-2691 / ANCHORAGE, ALASKA 99509-2691

April 16, 1991

Representative Mike Navarre
Alaska State House of Representatives
P. O. Box V
Juneau, Alaska 99811

Re: HB 265

Dear Representative Navarre:

Our Association appreciates your introduction of HB 265.
We support passage of the bill, which will correct some
technical problems in the present statute.

If we can be of any assistance, please call me at 257-3442.

Sincerely,



Lucille Stietz
Chair, Legislative Committee



DENALI STATE BANK

119 N. Cushman Street • (907) 456-1400 • FAX (907) 456-2140 • P.O. Box 74568 • Fairbanks, Alaska 99707-4568

April 16, 1991

Representative Navarre
Alaska State Legislature
via Fax #1-465-2278

RE: House Bill 265
"An Act Relating to the Certification of Real Estate
Appraisers; and Providing for an Effective Date."

Thank you for introducing HB265 concerning certification of real estate appraisers. This bill has a great influence upon the banking industry in the State of Alaska as we attempt to comply with recent Federal FIERRA laws.

As Chairman of the Legislative Committee of the Alaska Bankers Association, I am pleased to advise you that we support the concept of this bill. However, we continue to be concerned with the departure in terminology that appears to be required in the FIERRA legislation designating "certified" and "licensed" appraisers and procedures. Every effort should be made to find out if the designation of "general", "residential", and "institutional" real estate appraisers terminology in this bill will comply with Federal FIERRA laws prior to the passage of the bill.

Failure to comply with FIERRA may potentially find financial institutions in the State of Alaska being unable to extend mortgage loans until such time as State law comes into compliance with FIERRA. It is better to determine this during the legislative session rather than after the session is over and an opportunity to amend this bill would not occur until January of 1992.

Once again, thank you for your introduction of the bill and with the exception of our concern about terminology, we hope for its speedy passage.

Sincerely,

A handwritten signature in cursive script that reads "Gary Roth".

Gary Roth
President and Chief Executive Officer

ALASKA CHAPTER
OF THE



**APPRAISAL
INSTITUTE**

April 18, 1991

| | | |
|--|-------------------------|----------------|
| Post-It™ brand fax transmittal memo 7671 | | # of pages » 1 |
| To Rep Navarre | From William Larick | |
| Co. | Co. Appraisal Inst | |
| Dept. | Phone # 907-551-1111 | |
| Fax # 907-551-1118 | Fax # 907-551-1111 | |

The Honorable Mike Navarre
Member of the Alaska State Legislature
3111 "C" Street
Anchorage, Alaska 99501

RE: House Bill 265

Dear Representative Navarre:

The newly organized Alaska Chapter of the Appraisal Institute, which encompasses 180 appraisers, wishes to inform you of our support of House Bill 265.

At our March meeting the proposed framework of this bill was discussed at length and was endorsed by an overwhelming majority. We feel this to be a significant piece of legislation that will positively affect our profession.

We look forward to working with you on this bill.

Sincerely,

William A. Larick, SRA
President, Alaska Chapter
of the Appraisal Institute

WAL/llt

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. HB 265

Revision Date: _____ Department Affected: Commerce & Economic Dev.
 Title: Relating to the certification of real estate appraisers;.... BRU: Occupational Licensing
 Component: Administration

Sponsor: Rep. Navarre
 Requestor: Rep. Navarre

| | | | | |
|----------------------|---|---|---|---|
| COMPONENT SERIAL NO. | 0 | 3 | 5 | 6 |
|----------------------|---|---|---|---|

Expenditures/Revenues: (Thousands of Dollars)

| OPERATING | FY 92 | FY 93 | FY 94 | FY 95 | FY 96 | FY 97 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | | | | | | |
| TRAVEL | | | | | | |
| CONTRACTUAL | | | | | | |
| SUPPLIES | | | | | | |
| EQUIPMENT | | | | | | |
| LAND & STRUCTURES | | | | | | |
| GRANTS, CLAIMS | | | | | | |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | 0 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | |
|---------|--|--|--|--|--|--|
| CAPITAL | | | | | | |
|---------|--|--|--|--|--|--|

| | | | | | | |
|---------|----|----|----|----|----|----|
| REVENUE | ** | ** | ** | ** | ** | ** |
|---------|----|----|----|----|----|----|

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 | 0 | 0 | 0 | 0 | 0 | 0 |
| TEMPORARY | 0 | 0 | 0 | 0 | 0 | 0 |

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.) HB 265 creates a separate licensing category for institutional real estate appraisers. New funds are not required to implement this bill. **Revenue will be generated from application and license fees however, at this time, we are unable to provide an estimate until we have some idea of the numbers of individuals who would be affected by the bill.

Prepared By: Jennifer Strickler, Admin. Officer Phone: 465-2144
 Division: Occupational Licensing Date: 4-17-91
 Approved by Commissioner: Glenn A. Olds
 Agency: Commerce and Economic Development Date: 4-19-91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

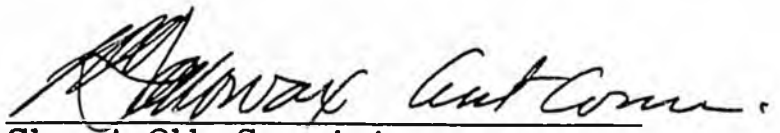
HB 265: "An Act relating to the certification of real estate appraisers; and providing for an effective date."

HB 265 creates a new certification category for institutional real estate appraisers by amending the real estate appraiser statutes (AS 08.87). The bill requires individuals who are employed full-time by a financial institution to obtain a certificate issued by the Board of Real Estate Appraisers, as proof of satisfying educational and testing requirements in compliance with federal law.

The institutional real estate appraiser certificate is valid only during the period in which the individual is employed full-time by a financial institution in Alaska. Under this category, individuals who perform real estate appraiser services for a financial institution must meet limited qualifications consisting primarily of educational and testing requirements, and not necessarily the experience requirements mandated for general or residential real estate appraisers.

Section 3 of the bill repeals and reenacts AS 08.87.110(e) to clarify the "limited certification" provision by replacing the section with specific language identifying the federal mandates.

Since HB 265 attempts to clarify and bring the real estate appraiser statutes closer into compliance with the federal mandates, the department supports passage of this bill.



Glenn A. Olds, Commissioner

Date: 4-18-91

HOUSE COMMITTEE REPORT

(7)

Date Referred: April 10, 1991

FURTHER REFERRALS:

Judiciary

Date of Committee Action: 4-18-91

The LABOR AND COMMERCE Committee considered:

HB 265

HOUSE BILL NO. 265

INSTITUTIONAL REAL ESTATE APPRAISERS

"An Act relating to the certification of real estate appraisers; and providing for an effective date."

RECOMMENDATIONS:

be replaced with _____ the same title

have attached amendments(s) a new title

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(s): (Dept)

APPROVES PREVIOUS: (Dept/Date)

fiscal impact _____

fiscal note(s) _____

zero fiscal note Commerce + Econ Dev. zero fiscal note(s) _____

| SIGNING DO PASS | DP | OTHER RECOMMENDATIONS | DNP | NR | AM |
|---------------------|-------------------------------------|-----------------------|-----|-------------------------------------|----|
| <i>David Donley</i> | <input checked="" type="checkbox"/> | <i>[Signature]</i> | | <input checked="" type="checkbox"/> | |
| | | <i>[Signature]</i> | | <input checked="" type="checkbox"/> | |
| | | <i>Kevin Cartmell</i> | | <input checked="" type="checkbox"/> | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

[Signature]
CHAIRMAN'S SIGNATURE

HB

279

To: House Labor and Commerce
Committee

From: Division of Insurance
David J. Walsh, Director

Date: April 8, 1991

Subject: 1991 Legislative Package

The Division of Insurance is requesting the introduction and passage of several bills during the 1991 legislative session. Most of these requests come directly from our need to meet the requirements for accreditation through the National Association of Insurance Commissioners.

