

ALASKA

LEGISLATURE

COMMITTEE FILES

1991-1992

8672

7091

HOUSE LABOR

& COMMERCE

* Sec. 207. AS 21.75.270 is amended to read:	AS 21.75.270	
<p>Sec. 21.75.270. <u>FINANCIAL IMPAIRMENT: DETERMINATION OF INSOLVENCY</u> [IMPAIRED RECIPROCAL].</p> <p>(a) If the assets of a reciprocal insurer are at any time insufficient to discharge its liabilities, other than a liability on account of funds contributed by the <u>attorney-in-fact</u> [ATTORNEY] or others, and to maintain the required surplus, its <u>attorney-in-fact</u> [ATTORNEY] shall immediately make up the deficiency or levy an assessment upon the subscribers for the amount needed to make up the deficiency; but subject to the limitation set out in the <u>subscriber's agreement</u> [POWER OF ATTORNEY OR POLICY].</p>	<p>Sec. 21.75.270. IMPAIRED RECIPROCAL.</p> <p>(a) If the assets of a reciprocal insurer are at any time insufficient to discharge its liabilities, other than a liability on account of funds contributed by the attorney or others, and to maintain the required surplus, its attorney shall immediately make up the deficiency or levy an assessment upon the subscribers for the amount needed to make up the deficiency; but subject to the limitation set out in the power of attorney or policy.</p>	<p>NOTE #66 Gloria List #1.</p> <p>Editorial change. The term "attorney-in-fact" is applied consistently throughout the Reciprocal Insurers Chapter, AS 21.75.</p>
<p>(b) If the <u>attorney-in-fact</u> [ATTORNEY] fails to make up the deficiency or to make the assessment within 30 days after the director orders the <u>attorney-in-fact</u> [ATTORNEY] to do so, or if the deficiency is not fully made up within 60 days after the date the assessment was made, the insurer shall be considered insolvent and shall be proceeded against as authorized by this title.</p>	<p>(b) If the attorney fails to make up the deficiency or to make the assessment within 30 days after the director orders the attorney to do so, or if the deficiency is not fully made up within 60 days after the date the assessment was made, the insurer shall be considered insolvent and shall be proceeded against as authorized by this title.</p>	<p>Editorial change. The term "attorney-in-fact" is applied consistently throughout the Reciprocal Insurers Chapter, AS 21.75.</p>
<p>(c) If liquidation of an insurer is ordered, an assessment shall be levied upon the subscriber for an amount, subject to limits as provided by this chapter, that the director determines to be necessary to discharge all liabilities of the insurer, exclusive of any funds contributed by the <u>attorney-in-fact</u> [ATTORNEY] or other persons, but including the reasonable cost of the liquidation.</p>	<p>(c) If liquidation of an insurer is ordered, an assessment shall be levied upon the subscriber for an amount, subject to limits as provided by this chapter, that the director determines to be necessary to discharge all liabilities of the insurer, exclusive of any funds contributed by the attorney or other persons, but including the reasonable cost of the liquidation.</p>	<p>Editorial change. The term "attorney-in-fact" is applied consistently throughout the Reciprocal Insurers Chapter, AS 21.75.</p>

<p>• Sec. 208. AS 21.75.270 is amended by adding a new subsection to read:</p>		
<p>(d) If liquidation of a domestic reciprocal insurer is ordered, the receiver appointed under the order has a right to recover on behalf of the reciprocal insurer a payment in the form of a bonus, termination settlement, or extraordinary lump-sum compensation adjustment made by the reciprocal insurer or its subscribers to the attorney-in-fact if the distribution or payment is made during the 12 months preceding the order of liquidation, unless it can be shown that the payment was lawful and reasonable and that the reciprocal insurer did not know and, using due diligence, could not have known that the distribution might adversely affect the ability of the reciprocal insurer to fulfill its subscriber's contractual obligation.</p>		<p>Allows a receiver to recover from the attorney-in-fact any bonuses or settlements made during the 12 months preceding the order of liquidation unless the reciprocal insurer could not have known the distribution might adversely affect the reciprocal.</p>
<p>• Sec. 209. AS 21.75 is amended by adding a new section to read:</p>		
<p>Sec. 21.75.345. DEFINITION. In this chapter, "material transactions" means transactions, other than claim payments, involving more than one-half of one percent of the reciprocal insurer's admitted assets as of December 31 of the prior year.</p>		<p>Adds definition for material transaction referred to in 21.75.080 (c).</p>

<p>* Sec. 210. AS 21.78 is amended by adding a new section to read:</p>		
<p>Sec. 21.78.325. RECOVERY FROM AFFILIATES. (a) If an order for liquidation or rehabilitation of a domestic insurer has been entered, the receiver appointed under the order has a right to recover on behalf of the insurer (1) from a parent corporation or holding company or person or affiliate who otherwise controlled the insurer, the amount of distributions, other than a distribution of shares of the same class of stock, paid by the insurer on the insurer's capital stock; or (2) a payment in the form of a bonus, termination settlement, or extraordinary lump sum salary adjustment made by the insurer or the insurer's subsidiary to a director, officer, or employee. If the distribution or payment is made during the 12 months preceding the petition for liquidation, conservation, or rehabilitation, the distribution or payment is subject to the limitations of (b) - (d) of this section.</p>		<p>Adds that when an insurers is in liquidation or rehabilitation, cash distributions to controlling persons or officers, directors or employees may be recovered for the insurer when paid within the past 12 months.</p>
<p>(b) A distribution may not be recovered if the parent or affiliate shows that when paid the distribution was lawful and reasonable and that the insurer did not know and could not reasonably have known that the distribution might adversely affect the ability of the insurer to fulfill its contractual obligations.</p>		<p>A distribution cannot be recovered if it is legal and it could not have been known that it might adversely affect the condition of the insurer.</p>
<p>(c) A person who was a parent corporation or holding company or a person who otherwise controlled the insurer or affiliate at the time the distribution was paid is liable up to the amount of the distribution or payment that the person received.</p>		<p>A controlling person is liable for a distribution and two or more persons are liable jointly or severally.</p>

<p>(d) The maximum amount recoverable under this section is the amount needed in excess of all other available assets of the impaired or insolvent insurer to pay the contractual obligations of the impaired or insolvent insurer and to reimburse any guaranty funds that expended funds or incurred expenses or may expend funds or may incur expenses in connection with the impaired or insolvent insurer.</p>		<p>The maximum recoverable is that needed to pay obligations of the insurer.</p>
<p>(e) To the extent that a person liable under (c) of this section is insolvent or otherwise fails to pay a claim due under (c) of this section, the person's parent corporation or holding company or person who otherwise controlled the parent corporation or holding company at the time the distribution was paid is jointly and severally liable for the resulting deficiency in the amount recovered from the parent corporation or holding company or the person who otherwise controlled the parent corporation or holding company.</p>		<p>If the person receiving distribution is insolvent the liability goes to the parent company.</p>
<p>* Sec. 211. AS 21.84.010 is amended to read:</p>	<p>AS 21.84.010</p>	
<p>Sec. 21.84.010. CHAPTER EXCLUSIVE. Except as otherwise provided, societies shall be governed by this chapter and shall be exempt from all other provisions of the insurance laws of this state, not only in governmental relations with the state, but for every other purpose. [A LAW ENACTED AFTER JULY 1, 1966, MAY NOT APPLY TO SOCIETIES UNLESS THEY ARE EXPRESSLY DESIGNATED IN THE LAW.]</p>	<p>AS. 21.84.010. CHAPTER EXCLUSIVE. Except as otherwise provided, societies shall be governed by this chapter and shall be exempt from all other provisions of the insurance laws of this state, not only in governmental relations with the state, but for every other purpose. A law enacted after July 1, 1966, may not apply to societies unless they are expressly designated in the law.</p>	<p>Obsolete language removed.</p>
<p>To be repealed. See Sec. 221</p>	<p>AS 21.84.290 PREMIUMS DEFINED. In this chapter "premiums" means premiums, rates, or other required contributions by whatever name known.</p>	<p>Moved to definition section AS 21.84.900.</p>

<p>• Sec. 212. AS 21.84.350(a) is amended to read:</p>	<p>AS 21.84.350(a)</p>	
<p>(a) As a part of the annual statement required under AS 21.84.340, each society shall, before the second day of March, file with the director a valuation of its certificates in force on the preceding December 31, provided, the director may, for cause shown, extend the time for filing the valuation for not more than two calendar months. <u>The report of valuation must include an opinion of a qualified actuary as to whether the reserves and related actuarial items held in support of the certificates in force are computed appropriately, are based on assumptions that satisfy contractual provisions, are consistent with prior reported amounts, and comply with applicable laws of this state.</u> The report of valuation shall show, as reserve liabilities, the difference between the present mid-year value of the promised benefits provided in the certificates of the society in force and the present mid-year value of the future net premiums as the same are in practice actually collected, not including any value for the right to make extra assessments and not including any amount by which the present mid-year value of future net premiums exceeds the present mid-year value of promised benefits on individual certificates. At the option of a society, in lieu of the above, the valuation may show the net tabular value. The net tabular value on certificates issued before July 1, 1967, shall be determined <u>under</u> [IN ACCORDANCE WITH] the law applicable before July 1, 1966, and on certificates issued on or after July 1, 1967, may not be less than the reserves determined</p>	<p>(a) As a part of the annual statement required under AS 21.84.340, each society shall, before the second day of March, file with the director a valuation of its certificates in force on the preceding December 31, provided, the director may, for cause shown, extend the time for filing the valuation for not more than two calendar months. The report of valuation shall show, as reserve liabilities, the difference between the present mid-year value of the promised benefits provided in the certificates of the society in force and the present mid-year value of the future net premiums as the same are in practice actually collected, not including any value for the right to make extra assessments and not including any amount by which the present mid-year value of future net premiums exceeds the present mid-year value of promised benefits on individual certificates. At the option of a society, in lieu of the above, the valuation may show the net tabular value. The net tabular value on certificates issued before July 1, 1967, shall be determined in accordance with the law applicable before July 1, 1966, and on certificates issued on or after July 1, 1967, may not be less than the reserves determined according to the Commissioner's Reserve Valuation Method as defined in this section. If the premium charged is less than the tabular net premium according to the basis of valuation used, an additional reserve equal to the present value of the deficiency in the premiums shall be set up and maintained as a liability. The reserve liabilities shall be properly adjusted if the mid-year or tabular values are not appropriate.</p>	

<p>according to the Commissioner's Reserve Valuation Method as defined in this section. If the premium charged is less than the tabular net premium according to the basis of valuation used, an additional reserve equal to the present value of the deficiency in the premiums shall be set up and maintained as a liability. The reserve liabilities shall be properly adjusted if the mid-year or tabular values are not appropriate.</p>		
<p>To be repealed. See Sec. 221</p>	<p>AS 21.84.410 LICENSING OF AGENTS. (a) Agents of societies shall be licensed in accordance with AS 21.84.410 - 21.84.450.</p>	<p>Moved to AS 21.27 as a limited license.</p>
<p>To be repealed. See Sec. 221</p>	<p>(b) The term "insurance agent" as used in this chapter means an authorized or acknowledged agent of a society who acts as such in the solicitation, negotiation or procurement or making of a life insurance, accident and health insurance or annuity contract; except that the term "insurance agent" does not include</p>	<p>Moved to AS 21.27 as a limited license.</p>
<p>To be repealed. See Sec. 221</p>	<p>(1) a regular salaried officer or employee of a licensed society who devotes substantially all of the services as an officer or employee to activities other than the solicitation of fraternal insurance contracts from the public, and who receives for the solicitation of the contracts no commission or other compensation directly dependent upon the amount of business obtained; or</p>	<p>Moved to AS 21.27 as a limited license.</p>

To be repealed. See Sec. 221	(2) an agent or representative of a society who devotes or intends to devote, less than 50 per cent of the person's time to the solicitation and procurement of insurance contracts for the society; a person who in the preceding calendar year has solicited and procured life insurance contracts on behalf of a society in an amount of insurance in excess of \$50,000, or, in the case of any other kind or kinds of insurance which the society might write, on the persons of more than 25 individuals, and who has received or will receive a commission or other compensation, shall be presumed to be devoting, or intending to devote, 50 per cent of the person's time to the solicitation or procurement of insurance contracts for the society.	Moved to AS 21.27 as a limited license.
To be repealed. See Sec. 221	AS21.84.420 AGENT LICENSE REQUIRED. (a) A person determined by the director, following an appropriate hearing as provided in AS 21.06.170 - 21.06.230, to have acted as insurance agent for a society without having authority so to do by virtue of a license issued and in force under this chapter, except as provided in AS 21.84.410(b), is subject to a civil penalty of not to exceed \$2,500.	Moved to AS 21.27 as a limited license.
To be repealed. See Sec. 221	(b) A society doing business in this state may not pay a commission or other compensation to a person for a service in obtaining in this state a new contract of life, accident or health insurance, or a new annuity contract, except to a licensed insurance agent of the society and except an agent exempted under AS 21.84.410(b).	Moved to AS 21.27 as a limited license.

To be repealed. See Sec. 221	AS 21.84.430 QUALIFICATIONS, APPLICATION FOR AGENT'S LICENSE. (a) The director may issue an agent's license to a person who has paid an annual license fee set under AS 21.06.250 and who has complied with the requirements of this section, authorizing the licensee to act as an insurance agent on behalf of any society named in the license that is authorized to do business in this state, and who has passed an examination given by the director.	Moved to AS 21.27 as a limited license.
To be repealed. See Sec. 221	(b) Before an insurance agent's license is issued there shall be on file in the office of the director the following documents:	Moved to AS 21.27 as a limited license.
To be repealed. See Sec. 221	(1) a written application by the prospective licensee in the form or forms and supplements thereto and containing the information the director may prescribe; and	Moved to AS 21.27 as a limited license.
To be repealed. See Sec. 221	(2) a certificate by the society which is to be named in the license, stating that the society has satisfied itself that the named applicant is trustworthy and competent to act as insurance agent and that the society will appoint the applicant to act as its agent if the license applied for is issued by the director; the certificates shall be executed and acknowledged by an officer or managing agent of the society.	Moved to AS 21.27 as a limited license.
To be repealed. See Sec. 221	(c) The director may refuse to issue or may suspend or revoke an insurance agent's license if, in the judgment of the director, the proposed licensee is not trustworthy and competent to act as agent, or has given cause for revocation or suspension of the license, or has failed to comply with a prerequisite for the issuance of the license.	Moved to AS 21.27 as a limited license.

