

ALASKA LEGISLATURE COMMITTEE FILES 1991-1992 8672

7089 HOUSE LABOR & COMMERCE

<p>Sec. 21.27.690. OPERATING REQUIREMENTS FOR REINSURANCE INTERMEDIARY BROKERS. (a) Except as provided in (b) of this section, an insurer may not transact business with a reinsurance intermediary broker unless the insurer holds a certificate of authority in this state, the reinsurance intermediary broker is licensed in this state, and there is in effect a written contract between the parties that establishes the responsibilities of each party, indicates each party's share of responsibility for each particular function, and specifies the division of responsibilities. The written contract shall be kept in the permanent records of the insurer and the reinsurance intermediary broker, be open to inspection by the director, and must contain the following minimum provisions:</p>		<p>From NAIC Model. Establishes minimum standards for operations of a reinsurance intermediary broker. Written contract required and minimum provisions established.</p>
<p>(1) the insurer may terminate the reinsurance intermediary broker's authority at any time by written notice sent by certified mail;</p>		<p>See comments on AS 21.27.690(a). Written contract required and minimum provisions established. Establishes termination procedure.</p>
<p>(2) the reinsurance intermediary broker shall render accounts to the insurer detailing all transactions including information necessary to support all commissions, charges, and other fees received by or owing to the reinsurance intermediary broker and remit the money due under the contract to the insurer within 30 days of receipt;</p>		<p>See comments on AS 21.27.690(a). Written contract required and minimum provisions established. Requires monthly accounting.</p>
<p>(3) money collected for the account of an insurer shall be held by the reinsurance intermediary broker in a fiduciary account required under AS 21.27.360; the reinsurance intermediary broker shall comply with applicable fiduciary account statutes and regulations;</p>		<p>See comments on AS 21.27.690(a). Written contract required and minimum provisions established.</p>

<p>(4) the reinsurance intermediary broker shall maintain separate accounts and records for each insurer and maintain the records in a form usable by the insurer; the insurer or the authorized representative of the insurer shall have access and the right to audit and the right to copy all accounts and records related to the insurer's business; the director, in addition to the other authority granted in this title, shall have access to all books, bank accounts, and records of the insurance intermediary broker in a form usable to the director;</p>		<p>See comments on AS 21.27.690(a). Written contract required and minimum provisions established. Requires separate records for each insurer.</p>
<p>(5) the insurer shall establish written standards for the cession or retrocession of all risks, and the reinsurance intermediary broker shall comply with those standards;</p>		<p>See comments on AS 21.27.690(a). Written contract required and minimum provisions established. Insurer must provide underwriting guides.</p>
<p>(6) the reinsurance intermediary broker shall disclose to the insurer all its relationships with insurers and reinsurers to whom risks are ceded or retroceded; and</p>		<p>See comments on AS 21.27.690(a). Written contract required and minimum provisions established. Disclosure of other contracts required.</p>
<p>(7) the contract may not be assigned in whole or in part by the reinsurance intermediary broker.</p>		<p>See comments on AS 21.27.620(a). Written contract required and minimum provisions established. Contract not assignable.</p>

<p>(b) A domestic insurer may use a nonresident reinsurance intermediary broker who is not licensed under this chapter if the person is licensed in good standing as a resident reinsurance intermediary broker by an insurance regulator accredited by the National Association of Insurance Commissioners. Upon written request, the director may grant written permission for a domestic insurer to use an alien reinsurance intermediary broker not licensed by a jurisdiction without a place of business in a jurisdiction subject to accreditation by the National Association of Insurance Commissioners if the alien reinsurance intermediary broker is licensed in good standing by its domiciliary insurance regulator. The domestic insurer and unlicensed reinsurance intermediary broker are subject to all other requirements of this section.</p>		<p>Procedure established for use of a foreign reinsurance intermediary broker.</p>
<p>(c) An insurer may not employ a person who is employed by a reinsurance intermediary broker with which it transacts business, unless the reinsurance intermediary broker is under common control with the insurer and subject to AS 21.22.</p>		<p>Arms length relationship required to avoid conflict of interest.</p>
<p>(d) In a form acceptable to the director, a reinsurance intermediary broker shall annually provide and an insurer shall annually obtain a copy of certified financial statements of each reinsurance intermediary broker with which the insurer has done business, prepared by the independent certified public accountant.</p>		<p>Annual statements required of a reinsurance intermediary broker.</p>

<p>(e) If the director determines after a hearing under AS 21.06.170 - 21.06.240 that a reinsurance intermediary broker caused losses arising out of a violation of AS 21.27.670 - 21.27.700 to an insurer or reinsurer, the director may order the reinsurance intermediary broker to make restitution to the insurer, reinsurer, rehabilitator, or liquidator of the insurer or reinsurer for the net losses incurred by the insurer or reinsurer. Restitution ordered under this subsection is in addition to any other liability of the reinsurance intermediary broker and does not affect the rights of a policyholder, claimant, creditor, or third party.</p>		<p>Allows director to protect assets of insurer by ordering restitution by a reinsurance intermediary broker if its illegal activities led to loss by the insurer</p>
<p>(f) In addition to any other penalty provided by law, a person who violates this section is subject to the penalties provided under AS 21.27.440 and an insurer's certificate of authority may be suspended or revoked.</p>		<p>Penalty provision.</p>
<p>Sec. 21.27.700. REINSURANCE INTERMEDIARY BROKER RECORDS. In addition to any other records requirements under this title, a reinsurance intermediary broker shall maintain in organized form a record of each transaction including</p>		<p>Establishes record keeping minimum standards.</p>
<p>(1) the type of contract, limits, underwriting restrictions, classes or risks, and territory;</p>		<p>See comments on AS 21.27.700.</p>
<p>(2) the period of coverage, including effective and expiration dates, cancellation provisions, and required notice of cancellation;</p>		<p>See comments on AS 21.27.700.</p>
<p>(3) the reporting and settlement requirements of balances;</p>		<p>See comments on AS 21.27.700.</p>
<p>(4) the rate used to compute the reinsurance premium;</p>		<p>See comments on AS 21.27.700.</p>

Proposed Legislation	Existing Statute	Comments
(5) the names and addresses of reinsurers;		See comments on AS 21.27.700.
(6) the rate of all reinsurance commissions, including the commissions on retrocessions handled by the reinsurance intermediary broker;		See comments on AS 21.27.700.
(7) the related correspondence and memoranda;		See comments on AS 21.27.700.
(8) the proof of placement;		See comments on AS 21.27.700.
(9) the details regarding retrocessions handled by the reinsurance intermediary broker including the identity of retrocessionaires and the percentage of each contract assumed or ceded;		See comments on AS 21.27.700.
(10) the financial records of premium and loss accounts;		See comments on AS 21.27.700.
(11) if the reinsurance intermediary broker procures a reinsurance contract on behalf of an admitted ceding insurer		See comments on AS 21.27.700.
(A) written evidence directly from an assuming reinsurer that it has agreed to assume the risk; or		See comments on AS 21.27.700.
(B) written evidence, if placed through a representative of the assuming reinsurer other than an employee, that the reinsurer had delegated binding authority to the representative; and		See comments on AS 21.27.700.
(12) additional information that is customary or that may be required by the director.		See comments on AS 21.27.700.
ARTICLE 5. REINSURANCE INTERMEDIARY MANAGERS.		

<p>Sec. 21.27.730. REINSURANCE INTERMEDIARY MANAGER QUALIFICATIONS. (a) In addition to the general qualifications under AS 21.27.020, to qualify for issuance or renewal of a reinsurance intermediary manager license, an applicant or licensee shall have at least three years active working experience within the previous 10 calendar years in insurance administrative functions, that, in the director's opinion, exhibit the applicant's abilities to competently perform the functions for all kinds and classes of insurance applied for.</p>		<p>New NAIC Model. Establishes qualifications for the reinsurance intermediary manager license</p>
<p>(b) The director may require that a reinsurance intermediary manager maintain</p>		<p>For public protection, director has discretion to require bond and errors & omissions liability insurance by a reinsurance intermediary manager.</p>
<p>(1) a bond with admitted insurers authorized to transact surety insurance in an amount acceptable to the director and with a condition that the reinsurance intermediary manager conduct business as required under this title; and</p>		<p>See comments on AS 21.27.730(b).</p>
<p>(2) an errors and omissions insurance policy acceptable to the director.</p>		<p>See comments on AS 21.27.730(b).</p>
<p>Sec. 21.27.740. TRAINEE REINSURANCE INTERMEDIARY MANAGERS. (a) An individual licensed in this state as an insurance producer who does not have the experience required of a reinsurance intermediary manager, but who otherwise meets the requirements of AS 21.27.730, may be employed by a licensed reinsurance intermediary manager as a trainee reinsurance intermediary manager, subject to the provisions of this section.</p>		<p>Establishes trainee license for person who has not passed required examinations.</p>

<p>(b) Before an individual may transact insurance as a trainee reinsurance intermediary manager, the reinsurance intermediary manager employing the trainee reinsurance intermediary manager shall submit to the director the application of the trainee reinsurance intermediary manager, with the fee set under AS 21.06.250, and receive the trainee reinsurance intermediary manager license.</p>		See comments on AS 21.27.740(a).
<p>(c) Upon satisfying the experience requirement, a trainee reinsurance intermediary manager shall apply within 30 days for a reinsurance intermediary manager license.</p>		See comments on AS 21.27.740(a).
<p>(d) A trainee reinsurance intermediary manager shall at all times be working at the direction and under the supervision of the employing licensed reinsurance intermediary manager, and the file and record documentation must reflect the direction and supervision. Insurance activities must be in the name of the employing reinsurance intermediary manager, who is responsible for all insurance actions of the trainee reinsurance intermediary manager.</p>		See comments on AS 21.27.740(a).
<p>(e) A trainee reinsurance intermediary manager is restricted to assisting the employing licensed reinsurance intermediary manager in preparing applications; binders; certificates of insurance; schedules of equipment, vehicles, and drivers; loss notices to insurers; and invoices; and to performing clerical functions for which a license is not required. The file and record documentation must reflect compliance with this subsection.</p>		See comments on AS 21.27.740(a).

<p>(f) A trainee reinsurance intermediary manager may not transact business with clients, insurers, or reinsurers unless a reinsurance intermediary manager is physically present in the same place of business as the trainee or physically accompanies the trainee if business is transacted away from the place of business.</p>		<p>See comments on AS 21.27.740(a).</p>
<p>(g) In addition to any other penalty provided by law,</p>		<p>See comments on AS 21.27.740(a).</p>
<p>(1) a trainee reinsurance intermediary manager who the director determines has violated the provisions of this section shall have its license revoked; a licensee or other person having possession or custody of the license shall immediately surrender the license to the director either personally or by certified mail;</p>		<p>See comments on AS 21.27.740(a).</p>
<p>(2) if the director determines under AS 21.06.170 - 21.06.240 that the employing reinsurance intermediary manager knew of or should have known that a trainee reinsurance intermediary manager violated this section, the employing reinsurance intermediary manager and firm, principal, and manager, if any, are subject to the penalties provided under AS 21.27.440.</p>		<p>See comments on AS 21.27.740(a).</p>
<p>Sec. 21.27.750. AUTHORITY OF REINSURANCE INTERMEDIARY MANAGERS. A reinsurance intermediary manager has only the authority that is consistent with this title and that is conferred by the reinsurer. A reinsurance intermediary manager, resident or nonresident, qualified and licensed under this chapter, may exercise the powers conferred by this title upon insurance producers and independent adjusters only for the kinds or classes of insurance and within the scope that reinsurance intermediary is authorized by the reinsurer appointing the reinsurance intermediary manager.</p>		<p>Establishes the scope of authority for a reinsurance intermediary manager.</p>

<p>Sec. 21.27.760. OPERATING REQUIREMENTS FOR REINSURANCE INTERMEDIARY MANAGERS. (a) A reinsurer may not transact business with a reinsurance intermediary manager unless there is in effect a written contract approved by the reinsurer's board of directors between the parties that establishes the responsibilities of each party, indicates each party's share of responsibility for each particular function, and specifies the division of responsibilities.</p>		<p>From NAIC Model. Establishes minimum standards for operations of a reinsurance intermediary manager. Written contract required and minimum provisions established.</p>
<p>(b) The contract required under (a) of this section must include the following provisions:</p>		<p>See comments on AS 21.27.760(a). Written contract required and minimum provisions established.</p>
<p>(1) the reinsurer may terminate the contract for cause upon written notice sent by certified mail to the reinsurance intermediary manager and may suspend the underwriting authority of the reinsurance intermediary manager during a dispute regarding the cause for termination;</p>		<p>See comments on AS 21.27.760(b). Establishes termination procedure.</p>
<p>(2) the reinsurance intermediary manager shall render accounts to the reinsurer detailing all transactions including information necessary to support all commissions, charges, and other fees received by or owing to the reinsurance intermediary manager and remit all money due under the contract to the insurer at least monthly;</p>		<p>See comments on AS 21.27.760(b). Monthly accounting required.</p>
<p>(3) money collected for the account of a reinsurer shall be held by the reinsurance intermediary manager in a fiduciary account as described under AS 21.27.360;</p>		<p>See comments on AS 21.27.760(b). Fiduciary account required.</p>
<p>(4) the reinsurance intermediary manager shall comply with applicable fiduciary account statutes and regulations;</p>		<p>See comments on AS 21.27.760(b). Fiduciary account required.</p>

<p>(5) the reinsurance intermediary manager shall maintain a separate bank account for each reinsurer that it represents;</p>		<p>See comments on AS 21.27.760(b). Fiduciary account required.</p>
<p>(6) a fiduciary account must be used for all payments on behalf of the reinsurer;</p>		<p>See comments on AS 21.27.760(b). Fiduciary account required.</p>
<p>(7) the reinsurance intermediary manager may retain not more than three months estimated claims payments and allocated loss adjustment expenses;</p>		<p>See comments on AS 21.27.760(b). Protects assets of reinsurer.</p>
<p>(8) the reinsurance intermediary manager shall maintain separate accounts and records for each reinsurer and maintain the records in a form usable by the reinsurer; the reinsurer or its authorized representative shall have access and the right to audit and the right to copy all accounts and records related to the reinsurer's business; the director, in addition to the other authority granted in this title, shall have access to all books, bank accounts, and records of the reinsurance intermediary manager in a form usable to the director;</p>		<p>See comments on AS 21.27.760(b). Separate records required for each reinsurer.</p>
<p>(9) the contract may not be assigned in whole or in part by the reinsurance intermediary manager;</p>		<p>See comments on AS 21.27.760(b). Contract not assignable.</p>
<p>(10) the reinsurer shall establish written underwriting and rating standards for the acceptance, rejection, or cession of all risks and the reinsurance intermediary manager shall comply with the standards;</p>		<p>See comments on AS 21.27.760(b). Reinsurer must provide underwriting guide.</p>
<p>(11) compensation including rates, terms, purposes of commissions, charges, and other fees that the reinsurance intermediary manager may levy against the reinsurer;</p>		<p>See comments on AS 21.27.760(b). Reinsurer must provide underwriting guide.</p>
<p>(12) if the contract permits the reinsurance intermediary manager to settle claims on behalf of the reinsurer,</p>		<p>See comments on AS 21.27.760(b). Reinsurer must provide claims guides.</p>

Proposed Legislation	Existing Stat	Comments
(A) written settlement authority must be provided by the reinsurer and may be terminated for cause upon the insurer's written notice by certified mail to the reinsurance intermediary manager or upon the termination of the contract; the reinsurer may suspend the settlement authority during a dispute regarding the cause of termination;		See comments on AS 21.27.760(b). Reinsurer must provide claims guides.
(B) claims shall be reported to the reinsurer within 30 days;		See comments on AS 21.27.760(b). Reinsurer must provide claims guides.
(C) a copy of the claim file shall be sent to the reinsurer upon request or as soon as it becomes known that the claim		See comments on AS 21.27.760(b). Reinsurer must provide claims guides.
(i) has the potential to exceed an amount determined by the director or exceeds the limit set by the insurer, whichever is less;		See comments on AS 21.27.760(b). Reinsurer must provide claims guides.
(ii) involves a coverage dispute;		See comments on AS 21.27.760(b). Reinsurer must provide claims guides.
(iii) may exceed the reinsurance intermediary manager's claims settlement authority;		See comments on AS 21.27.760(b). Reinsurer must provide claims guides.
(iv) is open for more than six months;		See comments on AS 21.27.760(b). Reinsurer must provide claims guides.
(v) involves extra contractual allegations; or		See comments on AS 21.27.760(b). Reinsurer must provide claims guides.
(vi) is closed by payment in excess of an amount set by the director or an amount set by the insurer, whichever is less;		See comments on AS 21.27.760(b). Reinsurer must provide claims guides.