The National Association of Insurance Commissioners (NAIC) has adopted a program of accreditation of state insurance departments to ensure an acceptable level of regulation in all of the 50 states. This program consists of a review of the statutes and operations of each state on a periodic basis by a team of examiners working for the NAIC. The team has been given a set of standards to use in evaluating the regulatory programs in each state and part of these standards include laws adopted by the NAIC as model laws that address the regulation of insurer solvency. The bills we have requested come entirely from these model laws and are necessary to our goal of becoming an accredited state under the NAIC program.

Managing General Agents Bill - This bill does two things: 1) amends the term "general agent" to the more correct term "managing general agent", and 2) adopts NAIC model law on Managing General Agents. The change in terms is being requested to convert the term currently used in the statute to the term that is used in industry and in the NAIC model law when referring to people with the responsibilities of managing some part of an insurer. In addition to changing the term used in the statute, the bill exempts the manager of a United States branch of an alien insurer from licensure as a managing general agent (MGA), allows the director to require bonds or errors and omissions insurance policies for licensed MGAs, requires a written contract between the MGA and the company for which he is given authority, sets out the ownership of claim files, sets out actions of the MGA which are prohibited, sets out requirements of the insurer when using MGAs, and defines the term MGA for licensing purposes.

Examination Bill - This bill adopts the requirements of the Model Law on Examinations as adopted by the NAIC. The model law is one of the accreditation standards and is necessary for our success in becoming an accredited state. The bill adopts rules on scheduling and identifying licensees for examination, requires that the state only accept examination reports prepared by accredited states after December 31, 1993, allows the director to examine any business or person that is necessary or material to completing an examination, requires that insurer accounts be kept according to the Accounting Practices and Procedures Manual of the NAIC, sets out procedures for calling an examination and assigning examiners, sets out procedures for filing an examination report with the office of the director of insurance, requires that the director and chief executive officer of the person being examined submit affidavits stating that the report has been received and reviewed, and gives relief to examiners from civil action for libel or slander in performing their duties when a suit is not substantially justified.

Reinsurance Intermediary Bill - This bill adopts the requirements of the Model Law on Reinsurance Intermediary Brokers and Managers as adopted by the NAIC. The model law is one of the accreditation standards and is necessary for our success in becoming an accredited state. The bill adopts rules for licensing of persons acting as reinsurance intermediaries, requires a written contract with specific information between a reinsurance intermediary broker and the insurer, requires the broker to keep records of each transaction for 10 years, gives requirements of an insurer using a reinsurance intermediary broker, requires a written contract with specific information between a reinsurance intermediary manager and the insurer, requires the manager to keep records of each transaction for 10 years, specifies what the manager is prohibited from doing, gives requirements of an insurer using a reinsurance intermediary manager, and defines reinsurance intermediary broker and manager for licensing purposes.

Miscellaneous Bill regarding reinsurance credit, reserves, securities and investments - This bill adopts several small changes that are required under the NAIC accreditation standards in order for the state of Alaska to meet the requirements. The bill requires that accredited reinsurers file statutory financial statements and audited financial statements annually with the director, changes the minimum amount to be held in trust by a group of individual unincorporated insurers who wish to be an authorized reinsurer in Alaska from \$50,000,000 to \$100,000,000, gives requirements for accreditation for reinsurers who are a group of incorporated insurers under common administration, requires that a letter of credit issued to guarantee reinsurance credit from a reinsurer must be automatically renewable and be in possession of the ceding company before the filing of the annual statement with the director, gives the director the authority to require increases in reserves by the insurer for incurred but not reported losses, gives rules for valuing mortgage securities on financial statements, requires real property to be valued at the lower of cost or market, and provides a limit on investments in mortgage loans of 10% of insurer's assets.

DIVISION OF LEGAL SERVICES

**LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA**

P.O. Box Y, Juneau, Alaska 99811
(907) 465-3867 or 465-2450
FAX (907) 465-2029

Deliveries to: 240 Main Street
Court Plaza, Room 500
Mail Stop 3101

MEMORANDUM

April 22, 1991

SUBJECT: Insurance clean-up changes - (CSHB 279(L&C))

TO: Representative David Finklestein

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

The attached draft of CSHB 279(L&C) contains several changes recommended by the division of insurance. These changes are as follows:

1. The deletion of the term "general agent" in sec. 3. This change is consistent with the other changes in the CS.
2. Insertion of an oath requirement in Sec. 21.06.150, enacted in sec. 8, and the deletion of the requirement of a presumption of approval for certain examination reports.
3. In Sec. 21.27.340, amended in sec. 48, the deletion of the requirement that only in state licensee's have a license in each place of business.
4. In Sec. 21.28.020, enacted in sec. 57, the addition of "and" at the end of paragraph 3. This clearly requires the contract to include all provisions in this subsection.

Please contact me if you have any questions regarding the work draft.

MFF:pl
91-288.plm

Enclosure

**THE FOLLOWING PAGES
WERE TREATED AS A UNIT
IN THE ORIGINAL FILE**

MEMORANDUM

State of Alaska

Representative David Finkelstein

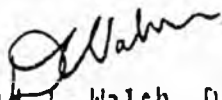
TO:

DATE: April 25, 1991

FILE NO:

TELEPHONE NO: 465-2515

THRU:

SUBJECT: Insurance Clean-up
Changes - CSHB 279 L&C
FROM: David J. Walsh, Director
Division of Insurance

The attached draft of CSHB 279 L&C contains several changes recommended by the Division of Insurance. Additional changes are as follows:

1. Sec. 1 (Page 1, Line 13)

Please remove the words "imbued with" and replace with the words "in the".

2. Sec. 2 (Page 2, Line 10)

Please remove the word "shall" on line 10 and replace it with the word "may".

3. Sec. 3 (Page 2, Line 21)

Please change (f) so that it reads "For purposes of completing an examination of a company under this title, the director may extend the examination or investigation under AS 21.06.170."

4. Sec. 5 (Page 3, Line 9)

Please restore the deleted portion of the subsection that starts "after the director" and ends "correct the accounting". The subsection will then only be amended to add language on lines 10, 11 and 12.

5. Sec. 6 (Page 3, Line 17)

Please add a sentence at the end of (f) at Line 29 that reads "The director shall have authority to promulgate regulations as to limitations on the scope of examination work to be performed by specialists and limitations on the cost of specialists to the person being examined".

Page 2

6. Sec. 7 (Page 3, Line 22)

In section (f) remove lines 23, 24, 25, (the first sentence) that starts "Upon determining" and ends "the examination." Section (f) will then start with "In conducting the examination, . . .".

7. Sec. 7 (Page 4, Line 11)

Please remove the words "and conclusions of law".

8. Sec. 8 (Page 4, Line 31)

Please remove from (b)(1) all language after "corrections;". The paragraph will then read "(1) approving the examination report as filed or approving the examination report with modification or corrections;"

9. Sec. 8 (Page 5, Line 18)

Please remove the language in (d) after "country", place a period, and add the sentence "Any other disclosure must be pursuant to state law."

10. Sec. 12 (Page 9, Lines 11 and 13)

Please remove the references to "life" in (g). There are two on Line 11 and one on Line 13.