To be repealed. See Sec. 221	AS 21.84.440 AGENTS' LICENSES. (a) Each society, on appointing an agent in Alaska, shall file written notice in triplicate with the director on forms prescribed and furnished by the director. If then licensed and the necessary licensing fee paid, or as soon as licensed, the director shall mail one copy of the appointment to the agent and return one copy to the society with the third copy being retained in the director's office.	Moved to AS 21.27 as a limited license.
To be repealed. See Sec. 221	(b) Each appointment shall continue in force until	Moved to AS 21.27 as a limited license.
To be repealed. See Sec. 221	(1) the appointment shall expire on the 30th of June of each year; this appointment must be renewed by the society; or	Moved to AS 21.27 as a limited license.
To be repealed. See Sec. 221	(2) the appointment is revoked by the society by written notice of the revocation to the agent; the society shall immediately file a duplicate copy of the notice of revocation with the director; no fee shall be charged for filing the copy.	Moved to AS 21.27 as a limited license.
To be repealed. See Sec. 221	AS 21.84.450 NOTICE OF TERMINATION OF AGENT APPOINTMENT. Every society shall, upon the termination of the appointment of an insurance agent licensed to represent it in this state, immediately file with the director a statement, in the form the director may prescribe, of the facts relative to the termination and the cause thereof. Every statement made under this section shall be considered a privileged communication.	Moved to AS 21.27 as a limited license.
To be repealed. See Sec. 221	AS 21.84.460 SUSPENSION, REVOCATION OF AGENT'S LICENSE. (a) The director may revoke, or may suspend for a period that the director may determine, an insurance agent's license if, after notice and hearing as specified in AS 21.27.420 the director determines that the licensee has	Moved to AS 21.27 as a limited license.

Proposed Legislation	Existing Statute	Comments
To be repealed. See Sec. 221	(1) violated a provision of or an obligation imposed by this chapter, or has violated a law in the course of the person's dealings as agent;	Moved to AS 21.27 as a limited license.
To be repealed. See Sec. 221	(2) made a material misstatement in the application for the license;	Moved to AS 21.27 as a limited license.
To be repealed. See Sec. 221	(3) been guilty of fraudulent or dishonest practices;	Moved to AS 21.27 as a limited license.
To be repealed. See Sec. 221	(4) demonstrated the person's incompetency or untrustworthiness to act as an insurance agent; or	Moved to AS 21.27 as a limited license.
To be repealed. See Sec. 221	(5) been guilty of rebating as defined by the laws of this state applicable to life insurers.	Moved to AS 21.27 as a limited license.
To be repealed. See Sec. 221	(b) The revocation or suspension of an agent's license immediately terminates the license of the agent. An individual whose license has been revoked may not obtain an insurance agent's license under this chapter for a period of one year after the revocation or, if the revocation is judicially reviewed, for one year after the final determination affirming the action of the director in revoking the license.	Moved to AS 21.27 as a limited license.

<p>* Sec. 213. AS 21.84.480(b) is amended to read:</p>	AS 21.84.480(b)	
<p>(b) A society, by itself or any other party, and a fraternal benefit society limited producer [AN AGENT OR SOLICITOR], personally or by any other party, may not offer, promise, allow, give, set off, or pay, directly or indirectly, a valuable consideration or inducement to or for insurance on a risk authorized to be taken by the society that [, WHICH] is not specified in the certificate. A member may not receive or accept, directly or indirectly, a rebate of premium or part of a premium, or a fraternal benefit society limited producer's [AGENT'S OR SOLICITOR'S] commission payable on a certificate, or receive or accept a favor or advantage or share in the dividends or other benefits to accrue on, or any valuable consideration or inducement not specified in the contract of insurance.</p>	<p>(b) A society, by itself or any other party, and an agent or solicitor, personally or by any other party, may not offer, promise, allow, give, set off, or pay, directly or indirectly, a valuable consideration or inducement to or for insurance on a risk authorized to be taken by the society, which is not specified in the certificate. A member may not receive or accept, directly or indirectly, a rebate of premium or part of a premium, or agent's or solicitor's commission payable on a certificate, or receive or accept a favor or advantage or share in the dividends or other benefits to accrue on, or any valuable consideration or inducement not specified in the contract of insurance.</p>	<p>Editorial change. Reflects the new license types in AS 21.27.</p>
<p>To be repealed. See Sec. 221</p>	<p>AS 21.84.560 FRATERNAL BENEFIT SOCIETIES DEFINED. (a) An incorporated society, order or supreme lodge, without capital stock, including one exempted under AS 21.84.020(a)(2) whether incorporated or not, conducted solely for the benefit of its members and their beneficiaries and not for profit, operated on a lodge system with ritualistic form of work, having a representative form of government, and which makes provision for the payment of benefits in accordance with this chapter, is a fraternal benefit society.</p>	<p>Moved to definition section, AS 21.84.900(1)</p>
<p>To be repealed. See Sec. 221</p>	<p>(b) In this chapter the word "society," unless otherwise indicated, means fraternal benefit society.</p>	<p>Moved to definition section, AS 21.84.900(5)</p>

To be repealed. See Sec. 221	AS 21.84.570 LODGE SYSTEM DEFINED. A society having a supreme legislative or governing body and subordinate lodges or branches by whatever name known, into which members are elected, initiated or admitted in accordance with its constitution, laws, ritual and rules, which subordinate lodges or branches are required by the laws of the society to hold regular meetings at least once in each month, is considered to be operating on the lodge system.	Moved to definition section, AS 21.84.900(2)
To be repealed. See Sec. 221	AS 21.84.580 REPRESENTATIVE FORM OF GOVERNMENT DEFINED. A society is considered to have a representative form of government when	Moved to definition section, AS 21.84.900(4)
To be repealed. See Sec. 221	(1) it provides in its constitution or laws for a supreme legislative or governing body, composed of representatives elected either by the members or by delegates elected directly or indirectly by the members, together with other members of the body prescribed by the society's constitution and laws;	Moved to definition section, AS 21.84.900(4)(A)
To be repealed. See Sec. 221	(2) the representatives elected constitute a majority in number and have not less than two-thirds of the votes or less than the votes required to amend its constitution and laws;	Moved to definition section, AS 21.84.900(4)(B)
To be repealed. See Sec. 221	(3) the meetings of the supreme legislative or governing body and the election of officers, representatives or delegates are held as often as once in four calendar years;	Moved to definition section, AS 21.84.900(4)(C)
To be repealed. See Sec. 221	(4) the society has a board of directors charged with the responsibility for managing its affairs in the interim between meetings of its supreme legislative or governing body, subject to control by the body and having powers and duties delegated to it in the constitution or laws of the society;	Moved to definition section, AS 21.84.900(4)(D)

To be repealed. See Sec. 221	(5) the board of directors is elected by the supreme legislative or governing body, except in case of filling a vacancy in the interim between meetings of the body;	Moved to definition section, AS 21.84.900(4)(E)
To be repealed. See Sec. 221	(6) the officers are elected either by the supreme legislative or governing body or by the board of directors; and	Moved to definition section, AS 21.84.900(4)(F)
To be repealed. See Sec. 221	(7) the members, officers, representatives or delegates may not vote by proxy.	Moved to definition section, AS 21.84.900(4)(G)
• Sec. 214. AS 21.84.590 is amended to read:		
<p>Sec. 21.84.590. OTHER PROVISIONS APPLICABLE. In addition to the provisions contained in this chapter, the following provisions of this title apply to fraternal benefit societies to the extent applicable and not in conflict with the express provisions of this chapter and the reasonable implications of this chapter:</p>	<p>Sec. 21.84.590. OTHER PROVISIONS APPLICABLE. In addition to the provisions contained in this chapter, the following provisions of this title apply to fraternal benefit societies to the extent applicable and not in conflict with the express provisions of this chapter and the reasonable implications of this chapter:</p>	<p>Reflects consolidation of Insurer authorization and solvency functions in AS 21.09, 21.18, and AS 21.21 as well as licensing of producers in AS 21.27.</p>
(1) AS 21.03	(1) AS 21.03	No change
(2) AS 21.06	(2) AS 21.06	No change
(3) AS 21.09.050 and 21.09.100	(3) AS 21.09.050 and 21.09.100	No change
(4) AS 21.09.200 and 21.09.205		See comments on AS 21.84.590 above.
(5) AS 21.18		See comments on AS 21.84.590 above.
(6) AS 21.21		See comments on AS 21.84.590 above.
(7) AS 21.27		See comments on AS 21.84.590 above.
(8) AS 21.33	(4) AS 21.33	Renumbered, no change
(9) [(5)] AS 21.36	(5) AS 21.36	Renumbered, no change
(10) [(6)] AS 21.42.290 and 21.42.355	(6) AS 21.42.290 and 21.42.355	Renumbered, no change
(11) [(7)] AS 21.53	(7) AS 21.53	Renumbered, no change

<p>(12) [(8)] AS 21.69.370 and 21.69.640</p>	<p>(8) AS 21.69.370 and 21.69.640</p>	<p>Renumbered, no change</p>
<p>(13) [(9)] AS 21.78</p>	<p>(9) AS 21.78</p>	<p>Renumbered, no change</p>
<p>(14) [(10)] AS 21.89.060.</p>	<p>(10, .89.060.</p>	<p>Renumbered, no change</p>
<p>* Sec. 215. AS 21.84 is amended by adding a new section to read:</p>		
<p>Sec. 21.84.900. DEFINITIONS. In this chapter,</p>		
<p>(1) "fraternal benefit society" means an incorporated society, order, or supreme lodge, without capital stock, including one exempted under AS 21.84.020(a) whether incorporated or not, conducted solely for the benefit of its members and their beneficiaries and not for profit, operated on a lodge system with ritualistic form of work, having a representative form of government, and that makes provision for the payment of benefits under this chapter;</p>	<p>AS 21.84.560 FRATERNAL BENEFIT SOCIETIES DEFINED. (a) An incorporated society, order or supreme lodge, without capital stock, including one exempted under AS 21.84.020(a)(2) whether incorporated or not, conducted solely for the benefit of its members and their beneficiaries and not for profit, operated on a lodge system with ritualistic form of work, having a representative form of government, and which makes provision for the payment of benefits in accordance with this chapter, is a fraternal benefit society.</p>	<p>Relocated from AS 21.84.560(a).</p>
<p>(2) "lodge system" means a society having a supreme legislative or governing body and subordinate lodges or branches by whatever name known, into which members are elected, initiated, or admitted under its constitution, laws, ritual, and rules; subordinate lodges or branches are required by law of the society to hold regular meetings at least once in each month;</p>	<p>AS 21.84.570 LODGE SYSTEM DEFINED. A society having a supreme legislative or governing body and subordinate lodges or branches by whatever name known, into which members are elected, initiated or admitted in accordance with its constitution, laws, ritual and rules, which subordinate lodges or branches are required by the laws of the society to hold regular meetings at least once in each month, is considered to be operating on the lodge system.</p>	<p>Relocated from AS 21.84.570.</p>
<p>(3) "premiums" means rates or other required contribution by whatever name known;</p>	<p>AS 21.84.290 PREMIUMS DEFINED. In this chapter "premiums" means premiums, rates, or other required contributions by whatever name known.</p>	<p>Relocated from AS 21.84.290.</p>

Proposed Legislation	Existing Statute	Comments
(4) "representative form of government" means a society in which	AS 21.84.580 REPRESENTATIVE FORM OF GOVERNMENT DEFINED. A society is considered to have a representative form of government when	Relocated from AS 21.84.580
(A) there is provision in its constitution or laws for a supreme legislative or governing body, composed of representatives elected either by the members or by delegates elected directly or indirectly by the members, together with other members of the body prescribed by the society's constitution and laws;	(1) it provides in its constitution or laws for a supreme legislative or governing body, composed of representatives elected either by the members or by delegates elected directly or indirectly by the members, together with other members of the body prescribed by the society's constitution and laws;	Relocated from AS 21.84.580
(B) the representatives elected constitute a majority in number and have not less than two-thirds of the votes or less than the votes required to amend its constitution and laws;	(2) the representatives elected constitute a majority in number and have not less than two-thirds of the votes or less than the votes required to amend its constitution and laws;	Relocated from AS 21.84.580
(C) the meetings of the supreme legislative or governing body and the election of officers, representatives, or delegates are held as often as once in four calendar years;	(3) the meetings of the supreme legislative or governing body and the election of officers, representatives or delegates are held as often as once in four calendar years;	Relocated from AS 21.84.580
(D) the society has a board of directors charged with the responsibility for managing its affairs in the interim between meetings of its supreme legislative or governing body, subject to control by the body and having powers and duties delegated to it in the constitution or laws of the society;	(4) the society has a board of directors charged with the responsibility for managing its affairs in the interim between meetings of its supreme legislative or governing body, subject to control by the body and having powers and duties delegated to it in the constitution or laws of the society;	Relocated from AS 21.84.580
(E) the board of directors is elected by the supreme legislative or governing body, except in case of filling a vacancy in the interim between meetings of the body;	(5) the board of directors is elected by the supreme legislative or governing body, except in case of filling a vacancy in the interim between meetings of the body;	Relocated from AS 21.84.580