Proposed Legislation	Existing Statute	Comments
(D) the reinsurance intermediary manager shall comply with unfair claims settlement statutes and regulations;		See comments on AS 21.27.760(b). Reinsurer must provide claims guides.
(E) transmission of electronic data at least once a month if electronic claims files are in existence;		See comments on AS 21.27.760(b). Reinsurer must provide claims guides.
(F) claim files shall be the property of both the reinsurer and reinsurance intermediary manager, but upon an order of liquidation of the reinsurer, the files shall become the sole property of the reinsurer or the reinsurer's estate; the reinsurance intermediary manager shall have reasonable access to and the right to copy the files on a timely basis;		See comments on AS 21.27.760(b). Reinsurer must provide claims guides.
(13) if the contract provides for sharing of interim profits by the reinsurance intermediary manager, the interim profits may not be paid until		See comments on AS 21.27.760(b). Profit sharing accounting guidelines established.
(A) one calendar year after the end of each underwriting period for property risks and five years after the end of each underwriting period for casualty risks;		See comments on AS 21.27.760(b). Profit sharing accounting guidelines established.
(B) a later period established by the director for specified kinds or classes of insurance; and		See comments on AS 21.27.760(b). Profit sharing accounting guidelines established.
(C) the profits have been verified under (e)(2) of this section;		See comments on AS 21.27.760(b). Profit sharing accounting guidelines established.
(14) the reinsurance intermediary manager may not		See comments on AS 21.27.760(b). Prohibited activities.

<p>(A) cede retrocessions on behalf of the reinsurer, except that the reinsurance intermediary manager may cede facultative retrocessions under obligatory agreements if the contract with the reinsurer contains reinsurance underwriting guidelines including a list of reinsurers with which automatic agreements are in effect, and, for each reinsurer, the coverage and amounts and percentages that may be reinsured, and commission schedules;</p>		<p>See comments on AS 21.27.760(b). Prohibited activities. Protects assets of reinsurer.</p>
<p>(B) commit the reinsurer to participate in reinsurance syndicates;</p>		<p>See comments on AS 21.27.760(b). Prohibited activities. Protects assets of reinsurer.</p>
<p>(C) appoint a subagent unless the scope of the subagent's license as an insurance producer includes the kinds and classes of insurance for which the subagent is appointed;</p>		<p>See comments on AS 21.27.760(b). Prohibited activities. The reinsurance intermediary manager must assure that subagents are adequately licensed.</p>
<p>(D) pay or commit the reinsurer to pay a claim, net of retrocessions, the amount of which exceeds one percent of the reinsurer's policyholder's surplus as of December 31 of the last completed calendar year without the prior written approval of the reinsurer for the settlement and the approval is received after the reinsurer has been notified in writing that the claim settlement will exceed one percent of the reinsurer's policyholder's surplus as of December 31 of the last completed calendar year;</p>		<p>See comments on AS 21.27.760(h). Prohibited activities. Protects assets of reinsurer.</p>

<p>(E) collect payment from a retrocessionaire or commit the reinsurer to a claim settlement with a retrocessionaire without prior written approval of the reinsurer, but if prior written approval is given, a complete report shall be forwarded to the reinsurer within 30 days;</p>		<p>See comments on AS 21.27.760(b). Prohibited activities. Protects assets of reinsurer.</p>
<p>(F) jointly employ an individual who is employed with the reinsurer; or</p>		<p>See comments on AS 21.27.760(b). Prohibited activities. Arms length relationship required to avoid conflict of interest.</p>
<p>(G) delegate reinsurance intermediary manager authority to another person;</p>		<p>See comments on AS 21.27.760(b). Prohibited activities. Arms length relationship required to avoid conflict of interest.</p>
<p>(15) if the insurer is domiciled in this state or the reinsurance intermediary manager has a place of business in this state, a copy of the contract must be filed with and approved by the director at least 30 days before the reinsurance intermediary manager transacts business on behalf of the reinsurer; and</p>		<p>See comments on AS 21.27.760(b). Director approval of domestic reinsurer or reinsurance intermediary manager contracts required.</p>
<p>(16) if the contract is not required to be approved in advance by the director, the insurer shall provide written notification to the director within 30 days of the entry into or termination of a contract with a reinsurance intermediary manager; the notice must include a statement of duties to be performed by the reinsurance intermediary manager on behalf of the reinsurer, the kinds and classes of insurance for which the reinsurance intermediary manager has authorization to act, and other information required by the director.</p>		<p>See comments on AS 21.27.760(b). Notice required to director if contract cancelled.</p>

<p>(c) Binding authority for all retrocession contracts or participation in reinsurance syndicates may only rest with an officer of the reinsurer who is not affiliated with a reinsurance intermediary manager.</p>		<p>Requires top management oversight concerning binding authority of reinsurance intermediary manager.</p>
<p>(d) In a form acceptable to the director, a reinsurance intermediary manager shall annually provide and a reinsurer shall annually obtain a copy of certified financial statements of each reinsurance intermediary manager that the reinsurer has used, prepared by an independent certified public accountant.</p>		<p>Annual reports of reinsurance intermediary manager required.</p>
<p>(e) The reinsurer shall</p>		
<p>(1) at least semiannually conduct an on-site review of the underwriting and claims processing operations of each reinsurance intermediary manager;</p>		<p>Assures insurer oversight of reinsurance intermediary manager required.</p>
<p>(2) in addition to any other required loss reserve certification, annually obtain the opinion of an independent qualified actuary attesting to the adequacy of loss reserves established for losses incurred and outstanding on business produced by the reinsurance intermediary manager if a reinsurance intermediary manager establishes loss reserves; the reinsurer retains an independent responsibility to determine the adequacy of its loss reserves, including those established by its reinsurance intermediary manager; and</p>		<p>Assures adequate reserves. Independent valuation of reserves.</p>
<p>(3) provide written notification to the director by certified mail within 30 days of the termination of a contract with a reinsurance intermediary manager.</p>		<p>Notice required to director if contract cancelled.</p>
<p>(f) The reinsurance intermediary manager shall disclose to the reinsurer a relationship with an insurer before ceding or assuming risks with the insurer under the contract.</p>		<p>Requires reinsurance intermediary manager disclosure of relationship with reinsurer to avoid conflicts of interest.</p>

Proposed Legislation	Existing Statute	Comments
<p>(g) A reinsurer may not appoint to its board of directors an officer, director, employee, subagent, insurance producer, or controlling shareholder of its reinsurance intermediary manager.</p>		<p>Arms length relationship required to avoid conflict of interest.</p>
<p>(h) Within the scope of the actual or apparent authority, the acts of the reinsurance intermediary manager are considered the acts of the reinsurer upon whose behalf it is acting.</p>		<p>Declares relationship of reinsurance intermediary manager with reinsurer.</p>
<p>(i) A reinsurance intermediary manager may be examined by the director as if it were the insurer.</p>		<p>Examination procedure.</p>
<p>(j) If the director determines after a hearing under AS 21.06.170 - 21.06.240 that a reinsurance intermediary manager caused losses arising out of a violation of AS 21.27.730 - 21.27.770 to an insurer or reinsurer, the director may order the reinsurance intermediary manager to make restitution to the insurer, reinsurer, rehabilitator, or liquidator of the insurer or reinsurer for the net losses incurred by the insurer or reinsurer. Restitution ordered under this subsection is in addition to any other liability of the reinsurance intermediary manager and does not affect the rights of a policyholder, claimant, creditor, or third party.</p>		<p>Allows director to protect assets of insurer by ordering restitution by a reinsurance intermediary manager if its illegal activities led to loss by reinsurer.</p>
<p>(k) In addition to any other penalty provided by law, a person who violates this section is subject to the penalties provided under AS 21.27.440 and an insurer's or reinsurer's certificate of authority may be suspended or revoked.</p>		<p>References penalty section of AS 21.27 and the certificate of authority of the insurer.</p>
<p>Sec. 21.27.770. REINSURANCE INTERMEDIARY MANAGER RECORDS. In addition to any other records requirements under this chapter, a reinsurance intermediary manager shall maintain in organized form a complete record of each transaction including</p>		<p>Establishes record keeping minimum standards.</p>

Proposed Legislation	Existing Statute	Comments
(1) the type of contract, limits, underwriting restrictions, classes or risks, and territory;		See comments on AS 21.27.770.
(2) the period of coverage, including effective and expiration dates, cancellation provisions, and required notice of cancellation;		See comments on AS 21.27.770.
(3) disposition of outstanding reserves on covered risks;		See comments on AS 21.27.770.
(4) the reporting and settlement requirements of balances;		See comments on AS 21.27.770.
(5) the rate used to compute the reinsurance premium;		See comments on AS 21.27.770.
(6) the names and addresses of reinsurers;		See comments on AS 21.27.770.
(7) the rate of all reinsurance commissions, including the commissions on retrocessions handled by the reinsurance intermediary broker and reinsurance intermediary manager;		See comments on AS 21.27.770.
(8) related correspondence and memoranda;		See comments on AS 21.27.770.
(9) proof of placement;		See comments on AS 21.27.770.
(10) details regarding retrocessions handled by the reinsurance intermediary broker and reinsurance intermediary manager including the identity of retrocessionaires and the percentage of each contract assumed or ceded;		See comments on AS 21.27.770.
(11) financial records of premium and loss accounts; and		See comments on AS 21.27.770.

<p>(12) if the reinsurance intermediary broker procures a reinsurance contract on behalf of an admitted ceding insurer or when the reinsurance intermediary manager places a reinsurance contract on behalf of a ceding insurer, written evidence</p>		See comments on AS 21.27.770.
<p>(A) directly from an assuming reinsurer that it has agreed to assume the risk; or</p>		See comments on AS 21.27.770.
<p>(B) that the reinsurer had delegated binding authority to the representative, if placed through a representative of the assuming reinsurer other than an employee of the assuming reinsurer.</p>		See comments on AS 21.27.770.
<p>ARTICLE 6. SURPLUS LINES BROKER.</p>		
<p>Sec. 21.27.790. SURPLUS LINES BROKER QUALIFICATIONS. In addition to the general qualifications under AS 21.27.020, to qualify for issuance or for renewal of a surplus lines broker license, an applicant or licensee shall</p>	<p>AS 21.34.140. LICENSING OF SURPLUS LINES BROKERS. (a) An agent or broker licensed by the state may not procure a contract or policy of surplus lines insurance with a nonadmitted insurer unless the agent or broker possesses a current surplus lines broker license issued by the director.</p>	Relocated to AS 21.27. Editorial changes.
<p>(1) have a minimum two years active working experience within the previous five calendar years as an insurance producer, managing general agent, reinsurance intermediary broker, reinsurance intermediary manager, independent adjuster, or underwriter or claims adjuster employee of an insurer and, in the director's opinion, exhibit the ability to competently perform the responsibilities of the license applied for;</p>	<p>AS 21.34.140(b) The director shall issue a surplus lines broker license to a qualified holder of a current property and casualty broker's license or general agents license but only when the broker or general agent has</p> <ol style="list-style-type: none"> (1) remitted the annual fee established under AS 21.06.250; (2) submitted a completed license application on a form prescribed by the director, and the application has been approved by the director; (3) passed a qualifying examination approved by the director; 	Relocated to AS 21.27. Editorial changes.

<p>(2) have and maintain while licensed, a bond in the sum of not less than \$200,000 aggregate liability and with the conditions that the surplus lines broker conduct business under the provisions of this title, promptly remit the taxes and fees provided by law, return premiums promptly when due, and pay proper losses promptly;</p>	<p>AS 21.34.140(b)(4) filed with the director, and maintains during the term of license, an in-force, unimpaired bond in favor of insureds under this chapter and the state, in the penal sum of \$200,000, aggregate liability, with corporate sureties approved by the director; the bond shall be conditioned in that the surplus lines broker will conduct business in accordance with the provisions of this chapter, will promptly remit the taxes provided by law, will return premiums promptly when due and will pay proper losses promptly; a bond may not be terminated unless at least 60 days prior written notice is given to the surplus lines broker and the director.</p>	<p>Relocated to AS 21.27. Editorial changes.</p>
<p>(3) if the director requires, maintain an errors and omissions insurance policy acceptable to the director.</p>		<p>New. For public protection, director has authority to require errors and omissions liability insurance.</p>
<p>Sec. 21.27.800. TRAINEE SURPLUS LINES BROKER. (a) An individual licensed in this state as an insurance producer who does not have the experience required of a surplus lines broker, but who otherwise meets the requirements of this section, may be employed by a licensed surplus lines broker as a trainee surplus lines broker subject to the provisions of this section.</p>		<p>Establishes trainee license for person who has not passed required examinations.</p> <p>Allows licensed insurance producer to assist a licensed surplus lines broker.</p>
<p>(b) Before an individual may transact insurance as a trainee surplus lines broker, the licensed surplus lines broker employing the trainee surplus lines broker shall submit to the director the application of the trainee surplus lines broker, with the fee set under AS 21.06.250, and receive the trainee surplus lines broker license.</p>		<p>See comments on AS 21.27.800(a).</p>
<p>(c) Upon satisfying the experience requirement, a trainee surplus lines broker shall apply within 30 days for a surplus lines broker license.</p>		<p>See comments on AS 21.27.800(a).</p>

<p>(d) A trainee licensed under this section shall at all times be working at the direction and under the supervision of the employing licensed surplus lines broker, and the file and record documentation shall reflect the direction and supervision. Insurance activities must be in the name of the employing licensed surplus lines broker, who is responsible for all actions of the trainee surplus lines broker.</p>		See comments on AS 21.27.800(a).
<p>(e) A trainee licensed under this section is restricted to assisting the employing licensed surplus lines broker in preparing applications; binders; certificates of insurance; schedules of equipment, vehicles, and drivers; loss notices to insurers; and invoices; and to perform clerical functions for which a license is not required. The file and record documentation must reflect compliance with this subsection.</p>		See comments on AS 21.27.800(a).
<p>(f) A trainee licensed under this section may not transact business with clients or insurers unless a licensed surplus lines broker is physically present in the same place of business as the trainee or physically accompanies the trainee if business is transacted away from the place of business.</p>		See comments on AS 21.27.800(a).
<p>(g) In addition to any other penalty provided by law,</p>		See comments on AS 21.27.800(a).
<p>(1) the director shall revoke the license of a trainee surplus lines broker who the director determines has violated the provisions of this section; a licensee or other person having possession or custody of the license shall immediately surrender the license to the director either personally or by certified mail;</p>		See comments on AS 21.27.800(a).