11. Sec. 18 (Page 12, Line 19)

Please remove language in (8) after the word "manage". The subsection will then read "ownership and management of assets that the parent corporation could own or manage;"

12. Following Line 21, Page 14, please add a new section 20 to the bill (and renumber accordingly) as follows:

Sec. 20. AS 21.22.010 is amended by adding a new subsection to read:

(1) A transaction which requires approval by the director under (b) of this section is not subject to the requirements of AS 21.22.065.

13. Sec. 21 (Page 18, Lines 22, 26, and 27)

Please remove the words "of the total" and insert "in any" on Lines 12, 16, and 17 of Page 8.

14. Sec. 24 (Page 20, Line 1)

Please remove the amendment starting in Lines 17 and 18 and Lines 23 and 24 which read "not including realized capital gains."

Page 3

15. Sec. 25 (Page 21, Line 23)

Please add the following subsection to read:

"(f) This section does not apply to domestic insurers holding a certificate of authority under AS 21 on December 31, 1990."

16. Sec. 57 (Page 36, Line 25)

Following line 25 please insert a new subsection (b) (and renumber accordingly) that reads as follows:

"(b) Notwithstanding (a) of this section a domestic insurer may use a reinsurance intermediary broker that is not licensed under AS 21.28 if the person meets the licensing requirements regarding reinsurance intermediaries of the state, territory, or country of residence."

17. Sec. 58 (Page 42, Lines 21, 22, 23)

Please delete the sentence that begins "A person who . . ." and ends with ". . . paid immediately."

If you have any questions or comments, please contact me.

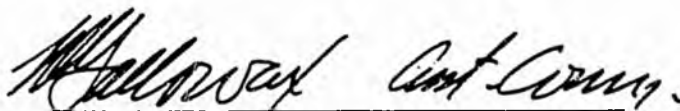
0375B

HB 279: "An Act relating to reinsurance credit, reserves, securities, and investments of certain insurers."

This department is in favor of this legislation.

This bill is part of a series of bills proposing changes designed to achieve accreditation for the Alaska Division of Insurance by the National Association of Insurance Commissioners (NAIC). Accreditation would mean that this state would meet the national standards considered necessary to regulate the insurance industry.

This bill adopts those sections of various NAIC model laws which Alaska currently does not have in its insurance laws or alters sections it does have to conform to the current model law. A sectional analysis is attached.



Glenn A. Olds, Commissioner

Date: 4-25-91

SECTIONAL ANALYSIS
OF

HB 279: An Act relating to reinsurance credit, reserves, securities, and investments of certain insurers; and providing for an effective date.

Section 1. (Page 1, line 14 - page 2, line 2)

Subject: Filing of financial statements by accredited reinsurers.

Change: Added requirement for filing annual financial statements and audited financial statements by accredited reinsurers with the director.

Reason: NAIC accreditation requirement. These filings allow the division to monitor the financial standing of reinsurers that the division has accredited.

Section 1. (Page 3, line 12)

Subject: Rules for a group of unincorporated insurers to be a reinsurer accredited by the state.

Change: Increase amount of trust surplus from \$50 million to \$100 million and require annual certification of solvency by a public accountant who is a certified public accountant.

Reason: NAIC accreditation requirement. The trust money is to ensure payment of US claim liability, the change to a certified public accountant is to ensure competency and reliability of the certifications filed.

Section 1. (Page 3, lines 16-31)

Subject: Rules for a group of incorporated insurers under common administration to be accredited by the state.

Change: Addition of rules to be met to be accredited as a reinsurer.

Reason: NAIC accreditation requirement. The addition is meant to specify the requirements for this type of reinsurer.

Section 2.

Subject: Letters of credit (LOC) received by an insurer to guarantee payment of reinsurance receivables or credits.

Change: Addition of requirement that the LOC include an evergreen clause; that the LOC must be in existence on December 31 of the year in which it is guaranteeing credits and must be in the possession of the insurer prior to the filing of the annual statement with the division for that year.

Reason: NAIC accreditation requirement. The evergreen clause automatically requires renewal of the LOC at the time of its expiration if other procedures for cancellation have not been performed. This keeps the guarantee from quietly expiring. The dates for issuing the LOC and receiving the document are to ensure that the placement be made on a timely basis and not some time after the financial statements are prepared.

Section 3.

Subject: Allowing credit for reinsurance transactions when the reinsurance agreements meet all requirements.

Change: Added that credit for reinsurance transactions can be recorded only if the reinsurance agreement meets the requirements of the director and gives authority to adopt regulations to the director.

Reason: The NAIC accreditation program has adopted standards which include model regulations on life reinsurance agreements. This proposed subsection gives the director statutory authority to adopt the NAIC model regulations.

Section 4.

Subject: Director's authority to increase loss reserves.

Change: Added to the director's authority to increase reserves the ability to increase reserve for incurred but not reported losses.

Reason: NAIC accreditation requirement. Current statute only allows the director to require increases for loss reserves. Incurred but not reported loss reserves can have a significant effect on the financial standing of an insurer.

Section 5.

Subject: Valuation of securities held as investments by insurance companies.

Change: Addition of mortgage loans as securities to be valued under this section and that appraisals used for valuation of any security must be acceptable to the director. Also added rules for valuing mortgage loans for quarterly or annual financial statements.

Sectional Analysis of HB 279
Page 3

Reason: NAIC accreditation requirement. Alaska statutes do not contain rules for valuation of mortgage loans on financial statements required by the division.

Sections 6 and 7.

Subject: Valuation of real property.

Change: Added that the recorded value must be valued at the lower of cost or fair market value.

Reason: NAIC accreditation requirement. current statute allowed value to possibly be set above cost which is contrary to the financial statement valuation principles of purchased assets.

Section 8.

Subject: Limitation on types of investments of insurers.

Change: Added reference to mortgage loans making mortgage loans subject to the limit of 10% of total assets.

Reason: NAIC accreditation requirement. Alaska Statute does not include a limit on the amount of mortgage loan investments that could be held by an insurer. Limitations are needed to ensure diversification of investments.

Section 9.

Subject: Definition

Change: "Evergreen Clause" used in connection with Letter of Credit in Section 2 is defined.

Section 10.

Immediate effective date.

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. HB 279

Revision Date: _____ Department Affected: Commerce & Economic Dev.
 Title: An Act relating to reinsurance BRU: Insurance
credit, reserves, securities and Component: Operations
investments of certain insurers
 Sponsor: House Labor & Commerce
 Requestor: _____ **COMPONENT SERIAL NO.**

| | | | |
|--|--|--|--|
| | | | |
|--|--|--|--|

Expenditures/Revenues: (Thousands of Dollars)

| OPERATING | FY 92 | FY 93 | FY 94 | FY 95 | FY 96 | FY 97 |
|------------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | | | | | | |
| TRA /EL | | | | | | |
| 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)

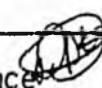
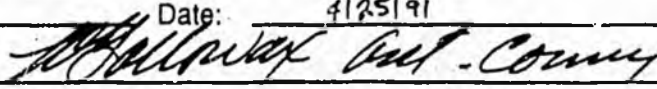
| | | | | | | |
|---------------|---|---|---|---|---|---|
| GENERAL FUND | | | | | | |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |
| TOTAL | 0 | 0 | 0 | 0 | 0 | 0 |

POSITIONS:

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

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Don Koch, Chief of Market Surveillance  Phone: 465-2572
 Division: Insurance Date: 4/25/91
 Approved by Commissioner: Glenn A. Olds 
 Agency: Department of Commerce & Economic Development Date: 4-25-91

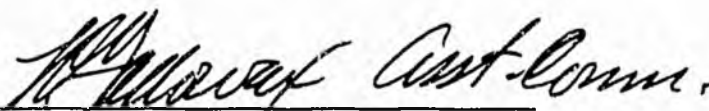
Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

HB 280: An act relating to regulation of insurance holding companies; and providing for an effective date.