(F) the officers are elected either by the supreme legislative or governing body or by the board of directors; and	(6) the officers are elected either by the supreme legislative or governing body or by the board of directors; and	Relocated from AS 21.84.580
(G) the members, officers, representatives, or delegates may not vote by proxy;	(7) the members, officers, representatives or delegates may not vote by proxy.	Relocated from AS 21.84.580
(5) "society" unless otherwise indicated, means fraternal benefit society.	AS 21.84.560(b) In this chapter the word "society," unless otherwise indicated, means fraternal benefit society.	Relocated from AS 21.84.560(b)

Proposed Legislation	Existing Statute	Comments
<p>• Sec. 216. AS 21.89.025(a) is amended to read:</p>	<p>AS 21.89.025(a)</p>	
<p>(a) An insurer shall provide an appropriate reduction in the premium charged for a motor vehicle casualty insurance policy when the principal operator of the motor vehicle covered by the insurance policy</p>	<p>(a) An insurer shall provide an appropriate reduction in the premium charged for a motor vehicle casualty insurance policy when the principal operator of the motor vehicle covered by the insurance policy</p>	<p>No change.</p>
<p>(1) is 55 years of age or older;</p>	<p>(1) is 55 years of age or older;</p>	<p>No change.</p>
<p>(2) at renewal, requests the insurer to provide the reduction;</p>	<p>(2) requests the insurer to provide the reduction;</p>	<p>Clarifies when reduction must be requested.</p>
<p>(3) has had no chargeable accidents as set by established underwriting guidelines in use by the insurer or moving motor vehicle citations within three years preceding the request for the discount;</p>		<p>Adds clarification on the senior automobile discount and takes into consideration chargeable accidents within 3 the prior years when determining eligibility.</p>
<p>(4) provides the insurer with proof satisfactory to the director that the operator has within the three years before requesting the reduction taken and successfully completed a motor vehicle accident prevention course approved by the Department of Public Safety under AS 28.05.035; and</p>	<p>(3) provides the insurer with proof satisfactory to the director that the operator has within the three years before requesting the reduction taken and successfully completed a motor vehicle accident prevention course approved by the Department of Public Safety under AS 28.05.035; and</p>	<p>Renumbered. No change.</p>
<p>(5) [(4)] did not take and complete the accident prevention course described in (4) [(3)] of this subsection as a result of an order or sentence imposed by a court.</p>	<p>(4) did not take and complete the accident prevention course described in (3) of this subsection as a result of an order or sentence imposed by a court.</p>	<p>Editorial changes to reflect renumbering.</p>

<p>* Sec. 217. AS 21.89.025(c) is amended to read:</p>	AS 21.89.025(c)	
<p>(c) The reduced rate provided for an operator under (a) of this section may not extend beyond three years after the last day of the operator's most recently successfully complete motor vehicle accident prevention course described in <u>(a)(4)</u> [(a)(3)] of this section.</p>	<p>(c) The reduced rate provided for an operator under (a) of this section may not extend beyond three years after the last day of the operator's most recently successfully completed motor vehicle accident prevention course described in (a)(3) of this section.</p>	<p>Editorial change to reflect amended reference due to change in AS 21.89.025(a).</p>
<p>* Sec. 218. AS 21.89 is amended by adding a new section to read:</p>		
<p>Sec. 21.89.035. MANDATORY APPRAISAL. An automobile, homeowner, or dwelling policy issued or delivered in the state must include an appraisal clause providing a contractual means to pursue a dispute over the value of an insured's property loss. The appraisal right shall be the insured's first right of appeal. The insured may invoke the right of appraisal by giving written notice to the insurer of the insured's intent. The notice must include the name, address, and phone number of an appraiser of the insured's choice. Within 10 working days from receipt of information, the insurer shall provide the name, address, and phone number of an independent appraiser of the insurer's choice to the insured. The appraiser shall provide final appraisals within 30 working days from the date of the written demand by the insured to invoke the appraisal provision. If a mutual value is not agreed upon by the two appraisals, the appraisers shall select a third appraiser. A valuation in writing agreed upon by two of the three appraisers shall determine the amount of the loss. The insured and insurer shall pay the cost of their own appraisals and the expense of a third appraiser shall be divided equally between them.</p>		<p>Adds section to require that all automobile, homeowner, or dwelling policies include an appraisal clause for resolving a dispute of property value and details for the clause how the appraisal clause will operate.</p>

* Sec. 219. AS 21.90.900 is amended to read:	AS 21.90.900	
Sec. 21.90.900. DEFINITIONS FOR TITLE. In this title, unless the context requires otherwise,	Sec. 21.90.900. DEFINITIONS FOR TITLE. In this title, unless the context requires otherwise,	Moves common definitions from AS 21.33 and AS 21.34 to AS 21.90.900. Adds definitions for new license types.
	(1) "adjuster" means a person who, for compensation as an independent contractor or as an employee of an independent contractor, or for fee or commission, investigates and adjusts claims arising under insurance contracts on behalf of the insurer, but does not include an attorney at law who adjusts insurance losses from time to time incidental to the practice of law or a salaried employee of an insurer;	Combined with "independent adjuster" and moved to (18).below.
(1) " admitted insurer " means an authorized insurer ["ADJUSTER" MEANS A PERSON WHO, FOR COMPENSATION AS AN INDEPENDENT CONTRACTOR OR AS AN EMPLOYEE OF AN INDEPENDENT CONTRACTOR, OR FOR FEE OR COMMISSION, INVESTIGATES AND ADJUSTS CLAIMS ARISING UNDER INSURANCE CONTRACTS ON BEHALF OF THE INSURER, BUT DOES NOT INCLUDE AN ATTORNEY AT LAW WHO ADJUSTS INSURANCE LOSSES FROM TIME TO TIME INCIDENTAL TO THE PRACTICE OF LAW OR A SALARIED EMPLOYEE OF AN INSURER];		Moved from AS 21.33.910(1)
(2) "agent" means a person appointed by an insurer to solicit applications for insurance or annuities on its behalf, and if authorized to do so, to effectuate and countersign insurance contracts, except life or disability insurance or annuities, and to collect premiums on insurance or annuities;	(2) "agent" means a person appointed by an insurer to solicit applications for insurance or annuities on its behalf, and if authorized to do so, to effectuate and countersign insurance contracts, except life or disability insurance or annuities, and to collect premiums on insurance or annuities;	No change
(3) "alien insurer" means an insurer formed under the laws of a country other than the United States of America, its states, districts, territories, and commonwealths;	(3) "alien insurer" means an insurer formed under the laws of a country other than the United States of America, its states, districts, territories, and commonwealths;	No change

<p>(4) <u>"attorney-in-fact" means a person designated and appointed by the subscribers of a reciprocal insurer to act for and bind the subscribers in transactions relating to or arising out of the operations of a reciprocal insurer, subject to the limitations that may be lawfully provided;</u></p>		New licensee defined.
<p>(5) "authorized insurer" means an insurer authorized by a certificate of authority issued by the director to transact insurance in this state;</p>	<p>(4) "authorized insurer" means an insurer authorized by a certificate of authority issued by the director to transact insurance in this state;</p>	Renumbered, no change
<p>(6) [(5)] "broker" means a person who is not an agent of the insurer and who, on behalf of the insured, for compensation as an independent contractor by commission or fee, solicits, negotiates, or procures insurance or reinsurance or the renewal or continuance of insurance or reinsurance; or in any manner aids in the solicitation, negotiation, procurement, renewal, or continuance of insurance or reinsurance, for insureds or prospective insureds not including the broker;</p>	<p>(5) "broker" means a person who is not an agent of the insurer and who, on behalf of the insured, for compensation as an independent contractor by commission or fee, solicits, negotiates, or procures insurance or reinsurance or the renewal or continuance of insurance or reinsurance; or in any manner aids in the solicitation, negotiation, procurement, renewal, or continuance of insurance or reinsurance, for insureds or prospective insureds not including the broker;</p>	Renumbered, no change
<p>(7) [(6)] "commissioner" means the commissioner of commerce and economic development;</p>	<p>(6) "commissioner" means the commissioner of commerce and economic development;</p>	Renumbered, no change
<p>(8) [(7)] "court" means superior court;</p>	<p>(7) "court" means superior court;</p>	Renumbered, no change
<p>(9) [(8)] "director" means the director of the division of insurance;</p>	<p>(8) "director" means the director of the division of insurance;</p>	Renumbered, no change
<p>(10) [(9)] "division" means the division of insurance, Department of Commerce and Economic Development;</p>	<p>(9) "division" means the division of insurance, Department of Commerce and Economic Development;</p>	Renumbered, no change
<p>(11) [(10)] "domestic insurer" means an insurer formed under the laws of this state;</p>	<p>(10) "domestic insurer" means an insurer formed under the laws of this state;</p>	Renumbered, no change

Proposed Legislation	Existing Statute	Comments
<p><u>(12) "evergreen clause" means a contract clause that provides that the contract is automatically renewed unless notice to the contrary is given by one of the parties to the contract;</u></p>		
<p><u>_____ (13) "examiner" means an individual or firm that has been authorized by the director to conduct an examination under this title;</u></p>		
<p><u>_____ (14) "facultative reinsurance" means a contract of reinsurance for individual risks where the insurer retains the ability to accept or reject each risk offered by the ceding company;</u></p>		
<p><u>_____ (15) [(11)] "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;</u></p>	<p>(11) "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>	Renumbered, no change
<p><u>(16) [(12)] "foreign insurer" means an insurer formed under the laws of a jurisdiction other than this state and includes an alien insurer;</u></p>	<p>(12) "foreign insurer" means an insurer formed under the laws of a jurisdiction other than this state and includes an alien insurer;</p>	Renumbered, no change
<p><u>(17) [(13)] "GENERAL AGENT" MEANS A PERSON, FIRM, OR CORPORATION THAT</u></p>	<p>(13) "general agent" means a person, firm, or corporation that</p>	Renamed "managing general agent" and moved to (26)
<p><u>(A) HAS AUTHORITY TO EXERCISE GENERAL SUPERVISION OVER THE BUSINESS, OR ANY PART OF THE BUSINESS, OF ONE OR MORE AUTHORIZED INSURERS IN THIS STATE, WITH THE AUTHORITY TO APPOINT AGENTS FOR THE INSURER AND TO TERMINATE THE APPOINTMENT; AND</u></p>	<p>(A) has authority to exercise general supervision over the business, or any part of the business, of one or more insurers; and</p>	Renamed "managing general agent" and moved to (26)

<p>(B) FOR COMPENSATION FROM AN AUTHORIZED INSURER PERFORMS ADMINISTRATIVE FUNCTIONS NORMALLY PERFORMED BY THE INSURER INCLUDING CLAIMS ADMINISTRATION AND PAYMENT, MARKETING ADMINISTRATION, AGENT APPOINTMENT, PREMIUM ACCOUNTING, PREMIUM BILLING, COVERAGE VERIFICATION, FINAL UNDERWRITING AUTHORITY, AND CERTIFICATE ISSUANCE; "GENERAL AGENT" INCLUDES A THIRD-PARTY ADMINISTRATOR;</p>	<p>(B) performs administrative functions normally performed by the insurer including claims administration and payment, marketing administration, agent appointment, premium accounting, premium billing, coverage verification, final underwriting authority, and certificate issuance; "managing general agent" includes a third party administrator;</p>	<p>Renamed "managing general agent" and moved to (26)</p>
<p>(14)] "impaired" or "impairment" means that</p>	<p>(14)] "impaired" or "impairment" means that</p>	<p>Renumbered, no change</p>
<p>(A) an insurer's policyholder surplus is greater than zero but less than that required by AS 21.09.070 for the authority to transact the kinds of insurance being transacted; or</p>	<p>(A) an insurer's policyholder surplus is greater than zero but less than that required by AS 21.09.070 for the authority to transact the kinds of insurance being transacted; or</p>	<p>Renumbered, no change</p>
<p>(B) an insurer is being operated in a manner that has caused or might cause irreparable loss and injury to the insurer or to the public;</p>	<p>(B) an insurer is being operated in a manner that has caused or might cause irreparable loss and injury to the insurer or to the public;</p>	<p>Renumbered, no change</p>
<p>(18) [(15)] "independent adjuster" means <u>a person who, for compensation as an independent contractor or as an employee of an independent contractor, for fee or commission, investigates and adjusts losses or claims arising under insurance contracts on behalf of an insurer;</u></p>	<p>(15) "independent adjuster" means an adjuster representing the interests of the insurer;</p>	<p>Combines adjuster definition into "independent adjuster"</p>

Proposed Legislation	Existing Statute	Comments
<p><u>(19) "independently procured insurance" means insurance procured directly from a nonadmitted insurer directly by an insured, but does not include insurance lawfully procured through a surplus lines broker under AS 21.34 [AN ADJUSTER REPRESENTING THE INTERESTS OF THE INSURER];</u></p>		
<p><u>(20) [(16)] "industrial life insurance" means that form of life insurance written under policies with a face amount of \$1,000 or less, with the words "industrial policy" imprinted on the face as part of the descriptive matter, and under which premiums are payable monthly or more often;</u></p>	<p>(16) "industrial life insurance" means that form of life insurance written under policies with a face amount of \$1,000 or less, with the words "industrial policy" imprinted on the face as part of the descriptive matter, and under which premiums are payable monthly or more often;</p>	Renumbered, no change
<p><u>(21) [(17)] "insolvent" or "insolvency" means that an insurer's policyholder surplus is less than or equal to zero;</u></p>	<p>(17) "insolvent" or "insolvency" means that an insurer's policyholder surplus is less than or equal to zero;</p>	Renumbered, no change
<p><u>(22) [(18)] "insurance" means a contract whereby one undertakes to indemnify another or pay or provide a specified or determinable amount or benefit upon determinable contingencies;</u></p>	<p>(18) "insurance" means a contract whereby one undertakes to indemnify another or pay or provide a specified or determinable amount or benefit upon determinable contingencies;</p>	Renumbered, no change
<p><u>(23) "insurance producer" means a person who solicits, negotiates, effects, procures, delivers, renews, continues, or binds policies of insurance;</u></p>		Reflects new license type in AS 21.27.
<p><u>(24) [(19)] "insurer" includes a person engaged as indemnitor, surety, or contractor in the business of entering into contracts of insurance or of annuity;</u></p>	<p>(19) "insurer" includes a person engaged as indemnitor, surety, or contractor in the business of entering into contracts of insurance or of annuity;</p>	Renumbered, no change
<p><u>(25) [(20)] "licensee" means a person or firm licensed as provided in AS 21.27 [OR AS 21.34];</u></p>	<p>(20) "licensee" means a person or firm licensed as provided in AS 21.27 or AS 21.34;</p>	Renumbered, no change