<p>(2) if the director determines under AS 21.06.170 - 21.06.240 that the employing surplus lines broker knew of or should have known that a trainee licensed under this section violated this section, the employing surplus lines broker and firm, principal, and manager, if any, are subject to the penalties provided under AS 21.27.440.</p>		See comments on AS 21.27.800(a).
<p>Sec. 21.27.810. SURPLUS LINES BROKER RECORDS. In addition to any other records requirements under this chapter, a surplus lines broker shall maintain in organized form a complete record including</p>	<p>AS 21.34.160. RECORDS OF SURPLUS LINES BROKER. (a) Each surplus lines broker shall keep in the office a full and true record of each surplus lines insurance contract placed by or through the surplus lines broker, including a copy of the policy, certificate, cover note, or other evidence of insurance showing the following items as may be applicable:</p>	Relocated to AS 21.27
<p>(1) the amount of insurance and perils insured;</p>	<p>(1) amount of insurance and perils insured;</p>	No change.
<p>(2) a complete description of property insured and the location of the property;</p>	<p>(2) brief description of property insured and its location;</p>	Editorial changes.
<p>(3) gross premium charged;</p>	<p>(3) gross premium charged;</p>	No change.
<p>(4) a return premium paid;</p>	<p>(4) any return premium paid;</p>	No change.
<p>(5) the rate of premium charged upon the several items of property;</p>	<p>(5) rate of premium charged upon the several items of property;</p>	No change.
<p>(6) the effective date of the contract and the terms of the contract;</p>	<p>(6) effective date of the contract, and the terms of the contract;</p>	No change.
<p>(7) the name and address of the insured;</p>	<p>(7) name and address of the insured;</p>	No change.
<p>(8) the name and address of the insurer;</p>	<p>(8) name and address of the insurer;</p>	No change.
<p>(9) the amount of tax and other sums to be collected from the insured;</p>	<p>(9) amount of tax and other sums to be collected from the insured;</p>	No change.
<p>(10) the allocation of taxes by state under AS 21.34.180;</p>		New

(11) evidence of insurance issued in compliance with AS 21.34.100;	(10) any evidence of insurance issued in compliance with AS 21.34.160;	Editorial changes.
(12) the identity and license number of the producing broker;	(11) identity of the producing broker;	Editorial changes.
(13) any confirming correspondence from the insurer or the representative of the insurer; and	(12) any confirming correspondence from the insurer or its representative; and	Editorial changes.
(14) the application.	(13) the application.	No change.
Sec. 21.27.820. DENIAL, NONRENEWAL, SUSPENSION, OR REVOCATION OF SURPLUS LINES BROKER LICENSE. In addition to action available under this title, the director may deny issuance of or not renew a license, or may suspend or revoke a license of a surplus lines broker issued under this chapter for any of the following causes:	AS 21.34.210. SUSPENSION, REVOCATION OR NON-RENEWAL OF SURPLUS LINES BROKER LICENSE. The director may suspend, revoke, or refuse to renew the license of a surplus lines broker after notice and hearing as provided in AS 21.06.180 - 21.06.230 upon one or more of the following grounds;	Editorial changes.
(1) removal of the resident surplus lines broker's office from this state;	(1) removal of the resident surplus lines broker's office from this state;	No change.
(2) removal of the resident surplus lines broker's accounts and records from this state during the period within which the accounts and records are required to be maintained under this chapter;	(2) removal of the resident surplus lines broker's accounts and records from the location described in the license application without approval of the director that are required to be maintained under AS 21.34.160;	Editorial changes
(3) removal of the nonresident surplus lines broker's accounts and records required to be maintained under this chapter from the location described in the license without prior approval of the director;	(3) removal of the nonresident surplus lines brokers accounts and records from the location described in the license application without approval of the director that are required to be maintained under AS 21.34.160;	Editorial changes
(4) closing of the surplus lines broker's office for a period of more than 45 calendar days, unless permission is granted by the director;	(4) closing of the surplus lines broker's office for a period of more than 30 business days, unless permission is granted by the director;	Editorial changes. 30 days changed to 45 days.
(5) failure to make a required report;	(5) failure to make the required reports;	No change.

(6) failure to transmit a required tax or fee on a surplus line premium to this state or a reciprocal state to which a tax is owing;	(6) failure to transmit required tax or fee on surplus lines premiums;	Editorial changes
(7) failure to maintain a required bond.	(7) failure to maintain required bond;	No change
ARTICLE 7. INDEPENDENT ADJUSTERS.		
<p>Sec.21.27.830. INDEPENDENT ADJUSTER QUALIFICATIONS. In addition to the general qualifications under AS 21.27.020, to qualify for issuance or renewal of an independent adjuster license, an applicant or licensee shall</p> <p>(1) have at least six months active working experience within the previous two calendar years as either an independent adjuster trainee, an insurance producer, a managing general agent, a reinsurance intermediary broker, a reinsurance intermediary manager, a surplus lines broker, an independent adjuster, or an underwriter or claims adjuster employee of an insurer, and, in the director's opinion, exhibit the ability to competently perform the responsibilities of an independent adjuster; or</p> <p>(2) have been previously licensed in good standing in this state as an independent adjuster within the previous four calendar years and not have had a license suspended or revoked.</p>	<p>AS 21.27.090 QUALIFICATIONS FOR LICENSING. (a) To qualify for an agent, general agent, broker, solicitor, or adjuster license, an applicant shall comply with this title and</p> <p>(11) if the application is for an adjuster license, have at least six months' experience, special education or training in handling loss claims under insurance contracts, of sufficient duration and extent to make the person reasonably competent to fulfill the responsibilities of an adjuster.</p>	Establishes and clarifies qualifications for independent adjuster license.
<p>Sec.21.27.840. TRAINEE INDEPENDENT ADJUSTERS. (a) An individual resident who does not have the experience with reference to the handling of loss claims but who otherwise meets the requirements of AS 21.27.830, may be employed by a licensed independent adjuster as a trainee independent adjuster, subject to the provisions of this section.</p>	<p>AS 21.27.310 TRAINEE ADJUSTERS. (a) An individual who has not passed the examination required by AS 21.27.090(a)(3) does not have the experience or special education with reference to the handling of loss claims required under AS 21.27.090(a)(11), but who otherwise meets the requirements of AS 21.27.090 may be employed and licensed as a trainee adjuster, subject to the provisions of this section.</p>	Relocated

Proposed Legislation	Existing Statute	Comments
<p>(b) Before the individual may handle loss claims, the licensed independent adjuster employing the trainee independent adjuster shall submit to the director the application of the trainee independent adjuster, with the fee set under AS 21.06.250, and receive the trainee independent adjuster license.</p>	<p>(b) A licensed adjuster employing a trainee adjuster shall immediately submit to the director the application of the trainee adjuster, with the fee set under AS 21.06.250.</p>	Relocated
<p>(c) The director shall revoke a trainee independent adjuster license unless the individual has complied with the following independent adjuster licensing requirements as follows:</p> <p>(1) not later than four months after the effective date of the trainee adjuster license, complies with the independent adjuster licensing requirements of AS 21.27.060 concerning the insurance laws and regulations of this state;</p> <p>(2) not later than eight months after the effective date of the trainee adjuster license, complies with the independent adjuster licensing requirements of AS 21.27.060 concerning the knowledge and competence of the licensee concerning handling of loss claims and the licensee's duties and responsibilities as a licensee; or</p> <p>(3) within 24 months after the effective date of the trainee adjuster license, comply with all other independent adjuster licensing requirements.</p>	<p>(g) The director shall terminate the license of a trainee adjuster who is not in compliance with this section. A licensee or other person having possession or custody of the license shall immediately deliver the license to the director either personally or by mail.</p> <p>(c) A trainee adjuster shall comply with the adjuster licensing requirements of AS 21.27.090(a)(3) and (11) within 12 months after the effective date of the trainee adjuster license.</p>	Similar provision. phases requirements more efficiently.
<p>(d) A person whose trainee independent adjuster license was revoked for failure to meet a requirement of (c) of this section may submit a new application for a trainee independent adjuster license after the person has successfully passed both tests required under (c) of this section.</p>		Bars perpetual trainee status.
<p>(e) Upon satisfying the requirements of (c) of this section, a trainee independent adjuster shall apply within 30 days for an independent adjuster license.</p>		Bars perpetual trainee status.

<p>(f) A trainee independent adjuster shall at all times be working at the direction and under the supervision of the employing licensed independent adjuster, and the file and record documentation shall reflect the direction and supervision. The employing licensed independent adjuster and its firm, manager, and principal, if any, are responsible for all insurance actions of the trainee independent adjuster.</p>	<p>(d) A trainee adjuster shall at all times be under the supervision of a licensed adjuster, and all adjusting transactions shall be in the name of the licensed adjuster, who is responsible for the actions of the trainee adjuster.</p>	<p>Clarifies supervision required.</p>
<p>(g) A trainee independent adjuster is restricted to participation in a factual investigation and a tentative closing of a loss subject to review and final determination by the employing licensed independent adjuster, and file and record documentation shall reflect compliance with this subsection.</p>	<p>(e) A trainee adjuster is restricted to participation in factual investigation and tentative closing of losses subject to review and final determination by the licensed adjuster.</p>	<p>Substantially similar.</p>
<p>(h) A trainee independent adjuster may not participate in a factual investigation and a tentative closing of a loss unless a licensed independent adjuster is physically present in the same place of business as the trainee or physically accompanies the trainee if an investigation and a tentative closing of a loss is transacted away from the place of business.</p>		<p>Clarifies supervision required.</p>
<p>(i) In addition to any other penalty provided by law,</p>		<p>Penalty provision.</p>
<p>(l) a trainee independent adjuster who the director determines has violated the provisions of this section shall have its license terminated; a licensee or other person having possession or custody of the license shall within 30 days surrender the license to the director either personally or by certified mail;</p>		<p>Penalty provision.</p>

Proposed Legislation	Existing Statute	Comments
<p>(2) if the director determines under AS 21.06.170 - 21.06.240 that the employing licensed independent adjuster knew of or should have known that a trainee independent adjuster violated this section, the employing licensed independent adjuster and firm, principal and manager, if any, are subject to the penalties provided under AS 21.27.440(a).</p>		Penalty provision.
<p>Sec. 21.27.850. INSURANCE PRODUCER, MANAGING GENERAL AGENT, REINSURANCE INTERMEDIARY BROKER, REINSURANCE INTERMEDIARY MANAGER, SURPLUS LINES BROKER AS INDEPENDENT ADJUSTER. Without being required by this chapter to be licensed also as an independent adjuster</p> <p>(1) a licensed insurance producer and a licensed managing general agent, incidental to acting as an insurance producer, may act as an adjuster and investigate, adjust, and report upon claims on behalf of and as authorized by an admitted insurer that has appointed the insurance producer or the managing general agent as its agent under AS 21.27.100;</p>	<p>AS 21.27.320 AGENT OR GENERAL AGENT AS ADJUSTER; NONRESIDENT ADJUSTERS. (a) On behalf of and as authorized by an insurer for which the agent or general agent is appointed, an agent or general agent may occasionally act as an adjuster and investigate and report upon claims without being required to be licensed as an adjuster.</p>	Editorial change and relocation
<p>(2) a surplus lines broker may act as an adjuster and investigate, adjust, and report upon claims on behalf of and as authorized by a nonadmitted insurer; and</p>		New. Allows a surplus lines broker to adjust claims incidental to activities as a surplus lines broker.
<p>(3) a reinsurance intermediary broker or a reinsurance intermediary manager may act as an adjuster and investigate, adjust, and report upon claims on behalf of and as authorized by an insurer or reinsurer under the contract required by this chapter.</p>		New. Allows a reinsurance intermediary broker or a reinsurance intermediary manager to adjust claims incidental to activities as a reinsurance intermediary broker or a reinsurance intermediary manager.

Proposed Legislation	Existing Statute	Comments
<p>Sec. 21.27.860. UNLICENSED NONRESIDENT ADJUSTERS. (a) A nonresident independent adjuster not licensed by this state who is licensed by and in good standing with its resident state may act as an adjuster and adjust a single loss in this state during a calendar year, or may act as an adjuster and adjust losses arising out of a catastrophe as declared by the director, if, within 10 days after the start of an investigation or adjustment under this section, the nonresident independent adjuster has advised the director in writing of the adjustment and provided the following information:</p> <ul style="list-style-type: none"> (1) the individual and firm name; (2) the business mailing address; (3) the business physical address and phone number; (4) the licensing state of residence; (5) the resident license number; <p>and</p> <ul style="list-style-type: none"> (6) other facts that the director may require. 	<p>(b) A license by this state may not be required of a nonresident independent adjuster, for the adjustment in this state of a single loss, or of losses arising out of a catastrophe common to all such losses.</p>	<p>Relocated. Requires registration with director. Director determines when a catastrophe, which relaxes unlicensed activity exception, exists.</p>
<p>(b) A nonresident independent adjuster may be sued upon a cause of action arising in this state arising from an adjustment under this section under the procedure provided in AS 21.33.</p>		
<p>Sec. 21.27.870. INDEPENDENT ADJUSTER RECORDS. In addition to any other records requirements under this chapter, an independent adjuster shall maintain in organized form a complete record of each investigation or adjustment undertaken or consummated, and a statement of the fee, commission, or other compensation received or to be received by the adjuster on account of the investigation or adjustment.</p>	<p>AS 21.27.350. RECORDS OF AGENTS, BROKERS, ADJUSTERS</p> <p>(a) An agent, general agent, broker, or adjuster shall keep at the address shown on the license a record of all transactions consummated under the license. This record shall be in organized form and must include</p> <p>(2) if an adjuster, a record of each investigation or adjustment undertaken or consummated, and a statement of the fee, commission, or other compensation received or to be received by the adjuster on account of the investigation or adjustment;</p>	<p>Derived from AS 21.27</p>
<p>ARTICLE 8. DEFINITIONS.</p>		

Proposed Legislation	Existing Statute	Comments
<p>Sec. 21.27.900. DEFINITIONS. In this chapter,</p>		
<p>(1) "affiliate" or "affiliated" has the meaning given in AS 21.22.200;</p>		
<p>(2) "cession" means a unit of insurance passed to a reinsurer by a primary insurer that issued the policy to the original insured that may transfer part or all of a single risk, defined in the policy, or a defined group of business as agreed to in a contract of reinsurance;</p>		
<p>(3) "comparable interest" means the same lines or kinds of insurance, the same classes of risks, similar policy limits, and quality of business;</p>		
<p>(4) "control," "controlling," and "controlled by" have the meaning given in AS 21.22.200;</p>		
<p>(5) "controlled insurer" means an admitted insurer that is controlled, directly or indirectly, by an insurance producer;</p>		
<p>(6) "controlling insurance producer" means an insurance producer that, directly or indirectly, controls an insurer;</p>		
<p>(7) "fiduciary account" means an account in which the licensee holds money as a trustee for the person entitled to the money;</p>		
<p>(8) "firm" means an organization of two or more licensees acting in association with each other, either in a partnership, corporation, or otherwise, or an organization in which a single licensee has less than 50 percent ownership interest in the organization;</p>		

<p>(9) "independent qualified actuary" means an actuary who is a member of the American Academy of Actuaries and who is not affiliated with, an employee, principal, the direct owner or indirect owner of, or in any way controlled by the insurer, managing general agent, reinsurance intermediary broker, or reinsurance intermediary manager;</p>		
<p>(10) "individual" means a natural person required to be licensed under AS 21.27.010 who is not acting in association with two or more licensees, either in partnership, corporation, or otherwise, or an organization in which a single licensee has 50 percent or more ownership interest in the organization;</p>		
<p>(11) "individual in the firm" means a natural person required to be licensed under AS 21.27.010 who is employed by a firm;</p>		
<p>(12) "insurance holding company system" has the meaning given in AS 21.22.200;</p>		
<p>(13) "interim profits" means the excess of income over expenses and claim reserves determined before the expiration of all claim liabilities and contract obligations of the insurer to the insured;</p>		
<p>(14) "manager" means the individual in the firm who is designated by the firm to be responsible for the firm's operations and the firm's compliance with insurance laws and regulations at the place of business in which the manager principally works;</p>		
<p>(15) "physical presence or physically present" means contemporaneously available in the licensee's place of business;</p>		