The department is in favor of this legislation.

This bill is part of a series of bills proposing changes designed to achieve accreditation for the Alaska Division of Insurance by the National Association of Insurance Commissioners (NAIC). Accreditation would mean that this state would meet the national standards considered necessary to regulate the insurance industry.

This bill adopts those sections of the model holding company law drafted by the NAIC, which Alaska currently does not have in its insurance laws, or alters sections it does have to conform to the current model law. A Sectional Analysis is attached.



Glenn A. Olds, Commissioner

Date: 4-25-91

SECTIONAL ANALYSIS OF HB 280

HB 280: "An Act relating to regulation of insurance holding companies."

- Section 1 - The section repeals and reenacts AS 21.21.180. The former AS 21.21.180 established authority for an insurer to invest in the stock of wholly-owned subsidiaries which would either be insurers or businesses necessary and incidental to the convenient operation of the insurer's insurance business. The new AS 21.21.180 alters this authority to allow for less than 100% owned subsidiaries and changes the standard for types of businesses allowed by defining twelve specific activities. New limits are also established for the dollar value of these investments in relation to an insurer's surplus and provides instructions for making that calculation. Finally, this section provides for mandatory disposal should an insurer cease to control a subsidiary.
- Section 2 - This section adds the disclosure of the acquisition of a subsidiary to a previously existing requirement for written disclosure of certain transactions to an insurer's board of directors.
- Section 3 - This section provides for annual holding company system reregistration/re-registration for foreign insurers in line with the existing requirement for Alaskan domestic insurers. Also, for both foreign and domestic insurance holding companies, a requirement for inclusion of a summarization of changes from a prior holding company annual filing is established.
- Section 4 - This section establishes a competitive standard requiring director approval of transactions during a new preacquisition notification period in which the director is allowed to disallow an acquisition of a subsidiary if there is substantial evidence that the effect of the acquisition may be to substantially lessen competition in any line of insurance in Alaska or tend to create a monopoly therein. Standards for prima facie evidence of violation of the competitive standards are established and for when substantial evidence is present that there is a significant trend toward increased concentration. Fines for noncompliance with the disclosure requirements are established. Exceptions are provided for normal insurer investment activities.

- Section 5 - This section expands the standards for the material transactions by insurers with their affiliates by requiring that charges or fees for services performed be reasonable, requiring adherence to and consistent application of customary insurance accounting practices and expands certain requirements for documentation of these standards.

- Section 6 - This section substitutes investment portfolio for surplus as regards policyholders in a test dealing with the recent past and projected future trend which is used in determining the reasonableness of an insurer's surplus as regards policyholders. In another test dealing with the quality and liquidity of investments in subsidiaries, the scope of the test is changed to consider affiliates rather than just subsidiaries.

- Section 7 - AS 21.22.100 prohibits an insurer subject to registration as a holding company from making an extraordinary dividend to its shareholders under certain circumstances. This amendment changes the circumstances under which a dividend may be paid by allowing a new two-year carry forward computation and eliminates realized capital gains from consideration in the previously existing overall computation.

- Section 8 - This section prohibits the relief by holding company registration of any obligation or liability existing for officers and directors of an insurer to which they would otherwise be subject by law and requires each insurer to be managed so as to assure that insurer's separate operating identity. An exception is provided for common management and cooperative or joint use of personnel, property or services.

A new requirement is established calling for a portion of the board of directors of a domestic insurer to be independent of the insurer's ownership. Certain board activities are required to be approved by committees comprised solely of independent directors.

- Section 9 - This section includes preacquisition notification information received under the competitive standard established in Section 3 in those items which shall be given confidential treatment by the director under AS 21.21.120.

- Section 10 - This section adds to Title 21 definitions for the words: acquisition, highly concentrated, involved insurer, market or insurance market and statement value.

- Section 11 - This section provides for the recovery from affiliates of any loss suffered by a domestic insurer which is placed into liquidation or rehabilitation.

- Section 12 - This section provides an effective date.

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. HB 280

Revision Date: _____ Department Affected: Commerce & Economic Dev.
 Title: An Act relating to regulation of BRU: Insurance
insurance holding companies Component: Operations
 Sponsor: House Labor & Commerce
 Requestor: _____ COMPONENT SERIAL NO.

| | | | |
|--|--|--|--|
| | | | |
|--|--|--|--|

Expenditures/Revenues: (Thousands of Dollars)

| OPERATING | FY 92 | FY 93 | FY 94 | FY 95 | FY 96 | FY 97 |
|------------------------|-------|-------|-------|-------|-------|-------|
| 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 | | | | | | |

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Don Koch, Chief of Market Surveillance Phone: 465-2572
 Division: Insurance Date: 4/25/91
 Approved by Commissioner: Glenn A. Olds
 Agency: Department of Commerce & Economic Development Date: 4-25-91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

HB 281: An Act relating to examination of insurers, agents, brokers, adjusters, and solicitors.

The department is in favor of this legislation.

This bill is part of a series of bills proposing changes designed to achieve accreditation for the Alaska Division of Insurance by the National Association of Insurance Commissioners (NAIC). Accreditation would mean that this state would meet the national standards considered necessary to regulate the insurance industry.

The proposed legislation adopts significant portions of the NAIC model law on examinations. This model law is one which is included in the NAIC's accreditation standards and must be adopted by states in a substantially similar form in order to meet the requirements for becoming accredited by NAIC. The bill revamps the requirements for the conduct of examinations, the preparation of examination reports, and the resolution of concerns regarding information included in the report. A Sectional Analysis is attached.


Glenn A. Olds, Commissioner

Date: 4-25-91

SECTIONAL ANALYSIS OF HB 281

HB 281: "An Act relating to examination of insurers, agents, brokers, adjusters, and solicitors."

Section 1 - The section lists information that the director may review when determining the need for examinations and the subjects to be covered.

The authority for calling an examination is broad and the listing of factors to be used in determining the examination to be conducted is meant to focus the issues to be examined.

Section 2 - In lieu of the director conducting a required examination, after January 1, 1994, the director may only accept reports prepared by persons working for states which are accredited by the NAIC.

The restriction on receiving reports from accredited states is to ensure a reliable report is received that is prepared based on procedures similar to these.

Section 3 - The director is given authority to examine any person which is necessary to complete the examination. The inclusion of examination authority over other persons who may be material to the examination allows the director to conduct a complete examination of the issues involving an insurer to gain a complete overview (cause, effect, etc.) of the situation being examined.

Section 4 - Preparations of examination reports is to be conducted under the requirements of AS 21.06.150. We have removed the inclusion of examinations of managing general agents, persons who have a contract to manage or control an insurer and those who control the management of an insurer. The section also removes from this area of the statute the discretion of the director to withhold information from the public.

An examination report prepared for an exam conducted under this section needs to be prepared under the same procedures as other exam reports. The persons removed from examination in this section are included in the new subsection (b) in Section 1 as affiliated persons who the director has authority to examine if the director feels they are necessary or material to an examination. The section regarding withholding of information is removed because AS 21.06.150(e) of this bill has similar requirements.