Proposed Legislation	Existing Statute	Comments
<p><u>(26) "managing general agent" means a person, firm, or corporation that</u></p>		Reflects new license type in AS 21.27.
<p><u>(A) has authority to exercise general supervision over the business, or any part of the business, of one or more insurers; and</u></p>		Reflects new license type in AS 21.27.
<p><u>(B) performs administrative functions normally performed by the insurer including claims administration and payment, marketing administration, agent appointment, premium accounting, premium billing, coverage verification, final underwriting authority, and certificate issuance; "managing general agent" includes a third-party administrator;</u></p>		Reflects new license type in AS 21.27.
<p><u>(27) "nonadmitted insurer" means an unauthorized insurer;</u></p>		NOTE #69 Gloria List #1. DONE
<p><u>(28) [(21)] "person" has the meaning given in AS 01.10.060 and includes an insurer, Lloyd's, fraternal benefit society, medical service or hospital service plan as defined in AS 21.87, reciprocal or interinsurance exchange, syndicate, and any other legal entity engaged in the business of transacting insurance, including agents, brokers, and claims adjusters;</u></p>	<p>(21) "person" has the meaning given in AS 01.10.060 and includes an insurer, Lloyd's, fraternal benefit society, medical service or hospital service plan as defined in AS 21.87, reciprocal or interinsurance exchange, syndicate, and any other legal entity engaged in the business of transacting insurance, including agents, brokers, and claims adjusters;</p>	Renumbered, no change
<p><u>(29) [(22)] "policy" means the written contract of or written agreement for or effecting insurance, by whatever name called, and includes all clauses, riders, endorsements, and papers attached to it and a part of it;</u></p>	<p>(22) "policy" means the written contract of or written agreement for or effecting insurance, by whatever name called, and includes all clauses, riders, endorsements, and papers attached to it and a part of it;</p>	Renumbered, no change

<p>(30) [(23)] "policyholder surplus" means</p>	<p>(23) "policyholder surplus" means</p>	<p>Renumbered, no change</p>
<p>(A) for a stock insurer, the sum of its capital, as represented by the aggregate par value to its outstanding capital stock, and its surplus, if any;</p>	<p>(A) for a stock insurer, the sum of its capital, as represented by the aggregate par value to its outstanding capital stock, and its surplus, if any;</p>	<p>Renumbered, no change</p>
<p>(B) for a mutual insurer, its surplus, both basic guaranteed and additional, if any;</p>	<p>(B) for a mutual insurer, its surplus, both basic guaranteed and additional, if any;</p>	<p>Renumbered, no change</p>
<p>(C) for an insurer other than a stock or mutual insurer, the net worth of the insurer, calculated as its recorded assets less its liabilities, as determined by the accounting criteria set out in this title;</p>	<p>(C) for an insurer other than a stock or mutual insurer, the net worth of the insurer, calculated as its recorded assets less its liabilities, as determined by the accounting criteria set out in this title;</p>	<p>Renumbered, no change</p>
<p>(31) [(24)] "premium" means the consideration for insurance, by whatever name called, and by whatever method paid or collected, including an assessment, or membership, policy, survey, inspection, service or similar fee or charge made in consideration for an insurance contract;</p>	<p>(24) "premium" means the consideration for insurance, by whatever name called, and by whatever method paid or collected, including an assessment, or membership, policy, survey, inspection, service or similar fee or charge made in consideration for an insurance contract;</p>	<p>Renumbered, no change</p>
<p>(32) "<u>reinsurance intermediary</u>" means <u>a person who acts as a producer in soliciting, negotiating, or procuring the making of a reinsurance contract or binder on behalf of a ceding insurer or acts as a producer in accepting a reinsurance contract or binder on behalf of an assuming insurer;</u></p>		<p>Reflects new license type in AS 21.27.</p>

Proposed Legislation	Existing Statute	Comments
<p><u>(33) "reinsurance intermediary broker" means a person who solicits, negotiates, or places reinsurance cessions or retrocessions on behalf of a ceding insurer with or without the authority or power to bind reinsurance on behalf of the insurer;</u></p>		Reflects new license type in AS 21.27.
<p><u>(34) "reinsurance intermediary manager" means a person including an insurer who has authority to bind or manage all or part of the assumed reinsurance business of a reinsurer, including the management of a separate division, department, or underwriting office, and who acts as an agent for the reinsurer [(25) "SOLICITOR" MEANS AN INDIVIDUAL AUTHORIZED BY AN AGENT OR BROKER TO SOLICIT APPLICATIONS FOR INSURANCE AS A REPRESENTATIVE OF THE AGENT OR BROKER AND TO COLLECT PREMIUMS IN CONNECTION WITH THE INSURANCE];</u></p>	<p>(25) "solicitor" means an individual authorized by an agent or broker to solicit applications for insurance as a representative of the agent or broker and to collect premiums in connection with the insurance;</p>	Reflects new license type in AS 21.27.
<p><u>(35) [(26)] "state" means a state, District of Columbia, territory, commonwealth, or possession of the United States of America;</u></p>	<p>(26) "state" means a state, District of Columbia, territory, commonwealth, or possession of the United States of America;</p>	Renumbered, no change
<p><u>(36) "surplus lines broker" means a person licensed under AS 21.27 to place insurance in this state or relative to a subject resident, located, or to be performed in this state with eligible surplus lines insurers under AS 21.34;</u></p>		Moved from AS 21.33.910. Language "resident, located or to be performed in this state" added for consistency with the scope of the Title.

<p><u>(37) "surplus lines insurance" means any insurance in this state or relative to a subject resident, located, or to be performed in this state that is permitted under AS 21.34 to be placed through a surplus lines broker licensed under AS 21.27 with nonadmitted insurers eligible to accept insurance other than reinsurance, wet marine and transportation insurance, insurance independently procured, life insurance, and an annuity contract;</u></p>		<p>From AS 21.33 and AS 21.34. Language "resident, located or to be performed in this state" added for consistency with the scope of the Title.</p>
<p><u>(38) "third-party administrator" means a person who performs administrative functions such as claims administration and payment, marketing administrative functions, premium accounting, premium billing, coverage verification, underwriting authority, or certificate issuance in regard to insurance;</u></p>		
<p><u>(39) [(27)] "transact" with respect to insurance includes</u></p>	<p>(27) "transact" with respect to insurance includes</p>	<p>Renumbered, no change</p>
<p>(A) solicitation and inducement;</p>	<p>(A) solicitation and inducement;</p>	<p>Renumbered, no change</p>
<p>(B) preliminary negotiations;</p>	<p>(B) preliminary negotiations;</p>	<p>Renumbered, no change</p>
<p>(C) effectuation of a contract of insurance;</p>	<p>(C) effectuation of a contract of insurance;</p>	<p>Renumbered, no change</p>
<p>(D) transaction of matters subsequent to effectuation of the contract of insurance and arising out of it;</p>	<p>(D) transaction of matters subsequent to effectuation of the contract of insurance and arising out of it;</p>	<p>Renumbered, no change</p>
<p><u>(40) [(28)] "unauthorized insurer" means an insurer not authorized to transact insurance in this state.</u></p>	<p>(28) "unauthorized insurer" means an insurer not authorized to transact insurance in this state.</p>	<p>Renumbered, no change</p>

To be repealed. See Sec. 221	AS 21.90.910 EXCEPTIONS FROM DEFINITIONS. The definitions of "adjuster," "agent," "broker," "firm," and "solicitor" in AS 21.90.900 do not include	Obsolete.
To be repealed. See Sec. 221	(1) individuals employed and used by agents for the performance of clerical, stenographic, and similar office duties; incidental taking of an application for insurance from time to time in the office of the employing agent if the employee's compensation is not contingent upon or related to the volume of applications, insurance, or premiums;	Included in AS 21.27
To be repealed. See Sec. 221	(2) the attorney-in-fact of a reciprocal insurer, or the salaried traveling representative of a reciprocal or mutual insurer not compensated on a commission basis.	Defined in AS 21.75.
* Sec. 220. AS 28.05.035 is amended to read:		
Sec. 28.05.035. APPROVAL OF ACCIDENT PREVENTION COURSES. For the purposes of AS 21.89.025(a)(4) [AS 21.89.025(a)(3)], the commissioner may approve driver education courses intended to prevent motor vehicle accidents and promote safe driving practices.	Sec. 28.05.035. APPROVAL OF ACCIDENT PREVENTION COURSES. For the purposes of AS 21.89.025(a)(3), the commissioner may approve driver education courses intended to prevent motor vehicle accidents and promote safe driving practices.	
* Sec. 221. AS 21.06.130(b); AS 21.27.050, 21.27.070, 21.27.090, 21.27.095, 21.27.120, 21.27.200, 21.27.210, 21.27.240, 21.27.250, 21.27.260, 21.27.280, 21.27.310, 21.27.320, 21.27.360(g), 21.27.400, 21.27.450; AS 21.33.061(e), 21.33.061(i), 21.33.065(c); AS 21.34.140, 21.34.160, 21.34.200(b), 21.34.210; AS 21.66.030, 21.66.040, 21.66.050, 21.66.100, 21.66.120(b), 21.66.130, 21.66.140, 21.66.160, 21.66.260, 21.66.401, 21.66.402, 21.66.403, 21.66.430, 21.66.440; AS 21.75.040(a), 21.75.100(c); AS 21.84.290, 21.84.410, 21.84.420, 21.84.430, 21.84.440, 21.84.450, 21.84.460, 21.84.560, 21.84.570, 21.84.580; and AS 21.90.910 are repealed.	Repealer section.	

To be repealed	AS 21.06.130(b) The director may withhold from public inspection information obtained under this section for so long as the director considers the withholding to be necessary for the protection of the person examined against unwarranted injury or to be in the public interest.	
To be repealed	AS 21.27.050 ONE FILING OF PERSONAL DATA SUFFICIENT. (a) The filing of personal data by an individual in connection with one application for an agent or general agent license is sufficient, regardless of the number of insurers to be represented or the number of subsequent applications by the same applicant.	Removal requested because section causes procedural inefficiencies.
To be repealed	(b) The director may require a licensed agent, general agent, solicitor, broker, or adjuster, to supply the information called for in an application for a license.	Moved to AS 21.27.040(d).
To be repealed	AS 21.27.070 SCOPE OF EXAMINATION. (a) Each examination shall be as the director prescribes and shall be of sufficient scope reasonably to test the applicant's knowledge relative to the kinds of insurance which may be dealt with under the license applied for, and of the duties and responsibilities of, and laws of this state applicable to the licensee.	Clarifies principal and manager licensure as individuals in the firm. Incorporates AS 21.27.070(a).
To be repealed	(b) Examination as to ocean marine and related coverages may be waived by the director as to an applicant considered by the director to be qualified by past experience to deal in those insurances.	Obsolete.
To be repealed	(c) The director shall prepare and make available to insurers, general agents, brokers, agents, and applicants a printed manual specifying in general terms the subjects which may be covered in an examination for a particular license.	Moved to AS 21.27.060(e)

To be repealed	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	Moved to AS 21.27.020(b)
To be repealed	(1) be 19 years of age or older with a high school or General Education Development diploma or equivalent;	Moved to AS 21.27.020(b)(1)
To be repealed	(2) if for a resident license, be a bona fide resident before issuance of the license and actually reside in the state;	Moved to AS 21.27.020(b)(2)
To be repealed	(3) successfully pass any examination required under AS 21.27.060;	Moved to AS 21.27.020(b)(3)
To be repealed	(4) be a trustworthy person;	Moved to AS 21.27.020(b)(4)
To be repealed	(5) not use or intend to use the license for the purpose principally of writing controlled business, as defined in AS 21.27.030;	Moved to AS 21.27.020(b)(5)
To be repealed	(6) not have committed an act that is a ground for denial, suspension, or revocation set out in AS 21.27.410;	Moved to AS 21.27.020(b)(6)
To be repealed	(7) if the application is for an agent or general agent license, be appointed as its agent or general agent by one or more authorized insurers, subject to issuance of the license, except that an individual acting on behalf of a firm is not required to have an appointment as an agent or general agent for that activity;	Appointment no longer required for license.
To be repealed	(8) if the application is for a general agent license, have a minimum of three years active working experience in insurance administrative functions, including those listed under the definition of "general agent" in AS 21.90.900, that, in the director's discretion, exhibits the applicant's ability to competently perform the administrative functions for all lines applied for;	Moved to Article 3 Sec. 21.27.590 - 620.