Proposed Legislation	Existing Statute	Comments
<p>(16) "principal" means the sole proprietor, partner, or officer of a firm who is licensed as an individual in the firm and who is designated by the firm to be responsible for the firm's operations and the firm's compliance with insurance laws and regulations;</p>		
<p>(17) "reinsurance" means an insurance transaction by which the assuming insurer agrees to indemnify the ceding insurer in whole or in part against liability or losses that the ceding insurer might incur under a separate contract of insurance with its insured;</p>		
<p>(18) "resident" means</p>		
<p>(A) for an individual or an individual in the firm, a natural person who is domiciled in this state, whose principal place of business is in this state, who has a present intent to remain in this state while licensed, and who manifests that intent by establishing an ongoing physical presence in this state;</p>		
<p>(B) for a firm, a person whose place of business is in this state;</p>		
<p>(19) "retrocession" means a transaction in which a reinsurer cedes to another reinsurer all or part of the risk that the reinsurer has previously assumed;</p>		
<p>(20) "subagent" means an agent reporting to a managing general agent or reinsurance intermediary manager and not directly to an insurer;</p>		
<p>(21) "subsidiary" has the meaning given in AS 21.22.200;</p>		
<p>(22) "underwrite" means the authority to accept or reject risk on behalf of the insurer</p>		

* Sec. 94. AS 21.27.620(a)(4)(L.) is repealed and reenacted to read:

(L.) if the insurer is domiciled in this state or the managing general agent has a place of business in this state, a copy of the contract must be filed with and approved by the director at least 30 days before the managing general agent transacts business on behalf of the insurer; if the insurer is not domiciled in this state or the managing general agent transacts business relative to a subject resident, located, or to be performed in this state from a place of business not physically located in this state, a copy of the contract required in this section must be filed with and approved by the director at least 30 days before the managing general agent transacts business on behalf of the insurer in this state or relative to a subject resident, located, or to be performed in this state if the insurer or the managing general agent are domiciled in a state not accredited by the National Association of Insurance Commissioners; and

This section replaces proposed AS 21.27.620(a)(4)(L.) in Sec. 93 above as of January 1, 1994. The difference in effective dates reflects reciprocity with other NAIC accredited states. See comments in Sec. 2. See Sec 223. Language "resident, located or to be performed in this state" added for consistency with the scope of the Title.

Proposed Legislation	Existing Statute	Comments
<p>* Sec. 95. AS 21.27.760(b)(15) is repealed and reenacted to read:</p>		
<p>(15) if the insurer is domiciled in this state or the reinsurance intermediary manager has a place of business in this state, a copy of the contract must be filed with and approved by the director at least 30 days before the reinsurance intermediary manager transacts business on behalf of the reinsurer; if the reinsurer is not domiciled in this state or the reinsurance intermediary manager transacts business relative to a subject resident, located, or to be performed in this state from a place of business not physically located in this state, a copy of the contract required in this section must be filed with and approved by the director at least 30 days before the reinsurance intermediary manager transacts business on behalf of the insurer in this state or relative to a subject resident, located, or to be performed in this state if the insurer or the reinsurance intermediary manager are domiciled in a state not accredited by the National Association of Insurance Commissioners; and</p>		<p>This section replaces proposed AS 21.27.760(b)(15) in Sec. 93 above as of January 1, 1994. The difference in effective dates reflects reciprocity with other NAIC accredited states. See comments in Sec. 2. See Sec 223. Language "resident, located or to be performed in this state" added for consistency with the scope of the Title.</p>
<p>* Sec. 96. AS 21.33.011 is amended to read:</p>	AS 21.33.011	
<p>Sec. 21.33.011. PURPOSE. The legislature declares that insurance transactions with nonadmitted insurers are so affected with a public interest as to require regulation, taxation, supervision, and control of the transactions and matters relating to nonadmitted insurance as provided in this chapter in order to</p>	<p>Sec. 21.33.011. PURPOSE. The legislature declares that insurance transactions with nonadmitted insurers are so affected with a public interest as to require regulation, taxation, supervision, and control of the transactions and matters relating to nonadmitted insurance as provided in this chapter in order to</p>	No change.
<p>(1) protect the insureds and claimants of this state in transactions involving the purchase of insurance from nonadmitted insurers;</p>	<p>(1) protect the insureds and claimants of this state in transactions involving the purchase of insurance from nonadmitted insurers;</p>	No change.

Proposed Legislation	Existing Statute	Comments
(2) avoid the obstacle of resorting to distant forums for the purpose of asserting legal rights under policies issued by nonadmitted insurers;	(2) avoid the obstacle of resorting to distant forums for the purpose of asserting legal rights under policies issued by nonadmitted insurers;	No change.
(3) provide a method of substituted service of process upon nonadmitted insurers for proceedings before the director and in the courts in this state;	(3) provide a method of substituted service of process upon nonadmitted insurers for proceedings before the director and in the courts in this state;	No change.
(4) provide for the public <u>the ability to self-procure insurance directly from nonadmitted insurers</u> [TO THE EXTENT THAT INSURANCE IS NOT PROCURABLE FROM ADMITTED INSURERS, OR FROM ELIGIBLE SURPLUS LINES INSURERS THROUGH SURPLUS LINES BROKERS];	(4) provide for the public, to the extent that insurance is not procurable from admitted insurers, or from eligible surplus lines insurers through surplus lines brokers;	Editorial changes. Clarifies ability to self-procure insurance.
(5) protect the revenue of the state;	(5) protect the revenue of the state;	No change.
(6) protect regulated, admitted insurers from unregulated and unfair competition by nonadmitted insurers;	(6) protect regulated, admitted insurers from unregulated and unfair competition by nonadmitted insurers;	No change.
(7) regulate and supervise the effectuation of nonadmitted insurance <u>under</u> [IN ACCORDANCE WITH] the laws of this state and <u>15 U.S.C. 1011</u> [P.L. 79-15 (1945) (CHAPTER 20, 1ST SESS., S.340), 59 STAT. 33]; and	(7) regulate and supervise the effectuation of nonadmitted insurance in accordance with the laws of this state and P.L. 79-15 (1945) (Chapter 20, 1ST Sess., S.340), 59 STAT. 33; and	Editorial changes.
(8) maintain reliable insurance markets.	(8) maintain reliable insurance markets.	No change.

* Sec. 97. AS 21.33.021(a) is amended to read:	AS 21.33.021(a)	
<p>(a) The transaction of insurance by an unauthorized person or nonadmitted insurer is equivalent to and constitutes an irrevocable appointment by that person or insurer, binding upon the person or insurer, the executor, administrator, or personal representative of the person or insurer, or its successor in interest if a corporation, of the director and the successors of the director in office to be the lawful attorney of that person or insurer upon whom may be served all legal process in any action, suit, or proceeding in any court arising out of a transaction of insurance in this state <u>or relative to a subject resident, located, or to be performed in this state</u> by that person or nonadmitted insurer, except in an action, suit, or proceeding by the director or by the state. The transaction of insurance by an unauthorized person or nonadmitted insurer is <u>acceptance by</u> [SIGNIFICATION OF THE AGREEMENT OF] that person or insurer that legal process so served <u>has</u> [IS OF] the same legal force and validity as personal service of process in this state upon the person or insurer, or upon the executor, administrator, or personal representative of the person or insurer, or its successor in interest if a corporation.</p>	<p>(a) The transaction of insurance by an unauthorized person or nonadmitted insurer is equivalent to and constitutes an irrevocable appointment by that person or insurer, binding upon the person or insurer, the executor, administrator, or personal representative of the person or insurer, or its successor in interest if a corporation, of the director and the successors of the director in office to be the lawful attorney of that person or insurer upon whom may be served all legal process in any action, suit, or proceeding in any court arising out of a transaction of insurance in this state by that person or nonadmitted insurer, except in an action, suit, or proceeding by the director or by the state. The transaction of insurance by an unauthorized person or nonadmitted insurer is signification of the agreement of that person or insurer that legal process so served is of the same legal force and validity as personal service of process in this state upon the person or insurer, or upon the executor, administrator, or personal representative of the person or insurer, or its successor in interest if a corporation.</p>	<p>Editorial changes. Language "resident, located or to be performed in this state" added for consistency with the scope of the Title.</p>

<p>• Sec. 98. AS 21.33.025(a) is amended to read:</p>	<p>AS 21.33.025(a)</p>	
<p>(a) The transaction of insurance by an unauthorized person or nonadmitted insurer is equivalent to and constitutes an irrevocable appointment by that person or insurer, binding upon the person or insurer, the executor, administrator, or personal representative of the person or insurer, or its successor in interest if a corporation, of the lieutenant governor and the successors in office of the lieutenant governor to be the lawful attorney of that person or insurer upon whom may be served all legal process in any action, suit, or proceeding in any court by the director or by the state and upon whom may be served any notice, order, pleading, or process in any proceeding before the director and which arises out of the transaction of insurance in this state <u>or relative to a subject resident, located, or to be performed in this state</u> by that person or insurer. The transaction of insurance by an unauthorized person or nonadmitted insurer is <u>acceptance by</u> [SIGNIFICATION OF THE AGREEMENT OF] that person or insurer that legal process in the court action, suit, or proceeding and any notice, order, pleading, or process in an administrative proceeding before the director so served <u>has</u> [IS OF] the same legal force and validity as personal service of process in this state upon the person or insurer, or upon the executor, administrator, or personal representative of that person or insurer, or its successor in interest if a corporation.</p>	<p>(a) The transaction of insurance by an unauthorized person or nonadmitted insurer is equivalent to and constitutes an irrevocable appointment by that person or insurer, binding upon the person or insurer, the executor, administrator, or personal representative of the person or insurer, or its successor in interest if a corporation, of the lieutenant governor and the successors in office of the lieutenant governor to be the lawful attorney of that person or insurer upon whom may be served all legal process in any action, suit, or proceeding in any court by the director or by the state and upon whom may be served any notice, order, pleading, or process in any proceeding before the director and which arises out of the transaction of insurance in this state by that person or insurer. The transaction of insurance by an unauthorized person or nonadmitted insurer is signification of the agreement of that person or insurer that legal process in the court action, suit, or proceeding and any notice, order, pleading, or process in an administrative proceeding before the director so served is of the same legal force and validity as personal service of process in this state upon the person or insurer, or upon the executor, administrator, or personal representative of that person or insurer, or its successor in interest if a corporation.</p>	<p>Editorial changes. Language "resident, located or to be performed in this state" added for consistency with the scope of the Title.</p>

Proposed Legislation	Existing Statute	Comments
<p>• Sec. 99. AS 21.33.031(a) is amended to read:</p>	<p>AS 21.33.031(a)</p>	
<p>(a) Before an unauthorized person or nonadmitted insurer files or causes to be filed a pleading, a court action, suit, or proceeding or a notice, order, pleading, or process in an administrative proceeding before the director instituted against the person or insurer, by service made as provided in AS 21.33.021 or 21.33.025, the person or insurer shall either</p>	<p>(a) Before an unauthorized person or nonadmitted insurer files or causes to be filed a pleading, a court action, suit, or proceeding or a notice, order, pleading, or process in an administrative proceeding before the director instituted against the person or insurer, by service made as provided in AS 21.33.021 or 21.33.025, the person or insurer shall either</p>	<p>No change.</p>
<p>(1) deposit with the clerk of the court in which the action, suit, or proceeding is pending, or with the director in administrative proceedings before the director, cash or securities or bond with a n <u>admitted insurer</u> [GOOD AND SUFFICIENT SURETIES] to be approved by the court, or the director, in an amount to be fixed by the court or the director sufficient to secure the payment of a final judgment that may be rendered in the court proceeding or in the administrative proceeding before the director; however the court, or the director in administrative proceedings before the director, may in its or the director's discretion make an order dispensing with the deposit or bond where the insurer makes a showing satisfactory to the court or the director that it maintains in a state of the United States funds or securities, in trust or otherwise, sufficient and available to satisfy a final judgment that may be entered in the court action, suit, or proceeding or in an administrative proceeding before the director; or</p>	<p>(1) deposit with the clerk of the court in which the action, suit, or proceeding is pending, or with the director in administrative proceedings before the director, cash or securities or bond with good and sufficient sureties to be approved by the court, or the director, in an amount to be fixed by the court or the director sufficient to secure the payment of a final judgment that may be rendered in the court proceeding or in the administrative proceeding before the director; however the court, or the director in administrative proceedings before the director, may in its or the director's discretion make an order dispensing with the deposit or bond where the insurer makes a showing satisfactory to the court or the director that it maintains in a state of the United States funds or securities, in trust or otherwise, sufficient and available to satisfy a final judgment that may be entered in the court action, suit, or proceeding or in an administrative proceeding before the director; or</p>	<p>Clarifies that a bond must be with an admitted insurer.</p>
<p>(2) obtain admission to transact insurance in this state through a certificate of authority issued under this title.</p>	<p>(2) obtain admission to transact insurance in this state through a certificate of authority issued under this title.</p>	<p>No change.</p>

Proposed Legislation	Existing Statute	Comments
<p>* Sec. 100. AS 21.33.031(c) is amended to read:</p> <p>(c) Nothing in (a) of this section may be construed to prevent an unauthorized person or nonadmitted insurer from filing a motion to quash a writ or to set aside service made as provided in AS 21.33.021 or 21.33.025 on the ground that the unauthorized person or insurer has not transacted insurance in this state or relative to a subject resident, located, or to be performed in this state or that the person on whom service was made under AS 21.33.021(d) was not transacting insurance in this state or relative to a subject resident, located, or to be performed in this state.</p>	<p>AS 21.33.031(c)</p> <p>(c) Nothing in (a) of this section may be construed to prevent an unauthorized person or nonadmitted insurer from filing a motion to quash a writ or to set aside service made as provided in AS 21.33.021 or 21.33.025 on the ground that the unauthorized person or insurer has not transacted insurance in this state or that the person on whom service was made under AS 21.33.021(d) was not transacting insurance in this state.</p>	<p>Editorial changes. Language "resident, located or to be performed in this state" added for consistency with the scope of the Title.</p>
<p>* Sec. 101. AS 21.33.037(b) is amended to read:</p>	<p>AS 21.33.037(b)</p>	
<p>(b) This section does not apply to</p>	<p>(b) This section does not apply to</p>	<p>No change.</p>
<p>(1) matters authorized to be done by the director;</p>	<p>(1) matters authorized to be done by the director;</p>	<p>No change.</p>
<p>(2) surplus lines insurance effected and written under AS 21.34;</p>	<p>(2) surplus lines insurance effected and written under AS 21.34;</p>	<p>No change.</p>
<p>(3) transactions for which a certificate of authority is not required under this title;</p>	<p>(3) transactions for which a certificate of authority is not required under this title;</p>	<p>No change.</p>
<p>(4) reinsurance;</p>	<p>(4) reinsurance;</p>	<p>No change.</p>
<p>(5) the property and operations of railroads or aircraft engaged in interstate or foreign commerce and wet marine and transportation insurance;</p>	<p>(5) the property and operations of railroads or aircraft engaged in interstate or foreign commerce and wet marine and transportation insurance;</p>	<p>No change.</p>

Proposed Legislation	Existing Statute	Comments
(6) life insurance, disability insurance, and annuity contracts when solicited solely by mail or when not solicited, negotiated, or procured in this state;	(6) life insurance, disability insurance, and annuity contracts when solicited solely by mail or when not solicited, negotiated, or procured in this state;	No change.
(7) transactions subsequent to issuance of a policy not covering [DOMESTIC] risks <u>resident, located, or to be performed in this state</u> at time of issuance[,] and lawfully solicited, written, or delivered outside this state.	(7) transactions subsequent to issuance of a policy not covering domestic risks at time of issuance, and lawfully solicited, written, or delivered outside this state.	Clarifies application of section. Language "resident, located or to be performed in this state" added for consistency with the scope of the Title.
* Sec. 102. AS 21.33.037(c) is amended to read:	AS 21.33.037(c)	
(c) <u>In addition to other penalties under this title,</u> a [A] person who represents or aids a nonadmitted insurer in violation of this <u>chapter</u> [SECTION] is subject to the penalties provided in AS 21.33.065. <u>This chapter does</u> [AN INSURANCE CONTRACT ENTERED INTO A VIOLATION OF THIS SECTION SHALL] not preclude the insured from enforcing, <u>under</u> [THE INSURED'S RIGHTS IN ACCORDANCE WITH] the terms and provisions of the contract and the laws of this state, <u>the insured's rights under a contract entered into in violation of this chapter.</u>	(c) A person who represents or aids a nonadmitted insurer in violation of this section is subject to the penalties provided in AS 21.33.065. An insurance contract entered into a violation of this section shall not preclude the insured from enforcing the insured's rights in accordance with the terms and provisions of the contract and the laws of this state.	Clarifies application of section.
* Sec. 103. AS 21.33.042 is amended to read:	AS 21.33.042	
Sec. 21.33.042. SUITS BY NONADMITTED INSURERS. A nonadmitted insurer may not commence or maintain an action in law or equity in this state to enforce a right arising out of a transaction of insurance in this state except with respect to	Sec. 21.33.042. SUITS BY NONADMITTED INSURERS. A nonadmitted insurer may not commence or maintain an action in law or equity in this state to enforce a right arising out of a transaction of insurance in this state except with respect to	No change
(1) claims under policies lawfully written in this state;	(1) claims under policies lawfully written in this state;	No change.