Section 5 - Added the requirement that books and records are to be kept according to Accounting Practices and Procedures Manual of the NAIC and removed the requirement that notice and opportunity must be given to the licensee to correct accounting inadequacies.

The NAIC accreditation standards require that statute include requirements that records be kept according to the NAIC Accounting Practices and Procedures Manuals. The removal of notice and opportunity to correct inadequacies in accounts is removed to require the licensee to use these recordkeeping practices at all times. Current statute does not require ongoing good practices and encourages attention on the accounts only after examiners have begun an initial review.

Section 6 - Addition that provides the director the authority to hire specialists and charge the cost as an examination expense. Removed the specific procedures for valuing real estate in an examination.

The NAIC model law on examinations include this section. Examination issues can be raised in areas that are outside of the expertise of in-house examiners. This allows the director to conduct the examination and gather information from examiners knowledgeable in specific areas of insurance or related issues. The section would cover the use of an appraiser for valuing real estate in an examination.

Section 7 - Additions to statute that specify the procedures for beginning an examination and adopting rules for conducting the exam as included in the Examiners' Handbook or otherwise deemed appropriate by the director. Added the prohibition of assigning an examiner that has a conflict of interest with the person being examined and sets out circumstances where a conflict would not be found. Added authority that the director may end or suspend an exam should other regulatory action need to be pursued and added that findings and conclusion drawn by the director in adopting an exam are prima facie evidence in any proceeding.

These sections were in the NAIC model law. They specify that rules to complete the examination efficiently. It recognizes that conflicts of interest may arise between examiners and persons being examined and provides guidelines for the director. It recognizes that, once an exam is begun, it need not be carried to the end result if the director feels other action is more appropriate. It provides that an exam report accepted by the director would be introduced as prima facie evidence because opportunity had been given to the person being examined to refute information in the report prior to the director's acceptance of the report as provided in Section 6 of this bill.

Section 8

- All prior procedures for filing exam reports are removed from the statutes and replaced by procedures in the NAIC model law. The old procedures required that the person being examined be given 20 days to request a hearing before the report was filed in the director's office. The new procedure requires the report to be written within 60 days after the end of field work. The person examined has 30 days to respond to the proposed report and the director has 30 days to review the report and any response. The director then may accept the report, reject the report, or request a hearing. The director may initiate any regulatory proceedings at any time during the examination and may use information gathered in the exam process. The director is required to prepare findings of facts and conclusions of law for any orders he prepares after consideration of the exam report and any response. The person examined must file affidavits by the director and CEO stating that the report has been reviewed.

This procedure is included in the NAIC model law. These procedures provide a time line for completing the report process, provide for review of any concerns about information in the report, provides for documentation that the managers of the person being examined are aware of the outcome of the report.

Section 9

- This is a new section that clarifies who shall pay for defense of civil action filed for duties performed during the examination process when the substance of the suit did not substantially justify its being filed.

More often examiners are being sued regarding information found during examinations and suits are being used as a means of intimidating examiners and swaying their results. This section ensures that defense of frivolous suits will not be a cost to the examiner.

Section 10

- Addition of definition for "examiner."

Section 11

- Repeal of superfluous section.

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. HB 281

Revision Date: _____ Department Affected: Commerce & Economic Dev.
 Title: An Act relating to examination of BRU: Insurance
insurers, agents, brokers, adjusters, and Component: Operations
solicitors
 Sponsor: House Labor & Commerce
 Requestor: _____

COMPONENT SERIAL NO.

| | | | |
|--|--|--|--|
| | | | |
|--|--|--|--|

Expenditures/Revenues: (Thousands of Dollars)

| OPERATING | FY 92 | FY 93 | FY 94 | FY 95 | FY 96 | FY 97 |
|------------------------|-------|-------|-------|-------|-------|-------|
| 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 | | | | | | |

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Don Koch, Chief of Market Surveillance Phone: 465-2572
 Division: Insurance Date: 4/25/91
 Approved by Commissioner: Glenn A. Olds *[Signature]* Ant. Comm.
 Agency: Department of Commerce & Economic Development Date: 4-25-91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

HB 282: An Act relating to licensing, employing and the authority of managing general agents and defining certain terms related to insurance.

The department is in favor of this legislation.

This bill is part of a series of bills proposing changes designed to achieve accreditation for the Alaska Division of Insurance by the National Association of Insurance Commissioners (NAIC). Accreditation would mean that this state would meet the national standards considered necessary to regulate the insurance industry.

This proposed legislation is offered to serve two purposes:

1. to further incorporate the term "managing general agent" into Title 21; and
2. to adopt the provisions of the NAIC Model Act on managing general agents.

The term "managing general agent" is used more often in industry to refer to a person who would have the authority set out in this section. The term "general agent" more often refers to a person who is an employee and who does not have the extension of authority by the company that this chapter addresses. Although many amendments of the terms "general agent" to "managing general agent" have been accomplished in this bill, many other references in other areas of statute and regulation have not been addressed and instead the definitions of the terms have been adjusted to facilitate the transition.


Glenn A. Olds, Commissioner

Date: 4-25-91

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. HB 282

Revision Date: _____ Department Affected: Commerce & Economic Dev.
 Title: An Act relating to licensing, employing, and the authority of managing general agents BRU: Insurance
 Sponsor: House Labor & Commerce Component: Operations
 Requestor: _____ COMPONENT SERIAL NO.

| | | | |
|--|--|--|--|
| | | | |
|--|--|--|--|

Expenditures/Revenues: (Thousands of Dollars)

| OPERATING | FY 92 | FY 93 | FY 94 | FY 95 | FY 96 | FY 97 |
|-------------------|-------|-------|-------|-------|-------|-------|
| 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 | | | | | | |

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Don Koch, Chief of Market Surveillance Phone: 465-2572
 Division: Insurance Date: 4/25/91
 Approved by Commissioner: Glenn A. Olds
 Agency: Department of Commerce & Economic Development Date: 4-25-91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

CORRECTION

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

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. HB 282

Revision Date: _____ Department Affected: Commerce & Economic Dev.
 Title: An Act relating to licensing, employing, and the authority of managing general agents BRU: Insurance
 Component: Operations
 Sponsor: House Labor & Commerce
 Requestor: _____ **COMPONENT SERIAL NO.**

| | | | |
|--|--|--|--|
| | | | |
|--|--|--|--|

Expenditures/Revenues: (Thousands of Dollars)

| OPERATING | FY 92 | FY 93 | FY 94 | FY 95 | FY 96 | FY 97 |
|------------------------|-------|-------|-------|-------|-------|-------|
| 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 | | | | | | |

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Don Koch, Chief of Market Surveillance Phone: 465-2572
 Division: Insurance Date: 4/25/91
 Approved by Commissioner: Glenn A. Olds *[Signature]*
 Agency: Department of Commerce & Economic Development Date: 4-25-91

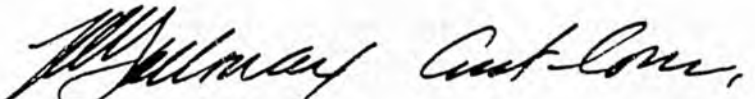
Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

HB 283: An Act relating to brokers and managers who act as reinsurance intermediaries, to duties of insurers who use a reinsurance intermediary, and defining certain terms related to insurance.

The department is in favor of this legislation.

This bill is part of a series of bills proposing changes designed to achieve accreditation for the Alaska Division of Insurance by the National Association of Insurance Commissioners (NAIC). Accreditation would mean that this state would meet the national standards considered necessary to regulate the insurance industry.