To be repealed	<p>(9) if the application is for broker license, have a minimum of three years active working experience in all lines applied for either as an agent, solicitor, adjuster, general agent, broker, or as an employee of insurers or representatives of insurers, or special education or training of sufficient duration and extent to satisfy the director that the applicant possesses the competence necessary to fulfill the responsibilities of a broker.</p>	Moved to Article 2 Sec. 21.27.530 - 570.
To be repealed	<p>(10) if the application is for a solicitor license, intend to and in fact make the soliciting and handling of insurance business under the license the applicant's principal gainful occupation and represent and be employed by only one licensed agent, general agent, or broker.</p>	Obsolete section.
To be repealed	<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>	Moved to Article 7 Sec. 21.27.830 - 870.
To be repealed	<p>(b) If the director finds that the applicant is qualified and that the license fee has been paid, the director shall issue the license.</p>	Moved to AS 21.27.020(c)
To be repealed	<p>(c) The director may adopt regulations establishing additional educational or experience requirements for applicants under (a) of this section.</p>	Moved to AS 21.27.020(d)
To be repealed	<p>(d) To qualify for a firm agent or broker license an applicant must comply with this title and</p> <p style="margin-left: 40px;">(1) comply with (a)(4) and (5) of this section;</p> <p style="margin-left: 40px;">(2) if a corporation, maintain a lawfully established place of business in this state, except as provided in AS 21.27.270.</p>	Moved to AS 21.27.020(c)

Proposed Legislation	Existing Statute	Comments
To be repealed	<p>AS 21.27.095 LICENSING OF GENERAL AGENTS. (a) A general agent has the authority, consistent with this title, that is conferred by the insurer. A general agent, resident or nonresident, qualified and licensed under AS 21.27.090, may exercise the powers conferred by this title upon agents licensed for the kinds of insurance that the general agent is authorized to transact for the insurer appointing the agent.</p>	Moved to Article 3 Sec. 21.27.590 - 620.
To be repealed	<p>(b) A person employed on a salary by an insurer, including an officer or salaried employee performing the same services as a general agent, is considered to be a service representative and is not required to be licensed.</p>	Moved to AS 21.27.010(e)
To be repealed	<p>(c) For purposes of this section, a person that performs management services for an insurer is not required to be licensed as a general agent if the person</p> <ul style="list-style-type: none"> (1) is a wholly-owned subsidiary of the insurer; (2) wholly owns the insurer; or (3) is a wholly-owned subsidiary of the insurance holding company that owns or controls the insurer. 	Moved to AS 21.27.010(f)
To be repealed	<p>AS 21.27.120 REVOCATION OF APPOINTMENT. (a) Revocation of an appointment is effective as of the date designated in the notice as being the effective date if the notice is actually received by the appointee before the designated date; otherwise, as of the earlier of the following dates:</p>	Moved to AS 21.27.110
To be repealed	<p>(1) the date the notice of revocation was received by the appointee;</p>	Moved to AS 21.27.110
To be repealed	<p>(2) the date the notice, if mailed to the agent at the appointee's last address of record, in due course should have been received by the appointee.</p>	Moved to AS 21.27.110

To be repealed	(b) As a part of the notice of termination given the director, the insurer shall file with the director a statement of facts relative to the termination and the cause thereof. The information or statement contained in the notice of termination shall be privileged and is not admissible as evidence in an action or proceeding against the insurer or one of its representatives by or on behalf of a person affected by the termination.	Moved to AS 21.27.110
To be repealed	AS 21.27.200 BROKERS AUTHORITY AND COMMISSIONS (a) A broker is not an agent or other representative of an insurer and does not have power as a broker to bind the insurer regarding a risk or an insurance contract.	Moved to Article 2 Sec. 21.27.530 - 570.
To be repealed	(b) An insurer or agent has the right to pay to a broker licensed under this title, or under the laws of another state or a province, and the broker has the right to receive from the insurer or agent, the customary commissions upon insurances placed in the insurer by the broker.	Moved to Article 2 Sec. 21.27.530 - 570.
To be repealed	(c) In determining an insured's entitlement to coverage or return premium, a premium payment made to a broker shall be considered received by the insurer if (1) the payment was, at the time it was made, designated for specific coverage; and (2) the insurer accepted or acknowledged coverage by issuing a policy, binder, or other contract for temporary insurance.	Moved to Article 2 Sec. 21.27.530 - 570.
To be repealed	(d) A broker may not knowingly accept payment for coverage until coverage is authorized by an insurer.	Moved to Article 2 Sec. 21.27.530 - 570.
To be repealed	(e) Except as provided under (c) of this section, this section is not intended to alter the common law of agency as applied to transactions under this title.	Moved to Article 2 Sec. 21.27.530 - 570.

Proposed Legislation	Existing Statute	Comments
To be repealed	<p>AS 21.27.210 AGENT BROKER COMBINATIONS A licensed agent may be licensed as a broker and be a broker as to insurers for which the licensed agent is not then licensed as agent. A licensed broker may be licensed as and be an agent as to insurers appointing the licensed broker as agent. The sole relationship between a broker and an insurer as to which the broker is licensed as an agent shall, as to transactions arising during the existence of the agency appointment, be that of insurer and agent.</p>	Moved to Article 2 Sec. 21.27.530 - 570.
To be repealed	<p>AS 21.27.240 FEE FOR AND CUSTODY OF SOLICITOR'S LICENSE. (a) An agent, general agent, or broker who employs a solicitor shall pay the fee for issuance, or annual fee for continuation, of a solicitor license.</p>	Obsolete.
To be repealed	<p>(b) The solicitor license shall remain in the possession of the employer. Upon termination of the employment, the license terminates and shall be returned to the director for cancellation.</p>	Obsolete.
To be repealed	<p>AS 21.27.250 LIMITATIONS UPON SOLICITORS. (a) A solicitor license may not cover insurance for which the agent, general agent, or broker by whom the solicitor is employed is not licensed.</p>	Obsolete.
To be repealed	<p>(b) A solicitor does not have power to bind an insurer upon or with reference to a risk or insurance contract, or to countersign insurance contracts.</p>	Obsolete.
To be repealed	<p>(c) An individual may not be licensed as an agent, general agent, or broker while licensed as a solicitor.</p>	Obsolete.

To be repealed	AS 21.27.260 EMPLOYER'S RESPONSIBILITY FOR SOLICITOR. All business transacted by a solicitor under license as a solicitor shall be in the name of the agent, general agent, or broker by whom the solicitor is employed. The agent, general agent, or broker is responsible for all acts or omissions of the solicitor within the scope of employment as solicitor.	Obsolete.
To be repealed	AS 21.27.280 DIRECTOR AS AGENT FOR SERVICE OF PROCESS. (a) A licensed nonresident agent, general agent, broker, or adjuster shall appoint the director as attorney to receive service of legal process issued against the licensee in this state upon causes of action arising in this state. Service upon the director as attorney constitutes effective legal service upon the licensee.	Relocation of AS 21.27.280.
To be repealed	(b) The appointment is irrevocable for as long as a cause of action may be brought against the licensee arising out of insurance transactions in this state.	
To be repealed	(c) Duplicate copies of legal process against the licensee shall be served upon the director either by a peace officer or through certified mail with return receipt requested. At the time of service the plaintiff shall pay to the director a fee set under AS 21.06.250, taxable as costs in the action.	Relocation of AS 21.27.280(c).
To be repealed	(d) Upon receiving a service of legal process, the director shall immediately send one of the copies of the process, by certified mail with return receipt requested, to the defendant licensee at the defendant's last address of record with the director.	Relocation of AS 21.27.280(d).

Proposed Legislation	Existing Statute	Comments
To be repealed	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.	Moved to Article 7 Sec. 21.27.830 - 870.
To be repealed	(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.	Moved to Article 7 Sec. 21.27.830 - 870.
To be repealed	(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.	Moved to Article 7 Sec. 21.27.830 - 870.
To be repealed	(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.	Moved to Article 7 Sec. 21.27.830 - 870.
To be repealed	(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.	Moved to Article 7 Sec. 21.27.830 - 870.
To be repealed	(f) Compensation of a trainee adjuster shall be on a salary basis only.	Moved to Article 7 Sec. 21.27.830 - 870.
To be repealed	(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.	Moved to Article 7 Sec. 21.27.830 - 870.

To be repealed	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.	Moved to Article 7 Sec. 21.27.830 - 870.
To be repealed	(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.	Moved to Article 7 Sec. 21.27.830 - 870.
To be repealed	AS 21.27.360(g) The director may adopt regulations as necessary to implement this section.	Exists in general authority.
To be repealed	AS 21.27.400 LIMITATION ON TEMPORARY LICENSE. (a) A temporary license may not be effective for more than 90 days in a 12-month period, and the director may refuse to license again a person who has previously been so licensed.	Relocated to AS 21,27.390(b).
To be repealed	(b) A person requesting a temporary agent or general agent license because of the death or disability of an agent or general agent may not be appointed by an insurer for which the agent or general agent was not appointed at the time of death or commencement of disability.	Relocated to AS 21,27.390(c).
To be repealed	(c) A person may not receive a commission or other compensation for writing or renewing "controlled business," as defined in this chapter, under a temporary license unless and until, before the expiration of the temporary license, the person qualifies for and receives a permanent license in place of the temporary license. Otherwise, the licensee under the temporary license may exercise the same powers as under a like permanent license.	Exception removed.

To be repealed	AS 21.27.450 FINE IN LIEU OF ACTION AGAINST THE LICENSE. Upon the hearing of an appeal from an order suspending or revoking a license issued under this chapter, the court, if it finds that the licensee is guilty of violation of the law and if it considers the suspension or revocation too severe a penalty under the facts as found, may instead impose a fine of not more than \$2,500. Payment of the fine within 10 days after its imposition reinstates or restores the license.	Inherent in courts authority.
To be repealed	AS 21.33.061(e) 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)
To be repealed	AS 21.33.061(i) This section does not apply to life insurance, disability insurance, annuity contracts, or insurance for aircraft regularly engaged in interstate or foreign commerce.	Combined with AS 21.33.061(g)
To be repealed	AS 21.33.065(c) An additional penalty of not more than \$1,000 may be levied for each month that a violation under this chapter continues.	Combined in AS 21.33.065(a) and (b).
To be repealed	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.	Moved to AS 21.27

To be repealed	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	Moved to AS 21.27
To be repealed	(1) remitted the annual fee established under AS 21.06.250;	Moved to AS 21.27
To be repealed	(2) submitted a completed license application on a form prescribed by the director, and the application has been approved by the director;	Moved to AS 21.27
To be repealed	(3) passed a qualifying examination approved by the director;	Moved to AS 21.27
To be repealed	(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	AS 21.34.140(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	AS 21.34.140(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	AS 21.34.140(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	AS 21.34.140(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
To be repealed	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:	Moved to AS 21.27
To be repealed	(1) amount of insurance and perils insured;	Moved to AS 21.27
To be repealed	(2) brief description of property insured and its location;	Moved to AS 21.27
To be repealed	(3) gross premium charged;	Moved to AS 21.27
To be repealed	(4) any return premium paid;	Moved to AS 21.27
To be repealed	(5) rate of premium charged upon the several items of property;	Moved to AS 21.27
To be repealed	(6) effective date of the contract, and the terms of the contract;	Moved to AS 21.27

To be repealed	(7) name and address of the insured;	Moved to AS 21.27
To be repealed	(8) name and address of the insurer;	Moved to AS 21.27
To be repealed	(9) amount of tax and other sums to be collected from the insured;	Moved to AS 21.27
To be repealed	(10) any evidence of insurance issued in compliance with AS 21.34.160;	Moved to AS 21.27
To be repealed	(11) identity of the producing broker;	Moved to AS 21.27
To be repealed	(12) any confirming correspondence from the insurer or its representative; and	Moved to AS 21.27
To be repealed	(13) the application.	Moved to AS 21.27
To be repealed	AS 21.34.160(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
To be repealed	AS 21.34.200(b) The director may order that taxes collectible under AS 21.34.180 and filings fees collectible under AS 21.34.190 be collected by the surplus lines association. The tax shall be remitted to the state by the surplus lines association by April 1 following the calendar year in which the premium was written. When the surplus lines association provides services listed in the order by the director for collection of taxes, it shall retain the filing fee described in AS 21.34.190, as payment of association expenses.	Obsolete.
To be repealed	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;	Combined with other license procedures moved to AS 21.27.
To be repealed	(1) removal of the resident surplus lines broker's office from this state;	Combined with other license procedures moved to AS 21.27.

To be repealed	(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;	Combined with other license procedures moved to AS 21.27.
To be repealed	(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;	Combined with other license procedures moved to AS 21.27.
To be repealed	(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;	Combined with other license procedures moved to AS 21.27.
To be repealed	(5) failure to make the required reports;	Combined with other license procedures moved to AS 21.27.
To be repealed	(6) failure to transmit required tax or fee on surplus lines premiums;	Combined with other license procedures moved to AS 21.27.
To be repealed	(7) failure to maintain required bond;	Combined with other license procedures moved to AS 21.27.
To be repealed	(8) violation of a provision of this chapter; or	Combined with other license procedures moved to AS 21.27.
To be repealed	(9) for another cause for which an insurance license could be denied, revoked, suspended, or renewal refused under AS 21.27.	Combined with other license procedures moved to AS 21.27.
To be repealed	AS 21.66.030 SECURITIES AUTHORIZED AS DEPOSITS. The deposits required to be kept with the director as a guaranty fund may be made either in lawful money of the United States or in one or more of the following classes of securities:	Duplicates requirements in AS 21.24.
To be repealed	(1) interest bearing obligations of the United States or of those for the payment of the principal and interest on which the faith of the United States is pledged;	Duplicates requirements in AS 21.24.