Proposed Legislation	Existing Statute	Comments
(2) liquidation of assets and liabilities, other than the collection of new premiums, resulting from its former admitted operations in this state;	(2) liquidation of assets and liabilities, other than the collection of new premiums, resulting from its former admitted operations in this state;	No change.
(3) transactions subsequent to issuance of a policy not covering [DOMESTIC] risks resident, located, or to be performed in this state at time of issuance [,] and lawfully solicited, written, or delivered outside this state;	(3) transactions subsequent to issuance of a policy not covering domestic risks at time of issuance, and lawfully solicited, written, or delivered outside this state;	Clarifies application of section. Language "resident, located or to be performed in this state" added for consistency with the scope of the Title.
(4) surplus lines insurance coverage exported <u>under</u> [IN ACCORDANCE WITH] AS 21.34;	(4) surplus lines insurance coverage exported in accordance with AS 21.34 ;	Editorial change.
(5) reinsurance;	(5) reinsurance;	No change.
(6) the continuation and servicing of life insurance, disability insurance policies, or annuity contracts remaining in force as to residents of this state where the insurer has withdrawn from the state and is not transacting new insurance;	(6) the continuation and servicing of life insurance, disability insurance policies, or annuity contracts remaining in force as to residents of this state where the insurer has withdrawn from the state and is not transacting new insurance;	No change.
(7) servicing of policies written by an admitted insurer in a state to which the insured has moved but in which the insured is not licensed, until the term of the policy expires ;	(7) servicing of policies written by an admitted insurer in a state to which the insured has moved but in which the insured is not licensed, until the term of the policy expires ;	No change.
(8) claims under policies covering wet marine and transportation insurance including vessels of 50 displacement tons or less.	(8) claims under policies covering wet marine and transportation insurance including vessels of 50 displacement tons or less.	No change.

Proposed Legislation	Existing Statute	Comments
<p>* Sec. 104. AS 21.33.045(a) is amended to read:</p> <p>(a) When the director has reason to believe that insurance has been effectuated by or for a person in this state with a nonadmitted insurer, the director shall in writing order the person to produce for examination all insurance contracts and other documents evidencing insurance with nonadmitted insurers and to disclose to the director the amount of insurance, name and address of each insurer, gross amount of premium paid [,] or to be paid, [AND] the name and address of the person or persons assisting or aiding in the solicitation, negotiation, or effectuation of the insurance, <u>and other information required by the director.</u></p>	<p>AS 21.33.045(a)</p> <p>(a) When the director has reason to believe that insurance has been effectuated by or for a person in this state with a nonadmitted insurer, the director shall in writing order the person to produce for examination all insurance contracts and other documents evidencing insurance with nonadmitted insurers and to disclose to the director the amount of insurance, name and address of each insurer, gross amount of premium paid, or to be paid, and the name and address of the person or persons assisting or aiding in the solicitation, negotiation, or effectuation of the insurance.</p>	<p>Gives director ability to order production of all information related to nonadmitted transactions.</p>

Proposed Legislation	Existing Statute	Comments
<p>• Sec. 105. AS 21.33.055(a) is amended to read:</p> <p>(a) Except as to premiums on lawfully procured surplus lines insurance <u>exported under AS 21.34</u> and premiums on independently procured insurance on which a tax has been paid under AS 21.33.061, every nonadmitted insurer shall pay to the director <u>on or before March 1</u> [APRIL 1] following the calendar year in which the insurance was so effectuated, continued, or renewed a premium-receipts tax of three percent of gross premiums charged for the insurance other than <u>wet marine and transportation</u> insurance and a premium-receipts tax of three-fourths of one percent of gross premiums charged for the <u>wet marine and transportation</u> insurance on subjects resident, located, or to be performed in this state. The insurance on subjects resident, located, or to be performed in this state procured through negotiations or an application, in whole or in part occurring or made in or from in or out of this state, or for which premiums in whole or in part are remitted directly or indirectly from in or out of this state, shall be considered to be insurance procured or continued or renewed in this state. The term "premium" includes all premiums, membership fees, assessments, dues, and any other consideration for insurance. The tax is in lieu of all taxes and fire department dues. On default of a nonadmitted insurer in the payment of the tax, the insured shall pay the tax <u>within 30 days of written notice from the director of the default by the nonadmitted insurer</u>. If the tax prescribed by this section is not paid <u>by the nonadmitted insurer</u> within the time stated <u>or by the insured within the time stated after notice of default by the nonadmitted insurer</u>, the tax <u>may</u> [SHALL] be increased by</p>	<p>AS 21.33.055(a)</p> <p>(a) Except as to premiums on lawfully procured surplus lines insurance and premiums on independently procured insurance on which a tax has been paid under AS 21.33.061, every nonadmitted insurer shall pay to the director before April 1 following the calendar year in which the insurance was so effectuated, continued, or renewed a premium-receipts tax of three percent of gross premiums charged for the insurance other than marine insurance and a premium-receipts tax of three-fourths of one percent of gross premiums charged for the marine insurance on subjects resident, located, or to be performed in this state. The insurance on subjects resident, located, or to be performed in this state procured through negotiations or an application, in whole or in part occurring or made in or from in or out of this state, or for which premiums in whole or in part are remitted directly or indirectly from in or out of this state, shall be considered to be insurance procured or continued or renewed in this state. The term "premium" includes all premiums, membership fees, assessments, dues, and any other consideration for insurance. The tax is in lieu of all taxes and fire department dues. On default of a nonadmitted insurer in the payment of the tax, the insured shall pay the tax. If the tax prescribed by this section is not paid within the time stated, the tax shall be increased by a penalty of 25 percent and by the amount of an additional penalty not to exceed \$100 a day from the date the payment was due to the date paid.</p>	<p>Changes the tax due date to be consistent throughout the title. Clarifies the wet marine and transportation tax rate to be consistent throughout the title. Changes flat penalty to late payment fee, interest, and penalty to encourage prompt payment of taxes. Establishes duty of director to notify insured if insurer defaults. Language "resident, located or to be performed in this state" added for consistency with the scope of the Title.</p>

<p><u>(1) a late payment fee of \$1,000 or 10 percent of the tax due, whichever is greater;</u></p> <p><u>(2) interest at the rate of one percent a month or part of a month from the date the payment was originally due to the date paid; and</u></p> <p><u>(3) a [PENALTY OF 25 PERCENT AND BY THE AMOUNT OF AN ADDITIONAL.] penalty not to exceed \$100 a day or 25 percent of the tax due, whichever is greater, from the date the payment was due to the date paid.</u></p>		
<p>• Sec. 106. AS 21.33.055(b) is repealed and reenacted to read:</p>	AS 21.33.055(b)	
<p>(b) In determining the amount of premiums taxable in this state, all premiums written, procured, or received in this state shall be considered written on property or a subject located or resident in this state, except premiums which are properly allocated or apportioned and reported as taxable premiums of another state. In determining the amount of gross premiums taxable in this state covering a risk resident, located, or to be performed both inside and outside the state, the tax due shall be computed on that portion of the policy premium that is attributable to the risk resident, located, or to be performed in this state and that relates to the kind of insurance being placed as determined by reference to an allocation schedule as follows:</p>	<p>(b) If a policy covers risks or exposures only partially in this state, the tax payable shall be computed on the portions of the premium which are properly allocable to the risks or exposures located in this state. In determining the amount of premiums taxable in this state, all premiums written, procured, or received in this state and all premiums on policies negotiated in this state shall be considered written on property or risks located or resident in this state, except premiums which are properly allocated or apportioned and reported as taxable premiums of another state.</p>	<p>Establishes allocation schedule for premium consistent with proposed schedule for self-procured insurance in Sec. 101 and surplus lines in Sec. 124. Language "resident, located or to be performed in this state" added for consistency with the scope of the Title.</p>
<p>(1) if a policy covers more than one classification,</p>		<p>See comments on AS 21.33.055(b) above.</p>
<p>(A) for any portion of the coverage identified by a classification on the allocation schedule, the tax shall be computed by using the allocation schedule for the corresponding portion of the premium;</p>		<p>See comments on AS 21.33.055(b) above.</p>

Proposed Legislation	Existing Statute	Comments
<p>(B) for any portion of the coverage not identified by a classification on the allocation schedule, the tax shall be computed by using an alternative equitable method of allocation for the property or subject;</p>		See comments on AS 21.33.055(b) above.
<p>(C) for any portion of the coverage where the premium is indivisible, the tax shall be computed by using the method of allocation that pertains to the classification describing the predominant coverage.</p>		See comments on AS 21.33.055(b) above.
<p>(2) if the information provided is insufficient to substantiate the method of allocation used or if the director determines that the method is incorrect, the director shall determine the equitable and appropriate amount of tax due to the state as follows:</p>		See comments on AS 21.33.055(b) above.
<p>(A) by use of the allocation schedule where the subject is appropriately identified in the schedule;</p>		See comments on AS 21.33.055(b) above.
<p>(B) where the allocation schedule does not identify a classification appropriate to the coverage, the director may give acceptance by significant weight to documented evidence of the underwriting bases and other criteria used by the insurer or may give consideration to other available information to the extent it is sufficient and relevant, including the percentage of the insured's physical assets in this state, the percentage of the insured's sales in this state, the percentage of income or resources derived from this state, and the amount of premium tax paid to another jurisdiction for the policy.</p>		See comments on AS 21.33.055(b) above.

<p>* Sec. 107. AS 21.33.055 is amended by adding a new subsection to read:</p>		
<p>(c) This section does not apply to insurance of risks of the state, a political subdivision of the state, or to insurance of aircraft regularly engaged in interstate or foreign commerce.</p>		
<p>* Sec. 108. AS 21.33.061(a) is amended to read:</p>	AS 21.33.061(a)	
<p>(a) Every insured who procures or causes to be procured or continues or renews insurance with a nonadmitted insurer, or an insured or self-insurer who so procures or continues excess loss, catastrophe or other insurance, upon a subject of insurance resident, located, or to be performed in this state, other than insurance <u>lawfully</u> procured through a surplus lines broker under AS 21.34 shall, within 30 days after the date the insurance was procured, continued, or renewed, file a report with the director in writing and <u>in a form prescribed</u> [UPON FORMS DESIGNATED] by the director [AND FURNISHED TO THE INSURED UPON REQUEST]. The report must show the name and address of the insured, name and address of the insurer, the subject of the insurance, a general description of the coverage, the amount of premium currently charged, and additional pertinent information <u>required</u> [THAT IS REASONABLY REQUESTED] by the director.</p>	<p>(a) Every insured who procures or causes to be procured or continues or renews insurance with a nonadmitted insurer, or an insured or self-insurer who so procures or continues excess loss, catastrophe or other insurance, upon a subject of insurance resident, located, or to be performed in this state, other than insurance procured through a surplus lines broker under AS 21.34 shall, within 30 days after the date the insurance was procured, continued, or renewed, file a report with the director in writing and upon forms designated by the director and furnished to the insured upon request. The report must show the name and address of the insured, name and address of the insurer, the subject of the insurance, a general description of the coverage, the amount of premium currently charged, and additional pertinent information that is reasonably requested by the director.</p>	<p>See comments on AS 21.33.055(b) above. Language "resident, located or to be performed in this state" added for consistency with the scope of the Title.</p>

* Sec. 109. AS 21.33.061(c) is amended to read:	AS 21.33.061(c)	
<p>(c) There is levied upon the obligation, chose in action, or right represented by the premium charged for the insurance, a premium receipts tax of three per cent of gross premiums charged for the insurance other than <u>wet marine and transportation</u> insurance and a premium receipts tax of three-fourths of one percent of gross premiums charged for the <u>wet marine and transportation</u> insurance. The term "premium" includes all premiums, membership fees, assessments, dues, and any other consideration for insurance. The tax is in lieu of all taxes and fire department dues. The insured shall, <u>on or before March 1</u> [APRIL 1] following the calendar year in which the insurance was procured, continued, or renewed, pay the amount of the tax to the director. In event of cancellation and rewriting of the insurance contract the additional premium for premium receipts tax purposes is the premium in excess of the unearned premium of the cancelled insurance contract. <u>If the tax prescribed by this section is not paid within the time stated, the tax may be increased by</u></p>	<p>(c) There is levied upon the obligation, chose in action, or right represented by the premium charged for the insurance, a premium receipts tax of three per cent of gross premiums charged for the insurance other than marine insurance and a premium receipts tax of three-fourths of one percent of gross premiums charged for the marine insurance. The term "premium" includes all premiums, membership fees, assessments, dues, and any other consideration for insurance. The tax is in lieu of all taxes and fire department dues. The insured shall, before April 1 following the calendar year in which the insurance was procured, continued, or renewed, pay the amount of the tax to the director. In event of cancellation and rewriting of the insurance contract the additional premium for premium receipts tax purposes is the premium in excess of the unearned premium of the cancelled insurance contract.</p>	<p>Clarifies the wet marine and transportation tax rate to be consistent throughout the title. Late payment fee, interest, and penalty are added to encourage prompt payment of taxes.</p>
<p><u>(1) a late payment fee of \$1,000 or 10 percent of the tax due, whichever is greater;</u></p>		<p>See comments on AS 21.33.061(c) above.</p>
<p><u>(2) interest at the rate of one percent a month or part of a month from the date the payment was due to the date paid; and</u></p>		<p>See comments on AS 21.33.061(c) above.</p>

Proposed Legislation	Existing Statute	Comments
<p>(3) a penalty not to exceed \$100 a day or 25 percent of the tax due, whichever is greater, from the date the payment was due to the date paid.</p>		See comments on AS 21.33.061(c) above.
<p>* Sec. 110. AS 21.33.061(d) is repealed and reenacted to read:</p>	AS 21.33.061(d)	
<p>(d) In determining the amount of premiums taxable in this state, all premiums written, procured, or received in this state shall be considered written on property or a subject located or resident in this state, except premiums that are properly allocated or apportioned and reported as taxable premiums of another state. In determining the amount of gross premiums taxable in this state, the tax due shall be computed on that portion of the policy premium that is attributable to a subject resident, located, or to be performed in this state and that relates to the kind of insurance being placed as determined by reference to an allocation schedule as follows:</p>	<p>(d) If a policy covers risks or exposures only partially in this state, the tax payable shall be computed on the portions of the premium which are properly allocable to the risks or exposures located in this state. In determining the amount of premiums taxable in this state, all premiums written, procured or received in this state and all premiums on policies negotiated in this state shall be considered written on property or risks located or resident in this state, except premiums which are properly allocated or apportioned and reported as taxable premiums of another state.</p>	Establishes allocation schedule for premium consistent with proposed schedule for self-procured insurance and surplus lines in other sections. Language "resident, located or to be performed in this state" added for consistency with the scope of the Title.
<p>(1) if a policy covers more than one classification,</p>		See comments on AS 21.33.061(d) above.
<p>(A) for any portion of the coverage identified by a classification on the allocation schedule, the tax shall be computed by using the allocation schedule for the corresponding portion of the premium;</p>		See comments on AS 21.33.061(d) above.
<p>(B) for any portion of the coverage not identified by a classification on the allocation schedule, the tax shall be computed by using an alternative equitable method of allocation for the property or subject;</p>		See comments on AS 21.33.061(d) above.