The bill adopts licensure of reinsurance intermediary brokers and managers, provides for operating requirements for those licensees, sets out duties of reinsurers utilizing reinsurance intermediary brokers or managers, and definitions. A Sectional Analysis is attached.



Glenn A. Olds, Commissioner

Date: 4-25-91

SECTIONAL ANALYSIS
OF

HB 283: An Act relating to brokers and managers who act as reinsurance intermediaries, to duties of insurers who use a reinsurance intermediary, and defining certain terms related to insurance.

Sec. 21.28.010

These are all new sections setting out a definition of reinsurance intermediary broker and reinsurance intermediary manager, who shall be licensed, gives the director authority to require a bond or errors and omissions policy of the licensee, gives the director authority to conduct examinations of the licensees, and provides for penalties and restitution for persons who are in violations of this Title.

This entire bill is an NAIC model law. It is to provide a mechanism for determining who is acting in the capacity of reinsurance intermediary for insurers in the state and for domestic insurers outside of the state. Reinsurance is an area that can be the cause of the failure of an insurer if the program is not well managed for the benefit of the insurer. Fraudulent reinsurance placement can also occur with companies that do not exist.

Sec. 21.28.020

This sets out the procedure that must be followed by reinsurance intermediary brokers. The relationship between the broker and the insurer must be recorded in a contract that has specific minimum information. The broker is required to keep specific information regarding each transaction of reinsurance for 10 years after expiration of the reinsurance contract. The insurer is given the right to copy and audit any information held by the broker dealing with the insurer's business.

It forces the parties to the reinsurance arrangement to record their agreement on paper and requires minimum records for the examination of transactions conducted by the broker. It also allows the insurer to conduct investigations of transactions conducted in its interest.

Sec. 21.28.030

This section requires insurers to only use licensed reinsurance intermediary brokers, prohibiting the employment of employees of the broker, and requiring the insurer to obtain annual statements of the financial condition of the reinsurance intermediary broker.

This makes the insurer that chooses to use a reinsurance intermediary broker to use one that is in good standing with the state, requires them to maintain independence from each other so that the results will not be a gain to any employee of the broker, and to encourage the insurer to monitor the financial standing of its broker on an annual basis.

Sec. 21.28.040

This section requires a written contract between the insurer and the manager that must have specific provisions and must be approved by the director before any transactions take place. The manager must keep specific records of each transaction for 10 years after expiration of the reinsurance contract and the manager is prohibited from several specific activities.

This cause the parties to record their agreement and ensure that the director finds it complete and not hazardous to the insurer. Minimum record requirements for the manager allows for examination of transactions by the division and specific prohibition on certain activities ensures that the manger will not exceed authority in placing some kinds of reinsurance transactions, nor commit to excessive payments, or employment employees of the reinsurer, nor transfer the manager authority to others.

Sec. 21.28.050

This section requires the use of licensed managers, the annual receipt of a copy of annual statements of financial condition of the manager, the receipt of an annual opinion of loss reserves for business in which the manger sets loss reserves maintaining of binding authority of the reinsurer for any retrocessional contracts, notification to the director of termination of a manager contract, and prohibition of the appointment of an affiliate of the manager to the board of directors of the reinsurer.

This section ensures us of licensed managers, encourages the reinsurer to monitor the financial condition of the manger, verify that reserves are adequate, hold binding authority for retrocessional contracts and not allow the manager full authority for these placements, and not allow the manager to be less than independent in its dealings with the reinsurer.

Section 2

Definition of terms.

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. HB 283

Revision Date: _____ Department Affected: Commerce & Economic Dev.
 Title: An Act relating to brokers and BRU: Insurance
managers who act as reinsurance inter- Component: Operations
mediaries
 Sponsor: House Labor & Commerce
 Requestor: _____ **COMPONENT SERIAL NO.**

| | | | |
|--|--|--|--|
| | | | |
|--|--|--|--|

Expenditures/Revenues: (Thousands of Dollars)

| OPERATING | FY 92 | FY 93 | FY 94 | FY 95 | FY 96 | FY 97 |
|------------------------|-------|-------|-------|-------|-------|-------|
| 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 | | | | | | |

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Don Koch, Chief of Market Surveillance ^(A) Phone: 465-2572
 Division: Insurance Date: 4/25/91
 Approved by Commissioner: Glenn A. Olds *Glenn A. Olds*
 Agency: Department of Commerce & Economic Development Date: 4-25-91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

**THE PRECEDING PAGES
WERE TREATED AS A UNIT
IN THE ORIGINAL FILE**

STATE OF ALASKA
1991 LEGISLATIVE SESSION

Revision Date: _____ Department Affected: Commerce & Economic Dev.
Title: An Act relating to reinsurance BRU: Insurance
credit, reserves, securities and Component: Operations
investments of certain insurers
Sponsor: House Labor & Commerce
Requestor: _____ COMPONENT SERIAL NO.

| | | | |
|--|--|--|--|
| | | | |
|--|--|--|--|

Expenditures/Revenues: (Thousands of Dollars)

| OPERATING | FY 92 | FY 93 | FY 94 | FY 95 | FY 96 | FY 97 |
|------------------------|-------|-------|-------|-------|-------|-------|
| 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 | | | | | | |

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Don Koch, Chief of Market Surveillance Phone: 465-2572
Division: Insurance Date: 4/25/91
Approved by Commissioner: Glenn A. Olds
Agency: Department of Commerce & Economic Development Date: 4-25-91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

COMMITTEE COPY

STATE OF ALASKA
1991 LEGISLATIVE SESSION

Revision Date: _____ Department Affected: Commerce & Economic Dev.
Title: An Act relating to reinsurance credit, reserves, securities and investments of certain insurers BRU: Insurance
Sponsor: House Labor & Commerce Component: Operations
Requestor: _____ COMPONENT SERIAL NO.

| | | | |
|--|--|--|--|
| | | | |
|--|--|--|--|

Expenditures/Revenues: (Thousands of Dollars)

| OPERATING | FY 92 | FY 93 | FY 94 | FY 95 | FY 96 | FY 97 |
|------------------------|----------|----------|----------|----------|----------|----------|
| 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 | | | | | | |

Estimate of current year impact:

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Don Koch, Chief of Market Surveillance Phone: 465-2572
Division: Insurance Date: 4/25/91
Approved by Commissioner: Glenn A. Olds
Agency: Department of Commerce & Economic Development Date: 4-25-91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

COMMITTEE COPY

I USE COMMITTEE REPORT

5/9/91

Judiciary
Finance

Date Referred: April 17, 1991

FURTHER REFERRALS:

Date of Committee Action: 5-7-91

The LABOR AND COMMERCE Committee considered:

HB 279

HOUSE BILL NO. 279

INSURER CREDIT, RESERVES & INVESTMENTS

"An Act relating to reinsurance credit, reserves, securities, and investments of certain insurers; and providing for an effective date."

