

ALASKA LEGISLATURE COMMITTEE FILES 1993-1994 8672

8416 SENATE LABOR & COMMERCE

SB

358

WALTER J. FICKEL
GOVERNOR



P. O. Box 110001
Juneau, Alaska 99811-0001
(907) 465-3500

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

April 11, 1994

*The Honorable Tim Kelly, Chair
Senate Labor and Commerce Committee
State Capitol
Juneau, AK 99801-1182*

Dear Senator Kelly:

This letter is to respectfully request that CS for SB 358(STA) be scheduled for hearing in the Senate Labor and Commerce Committee. We believe this bill will bring up to date certain state statutes by eliminating entities which have been dormant, unfunded, or unnecessary for some time. It will also streamline procedures associated with specific boards which are still active.

This bill deletes in statute a number of entities which are no longer active or necessary. We believe it is good policy that these outdated statutes be eliminated. Proposed eliminations include the following eight entities: the Milk Control Advisory Board, the Steering Council for Alaska Lands, the Rural Affairs Commission, the Governor's Commission on the Involvement of Young People in Government, the Yukon Taiya Commission, the Environmental Advisory Board, the Gas Pipeline Financing Authority, and the Alaska Manpower Services Council. Many of these have not had activity or funding for ten to twenty years.

The bill also relates to the powers of the Board of Parole and to the appointment of mediators in railroad labor relations cases. The bill eliminates the statutory Alaska School Activities Association as there is now a separate non-profit corporation, Alaska School Activities Association, Inc. that has a distinct and legal existence apart from state statute. The bill also allows the Museum Collections Advisory Committee to meet by teleconference and clarifies their advisory role. It adds one 3-member Southcentral panel to the Workers' Compensation Board so that their decision and orders may be produced more timely.

The bill has a zero fiscal note. Enclosed is a sectional analysis, providing a description and background information for the proposed changes. Thank you in advance for your consideration of this bill.

Sincerely,

A handwritten signature in cursive script that reads "Kristie Leaf".

*Kristie Leaf
Director of Boards and Commissions*

BILL NO: CSSB 358(STA)

DATE: April 11, 1994

TITLE: Eliminate Some Multimember
Bodies

CONTACT: Arbe Williams
465-2700

Two sections in Committee Substitute for Senate Bill No. 358 (State Affairs) affect Department of Labor operations. Section 7 of the bill would increase the number of panels of the Alaska Workers' Compensation Board from five to six. Section 14 of the bill would amend AS 42.40.850(c) to remove the provision that a mediator of a labor dispute between the railroad and a bargaining unit representative must serve as the arbitrator at a later time if the parties are forced to interest arbitration.

The amendment to the Alaska Workers' Compensation Act in Section 7 of the bill would make two additional Board members (one from industry and one from labor) available in the southcentral area to handle the workload. In Anchorage, where most of the hearings occur, board members often meet for one or two full days in hearings each month and deliberate one to two days following the hearings, in addition to time spent reviewing and signing legal documents. This substantial commitment of time generally leads to problems in scheduling hearings and issuing decisions.

This amendment is part of the solution to a critical situation. In 1983, the Department of Law settled a class action suit against the State for failing to issue Board Decision & Orders (D&O's) timely. That settlement cost the State \$250,000. Today, staff have been reduced to a level below that in 1983 and, though we are issuing more D&O's than in 1983, forty-four D&O's were issued beyond the 30-day statutory deadline. We believe that a class action law suit is eminent. Increasing the availability of Board members to process Decision & Orders would contribute to meeting our statutory obligations.

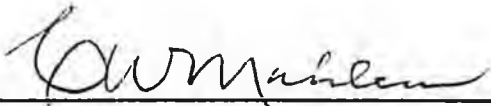
Section 14 of the bill would amend the Alaska Railroad labor relations laws which are administered by the Alaska Labor Relations Agency. AS 42.40.850(c) addresses the procedure for resolving a labor impasse if a labor organization representing a unit of Alaska Railroad Corporation employees has engaged in a work stoppage that has been enjoined by the court. If the labor organization and the railroad remain deadlocked, they are required by the provisions of AS 42.40.850(c) to submit their dispute to the person who earlier had mediated the parties' dispute. That person would then serve as an arbitrator with the power to fashion a labor agreement for the parties.

The mediation services of the Federal Mediation and Conciliation Services (FMCS) are available, free of charge, to mediate labor disputes between the railroad and their bargaining unit representatives. However, under the FMCS charter, FMCS mediators may not serve as interest arbitrators. If FMCS believes that its mediator may be required to serve as an arbitrator, it may not refer one.