Proposed Legislation	Existing Statute	Comments
<p>(C) for any portion of the coverage where the premium is indivisible, the tax shall be computed by using the method of allocation that pertains to the classification describing the predominant coverage;</p>		<p>See comments on AS 21.33.061(d) above.</p>
<p>(2) if the information provided is insufficient to substantiate the method of allocation used, or if the director determines that the method is incorrect, the director shall determine the equitable and appropriate amount of tax due to this state as follows:</p>		<p>See comments on AS 21.33.061(d) above.</p>
<p>(A) by use of the allocation schedule where the subject is appropriately identified in the schedule;</p>		<p>See comments on AS 21.33.061(d) above.</p>
<p>(B) where the allocation schedule does not identify a classification appropriate to the coverage, the director may give significant weight to documented evidence of the underwriting bases and other criteria used by the insurer or may give consideration to other available information to the extent sufficient and relevant, including the percentage of the insured's physical assets in this state, the percentage of the insured's sales in this state, the percentage of income or resources derived from this state, and the amount of premium tax paid to another jurisdiction for the policy.</p>		<p>See comments on AS 21.33.061(d) above.</p>

Proposed Legislation	Existing Statute	Comments
To be repealed. See Sec. 221	(c) If the insured fails to withhold from the premium the amount of tax levied, the insured is liable for the amount and shall pay the tax to the director within the time stated in (c) of this section. If the tax prescribed by this section is not paid within the time stated in (c) of this section, the tax shall be increased by a penalty of 25 percent and by the amount of an additional penalty not to exceed \$100 per day from the date the payment was due to the date paid.	Moved to AS 21.33.055(a)
* Sec. 111. AS 21.33.061(g) is amended to read:	AS 21.33.061(g)	
(g) This section does not apply to insurance of risks of the state, a political subdivision of the state, insurance of aircraft regularly engaged in interstate or foreign commerce, to life insurance, [INDIVIDUAL LIFE OR INDIVIDUAL] disability insurance, or annuity contracts.	(g) This section does not apply to individual life or individual disability insurance. (i) This section does not apply to life insurance, disability insurance, annuity contracts, or insurance for aircraft regularly engaged in interstate or foreign commerce.	Combines AS 21.33.061(g) and (i). Adds state exemption to premium taxes currently in surplus lines to self-procured insurance.
To be repealed. See Sec. 221	(i) This section does not apply to life insurance, disability insurance, annuity contracts, or insurance for aircraft regularly engaged in interstate or foreign commerce.	See comments on AS 21.33.061(g) above.
* Sec. 112. AS 21.33.065(a) is amended to read:	AS 21.33.065	
Sec. 21.33.065. PENALTIES. (a) A person other than an insured, who in this state represents or aids a nonadmitted insurer in violation of AS 21.33.037, is subject to a civil penalty of not more than \$50,000 [\$5,000] in addition to applicable criminal penalties and other penalties prescribed in this title [CHAPTER].	AS 21.33.065. PENALTIES. (a) A person other than an insured, who in this state represents or aids a nonadmitted insurer in violation of AS 21.33.037, is subject to a civil penalty of not more than \$5,000 in addition to applicable criminal penalties and other penalties prescribed in this chapter.	Increases maximum penalties for deterrence of unlicensed activities.

Proposed Legislation	Existing Statute	Comments
<p>* Sec. 113. AS 21.33.065(b) is amended to read:</p>		
<p>(b) In addition to any other penalty provided, a person who violates a provision of this chapter is [SHALL BE] subject to a civil penalty of not more than \$10,000 [\$1,000] for the first offense and not more than \$100,000 [\$2,000] for each succeeding violation.</p>	<p>(b) In addition to any other penalty provided, a person who violates a provision of this chapter shall be subject to a civil penalty of not more than \$1,000 for the first offense and not more than \$2,000 for each succeeding violation.</p>	<p>Increases maximum penalties for violation of this chapter.</p>
<p>To be repealed. See Sec. 221</p>	<p>(c) An additional penalty of not more than \$1,000 may be levied for each month that a violation under this chapter continues.</p>	<p>Combined in AS 21.33.065(a) and (b) above.</p>
<p>* Sec. 114. AS 21.33.900 is amended to read:</p>	<p>AS 21.33.900</p>	
<p>Sec. 21.33.900. RECORDS OF INSUREDS. In order that the director may effectively administer this chapter, a [EACH] person who has placed insurance with an unauthorized insurer shall, upon the director's order, produce for the examination of the director all policies and other documents evidencing the insurance and shall disclose to the director the amount of premiums paid or agreed to be paid for the insurance and other information required by the director. For each refusal to obey the order, in addition to any other penalties prescribed in this title, the person is subject to a civil penalty of not more than \$25,000 [\$2,500] following an appropriate hearing as provided in AS 21.06.170 - 21.06.230.</p>	<p>AS 21.33.900. RECORDS OF INSUREDS. In order that the director may effectively administer this chapter, each person who has placed insurance with an unauthorized insurer shall, upon the director's order, produce for the examination of the director all policies and other documents evidencing the insurance and shall disclose to the director the amount of premiums paid or agreed to be paid for the insurance. For each refusal to obey the order, the person is subject to a civil penalty of not more than \$2,500 following an appropriate hearing as provided in AS 21.06.170 - 21.06.230.</p>	<p>Gives director ability to order production of all information related to nonadmitted transactions. Increases maximum penalty for failure to provide records.</p>
<p>* Sec. 115. AS 21.33.910 is repealed and reenacted to read:</p>	<p>AS 21.33.910</p>	
<p>Sec. 21.33.910. DEFINITIONS. In this chapter,</p>	<p>AS 21.33.910 DEFINITIONS. In this chapter</p>	

Proposed Legislation	Existing Statute	Comments
	(1) "admitted insurer" means an insurer that has been issued a certificate of authority by the director to transact insurance in this state;	Moved to AS 21.90.900(1).
	(2) "eligible surplus lines insurer" means a nonadmitted insurer with which a surplus lines broker may place surplus lines insurance under AS 21.34.040;	Deleted. Not applicable to this chapter.
(1) "export" means to place surplus lines insurance with a nonadmitted insurer;	(3) "export" means to place surplus lines insurance with a nonadmitted insurer;	No change. Renumbered.
	(4) "nonadmitted insurer" means an insurer that does not have a certificate of authority issued by the director to transact insurance in this state and includes insurance exchanges authorized under the laws of various states;	Moved to AS 21.90.900(27)
	(5) "surplus lines insurance" means any insurance in this state of risks resident, located, or to be performed in this state, permitted to be placed through a surplus lines broker with a nonadmitted insurer eligible to accept insurance, other than reinsurance, wet marine and transportation insurance, insurance independently procured, life insurance, disability insurance and annuity contracts;	Moved to AS 21.90.900(31)
	(6) "surplus lines broker" means a person licensed under AS 21.34 to place insurance of risks resident, located or to be performed in this state with eligible surplus lines insurers;	Moved to AS 21.90.900(32)
(2) "transaction of insurance" means the solicitation, negotiation, procurement, effectuation, or renewal of insurance; forwarding of applications; delivery of policies or contracts; inspection of risks; fixing of rates; investigation or adjustment of claims or losses; collection or forwarding of premiums; or transaction of matters subsequent to effectuation of the contract of insurance and arising out of it;	(7) "transaction of insurance" means the solicitation, negotiation, procurement, effectuation, or renewal of insurance; forwarding of applications; delivery of policies or contracts; inspection of risks; fixing of rates; investigation or adjustment of claim or losses; collection or forwarding of premiums; or, transaction of matters subsequent to effectuation of the contract of insurance and arising out of it;	No change. Renumbered.

Proposed Legislation	Existing Statute	Comments
(3) "unauthorized person" means a person not licensed as a surplus lines broker or not a salaried employee of the insured;	(8) "unauthorized person" means a person not licensed as a surplus lines broker or one who is not a salaried employee of the insured;	No change. Renumbered.
(4) "wet marine and transportation insurance" has the meaning given in AS 21.34.900.	(9) "wet marine and transportation insurance" means (A) insurance upon, of interest in, or relating to vessels, crafts, hulls, except vessels of 50 displacement tons or less; (B) insurance of marine builders risks, marine war risks and contracts of marine protection and indemnity insurance; (C) insurance of freights and disbursements pertaining to a subject of insurance under this paragraph; and (D) insurance of personal property and interests in personal property, in the course of exportation from or importation into any country, or in the course of coastal or inland water transportation, including transportation by land, water, or air from point of origin to final destination, in connection with any and all risks or perils of navigation, transit, or transportation, and while being prepared for and while awaiting shipment, and during any delays, transshipment or reshipment incident to them.	Editorial change.
* Sec. 116. AS 21.34.020 is repealed and reenacted to read:	AS 21.34.020	
Sec. 21.34.020. PLACEMENT OF SURPLUS LINES INSURANCE. Insurance other than reinsurance, wet marine and transportation insurance, insurance independently procured, life insurance, disability insurance, and annuity contracts may be procured through a surplus lines broker licensed under AS 21.27 from nonadmitted insurers if	AS 21.34.020. Placement of surplus lines insurance. Insurance may be procured through a surplus lines broker from nonadmitted insurers if	Clarifies the scope of permissible surplus lines placements.
(1) the insurer is an eligible surplus lines insurer;	(1) each insurer is an eligible surplus lines insurer;	No change.

Proposed Legislation	Existing Statute	Comments
(2) the full amount, kind, or class of insurance cannot be obtained from insurers who are admitted to do business in this state;	(2) either (A) the full amount or kind of insurance cannot be obtained from insurers who are admitted to do business in this state; or	No change.
(3) the producing broker has conducted and documented a diligent search among insurers who are admitted to transact business in this state and are actually writing the particular kind or class of insurance required by the client in this state;		Clarifies that producing broker has diligent search duty.
(4) the director authorizes an exception to (2) of this section by regulation or by written authorization for an individual placement upon written request by the broker; and	(B) the director authorizes exception to (A) of this paragraph; and	This language puts the placement list into statute.
(5) all other requirements of this chapter are met.	(3) all other requirements of this chapter are met.	No change.
* Sec. 117. AS 21.34 is amended by adding a new section to read:		
Sec. 21.34.025. SUBSCRIPTION POLICIES OR JOINT UNDERWRITING IN COMBINATION WITH ADMITTED INSURERS. Subscription policies or joint underwriting of insurance other than reinsurance, wet marine and transportation insurance, insurance independently procured, life insurance, disability insurance, and annuity contracts by a combination of authorized insurers and nonadmitted insurers is a surplus lines insurance placement in its entirety, is subject to this chapter, is not subject to AS 21.39 or AS 21.42.120 - 21.42.130, and losses or claims are not covered by AS 21.80 (Alaska Insurance Guaranty Association Act).		Clarifies status of subscription policies where admitted insurers and non-admitted insurers subscribe to a single policy. A policy, any part of which must be procured through a surplus lines broker under AS 21.34, is a surplus lines policy in its entirety.

Proposed Legislation	Existing Statute	Comments
<p>* Sec. 118. AS 21.34.040(a) is amended to read:</p>	<p>AS 21.34.040(a)</p>	
<p>(a) Coverage may be placed in a nonadmitted insurer by a surplus lines broker only[,] if (1) at the time of placement, the nonadmitted insurer meets all the requirements of this section; and (2) the surplus lines broker is licensed under AS 21.27 .</p>	<p>(a) Coverage may be placed in a nonadmitted insurer by a surplus lines broker only, if at the time of placement, the nonadmitted insurer meets all the requirements of this section.</p>	<p>Editorial change.</p>
<p>* Sec. 119. AS 21.34.040(c) is amended to read:</p>	<p>AS 21.34.040(c)</p>	
<p>(c) A nonadmitted insurer may be eligible to provide coverage in this state if it qualifies under one of the following:</p>	<p>(c) A nonadmitted insurer may be eligible to provide coverage in this state if it qualifies under one of the following:</p>	
<p>(1) a foreign but nonalien stock insurer may qualify under this subsection if it has the minimum unimpaired basic capital and additional surplus equal to that required in its domiciliary jurisdiction, or maintains [\$5,000,000 AS OF JUNE 20, 1987, \$6,000,000 AS OF DECEMBER 31, 1990, \$10,000,000 as of December 31, 1991, \$12,500,000 as of December 31, 1992, and \$15,000,000 as of December 31, 1993, whichever is greater;</p>	<p>(1) a foreign but nonalien stock insurer may qualify under this subsection if it has the minimum unimpaired basic capital and additional surplus equal to that required in its domiciliary jurisdiction, or maintains \$5,000,000 as of June 20, 1987, \$6,000,000 as of December 31, 1990, \$10,000,000 as of December 31, 1991, \$12,500,000 as of December 31, 1992, and \$15,000,000 as of December 31, 1993, whichever is greater;</p>	<p>Removes obsolete references.</p>
<p>(2) a foreign but nonalien mutual insurer, a reciprocal insurer, or a mutual protection and indemnity association may qualify under this subsection if it has the minimum unimpaired basic surplus and additional surplus equal to that required in its domiciliary jurisdiction or maintains [\$6,000,000 AS OF DECEMBER 31, 1990, \$10,000,000 as of December 31, 1991, \$12,500,000 as of December 31, 1992, and \$15,000,000 as of December 31, 1993, whichever is greater;</p>	<p>(2) a foreign but nonalien mutual insurer, a reciprocal insurer, or a mutual protection and indemnity association may qualify under this subsection if it has the minimum unimpaired basic surplus and additional surplus equal to that required in its domiciliary jurisdiction or maintains \$6,000,000 as of December 31, 1990, \$10,000,000 as of December 31, 1991, \$12,500,000 as of December 31, 1992, and \$15,000,000 as of December 31, 1993, whichever is greater;</p>	<p>Removes obsolete references.</p>