RECOMMENDATIONS: the same title
be replaced with CS HB 279 (L+C) a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(s): _____ (Dept)

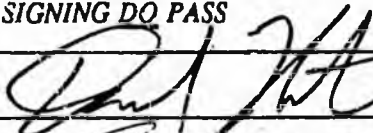
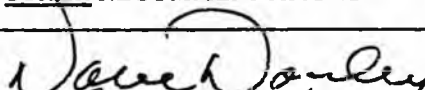
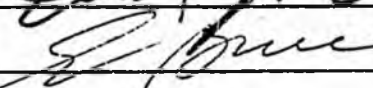




APPROVES PREVIOUS: _____ (Dept/Date)

fiscal impact _____

fiscal note(s) _____

zero fiscal note _____ DCED

zero fiscal note(s) _____

| SIGNING DO PASS | DP | OTHER RECOMMENDATIONS | DNP | NR | AM |
|--|-------------------------------------|---|-----|-------------------------------------|----|
|  FINKELSTEIN | <input checked="" type="checkbox"/> |  | | <input checked="" type="checkbox"/> | |
|  BRUCKMAN | <input checked="" type="checkbox"/> |  IVAN | | <input checked="" type="checkbox"/> | |
| | |  ZAWACKI | | <input checked="" type="checkbox"/> | |
| | |  DARNELL | | <input checked="" type="checkbox"/> | |
| | |  TAYLOR | | <input checked="" type="checkbox"/> | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |


FINKELSTEIN
CHAIRMAN'S SIGNATURE

**THE FOLLOWING PAGES
WERE TREATED AS A UNIT
IN THE ORIGINAL FILE**

Knoll & Tract

A PARTNERSHIP INCLUDING A PROFESSIONAL CORPORATION

500 Fifth Avenue
New York, New York 10110

(212) 921-9100

TELEX

WUI 668838 KROLAWNY

WU 645461 KROLAWNY

TELECOPIER (212) 869-3657

6500 WILSHIRE BOULEVARD
LOS ANGELES, CA 90048
(213) 857-5080
TELECOPIER (213) 857-5090

1133 21ST STREET, N.W.
WASHINGTON, D.C. 20036-3002
(202) 467-4730
TELECOPIER (202) 467-4731

201 SOUTH BISCAYNE BOULEVARD
MIAMI, FLORIDA 33131
(305) 577-4848
TELEX 808094
TELECOPIER (305) 577-3417

201 NORTH CHARLES STREET
BALTIMORE, MARYLAND 21201
(301) 539-1171
TELEX 5101010278 KROLAW BAL
TELECOPIER (301) 539-1179

700 LOUISIANA STREET
SUITE 2620
HOUSTON, TEXAS 77002
(713) 228-3100
TELEX 430265
TELECOPIER (713) 228-2219

15 COURT SQUARE
BOSTON, MA 02108-2584
(617) 742-3530
TELECOPIER (617) 227-0201

ASIA HOUSE
31 / 33 LIME STREET
LONDON EC3M 7HR, ENGLAND
621-1142
TELEX 8955700 KROLAW LDN
TELECOPIER 283-6391

32 RUE LA BOETIE
75008 PARIS, FRANCE
4563. 18. 10
TELEX 643752
TELECOPIER 45633494

SUITE 330-BCX 10
120 MINEOLA BOULEVARD
MINEOLA, NY 11501
(516) 747-7333
TELECOPIER (516) 747-3540

11 MARTINE AVENUE
WHITE PLAINS, NEW YORK 10606
(914) 946-0773
TELECOPIER (914) 946-2216

4 GATEWAY CENTER
100 MULBERRY STREET
NEWARK, NEW JERSEY 07102-4070
(201) 622-3955
TELECOPIER (201) 622-1112

May 10, 1991

VIA FEDERAL EXPRESS

Representative Dave Donley
House Judiciary Committee
Alaska House of Representatives
Capitol Room 120
Capitol Building
Juneau, Alaska 99811

Dear Dave:

When I met with you at the COIL meeting in Florida, I didn't expect to ask for your support regarding legislation (so soon)!!

I've enclosed a letter of support for H.#279 sent to the Chairman of the Committee that introduced the bill, the House Labor and Commerce Committee.

Our firm is general counsel for the Institute of London Underwriters ("the Institute") which, as an association for 116 companies underwriting marine and aviation insurance and reinsurance risks, plays a central role in the administration of marine, aviation and transportation insurance.

H. 279 follows the format of the Credit for Reinsurance Model law adopted by the National Association of Insurance Commissioners. Section 1(a)(4)(A)(v) of H.B. 279 provides for accreditation of the Institute. This provision will permit the Institute to offer marine, aviation and transportation reinsurance coverage in Alaska.

Rep. Dave Donley
May 10, 1991
Page 2

The Institute's enormous capacity will result in price competition that will benefit the Alaska consumer. The Institute provides a great deal of capacity with the highest degree of solvency. Indeed, in the recent Congressional report highly critical of the regulatory attention paid to the solvency of insurers and reinsurers alike, the Institute of London Underwriters was singled out for the attention it pays to solvency (Report of the U.S. House of Representatives, Committee Energy and Commerce, Oversight and Investigations Subcommittee, February, 1990.)

We would be most happy to provide any information necessary to support this provision, and would be willing to testify on behalf of this legislation at any House hearings.

I have attached a packet which provides further information about the Institute.

Sincerely,



Kenneth D. Merin

KDM/pjc
Encl.

Knoll & Tract

Kroll & Tract

A PARTNERSHIP INCLUDING A PROFESSIONAL CORPORATION

*500 Fifth Avenue
New York, New York 10110*

(212) 921-9100
TELEX
WUI 668838 KROLAWNY
WU 645461 KROLAWNY
TELECOPIER (212) 869-3657

6500 WILSHIRE BOULEVARD
LOS ANGELES, CA 90048
(213) 957-5080
TELECOPIER (213) 857-5090

1133 21ST STREET, N.W.
WASHINGTON, D.C. 20036-3002
(202) 467-4730
TELECOPIER (202) 467-4731

201 SOUTH BISCAYNE BOULEVARD
MIAMI, FLORIDA 33131
(305) 577-4848
TELEX 808094
TELECOPIER (305) 577-3417

201 NORTH CHARLES STREET
BALTIMORE, MARYLAND 21201
(301) 539-1171
TELEX 5101010278 KROLAW BAL
TELECOPIER (301) 539-1179

700 LOUISIANA STREET
SUITE 2620
HOUSTON, TEXAS 77002
(713) 228-3100
TELEX 430265
TELECOPIER (713) 228-2219

15 COURT SQUARE
BOSTON, MA 02108-2594
(617) 742-3530
TELECOPIER (617) 227-0201

ASIA HOUSE
31 / 33 LIME STREET
LONDON EC3M 7HR, ENGLAND
621-1142
TELEX 8955700 KROLAW LDN
TELECOPIER 283-6391

32 RUE LA BOETIE
75008 PARIS, FRANCE
4563. 18. 10
TELEX 543752
TELECOPIER 45633494

SUITE 330-BOX 10
120 MINEOLA BOULEVARD
MINEOLA, NY 11501
(516) 747-7333
TELECOPIER (516) 747-3540

11 MARTINE AVENUE
WHITE PLAINS, NEW YORK 10606
(914) 946-0773
TELECOPIER (914) 946-2216

4 GATEWAY CENTER
100 MULBERRY STREET
NEWARK, NEW JERSEY 07102-4070
(201) 622-3955
TELECOPIER (201) 622-1112

May 10, 1991

VIA FEDERAL EXPRESS

Representative David Finkelstein
House Labor and Commerce Committee
Alaska House of Representatives
Capitol Room 15
Capitol Building
Juneau, Alaska 99811

Re: H.B. #279

Dear Representative Finkelstein:

Our firm is general counsel for the Institute of London Underwriters ("the Institute") which, as an association for 116 companies underwriting marine and aviation insurance and reinsurance risks, plays a central role in the administration of marine, aviation and transportation insurance.

The purpose of this letter is to inform you of our support for H.B. 279. This bill follows the format of the Credit for Reinsurance Model law adopted by the National Association of Insurance Commissioners. Section 1(a)(4)(A)(v) of H.B. 279 provides for accreditation of the Institute. This provision will permit the Institute to offer marine, aviation and transportation reinsurance coverage in Alaska.