To be repealed	(2) bonds of a state in the United States;	Duplicates requirements in AS 21.24.
To be repealed	(3) bonds of a municipality in the United States having a population of more than 50,000, or bonds of a municipality, municipal corporation or civil subdivision in this state having a population of more than 2,000, the market value of which bonds, at all times while so deposited, shall be not less than 90 per cent of par value;	Duplicates requirements in AS 21.24.
To be repealed	(4) a deposit not in excess of \$10,000 in any one bank organized and existing under the laws of this state in a savings deposit account free of offsetting debts and claims insured in full by the Federal Deposit Insurance Corporation and entered in the name of the "director of insurance of the State of Alaska in trust for the holders of the obligations of the (depositing company) under AS 21.66.020";	Duplicates requirements in AS 21.24.
To be repealed	(5) a deposit not in excess of \$10,000 in any one issuing institution, in investment certificates or share accounts of savings and loan associations organized and existing under the laws of this state, or of the United States, and holding membership in the Federal Home Loan Bank System; the certificates and share accounts shall be free of offsetting debts and claims and shall be issued in the name of the director in the form indicated in (4) of this section;	Duplicates requirements in AS 21.24.
To be repealed	(6) with the written approval of the director bonds or notes secured by trust deed or first mortgage upon improved real property in this state not otherwise encumbered, and having a value of at least twice the amount loaned on it or otherwise insured by an agency of the United States, which shall be accompanied by a policy of title insurance of a company qualified to insure title in this state insuring that the mortgage or trust deed so deposited is a first lien on the real property covered by it.	Duplicates requirements in AS 21.24.

Proposed Legislation	Existing Statute	Comments
To be repealed	<p>AS 21.66.040 SPECIAL GUARANTY FUND. The securities to be deposited as provided in this chapter shall be held by the director as a special guaranty fund securing the faithful performance on the part of the company of all its undertakings and liabilities upon its guaranteed certificates of title, policies of title insurance, or other guarantees of title to property and to the extent of any outstanding liabilities on them; but shall not be subject to any other outstanding liabilities of the company while the securities are held by the director. They shall be held subject to the following conditions:</p>	<p>Duplicates requirements in AS 21.18.</p>
To be repealed	<p>(1) the director shall deliver to the company depositing the guaranty fund a receipt in full for all securities deposited; the company may from time to time withdraw securities or a part of them on depositing with the director cash or other authorized securities, to at all times maintain the value of the guaranty fund deposit at not less than the amount required by this chapter;</p>	<p>Duplicates requirements in AS 21.18.</p>
To be repealed	<p>(2) all interest or dividends accruing on the securities deposited with the director under the authority of this chapter shall belong to and at all times be available to the company making the deposit, and the director shall permit the company, as long as it shall continue solvent, to collect the interest or dividends on the securities deposited; the director shall be the agent of both parties to receive, receipt for and pay over the interest or dividends when the same are paid to the director by reason of the custody of the deposit, and the director is authorized to make the endorsements on the securities which the occasion and the due and orderly course of business may require; the rights of the company to demand of and receive from the director the interest or dividends, shall be subject, however, to the provisions of (3) of this section;</p>	<p>Duplicates requirements in AS 21.18.</p>

To be repealed	<p>(3) if, under liability on guaranteed certificate of title, or policy of title insurance or other guaranty of title to property, a civil judgment is entered in a court of general jurisdiction in this state against a company which has made a deposit of securities with the director subject to the provisions of this chapter and the judgment has become final either by failure to appeal, dismissal of appeal, or by affirmance on appeal, or otherwise, and the judgment is not paid and satisfied in full within 60 days after the judgment has become final, the judgment may be enforced against the securities deposited with the director upon petition of the judgment creditor in the same cause in which judgment was obtained, setting out the above facts whereupon it is the duty of the court in which judgment is entered to direct the issuance of a special execution directed to the proper peace officer, enforcing the executions, in the City of Juneau, Alaska, which execution shall be as near as may be in the usual form and shall require on the part of the officer the sale of the securities or as much of them as may be necessary to the satisfaction of the judgment; when application is made for the issuance of the special execution and the court allows the same, the order in which the special execution is authorized shall direct that service of a copy of the judgment and the petition shall be made within five days thereafter upon the director; all proceedings relating to the enforcement of the writ of execution against the securities shall conform as near as may be to the practice in ordinary cases except as specially provided in this section; proceedings under the execution shall be a sufficient authority, where the above notices have been served on the director, for the delivery by the director to the officer of the securities to be sold upon the execution;</p>	Duplicates requirements in AS 21.18.
----------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------

To be repealed	<p>(4) except as provided in this chapter, the director shall hold intact the securities deposited with the director and shall retain them until all liabilities under any guaranteed certificate of title or policy of title insurance, or other guaranty of title covering property in this state, issued by the company having deposited the securities, have legally terminated, or until such time as all liabilities of the company under guaranteed certificates of title or policies of title insurance or other guarantees of title have been assumed by some other title insurance company authorized to transact business in this state; after the termination of all liability of the title insurance company, and after the director completes an examination into the affairs of the company and determines that all liability against the guaranty fund has been legally terminated or satisfactorily assumed by some other title insurance company licensed to do a title insurance business in this state; the director is authorized to immediately return the securities to the company and revoke the certificate of authority granted the company to do any title insurance business in the state;</p>	Duplicates requirements in AS 21.18.
To be repealed	<p>(5) however, if the guaranty fund is at any time impaired by reason of the payment of any judgment against the company depositing the funds or for any reason whatsoever and remains so impaired for a period of 30 days after written notice to the company, the director is authorized to and shall immediately revoke the certificate of authority granted the company, and to publish a notice of the revocation in a daily paper of general circulation published in the city wherein the company has its principal offices at least once a week for six successive weeks, the expense of the publication to be chargeable against the guaranty fund of the company.</p>	Duplicates requirements in AS 21.18.

Proposed Legislation	Existing Statute	Comments
----------------------	------------------	----------

<p>To be repealed</p>	<p>AS 21.66.050 TITLE INSURANCE UNEARNED PREMIUM RESERVE FUND. (a) Every title insurance company, either foreign or domestic, operating in this state under the provisions of this chapter, shall annually set apart, establish, segregate and maintain at the end of each year into an account to be known as Title Insurance Unearned Premium Reserve Fund, a sum equal to three per cent of its gross premiums on title insurance policies issued during the year then ending covering property in this state. The reserve fund shall be in addition to the deposit with the director. There shall be no other reserve requirements. The reserve must be maintained separately and apart from the capital of the company, and shall be invested in the securities which are authorized for investment by domestic insurance companies under the laws of this state. Funds accumulated under this provision shall never be used for the payment of an obligation other than those incurred in connection with title insurance, and, in the event of the insolvency of a company, this fund shall be used to pay losses and to purchase reinsurance to protect title insurance policyholders even though there are no accrued title insurance claims. The reserve fund shall be considered and shall constitute unearned portions of the original premiums and shall be charged as a reserve liability of the company in determining its financial condition.</p>	<p>Obsolete section. Reflects 1990 adoption of AS 21.18.073 dealing with same subject, unearned premium reserves.</p>
-----------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------

To be repealed	<p>AS 21.66.050(b) The reserve funds shall be maintained in the treasury of the insurer as additional security to holders of title insurance policies issued by the insurer. When, on account of losses or otherwise, the amount of the reserve fund of an insurer is less than the amount required by this chapter no further insurance policies shall be issued by the insurer until the deficiency below the amount required is restored. The net income and profits derived from the fund shall be transferred to the general assets of the company. The company shall also at all times keep a separate record of the cash and securities of the reserve fund, giving complete identification of the assets belonging to the fund and showing full particulars as to withdrawals and additions. After the expiration of 120 months from the date of the first annual deposit in the unearned premium reserve fund made by a corporation now or hereafter qualified, that portion of the reserve fund established more than 120 months earlier shall be released and shall no longer constitute a part of the reserve fund and may be used for a corporate purpose.</p>	<p>Obsolete section. Reflects 1990 adoption of AS 21.18.073 dealing with same subject, unearned premium reserves.</p>
To be repealed	<p>AS 21.66.100 ISSUANCE OF CERTIFICATE OF AUTHORITY BY DIRECTOR. If satisfied that the applicant has fully complied with the provisions of this chapter the director shall issue a certificate of authority. A company that has heretofore qualified in this state as a trust company with title insurance powers under the banking act and is in good standing under existing law shall be entitled to a certificate of authority upon its filing the application and furnishing the information required in the preceding section.</p>	<p>Duplicates requirements in AS 21.09.</p>

To be repealed	AS 21.66.120(b) If the director finds that there is an impairment of capital or that the company is not complying with the provisions of this chapter, the director shall give notice to the company to correct its capital structure to remove the impairment or to comply with the provisions of this chapter. If within 30 days the company has failed to comply with the notice or has refused to permit an examination, the director may revoke the certificate of authority issued to the company authorizing it to do business in this state until the company has fully complied with the orders of the director and the provisions of this chapter.	Duplicates requirements in AS 21.09.
To be repealed	AS 21.66.130 EXPENSES OF EXAMINATION. Expenses incurred due to an examination of the company shall be paid as required by AS 21.06.160.	Duplicates requirements in AS 21.06.
To be repealed	AS 21.66.140 FINE OR INJUNCTION FOR DOING BUSINESS DURING SUSPENSION OF CERTIFICATE. (a) A corporation continuing to do title insurance business after revocation of its certificate of authority to do business and while in default under this chapter shall be liable in addition to any other civil or criminal liability to a fine of \$50 for each day of the default. The fine may be recovered by an action to be instituted by the attorney general in the name of the state. The corporation may be enjoined from doing business until payment of the fine is fully made and notice of payment given to the director.	Duplicates requirements in AS 21.09.
To be repealed	AS 21.66.140(b) Upon payment of the fine to the state and full compliance in all other respects with the laws of this state, the certificate of authority shall be reinstated and the corporation shall be permitted to resume its business.	Duplicates requirements in AS 21.09.

To be repealed	AS 21.66.160 PENALTIES. An officer, director, agent or employee of a company determined by the director, following an appropriate hearing as provided in AS 21.06.170 - 21.06.230, to have, before obtaining a certificate of authority from the director or after a revocation of a certificate of authority by the director, issued a policy of title insurance or certificate of title on property in this state or engaged in title insurance business in this state, is subject to a civil penalty not to exceed \$2,500.	Duplicates requirements in AS 21.09, AS 21.07, AS 21.36, and AS 21.90
To be repealed	AS 21.66.260 TITLE INSURANCE AGENTS CERTIFICATION. Each title insurance company authorized to transact business in this state shall certify annually to the director the names of all title insurance agents representing it in this state.	Consolidated in AS 21.27.
To be repealed	AS 21.66.401 TITLE INSURANCE RATING ORGANIZATIONS. (a) A person located in or out of the state may apply to the director for licensing as a title insurance rating organization and shall file as part of the application	Title insurance rating organizations were authorized in 1982. At that same time, the Federal Trade Commission was actively pursuing litigation against a number of title insurers in other states which effectively made this section inoperable. Title insurers will not attempt to form the organization in view of the Federal activity. It therefore seems prudent to rescind the authorization.
To be repealed	(1) a copy of its constitution, its articles of agreement or association, or its certificate of incorporation and a copy of its bylaws and rules governing the conduct of its business;	See comments on AS 21.66.401 above.
To be repealed	(2) a list of its members and subscribers;	See comments on AS 21.66.401 above.
To be repealed	(3) the name and address of a resident of the state upon whom notices or orders of the director or process affecting the rating organization may be served; and	See comments on AS 21.66.401 above.
To be repealed	(4) a statement of its qualifications as a title insurance rating organization.	See comments on AS 21.66.401 above.

Proposed Legislation	Existing Statute	Comments
To be repealed	AS 21.66.401(b) If the director finds that the applicant is competent, trustworthy, and otherwise qualified to act as a title insurance rating organization, and that its constitution, articles of agreement or association, or certificate of incorporation and its bylaws and rules governing the conduct of its business conform to the requirements of law, the director shall issue a license authorizing the applicant to act as a title insurance rating organization. Each application shall be granted or denied in whole or in part by the director within 60 days after the date of its filing with the director.	See comments on AS 21.66.401 above.
To be repealed	AS 21.66.401(c) A license issued under this section is in effect for three years unless sooner suspended or revoked by the director or withdrawn by the licensee. The fee for the license is \$100.	See comments on AS 21.66.401 above.
To be repealed	AS 21.66.401(d) A license issued under this section may be suspended or revoked by the director, after hearing upon notice, if the title insurance rating organization ceases to meet the requirements of this subsection. Each title insurance rating organization shall notify the director promptly of a change in	See comments on AS 21.66.401 above.
To be repealed	(1) its constitution, its articles of agreement or association or its certificate of incorporation and its bylaws and rules governing the conduct of its business;	See comments on AS 21.66.401 above.
To be repealed	(2) its list of members and subscribers; and	See comments on AS 21.66.401 above.
To be repealed	(3) the name and address of the resident of this state designated by it upon whom notices or orders of the director or process affecting the rating organization may be served.	See comments on AS 21.66.401 above.

To be repealed	AS 21.66.401(e) Subject to rules that have been approved by the director as reasonable, each title insurance rating organization shall permit any title insurance company to be a member or a subscriber to its rating services at a reasonable cost and without discrimination or to withdraw as a member or subscriber.	See comments on AS 21.66.401 above.
To be repealed	AS 21.66.401(f) Notice of a proposed change in rules of the title insurance rating organization must be given to members and subscribers. The reasonableness of a rule in its application to subscribers, or the refusal of a rating organization to admit a title insurance company as a subscriber, shall, at the request of a subscriber or a title insurance company, be reviewed by the director at a hearing held upon at least 10 days written notice to the rating organization and to the subscriber. If the director finds that a rule is unreasonable in its application to subscribers, the director shall order that the rule may not apply to subscribers. If the title insurance rating organization fails to grant or reject an application of a title insurance company for subscribership within 30 days after it was made, the title insurance company may request a review by the director as if the application had been rejected. If the director finds that the title insurance company has been refused admittance to the title insurance rating organization as a subscriber without justification, the director shall order the rating organization to admit the title insurance company as a subscriber. If the director finds that the action of the title insurance rating organization was justified, the director shall make an order affirming its action.	See comments on AS 21.66.401 above.