Proposed Legislation	Existing Statute	Comments
<p>(3) an alien insurer <u>other than an alien mutual protection and indemnity association</u> may qualify under this subsection if it meets the minimum requirements in (1) or (2) of this subsection and maintains in the United States an irrevocable trust fund [IN EITHER A NATIONAL BANK OR A MEMBER OF THE FEDERAL RESERVE SYSTEM,] in an amount not less than \$2,500,000 <u>in a solvent federally insured bank acceptable to the director</u>, as security to the full amount, for the protection of all its policyholders and creditors of each member of the mutual insurer, reciprocal insurer, or mutual protection and indemnity association in the United States; the trust fund must consist of instruments of substantially the same character and quality as those that are eligible investments for the capital and statutory reserves of admitted insurers authorized to write like kinds of insurance in this state or of irrevocable, clean, and unconditional letters of credit; the trust fund must have an expiration date that at no time is less than five years;</p>	<p>(3) an alien insurer may qualify under this subsection if it meets the minimum requirements in (1) or (2) of this subsection and maintains in the United States an irrevocable trust fund in either a national bank or a member of the federal reserve system, in an amount not less than \$2,500,000, as security to the full amount, for the protection of all its policyholders and creditors of each member of the mutual insurer, reciprocal insurer, or mutual protection and indemnity association in the United States; the trust fund must consist of instruments of substantially the same character and quality as those that are eligible investments for the capital and statutory reserves of admitted insurers authorized to write like kinds of insurance in this state or of irrevocable, clean, and unconditional letters of credit; the trust fund must have an expiration date that at no time is less than five years;</p>	<p>Alien mutual protection and indemnity associations treated separately in new AS 21.34.040(c)(6)</p>
<p>(4) a Lloyd's or other similar unincorporated group of alien individual insurers may qualify if it maintains a trust fund in an amount not less than \$50,000,000, as security to the full amount, for the protection of all its policy holders and creditors of each member of the group in the United States; the trust fund must consist of instruments of substantially the same character and quality as those that are eligible investments for the capital and statutory reserves of admitted insurers authorized to write like kinds of insurance in this state or of irrevocable, clean, and unconditional letters of credit; the trust fund must have an expiration date that at no time is less than five years;</p>	<p>(4) a Lloyd's or other similar unincorporated group of alien individual insurers may qualify if it maintains a trust fund in an amount not less than \$50,000,000, as security to the full amount, for the protection of all its policy holders and creditors of each member of the group in the United States; the trust fund must consist of instruments of substantially the same character and quality as those that are eligible investments for the capital and statutory reserves of admitted insurers authorized to write like kinds of insurance in this state or of irrevocable, clean, and unconditional letters of credit; the trust fund must have an expiration date that at no time is less than five years;</p>	<p>No change.</p>

<p>(5) an insurance exchange created by the laws of individual states may qualify if it maintains capital and surplus, or the substantial equivalent, of not less than \$50,000,000 in the aggregate; for insurance exchanges that maintain funds for the protection of all insurance exchange policyholders, each individual syndicate shall maintain minimum capital and surplus, or the substantial equivalent, of not less than \$3,000,000; in the event the insurance exchange does not maintain funds for the protection of all its policyholders, each individual syndicate shall meet the minimum requirements of (1) or (2) of this subsection;</p>	<p>(5) an "insurance exchange" created by the laws of individual states may qualify if it maintains capital and surplus, or the substantial equivalent, of not less than \$50,000,000 in the aggregate; for insurance exchanges that maintain funds for the protection of all insurance exchange policyholders, each individual syndicate shall maintain minimum capital and surplus, or the substantial equivalent, of not less than \$3,000,000; in the event the insurance exchange does not maintain funds for the protection of all its policyholders, each individual syndicate shall meet the minimum requirements of (1) or (2) of this subsection;</p>	<p>No change.</p>
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Proposed Legislation	Existing Statute	Comments
<p><u>(6) an alien mutual protection and indemnity association may qualify under this subsection if it has the minimum unimpaired basic capital and additional surplus equal to that required in its domiciliary jurisdiction or \$10,000,000, whichever is greater, and maintains in the United States an irrevocable trust fund in an amount not less than \$1,000,000 in a federally insured bank acceptable to the director, as security to the full amount, for the protection of all its policyholders and creditors or each member of the mutual protection and indemnity association in the United States; the trust fund must consist of instruments of substantially the same character and quality as those that are eligible investments for the capital and statutory reserves of admitted insurers authorized to write wet marine and transportation insurance in this state or of irrevocable, clean, and unconditional letters of credit; the trust fund must have an expiration date that at no time is less than five years.</u></p>		<p>New. Revises capital and surplus and trust amount requirements for alien mutual protection and indemnity associations to reflect their unique financial structure.</p>
<p>* Sec. 120. AS 21.34.040 is amended by adding a new subsection to read:</p>		
<p>(e) The capital and surplus requirements of this section shall be calculated based upon generally accepted accounting practices of the United States of America.</p>		<p>Clarifies U. S. accounting standards must be used to measure capital and surplus of insurers.</p>

Proposed Legislation	Existing Statute	Comments
<p>• Sec. 121. AS 21.34.060 is amended to read:</p> <p>Sec. 21.34.060. OTHER NONADMITTED INSURERS. Only that portion of a risk eligible for export for which the full amount of coverage is not procurable from eligible surplus lines insurers may be placed with another nonadmitted insurer that does not appear on the list of eligible surplus lines insurers published under AS 21.34.050 but nonetheless meets the requirements of AS 21.34.040 and a regulation adopted under this chapter. The surplus lines broker seeking to provide coverage through an unlisted nonadmitted insurer shall <u>within 30 days after placing the coverage, notify the director in writing on a form prescribed by the director</u> [MAKE A FILING SPECIFYING] the amount and percentage of each risk to be placed and naming each nonadmitted insurer with which placements <u>are</u> intended. Within 30 days after placing the coverage, the surplus lines broker shall also send written notice to the insured <u>and</u> [OR] the producing broker that the insurance, or a portion of it, has been placed with the unlisted nonadmitted insurer.</p>	<p>AS 21.34.060</p> <p>Sec. 21.34.060. OTHER NONADMITTED INSURERS. Only that portion of a risk eligible for export for which the full amount of coverage is not procurable from eligible surplus lines insurers may be placed with another nonadmitted insurer that does not appear on the list of eligible surplus lines insurers published under AS 21.34.050 but nonetheless meets the requirements of AS 21.34.040 and a regulation adopted under this chapter. The surplus lines broker seeking to provide coverage through an unlisted nonadmitted insurer shall make a filing specifying the amount and percentage of each risk to be placed and naming each nonadmitted insurer with which placements intended. Within 30 days after placing the coverage, the surplus lines broker shall also send written notice to the insured or the producing broker that the insurance, or a portion of it, has been placed with the unlisted nonadmitted insurer.</p>	<p>Adds NAIC Model provision requiring notice to the director when an unlisted nonadmitted insurer is used by a surplus lines broker.</p>
<p>• Sec. 122. AS 21.34.070(b) is amended to read:</p>	<p>AS 21.34.070(b)</p>	
<p>(b) The director may issue an order declaring a nonadmitted insurer ineligible if at any time the director has reason to believe that the nonadmitted insurer</p>	<p>(b) The director may declare a nonadmitted insurer ineligible if at any time the director has reason to believe that the nonadmitted insurer</p>	<p>No change.</p>
<p>(1) is in unsound financial condition;</p>	<p>(1) is in unsound financial condition;</p>	<p>No change.</p>
<p>(2) is no longer eligible under AS 21.34.040;</p>	<p>(2) is no longer eligible under AS 21.34.040;</p>	<p>No change.</p>
<p>(3) has wilfully violated the laws of this state <u>or another state</u>; or</p>	<p>(3) has wilfully violated the laws of this state; or</p>	<p>Insurers ineligible for listing and use if they violate the laws of another state.</p>

<p>(4) does not reasonably investigate and make REASONABLY prompt payment of just losses and claims in this state or another state [ELSEWHERE].</p>	<p>(4) does not make reasonably prompt payment of just losses and claims in this state or elsewhere.</p>	<p>Insurers ineligible for listing and use if they do not reasonably investigate claims.</p>
<p>* Sec. 123. AS 21.34.080 is repealed and reenacted to read:</p>	<p>AS 21.34.080</p>	
<p>Sec. 21.34.080. EVIDENCE OF INSURANCE, AFFIDAVITS, DUTY TO FILE. (a) A surplus lines broker shall execute and file with the monthly report required by AS 21.34.170 a written report, which shall be kept confidential, regarding each surplus lines insurance transaction occurring in the preceding calendar month. The report must include</p>	<p>AS 21.34.080. EVIDENCE OF INSURANCE, AFFIDAVITS, DUTY TO FILE. (a) Within 30 days after the placing of surplus lines insurance, each surplus lines broker shall execute and file with the director a written report, which shall be kept confidential, regarding the insurance. The report must include the following:</p>	<p>Coordinates due date of a transaction report to due date of monthly premium report.</p>
<p>(1) the name and address of the insured;</p>	<p>(1) the name and address of the insured;</p>	<p>No change.</p>
<p>(2) the identity of each insurer including the National Association of Insurance Commissioners group and company insurer number and the percentage of coverage provided by each;</p>	<p>(2) the identity of each insurer and percentage of coverage provided by each;</p>	<p>Adds NAIC company and group code numbers for tracking and identification purposes.</p>
<p>(3) a complete description of the subject and location of the risk;</p>	<p>(3) a description of the subject and location of the risk;</p>	<p>Editorial change.</p>
<p>(4) the amount of premium charged for the insurance; and</p>	<p>(4) the amount.</p>	<p>Editorial change</p>
<p>(5) other information required by the director.</p>	<p>(5) other information required by the director.</p>	<p>No change.</p>
<p>(b) Instead of the report required in (a) of this section, the director may order that evidence of insurance be filed with the surplus lines association and that the surplus lines association provide periodic reports regarding insurance transactions to the director.</p>	<p>(c) The director may order that filings required under this section be made to the surplus lines association.</p>	<p>Provides reporting alternative if reports are made to a surplus lines association office.</p>

<p>(c) A producing broker shall execute and file with the director, or if ordered by the director, with the surplus lines association, on or before the end of each month on a form prescribed by the director, and a surplus lines broker shall file with the written report required by (a) of this section, for surplus lines insurance first placed or renewed in the preceding calendar month, an affidavit that shall be open to public inspection, as to the diligent efforts to place the coverage with admitted insurers, and the results of those efforts. The affidavit must contain a statement by the broker that the insured was expressly informed in writing before placement of the surplus lines insurance that the surplus lines insurer with whom the insurance was to be placed is not licensed in this state, is not subject to this state's supervision, and in the event of the insolvency of the surplus lines insurer, losses will not be covered under AS 21.80 (Alaska Insurance Guaranty Association Act).</p>	<p>(b) Upon the placing of surplus lines insurance, each producing broker shall execute and maintain an affidavit, which shall be open to public inspection, as to the diligent efforts to place the coverage with admitted insurance and the results of those efforts. The affidavits shall be on a form prescribed by the director.</p>	<p>Provides reporting alternative if reports are made to a surplus lines association office. Adds notice requirement from NAIC Model.</p>
<p>* Sec. 124. AS 21.34.090(a) is amended to read:</p>	<p>AS 21.34.090(a)</p>	
<p>(a) A surplus lines association of surplus lines brokers may be formed to</p>	<p>(a) A surplus lines association of surplus lines brokers may be formed to</p>	<p>No change.</p>
<p>(1) facilitate and encourage compliance by its members with the laws of this state and the regulations relative to surplus lines insurance;</p>	<p>(1) facilitate and encourage compliance by its members with the laws of this state and the regulations relative to surplus lines insurance;</p>	<p>No change.</p>
<p>(2) attend National Association of Insurance Commissioners meetings and participate in task forces and work groups [PROVIDE MEANS FOR THE EXAMINATION, WHICH SHALL REMAIN CONFIDENTIAL, OF ALL SURPLUS LINES COVERAGES WRITTEN BY ITS MEMBERS TO DETERMINE WHETHER THE COVERAGES COMPLY WITH THE LAWS AND REGULATIONS OF THIS STATE];</p>	<p>(2) provide means for the examination, which shall remain confidential, of all surplus lines coverages written by its members to determine whether the coverages comply with the laws and regulations of this state;</p>	<p>Allows participation in regulatory development.</p>

Proposed Legislation	Existing Statute	Comments
(3) communicate with organizations of admitted insurers with respect to the proper use of the surplus lines market;	(3) communicate with organizations of admitted insurers with respect to the proper use of the surplus lines market;	No change.
(4) receive and disseminate to its members information relative to surplus lines coverages; and	(4) receive and disseminate to its members information relative to surplus lines coverages; and	No change.
<p>(5) <u>contract with the director to receive reports and affidavits under AS 21.34.080 that verify that coverage has been placed with eligible surplus lines insurers, that verify the amount of taxes under AS 21.34.180 and fees under AS 21.34.190 for surplus lines insurance for each surplus lines broker, and to prepare periodic reports as required by the director</u> [RECEIVE AND COLLECT ON BEHALF OF THE STATE AND REMIT TO THE STATE PREMIUM RECEIPTS TAX FOR SURPLUS LINES INSURANCE].</p>	(5) receive and collect on behalf of the state and remit to the state premium receipts tax for surplus lines insurance.	Allows director to contract with surplus lines association for data collection and reporting.

Proposed Legislation	Existing Statute	Comments
<p>* Sec. 125. AS 21.34.090(c) is repealed and reenacted to read:</p>	<p>AS 21.34.090(c)</p>	
<p>(c) A surplus lines association is subject to the same penalties under this title as a surplus lines broker.</p>	<p>(c) The director shall, at least once in three years, make or cause to be made, an examination of the surplus lines association. The reasonable cost of an examination shall be paid by the surplus lines association upon presentation to it by the director of a detailed account of the cost. The officers, managers, agents, and employees of the surplus lines association may be examined at any time, under oath, and shall exhibit all books, records, accounts, documents or agreements governing its method of operation. The director shall furnish a copy of the examination report to the surplus lines association and shall notify it that it may request a hearing on the report or on any facts or recommendations contained in the report, if requested within 20 days. The surplus lines association or any of its members that the director determines has violated this chapter is subject to penalties established in AS 21.34.230.</p>	<p>Clarifies examination process under proposed Section 1.</p>
<p>* Sec. 126. AS 21.34.090 is amended by adding a new subsection to read:</p>		
<p>(e) The surplus lines association shall maintain its place of business in this state.</p>		<p>New</p>

Proposed Legislation	Existing Statute	Comments
<p>* Sec. 127. AS 21.34.100(a) is amended to read:</p> <p>(a) When surplus lines insurance is placed, the surplus lines broker shall within 30 days after placing the coverage [PROMPTLY] deliver to the insured or the producing broker the policy, or if the policy is not then available, a certificate, cover note, binder, or other evidence of insurance. The certificate, cover note, binder, or other evidence of insurance shall be executed by the surplus lines broker and shall contain a complete record of all policy insuring agreements, conditions, exclusions, clauses, endorsements, other material facts that would regularly be included in the policy, description, and location of the subject of insurance, a general description of the coverages of the insurance, the premium and rate charged and taxes to be collected from the insured, the name and address of the insured, the name of each surplus lines insurer and the percentage of the entire risk assumed by each, the name of the surplus lines broker, and the license number of the surplus lines broker.</p>	<p>AS 21.34.100(a)</p> <p>(a) When surplus lines insurance is placed, the surplus lines broker shall promptly deliver to the insured or the producing broker the policy, or if the policy is not then available, a certificate, cover note, binder, or other evidence of insurance. The certificate, cover note, binder, or other evidence of insurance shall be executed by the surplus lines broker and shall contain a complete record of all policy insuring agreements, conditions, exclusions, clauses, endorsements, other material facts that would regularly be included in the policy, description, and location of the subject of insurance, a general description of the coverages of the insurance, the premium and rate charged and taxes to be collected from the insured, the name and address of the insured, the name of each surplus lines insurer and the percentage of the entire risk assumed by each, the name of the surplus lines broker, and the license number of the surplus lines broker.</p>	<p>Editorial change clarifies "promptly" as "30 days."</p>