The Institute's enormous capacity will result in price competition that will benefit the Alaska consumer. The Institute provides a great deal of capacity with the highest degree of solvency. Indeed, in the recent Congressional report highly critical of the regulatory attention paid to the solvency of insurers and reinsurers alike, the Institute of London Underwriters was singled out for the attention it pays to solvency (Report of the U.S. House of Representatives, Committee Energy and Commerce, Oversight and Investigations Subcommittee, February, 1990.)

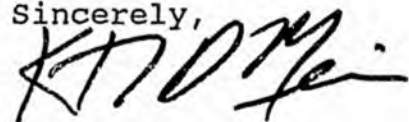
Representative Finkelstein
May 10, 1991
Page 2

We have just learned that H. 279 has been referred to the House Judiciary Committee, and wanted to go on record as endorsing this proposal as one which will work to the economic benefit of the citizens of Alaska.

We would be most happy to provide any information necessary to support this provision, and would be willing to testify on behalf of this legislation at any House hearings.

I have attached a packet which provides further information about the Institute.

Sincerely,



Kenneth D. Merin

KDM/pjc
Encl.

cc: David Donley

MEMBERS

Members at January 1, 1990

- Aegon Insurance Company (U.K.) Limited
AG 1830 - Compagnie Belge d'Assurances
Generales
Albion Insurance Co., Ltd.
Alliance Assurance Co., Ltd.
Allianz International Insurance Co., Ltd.
Andrew Weir Insurance Co., Ltd.
Assicurazioni Generali S.p.A.
Assurances Generales de France I.A.R.T.
Atlantic Mutual Insurance Co.
Atlas Assurance Co., Ltd.
Aviation & General Insurance Co. Ltd.
The Baloise Insurance Co., Ltd.
Baltica Insurance Company (U.K.) Ltd.
Bishopsgate Insurance Limited
The British Aviation Insurance Co., Ltd.
British & European Reinsurance Company
Limited
The British & Foreign Marine Insurance
Co., Ltd.
CIGNA Insurance Company of Europe
s.a.-n.v.
CIGNA Reinsurance Company (U.K.)
Limited
City Insurance Company (U.K.) Ltd.
Colbourne Insurance Co., Ltd.
Colonia Insurance Co. (U.K.) Ltd.
Commercial Union Assurance Co. plc
Compagnie d'Assurances Maritimes
Aeriennes et Terrestres
La Concorde Compagnie d'Assurances
Contre les Risques de Toute Nature
The Continental Insurance Co. (U.K.) Ltd.
The Copenhagen Reinsurance Company
(UK) Ltd.
Cornhill Insurance PLC
Dai-Tokyo Insurance Co. (U.K.) Ltd.
Dowa Insurance Company (U.K.) Ltd.
Eagle Star Insurance Co. Ltd.
English & American Insurance Co., Ltd.
English & Scottish Maritime & General
Insurance Co., Ltd.
Excess Insurance Co., Ltd.
Federal Insurance Co.
Folksam International Insurance Co.
(U.K.) Ltd.
Forsikringsaktieselskabet Hafnia
Frankona Reinsurance Company (U.K.)
Limited
Fuji Fire & Marine Insurance Company
(U.K.) Ltd.
GAN Incendie Accidents
General Accident Fire and Life Assurance
Corp., p.l.c.
General Accident Reinsurance Co., Ltd.
- Gerling-Konzern Allgemeine
Versicherungs - AG
GRE (U.K.) Ltd.
Guardian Royal Exchange Assurance plc
Hansa Marine Insurance Co. (U.K.) Ltd.
Hibernian Insurance Company Limited
The Indemnity Marine Assurance Co., Ltd.
Insurance Company of North America
(U.K.) Ltd.
International Insurance Company of
Hannover Ltd.
Legal & General Assurance Society Ltd.
Liberty Mutual Insurance Co.
(Massachusetts) Ltd.
Liverpool Marine & General Insurance
Co., Ltd.
Lombard Continental Insurance plc
London & Aachen Munich Marine
Insurance Co., Ltd.
London & Edinburgh Insurance Company
Limited
The London Assurance
London & Hull Maritime Insurance Co.,
Ltd.
The London & Overseas Insurance
Company P.L.C.
Malvern Insurance Co., Ltd.
The Marine Insurance Co., Ltd.
Maritime Insurance Co., Ltd.
The Mercantile and General Reinsurance
Co. plc
Minster Insurance Co., Ltd.
Les Mutuelles du Mans i.a.r.d.
Navigators & General Insurance Co., Ltd.
Neuchatel Swiss General Insurance Co.,
Ltd.
New Hampshire Insurance Co.
The New India Assurance Co., Ltd.
The New Zealand Insurance plc
Nippon Insurance Company of Europe
Limited
The Northern Assurance Co., Ltd.
Norwich Union Fire Insurance Society Ltd.
NRG Fenchurch Insurance Company Ltd.
The Ocean Marine Insurance Co., Ltd.
The Orion Insurance Co., P.L.C.
La Paternelle Risques Divers
Pearl Assurance Public Limited Company
Phoenix Assurance Public Limited
Company
Pohjola Insurance Co. (U.K.) Ltd.
Presence Assurances
Preservatrice-Fonciere T.I.A.R.D.
Compagnie D'Assurances
The Prudential Assurance Co., Ltd.
- La Reunion Francaise Societe Anonyme
d'Assurances et de Reassurances
River Thames Insurance Co., Ltd.
Road Transport & General Insurance Co.,
Ltd.
Royal Exchange Assurance
Royal Insurance (U.K.) Ltd.
SCOR (U.K.) Reinsurance Co. Ltd.
The Scottish Lion Insurance Co., Ltd.
The Sea Insurance Co., Ltd.
Sirius Insurance Co. (U.K.) Ltd.
Sirius (UK) Insurance PLC
Skandia U.K. Insurance p.l.c.
Sovereign Marine & General Insurance
Co., Ltd.
Sphere Drake Insurance plc
Stockholm Reinsurance Company (UK)
Limited
Storebrand Insurance Co. (U.K.) Ltd.
The Sumitomo Marine & Fire Insurance
Co. (Europe) Ltd.
Sun Insurance Office Ltd.
Swiss Reinsurance Co. (U.K.) Ltd.
Switzerland Insurance Company UK
Limited
Taisho Marine & Fire Insurance Co. (U.K.)
Ltd.
Terra Nova Insurance Company Ltd.
The Threadneedle Insurance Co., Ltd.
The Toa-Re Insurance Company (U.K.)
Ltd.
The Tokio Marine & Fire Insurance Co.
(U.K.) Ltd.
Ulster Marine Insurance Co., Ltd.
L'Union des Assurances de Paris I.A.R.D.
The Union Marine & General Insurance
Co., Ltd.
Uni-Polaris Insurance Company Limited
Vesta (U.K.) Insurance Co., Ltd.
The Victory Reinsurance Co., Ltd.
Wausau Insurance Company (U.K.) Ltd.
Wurtembergische Feuerversicherung AG
The Yasuda Fire & Marine Insurance Co.
of Europe Ltd.
Yorkshire Insurance Co., Ltd.
Zurich Re (UK) Ltd.

HONORARY MEMBERS

- P. R. Dugdale, CBE
L. A. Locke
A. E. Mann
E. D. Rainbow, OBE
H. G. Merriman, BEM

AFFILIATE MEMBER

- The Liverpool Underwriters' Association