To be repealed	AS 21.66.401(g) Cooperation among title insurance rating organizations, or among rating organizations and title insurance companies, and concert of action among title insurance companies under the same general management and control in rate making or in other matters within the scope of this section is authorized, if the resulting filing is subject to the provisions of this section that apply to filings generally.	See comments on AS 21.66.401 above.
To be repealed	AS 21.66.401(h) Two or more title insurance companies that are members of or subscribers to a title insurance rating organization may act in concert with each other with respect to the making of rates or rating systems, the preparation or making of insurance policy forms, underwriting rules, surveys, inspections and investigations, the furnishing of loss or expense statistics or other information and data, or carrying out research.	See comments on AS 21.66.401 above.
To be repealed	AS 21.66.401(i) The director may review the activities and practices under (g) and (h) of this section. If, after a hearing, the director finds that an activity or practice is unfair, unreasonable, or inconsistent with the provisions of this section, the director may issue a written order specifying how the activity or practice is unfair, unreasonable, or inconsistent with the provisions of this section and require discontinuance of the activity or practice.	See comments on AS 21.66.401 above.

Proposed Legislation	Existing Statute	Comments
To be repealed	<p>AS 21.66.402 DEVIATIONS FROM FILINGS OF RATING ORGANIZATION. Each member of or subscriber to a title insurance rating organization must adhere to the filings made on its behalf by that organization, except a title insurance company that is a member of or subscriber to a rating organization may file with the director a decrease or increase to be applied to any elements of the rates produced by the rating system for a class of title insurance that is found by the director to be a proper rating unit for the application of the decrease or increase, or to be applied to the rates for a particular area. The filing must specify the basis for the deviation and be accompanied by the data or historical pattern upon which the applicant relies. A copy of the filing and data shall be sent simultaneously to the title insurance rating organization. Each deviation shall be effective for one year unless terminated sooner with the approval of the director, or in accordance with the provisions of AS 21.66.400.</p>	See comments on AS 21.66.401 above.
To be repealed	<p>AS 21.66.403 APPEAL FROM ACTION OF RATING ORGANIZATION. (a) A member of or subscriber to a title insurance rating organization may appeal to the director from an action or decision of the rating organization in approving or rejecting a proposed change in or addition to the filings of the rating organization. The failure of a title insurance rating organization to act within 30 days after submission to it of a proposal under this section is a rejection of the proposal.</p>	See comments on AS 21.66.401 above.
To be repealed	<p>AS 21.66.403(b) The director shall, after a hearing held upon not less than 10 days written notice to the appellant and the rating organization, issue an order approving the action or decision of the rating organization or directing it to give further consideration to the proposal and to take action or make a decision upon it within 30 days.</p>	See comments on AS 21.66.401 above.

Proposed Legislation	Existing Statute	Comments
----------------------	------------------	----------

To be repealed	<p>AS 21.66.403(c) If the appeal is from the action or decision of the title insurance rating organization in rejecting a proposed addition to its filings, the director may, if the director finds that the action or decision was unreasonable, issue an order directing the rating organization to make an addition to its filing on behalf of its members or subscribers, in a manner consistent with the findings, within a reasonable time after issuance of the order. If the appeal is from the action of the title insurance rating organization with regard to a rate or a proposed change in or addition to its filings relating to the character and extent of coverage, the director shall approve the action of the rating organization or the modification as proposed by the appellant, if either is in accordance with this chapter.</p>	See comments on AS 21.66.401 above.
To be repealed	<p>AS 21.66.403(d) If the appeal is based on the failure of the rating organization to make a filing on behalf of the member or subscriber based on a system of expense allocation that differs, in accordance with the right granted in AS 21.66.390 from the system of expense allocation included in a filing made by the rating organization, the director shall, if the appeal is granted, order the rating organization to make the requested filing for use by the appellant. In deciding the appeal, the director shall apply the standards set out in AS 21.66.390.</p>	See comments on AS 21.66.401 above.

To be repealed	<p>AS 21.66.430 PENALTIES. (a) If the director finds, following an appropriate hearing as provided in AS 21.06.170 - 21.06.230, that a title insurance rating organization, a title insurance company, or title insurance agent has violated a provision of this chapter, the director may impose a civil penalty of not more than \$200 or the actual amount of gain resulting from the violation, whichever is greater, for each violation. If the violation described in this section is willful, the director may impose a civil penalty of \$2,000 or three times the actual amount of gain resulting from the violation, whichever is greater, for each violation. A penalty imposed under this section is in addition to any other penalty provided by law. In this section, "gain" includes the total premium acquired through actions in violation of this chapter.</p>	Redundant. Other penalty provisions in Title apply.
To be repealed	<p>AS 21.66.430(b) In addition to the penalty provided in (a) of this section, the director may suspend the certificate of authority of a title insurance rating organization, title insurance company, or title insurance agent upon failure to comply with an order of the director within the time limit allowed by the order. A certificate of authority may not be suspended for failure to comply with an order until the time prescribed for an appeal has expired, or, if an appeal has been taken, until the order has been affirmed.</p>	Redundant. Other penalty provisions in Title apply.
To be repealed	<p>AS 21.66.430(c) The director may determine when a suspension of a certificate of authority becomes effective, and it remains in effect until modified or rescinded by the director, or until the order upon which the suspension is based is modified, rescinded or reversed.</p>	Redundant. Other penalty provisions in Title apply.

To be repealed	AS 21.66.430(d) A penalty may not be imposed and a certificate of authority may not be suspended or revoked except upon a written order of the director, stating findings, and made after a hearing held upon not less than 10 days written notice to the person or organization, specifying the alleged violation.	Redundant. Other penalty provisions in Title apply.
To be repealed	AS 21.66.440 EXISTING FILINGS AND HEARINGS CONTINUED. All title insurance manuals of classifications, rules and rates, rating plans and their modifications filed before August 14, 1974 shall be considered to have been filed under this chapter. All hearings and investigations pending before August 14, 1974 shall be continued under this chapter.	Obsolete.
To be repealed	AS 21.75.040(a) In this chapter "attorney" refers to the attorney-in-fact of a reciprocal insurer. The attorney may be an individual, firm or corporation.	Not needed. The term "attorney" has been replaced with "attorney-in-fact" throughout Chapter 75 and references to "power of attorney" has been replaced with "subscribers agreement".
To be repealed	AS 21.75.100(c) The bond shall provide that it is not subject to cancellation unless 30 days' advance notice in writing of cancellation is given both the attorney and the director.	
To be repealed	AS 21.84.290 PREMIUMS DEFINED. In this chapter "premiums" means premiums, rates, or other required contributions by whatever name known.	Moved to definition section AS 21.84.900.
To be repealed	AS 21.84.410 LICENSING OF AGENTS. (a) Agents of societies shall be licensed in accordance with AS 21.84.410 - 21.84.450.	Moved to AS 21.27 as a limited license.
To be repealed	AS 21.84.410(b) The term "insurance agent" as used in this chapter means an authorized or acknowledged agent of a society who acts as such in the solicitation, negotiation or procurement or making of a life insurance, accident and health insurance or annuity contract; except that the term "insurance agent" does not include	Moved to AS 21.27 as a limited license.

To be repealed	(1) a regular salaried officer or employee of a licensed society who devotes substantially all of the services as an officer or employee to activities other than the solicitation of fraternal insurance contracts from the public, and who receives for the solicitation of the contracts no commission or other compensation directly dependent upon the amount of business obtained; or	Moved to AS 21.27 as a limited license.
To be repealed	(2) an agent or representative of a society who devotes or intends to devote, less than 50 per cent of the person's time to the solicitation and procurement of insurance contracts for the society; a person who in the preceding calendar year has solicited and procured life insurance contracts on behalf of a society in an amount of insurance in excess of \$50,000, or, in the case of any other kind or kinds of insurance which the society might write, on the persons of more than 25 individuals, and who has received or will receive a commission or other compensation, shall be presumed to be devoting, or intending to devote, 50 per cent of the person's time to the solicitation or procurement of insurance contracts for the society.	Moved to AS 21.27 as a limited license.
To be repealed	AS21.84.420 AGENT LICENSE REQUIRED. (a) A person determined by the director, following an appropriate hearing as provided in AS 21.06.170 - 21.06.230, to have acted as insurance agent for a society without having authority so to do by virtue of a license issued and in force under this chapter, except as provided in AS 21.84.410(b), is subject to a civil penalty of not to exceed \$2,500.	Moved to AS 21.27 as a limited license.
To be repealed	AS21.84.420(b) A society doing business in this state may not pay a commission or other compensation to a person for a service in obtaining in this state a new contract of life, accident or health insurance, or a new annuity contract, except to a licensed insurance agent of the society and except an agent exempted under AS 21.84.410(b).	Moved to AS 21.27 as a limited license.

To be repealed	<p>AS 21.84.430 QUALIFICATIONS, APPLICATION FOR AGENT'S LICENSE. (a) The director may issue an agent's license to a person who has paid an annual license fee set under AS 21.06.250 and who has complied with the requirements of this section, authorizing the licensee to act as an insurance agent on behalf of any society named in the license that is authorized to do business in this state, and who has passed an examination given by the director.</p>	Moved to AS 21.27 as a limited license.
To be repealed	<p>AS 21.84.430(b) Before an insurance agent's license is issued there shall be on file in the office of the director the following documents:</p>	Moved to AS 21.27 as a limited license.
To be repealed	<p>(1) a written application by the prospective licensee in the form or forms and supplements thereto and containing the information the director may prescribe; and</p>	Moved to AS 21.27 as a limited license.
To be repealed	<p>(2) a certificate by the society which is to be named in the license, stating that the society has satisfied itself that the named applicant is trustworthy and competent to act as insurance agent and that the society will appoint the applicant to act as its agent if the license applied for is issued by the director; the certificates shall be executed and acknowledged by an officer or managing agent of the society.</p>	Moved to AS 21.27 as a limited license.
To be repealed	<p>AS 21.84.430(c) The director may refuse to issue or may suspend or revoke an insurance agent's license if, in the judgment of the director, the proposed licensee is not trustworthy and competent to act as agent, or has given cause for revocation or suspension of the license, or has failed to comply with a prerequisite for the issuance of the license.</p>	Moved to AS 21.27 as a limited license.

To be repealed	AS 21.84.440 AGENTS' LICENSES. (a) Each society, on appointing an agent in Alaska, shall file written notice in triplicate with the director on forms prescribed and furnished by the director. If then licensed and the necessary licensing fee paid, or as soon as licensed, the director shall mail one copy of the appointment to the agent and return one copy to the society with the third copy being retained in the director's office.	Moved to AS 21.27 as a limited license.
To be repealed	AS 21.84.440(b) Each appointment shall continue in force until	Moved to AS 21.27 as a limited license.
To be repealed	(1) the appointment shall expire on the 30th of June of each year; this appointment must be renewed by the society; or	Moved to AS 21.27 as a limited license.
To be repealed	(2) the appointment is revoked by the society by written notice of the revocation to the agent; the society shall immediately file a duplicate copy of the notice of revocation with the director; no fee shall be charged for filing the copy.	Moved to AS 21.27 as a limited license.
To be repealed	AS 21.84.450 NOTICE OF TERMINATION OF AGENT APPOINTMENT. Every society shall, upon the termination of the appointment of an insurance agent licensed to represent it in this state, immediately file with the director a statement, in the form the director may prescribe, of the facts relative to the termination and the cause thereof. Every statement made under this section shall be considered a privileged communication.	Moved to AS 21.27 as a limited license.
To be repealed	AS 21.84.460 SUSPENSION, REVOCATION OF AGENT'S LICENSE. (a) The director may revoke, or may suspend for a period that the director may determine, an insurance agent's license if, after notice and hearing as specified in AS 21.27.420 the director determines that the licensee has	Moved to AS 21.27 as a limited license.

Proposed Legislation	Existing Statute	Comments
To be repealed	(1) violated a provision of or an obligation imposed by this chapter, or has violated a law in the course of the person's dealings as agent;	Moved to AS 21.27 as a limited license.
To be repealed	(2) made a material misstatement in the application for the license;	Moved to AS 21.27 as a limited license.
To be repealed	(3) been guilty of fraudulent or dishonest practices;	Moved to AS 21.27 as a limited license.
To be repealed	(4) demonstrated the person's incompetency or untrustworthiness to act as an insurance agent; or	Moved to AS 21.27 as a limited license.
To be repealed	(5) been guilty of rebating as defined by the laws of this state applicable to life insurers.	Moved to AS 21.27 as a limited license.
To be repealed	AS 21.84.460(b) The revocation or suspension of an agent's license immediately terminates the license of the agent. An individual whose license has been revoked may not obtain an insurance agent's license under this chapter for a period of one year after the revocation or, if the revocation is judicially reviewed, for one year after the final determination affirming the action of the director in revoking the license.	Moved to AS 21.27 as a limited license.
To be repealed	AS 21.84.560 FRATERNAL BENEFIT SOCIETIES DEFINED. (a) An incorporated society, order or supreme lodge, without capital stock, including one exempted under AS 21.84.020(a)(2) whether incorporated or not, conducted solely for the benefit of its members and their beneficiaries and not for profit, operated on a lodge system with ritualistic form of work, having a representative form of government, and which makes provision for the payment of benefits in accordance with this chapter, is a fraternal benefit society.	Moved to definition section, AS 21.84.900(1)
To be repealed	AS 21.84.560(b) In this chapter the word "society," unless otherwise indicated, means fraternal benefit society.	Moved to definition section, AS 21.84.900(5)