Proposed Legislation	Existing Statute	Comments
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<p>* Sec. 128. AS 21.34.110 is amended to read:</p>	<p>AS 21.34.110</p>	
<p>Sec. 21.34.110. SURPLUS LINES BROKER'S DUTY TO NOTIFY INSURED. A contract of insurance placed by a surplus lines broker under this chapter is [SHALL] not [BE] binding upon the insured and a premium charged is [SHALL] not [BE] due and payable until the surplus lines broker has notified the insured in writing, a copy of which shall be maintained by the licensee with the records of the contract, available for examination, that the insurer with which the surplus lines broker places the insurance does not hold a certificate of authority issued [IS NOT LICENSED] by this state and is not subject to its supervision, and in the event of the insolvency of the surplus lines insurer, losses will not be covered under AS 21.80 (Alaska Insurance Guaranty Association Act) [PAID BY THE STATE INSURANCE GUARANTY FUND]. Nothing in this section shall nullify an agreement by an insurer to provide insurance.</p>	<p>Sec. 21.34.110. SURPLUS LINES BROKER'S DUTY TO NOTIFY INSURED. A contract of insurance placed by a surplus lines broker under this chapter shall not be binding upon the insured and a premium charged shall not be due and payable until the surplus lines broker has notified the insured in writing, a copy of which shall be maintained by the licensee with the records of the contract, available for examination, that the insurer with which the surplus lines broker places the insurance is not licensed by this state and is not subject to its supervision, and in the event of the insolvency of the surplus lines insurer, losses will not be paid by the state insurance guaranty fund. Nothing in this section shall nullify an agreement by an insurer to provide insurance.</p>	<p>Editorial change.</p>

Proposed Legislation	Existing Statute	Comments
<p>* Sec. 129. AS 21.34.130 is amended to read:</p> <p>Sec. 21.34.130. EFFECT OF PAYMENT TO SURPLUS LINES BROKER. A payment of premium to a surplus lines broker acting for a person other than <u>itself</u> [ONESELF] in negotiating, continuing, or reviewing a policy of insurance under this chapter, is considered to be payment to the insurer, notwithstanding conditions or stipulations in the policy or contract to the contrary.</p>	<p>* Sec. 121. AS 21.34.130 is amended to read:</p> <p>Sec. 21.34.130. EFFECT OF PAYMENT TO SURPLUS LINES BROKER. A payment of premium to a surplus lines broker acting for a person other than oneself in negotiating, continuing, or reviewing a policy of insurance under this chapter, is considered to be payment to the insurer, notwithstanding conditions or stipulations in the policy or contract to the contrary.</p>	<p>Editorial change.</p>
<p>To be repealed. See Sec. 221</p>	<p>AS 21.34.140. LICENSING OF SURPLUS LINES BROKERS. (a) An agent or broker licensed by the state may not procure a contract or policy of surplus lines insurance with a nonadmitted insurer unless the agent or broker possesses a current surplus lines broker license issued by the director.</p>	<p>Moved to AS 21.27</p>
<p>To be repealed. See Sec. 221</p>	<p>(b) The director shall issue a surplus lines broker license to a qualified holder of a current property and casualty broker's license or general agents license but only when the broker or general agent has</p>	<p>Moved to AS 21.27</p>
<p>To be repealed. See Sec. 221</p>	<p>(1) remitted the annual fee established under AS 21.06.250;</p>	<p>Moved to AS 21.27</p>
<p>To be repealed. See Sec. 221</p>	<p>(2) submitted a completed license application on a form prescribed by the director, and the application has been approved by the director;</p>	<p>Moved to AS 21.27</p>
<p>To be repealed. See Sec. 221</p>	<p>(3) passed a qualifying examination approved by the director;</p>	<p>Moved to AS 21.27</p>

Proposed Legislation	Existing Statute	Comments
To be repealed. See Sec. 221	(4) filed with the director, and maintains during the term of license, an in-force, unimpaired bond in favor of insureds under this chapter and the state, in the penal sum of \$200,000, aggregate liability, with corporate sureties approved by the director; the bond shall be conditioned in that the surplus lines broker will conduct business in accordance with the provisions of this chapter, will promptly remit the taxes provided by law, will return premiums promptly when due and will pay proper losses promptly; a bond may not be terminated unless at least 60 days prior written notice is given to the surplus lines broker and the director.	Moved to AS 21.27
To be repealed. See Sec. 221	(c) If the director determines that a surplus lines broker of another state is competent and trustworthy, the director may issue a nonresident surplus lines broker license	Moved to AS 21.27
To be repealed. See Sec. 221	(d) A firm or corporation is eligible for license if the firm or corporation complies with AS 21.27.090(d) and 21.27.140.	Moved to AS 21.27
To be repealed. See Sec. 221	(e) Each surplus lines broker license expires on December 31 of each year and shall be renewed before December 2 of each year upon payment of the annual fee, and compliance with other provisions of this section. A surplus lines broker who fails to apply for renewal of the license before December 2 shall pay a penalty of \$100. A surplus lines broker who fails to apply for renewal of the license before December 31 shall pay a penalty of \$250 and any other penalties provided in this title before the license may be renewed.	Moved to AS 21.27
To be repealed. See Sec. 221	(f) The requirements of (b)(4) of this section do not apply to an individual who acts on behalf of a firm that files and maintains in force the bond described in (b)(4) of this section. The director may adopt, by regulation, an alternative to the bond required by (b)(4) of this section.	Moved to AS 21.27

<p>* Sec. 130. AS 21.34.150 is amended to read:</p>	<p>* Sec. 122. AS 21.34.150 is amended to read:</p>	
<p>Sec. 21.34.150. SURPLUS LINES BROKERS MAY ACCEPT BUSINESS FROM OTHER BROKERS. A surplus lines broker <u>licensed by this state</u> may originate surplus lines insurance or accept surplus lines insurance from another [BROKER OR] surplus lines broker licensed <u>by [IN] this state or a producing broker licensed by this state</u> as to the kind <u>and class</u> of insurance involved. The surplus lines broker may compensate the <u>producing [LICENSED]</u> broker or surplus lines broker for the insurance.</p>	<p>AS 21.34.150. SURPLUS LINES BROKERS MAY ACCEPT BUSINESS FROM OTHER BROKERS. A surplus lines broker may originate surplus lines insurance or accept surplus lines insurance from another broker or surplus lines broker licensed in this state as to the kind of insurance involved. The surplus lines broker may compensate the licensed broker or surplus lines broker for the insurance.</p>	<p>Clarifies that Alaska license is required for surplus lines broker placing Alaska business.</p>
<p>To be repealed. See Sec. 221</p>	<p>AS 21.34.160. RECORDS OF SURPLUS LINES BROKER. (a) Each surplus lines broker shall keep in the office a full and true record of each surplus lines insurance contract placed by or through the surplus lines broker, including a copy of the policy, certificate, cover note, or other evidence of insurance showing the following items as may be applicable:</p>	<p>Moved to AS 21.27</p>
<p>To be repealed. See Sec. 221</p>	<p>(1) amount of insurance and perils insured;</p>	<p>Moved to AS 21.27</p>
<p>To be repealed. See Sec. 221</p>	<p>(2) brief description of property insured and its location;</p>	<p>Moved to AS 21.27</p>
<p>To be repealed. See Sec. 221</p>	<p>(3) gross premium charged;</p>	<p>Moved to AS 21.27</p>
<p>To be repealed. See Sec. 221</p>	<p>(4) any return premium paid;</p>	<p>Moved to AS 21.27</p>
<p>To be repealed. See Sec. 221</p>	<p>(5) rate of premium charged upon the several items of property;</p>	<p>Moved to AS 21.27</p>
<p>To be repealed. See Sec. 221</p>	<p>(6) effective date of the contract, and the terms of the contract;</p>	<p>Moved to AS 21.27</p>
<p>To be repealed. See Sec. 221</p>	<p>(7) name and address of the insured;</p>	<p>Moved to AS 21.27</p>

To be repealed. See Sec. 221	(8) name and address of the insurer;	Moved to AS 21.27
To be repealed. See Sec. 221	(9) amount of tax and other sums to be collected from the insured;	Moved to AS 21.27
To be repealed. See Sec. 221	(10) any evidence of insurance issued in compliance with AS 21.34.160;	Moved to AS 21.27
To be repealed. See Sec. 221	(11) identity of the producing broker;	Moved to AS 21.27
To be repealed. See Sec. 221	(12) any confirming correspondence from the insurer or its representative; and	Moved to AS 21.27
To be repealed. See Sec. 221	(13) the application.	Moved to AS 21.27
To be repealed. See Sec. 221	(b) The record of each contract shall be kept open at all reasonable times to examination by the director without notice for a period of not less than five years following termination of the contract.	Moved to AS 21.27
* Sec. 131. AS 21.34.170 is repealed and reenacted to read:	AS 21.34.170	
Sec. 21.34.170. MONTHLY REPORTS, SUMMARY OF EXPORTED BUSINESS. (a) A surplus lines broker shall file with the director on or before the end of each month, on forms prescribed by the director, a verified report in duplicate of all surplus lines insurance, by type of insurance as required to be reported in the annual statement that must be filed with the director by admitted insurers. The report must include all surplus lines insurance transactions during the preceding calendar month showing the aggregate gross premiums written, the aggregate return premiums, the amount of aggregate tax remitted to this state, and the amount of aggregate tax remitted to each other state for which an allocation is made under AS 21.34.150.	AS 21.34.170. MONTHLY REPORTS, SUMMARY OF EXPORTED BUSINESS. On or before the end of each month, each surplus lines broker shall file with the director, on forms prescribed by the director, a verified report in duplicate of all surplus lines insurance transacted during the preceding calendar month showing aggregate gross premiums written and aggregate return premiums by kind of insurance.	Clarifies process. Includes new tax allocation provision from NAIC Model.

Proposed Legislation	Existing Statute	Comments
<p>(b) Instead of the report required under (a) of this section, the director may order that evidence of insurance be filed with surplus lines association and that the association file periodic reports regarding insurance transactions to the director.</p>		<p>Allows surplus lines association to collect data and report to director.</p>
<p>* Sec. 132. AS 21.34.180 is repealed and reenacted to read:</p>	<p>AS 21.34.180</p>	
<p>Sec. 21.34.180. SURPLUS LINES TAX. (a) Gross premiums charged, less any return premium, for surplus lines insurance are subject to a premium receipts tax of 2.7 percent, that shall be collected by the surplus lines broker in addition to the full amount of the gross premium charged by the insurer for the insurance. The tax on any portion of the premium unearned at termination of the insurance that is credited by the state to the surplus lines broker shall be returned to the policyholder directly by the surplus lines broker or through the producing broker, if any. If a surplus lines policy procured through a surplus lines broker covers property or subject resident, located, or to be performed both inside and outside of this state, the tax payable shall be computed on that portion of the gross premiums properly allocated to this state. The surplus lines broker may not absorb the tax or any part of it and may not rebate the tax or a part of the tax.</p>	<p>AS 21.34.180. SURPLUS LINES TAX. (a) Gross premiums charged, less any return premium, for surplus lines insurance are subject to a premium receipts tax as outlined in AS 21.09.210, which shall be collected by the surplus lines broker as specified by the director, in addition to the full amount of the gross premium charged by the insurer for the insurance. The tax on any portion of the premium unearned at termination of insurance having been credited by the state to the surplus lines broker shall be returned to the policy holder directly by the surplus lines broker or through the producing broker, if any. The surplus lines broker may not absorb the tax or any part of it.</p>	<p>Clarifies applicable tax rate. Language "resident, located or to be performed in this state" added for consistency with the scope of the Title.</p>
<p>(b) The surplus lines tax is due and shall be paid to the director at the end of January, April, July, and October. The tax shall be reported on forms prescribed by the director for all insurance transacted under this chapter during the preceding calendar quarter.</p>	<p>(b) The surplus lines tax is due on the second day of March following the calendar year in which the premium is written. The tax shall be paid to and reported on forms prescribed by the director, or upon the director's order paid to and reported on forms prescribed by the surplus lines association.</p>	<p>Provides quarterly tax payments.</p>

Proposed Legislation	Existing Statute	Comments
<p>(c) If the tax is not paid when due, an additional late payment fee of \$250 plus two percent of the tax due per month, or part of a month, shall become due and payable by the surplus lines broker.</p>		<p>New. Provides late payment fee and interest for late payment of taxes.</p>
<p>(d) If a surplus lines policy procured through a licensed surplus lines broker covers property, a subject, or exposure only partially resident, located, or to be performed in this state, the tax payable shall be computed on the portions of the premium that are attributable to the property or subject located or to be performed in this state. In determining the amount of a premium taxable in this state, all premiums written, procured, or received in this state shall be considered written on property or subject located or resident in this state, except premiums that are properly allocated or apportioned and reported as taxable premiums of a reciprocal state. The tax payable to this state may not be less than the tax due under this section, except that if the amount of tax due under this section is less than \$50 in any jurisdiction, it shall be payable in the jurisdiction in which the affidavit required in AS 21.34.080 is filed.</p>	<p>(c) If a surplus lines policy procured through a surplus lines broker covers risks or exposures only partially located or to be performed in this state, the tax payable shall be computed on the portions of the premium properly attributable to the risks or exposures located or to be performed in this state as follows:</p> <p>(1) if the risk insured is real or personal property, the percentage of the entire tax that is due to this state is the same as the percentage of the entire risk that is located in this state, computed on the same basis as was employed to calculate the insurable value of the risk;</p> <p>(2) if the risk insured is business operations, general liability or employee benefits, the percentage of the entire tax that is due to this state is the same as the percentage of the insured business operations or employees that are located in this state.</p>	<p>Revised to reflect NAIC Model tax allocation. Language "resident, located or to be performed in this state" added for consistency with the scope of the Title.</p>
<p>(e) The director shall, at least annually, furnish to the commissioner, director, or superintendent of a reciprocal state a copy of all filings reporting an allocation of tax as required by (d) of this section.</p>		

Proposed Legislation	Existing Statute	Comments
<p>(f) In determining the amount of gross premiums taxable in this state for a placement of surplus lines insurance covering a subject resident, located, or to be performed both inside and outside this state, the tax due shall be computed on that portion of the policy premium that is attributable to a subject resident, located, or to be performed in this state and that relate to the kind of insurance being placed as determined by reference to an allocation schedule as follows:</p>	<p>(e) If a multi-state risk has a portion of that risk located within this state, the surplus lines broker will remit payment of taxes collected in this state in accordance with the provisions of (c) of this section.</p>	<p>Revised to reflect allocation schedule common to all unauthorized insurance. Language "resident, located or to be performed in this state" added for consistency with the scope of the Title.</p>
<p>(1) if a policy covers more than one classification,</p>		<p>See comments on AS 21.34.180(f).</p>
<p>(A) for any portion of the coverage identified by a classification on the allocation schedule, the tax shall be computed by using the allocation schedule for the corresponding portion of the premium;</p>		<p>See comments on AS 21.34.180(f).</p>
<p>(B) for any portion of the coverage not identified by a classification on the allocation schedule, the tax shall be computed by using an alternative equitable method of allocation for the property or subject;</p>		<p>See comments on AS 21.34.180(f).</p>
<p>(C) for any portion of the coverage where the premium is indivisible, the tax shall be computed by using the method of allocation that pertains to the classification describing the predominant coverage;</p>		<p>See comments on AS 21.34.180(f).</p>