Proposed Legislation	Existing Statute	Comments
To be repealed	AS 21.84.570 LODGE SYSTEM DEFINED. A society having a supreme legislative or governing body and subordinate lodges or branches by whatever name known, into which members are elected, initiated or admitted in accordance with its constitution, laws, ritual and rules, which subordinate lodges or branches are required by the laws of the society to hold regular meetings at least once in each month, is considered to be operating on the lodge system.	Moved to definition section, AS 21.84.900(2)
To be repealed	AS 21.84.580 REPRESENTATIVE FORM OF GOVERNMENT DEFINED. A society is considered to have a representative form of government when	Moved to definition section, AS 21.84.900(4)
To be repealed	(1) it provides in its constitution or laws for a supreme legislative or governing body, composed of representatives elected either by the members or by delegates elected directly or indirectly by the members, together with other members of the body prescribed by the society's constitution and laws;	Moved to definition section, AS 21.84.900(4)(A)
To be repealed	(2) the representatives elected constitute a majority in number and have not less than two-thirds of the votes or less than the votes required to amend its constitution and laws;	Moved to definition section, AS 21.84.900(4)(B)
To be repealed	(3) the meetings of the supreme legislative or governing body and the election of officers, representatives or delegates are held as often as once in four calendar years;	Moved to definition section, AS 21.84.900(4)(C)
To be repealed	(4) the society has a board of directors charged with the responsibility for managing its affairs in the interim between meetings of its supreme legislative or governing body, subject to control by the body and having powers and duties delegated to it in the constitution or laws of the society;	Moved to definition section, AS 21.84.900(4)(D)

Proposed Legislation	Existing Statute	Comments
To be repealed	(5) the board of directors is elected by the supreme legislative or governing body, except in case of filling a vacancy in the interim between meetings of the body;	Moved to definition section, AS 21.84.900(4)(E)
To be repealed	(6) the officers are elected either by the supreme legislative or governing body or by the board of directors; and	Moved to definition section, AS 21.84.900(4)(F)
To be repealed	(7) the members, officers, representatives or delegates may not vote by proxy.	Moved to definition section, AS 21.84.900(4)(G)
To be repealed	AS 21.90.910 EXCEPTIONS FROM DEFINITIONS. The definitions of "adjuster," "agent," "broker," "firm," and "solicitor" in AS 21.90.900 do not include	Obsolete.
To be repealed	(1) individuals employed and used by agents for the performance of clerical, stenographic, and similar office duties; incidental taking of an application for insurance from time to time in the office of the employing agent if the employee's compensation is not contingent upon or related to the volume of applications, insurance, or premiums;	Included in AS 21.27
To be repealed	(2) the attorney-in-fact of a reciprocal insurer, or the salaried traveling representative of a reciprocal or mutual insurer not compensated on a commission basis.	Defined in AS 21.75.
* Sec. 212. APPLICABILITY OF AS 21.18.110(m). The actuarial opinion required under AS 21.18.110(m), as enacted by sec. 22 of this Act, shall be submitted with the annual statement beginning with the year ending December 31, 1993.		
* Sec. 213. Sections 2, 20, 25, 49, 60, 61, 94, and 95 of this Act take effect January 1, 1994.		
* Sec. 214. Except as provided in sec. 223 of this Act, this Act takes effect July 1, 1992.		

John L. George and Associates
9515 Moraine Way
Juneau, Alaska 99801
Tel 907 789-0172 Fax 907 789-6964

February 21, 1992

Senator Drue Pearce
Senate Labor and Commerce Committee
P.O. Box v
Juneau, Alaska 99811

Re: Senate Bill 376

Dear Senator Pearce,

My client, the American Council of Life Insurance, a life insurance trade association representing the majority of the life insurers licensed in the state, supports passage of S.B. 376 with certain modifications that we have discussed with the Director of Insurance. It is our understanding that the Director of Insurance will request these amendments at the next hearing on the bill. By working through the Director we hope to have simplified the process for the Director and for the legislature. We reserve the right to bring these issues up independently if for some reason the Division of Insurance does not.

We have requested deletion of Third Party Administrators from the definition of Managing General Agents (Sec 222) and the addition of the NAIC Third Party Administrator Model language. We have also requested that Sec 144 be amended to provide that any undefined unfair methods, acts or practices may be DEFINED BY REGULATIONS ADOPTED BY THE DIRECTOR. Additionally we have requested several other minor changes that do not warrant comment here.

The ACLI recognizes the importance of adequate regulatory supervision by state insurance regulators. Without the tools provided in S.B. 376 the Director will be at a distinct disadvantage. We also support the additional staffing needs of the division. Uniquely, the additional staff will be self funded through additional cost plus billings to our industry. As insurers are examined by the Division of Insurance, new revenue is generated. Failure to add positions will result in lost revenue opportunity and more importantly lost examination opportunity. Our industry strongly believes that sound regulation of all insurers

Senator Pearce

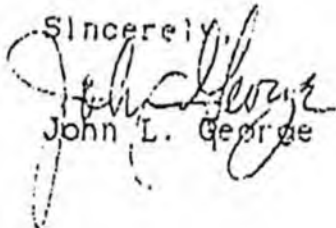
2

February 21, 1992

benefits each of us. Failure of the Division of Insurance to meet the NAIC requirements will prove detrimental to insureds, insurers, and the State.

I will be available at the hearing next week or you may contact me at your convenience to discuss this or other legislation.

Sincerely,



John L. George

FROM JOHN GEORGE 02.21.1992 17142 P. 4

John L. George and Associates
9515 Moraine Way
Juneau, Alaska 99801
Tel 907 789-0172 Fax 907 789-6964

February 21, 1992

Senator Drue Pearce
Senate Labor and Commerce Committee
P.O. Box v
Juneau, Alaska 99811

Re: Senate Bill 376

Dear Senator Pearce,

My client, National Association of Independent Insurers a property and casualty insurance trade association, supports passage of S.B. 376 with certain modifications that we have discussed with the Director of Insurance. It is our understanding that the Director of Insurance will request these amendments at the next hearing on the bill. By working through the Director we hope to have simplified the process for the Director and for the legislature. We reserve the right to bring these issues up independently if for some reason the Division of Insurance does not.

The ACLI recognizes the importance of adequate regulatory supervision by state insurance regulators. Without the tools provided in S.B. 376 the Director will be at a distinct disadvantage. We also support the additional staffing needs of the division. Uniquely, the additional staff will be self funded through additional cost plus billings to our industry. As insurers are examined by the Division of Insurance, new revenue is generated. Failure to add positions will result in lost revenue opportunity and more importantly lost examination opportunity. Our industry strongly believes that sound regulation of all insurers benefits each of us. Failure of the Division of Insurance to meet the NAIC requirements will prove detrimental to insureds, insurers, and the State.

I will be available at the hearing next week or you may contact me at your convenience to discuss this or other legislation.

Sincerely,


John L. George

END



HUGHES THORSNESS
GANTZ POWELL & BRUNDIN

Est. 1939

ATTORNEYS AT LAW

DAVID H. THORSNESS
JAMES M. POWELL
BRIAN J. BRUNDIN
MARCUS R. CLAPP
JOE M. HUDDLESTON
SIGURD E. MURPHY
CARL J. D. BAUMAN
DENNIS M. BUMP
MARY K. HUGHES
FRANK A. PFIFFNER
RALPH R. DEISTLINE
R. CRAIG MESSER
ROBERT L. MANLEY
JAMES M. GORSKI
TIMOTHY R. BYRNES
JAMES M. BEEDORF
RONALD E. NOEL
FREDERICK J. OUSEN
MICHAEL L. LESSMEIER**
STEVEN S. TERVOOREN
MATTHEW K. PETERSON
JOSEPH R. D. LOESCHER
KENNETH D. LOUDER
EARL M. SUWERLAND
JOHN B. THORSNESS
THOMAS R. LUCAS
GREGORY W. LESSMEIER**

509 WEST THIRD AVENUE
ANCHORAGE, ALASKA 99501-2273
TELEPHONE (907) 274-7522
TELECOPIER (907) 263-8320
TELEX: 090-26376 (DENALI)

**590 UNIVERSITY AVENUE
SUITE 200
FAIRBANKS, ALASKA 99709-3652
TELEPHONE (907) 479-3181
TELECOPIER: (907) 474-2629

JAMES N. BARRELEY
WILLIAM M. WALKER
PAUL H. CRAGAN
DONNA R. WALKER
DAVID S. CARTER
JOHN D. FRANK**
ANN S. BROWN
TIMOTHY R. REDFORD
JOHN J. NOVAK
GORDON W. DUVAL
DANIEL M. WOLO
PAUL S. WILCOX
KENNETH M. GUTSCH
LYNN E. LEVENGOOD
CLYDE E. SNIFFEN, JR.
VICKI L. BUSSARD
DAVID V. BURGLIN
RICHARD L. MUSICK
SHELDON E. WINTERS**
DAVID F. LEONARD
JORDAN E. JACOBSEN
JACQUELYN L. PARRIS
LINDA J. JOHNSON
JAYNE M. GILBERT**
JOSEPH S. SLUSSER*

OF COUNSEL
JOHN C. HUGHES
RICHARD O. GANTZ

**ONE SEALASKA PLAZA
SUITE 303
JUNEAU, ALASKA 99801-1240
TELEPHONE (907) 586-5912
TELECOPIER: (907) 463-3020

Reply to: JUNEAU

February 21, 1992

FEB 21 1992

Senator Drue Pearce
Room 101, Capitol Building
PO Box V
Juneau, Alaska 99811

Re: Senate Bill 376
Our File No: 220-92 & 30-213

Dear Senator Pearce:

We are writing to you on behalf of State Farm Insurance Company and Allstate Insurance Company concerning the above-referenced legislation. State Farm and Allstate are the two largest personal lines insurers currently doing business in the State of Alaska. Cumulatively, they are writing approximately 70% of the automobile insurance policies in the State.

SB 376 is obviously a very lengthy and complex piece of legislation. Both State Farm and Allstate support the Division of Insurance's efforts to seek NAIC accreditation. Moreover, State Farm and Allstate have no objection with respect to the proposed single producer licensing provisions. There is however

one additional provision unrelated to NAIC accreditation or to the single producer licensing provisions that both companies have problems with. Section 221 of the bill provides for a mandatory appraisal process. As drafted, this provision would require all automobile, homeowner, or dwelling insurance policies to contain a mandatory appraisal clause for disputes over first party property losses. First party losses are those claims made by a policyholder to his or her insurer. For example, if a driver has a claim under his or her own automobile policy for a loss associated with his or her own vehicle, this would be a first party loss. Under this provision, if there is a dispute over the value of that property loss, the insured and the insurer each retain an appraiser to provide a value estimate. If the two appraisers do not agree on a mutual value, an umpire is selected to resolve the difference.

In concept, State Farm and Allstate do not have a problem with the appraisal process. However, as drafted, this particular appraisal provision is problematic. It is uncertain under this provision whether the appraisal process is mandatory for all losses, optional at the election of the insured or insurer, or if it is the final resolution of the claim. In other words, after the appraisal process is completed, it is ambiguous as to whether the insured or the insurer, if they are unhappy, can still file a complaint in superior court.

State Farm and Allstate are also concerned that the appraisal concept be drafted to avoid certain abuses they have experienced in other states. In some states insureds have used the appraisal process to raise disputes about policy terms or definitions. For example, if there are estimates from three body shops to repair the same damage and the insured wants the repairs made by a shop other than the low bidder, the appraisal process has been used in other states to dispute this. This practice has nothing to do with the value of the loss since both body shops will be obligated to make the same repair. As such, claims like these should not be subject to appraisal. This is the reason why we would strongly recommend that appraisal be limited to only total losses. If it is made applicable to partial losses, the legislation should clearly set forth that it will only pertain to disputes concerning the value of the property loss.

We would be happy to work with members of the Senate Labor & Commerce Committee, the Division of Insurance, and any other interested parties to find a solution to the above-referenced concerns.

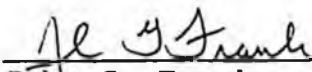
Senator Drue Pearce
February 21, 1992
Page 3

HUGHES THORSNESS GANTZ POWELL & BRUNDIN
ATTORNEYS AT LAW

As always, should you have any question or comment concerning the above or any other aspect of SB 376, we would be happy to respond. Thank you for your courtesy and cooperation.

Sincerely,

HUGHES, THORSNESS, GANTZ,
POWELL & BRUNDIN

By: 
John G. Frank

JGF:sb/1176

cc: Senator Virginia Collins
Senator Richard Eliason
Senator Rick Halford
Senator Jalmar Kertulla

Subject: References for Bullet Letter, Omnibus Insurance Bill

The bill includes the following:

- o incorporates the NAIC model law on examination of insurance companies including requirements for processing of examination reports; (AS 21.06.120 - 21.06.180)

- o adopts authority for regulations to adopt the NAIC model regulation on action available to the director when an insurer is found to be in hazardous financial condition; (AS 21.09.175)

- o changes the date for premium tax payments from April 1 to March 1; (AS 21.09.210)

- o requires reinsurers accredited by the division to file financial statements annually and added requirements for accreditation of differing insurance organizations; (AS 21.12.020)

- o requires domestic insurers to obtain annual actuarial opinions on claim reserves and adds requirements for valuation of assets and claim reserves for financial statement presentation; (AS 21.18.110, .130, .140; AS 21.21.050)

- o adopts limitations on the type of subsidiaries in which insurer may invest and limitations on subsidiary acquisitions which result in market concentration; (AS 21.21.170, .180, .350; AS 21.22.065)

- o adopts limitations on investment in medium and lower grade bonds; (AS 21.21.370 - .400)

- o adopts rules on evaluating material transactions between affiliates and determining payment of extraordinary dividends; (AS 21.22.080, .085, .090, .100)

- o requires annual filing of holding company registration statement; (AS 21.22.060)

- o restructures statute to consolidate all requirements and qualifications for licensing of insurance professionals in one chapter; (Article 1 AS 21.27.010 - .460)

- o adopts biennial license renewal for insurance professionals; (AS 21.27.380)



GLORIA G. GLOVER, A.F.E.
INSURANCE FINANCIAL EXAMINER II