POSITION PAPER/Department of Labor

The appointment of mediators other than through the Federal Mediation and Conciliation Services would increase the administrative costs of the Alaska Labor Relations Agency, which serves as the railroad labor relations agency, because the Alaska Labor Relations Agency would be required to arrange a mediation referral service. In addition the costs of the mediator would have to be paid by the parties to the dispute. FMCS mediators are very experienced in mediating railroad labor disputes and there is no charge for their services.

The Department of Labor supports Senate Bill No. 358 and urges passage this legislative session. Expanding the Alaska Workers' Compensation Board members would not increase costs; the amendment as proposed in Section 7 would only increase the availability of members to meet our statutory obligations. Removing the requirement that a mediator in railroad labor relations cases later serve as arbitrator as proposed in Section 14 would provide for an efficient and effective tool in resolving such cases.



Charles W. Mahlen
Commissioner

STATE OF ALASKA

DEPARTMENT OF LABOR

OFFICE OF THE COMMISSIONER

WALTER J. HICKEL, GOVERNOR

P.O. BOX 21149
JUNEAU, ALASKA 99802-1149
PHONE: (907) 465-2700

FAX: (907) 465-2784

April 20, 1994

The Honorable Tim Kelly, Chair
Senate Labor & Commerce Committee
Alaska State Legislature
State Capitol, Room 101
Juneau, AK 99801-1182

Dear Senator Kelly:

This is in response to Senator Rieger's concern about the binding interest arbitration requirement in the Alaska Railroad Corporation Act. In accordance with AS 42.40.840 and 42.40.850, railroad employees are eligible to strike after a mediator has decided to end a mediation session between the bargaining representative and the railroad corporation management.

The right to strike, however, is limited by a concern for the health, safety, or welfare of the public. If the railroad management believes that the public's health, safety, or welfare is threatened and demonstrates that fact to the superior court, the court will enjoin the strike. Only then are the employees entitled to binding interest arbitration.

This is a key difference from binding interest arbitration under the Public Employment Relations Act (PERA) which applies to the state, the university, some municipalities, and school districts. Under AS 23.40.200(a) in the Public Employment Relations Act, class 1 employees, who are generally police and fire protection employees, are entitled to binding interest arbitration automatically after deadlock and mediation.

Generally, interest arbitration is a tool to resolve impasse when employees are restricted from striking. In the case of the railroad, management would proceed to interest arbitration after the bargaining unit members have engaged in a strike and the ability to strike was enjoined by the courts, at the request of the railroad management. As a point of interest, railroad employees have never engaged in a work stoppage in the ten years of the Alaska Railroad Corporation Act.

The purpose of section 14 of Committee Substitute for Senate Bill No. 358 (State Affairs) is to allow the railroad and its bargaining

The Honorable Tim Kelly

-2-

April 20, 1994

units to continue to use the mediators of the Federal Mediation and Conciliation Service (FMCS). In the past, those mediators have assisted the railroad and the unions to reach agreement and to avoid work stoppages. The current law puts continued use of this free and valuable resource in jeopardy because it requires the mediator to serve as the arbitrator in the event of interest arbitration. While the risk of this eventuality is very remote, its existence is a genuine concern to the FMCS.

Please contact me at 465-2702 or Jan DeYoung, Administrator of the Alaska Labor Relations Agency, at 269-4895 if this letter does not address Senator Rieger's concerns or if the committee has any other questions concerning section 14 of CSSB 358(STA). Thank you.

Sincerely,



Arbe J. Williams
Special Assistant
to the Commissioner

cc: Senate Labor & Commerce Committee members
Jan DeYoung, Administrator ALRA

CSSB 358(STA) Sectional Analysis

Sections 1 through 3...Eliminates references to the Milk Control Advisory Board within the Division of Agriculture and makes a few technical changes. (Board expenses have not been funded; Board only met a few times in 25 years; Sec. 11 eliminates Board; the last meeting of this board was held in 1980.)

Sections 4 through 6...Allows the the Museum Collections Advisory Committee to meet by teleconference; raises the dollar amount (from \$1,000 to \$5,000) on transactions which require the approval of the committee; clarifies that the role of the committee is regarding museum acquisition and disposition policies.

Section 7...Adds one 3-member Southcentral panel to the Workers' Compensation Board. This makes more members available to meet (although only 3 members are needed to comprise a panel: one labor member, one industry member, and the Commissionr of Labor, so there is no fiscal impact). This will allow the Department to produce their decision and orders more timely.

Sections 8 through 13...Authorizes the Parole Board to delegate to one of its members the authority to establish special conditions of mandatory parole. (Allows the board to continue its practice of not noticing and convening a full board meeting for these purposes.) Setting of special or supplemental conditions of parole, in mandatory parole cases, has traditionally been done by a single member, subject to the parolee's right of appeal to the full board. The changes proposed in Section 7 through 9 clarify the legality of this practice. By delegating this responsibility to one member the remaining four members are relieved of the task of reviewing approximately 500 case files each year. As a safeguard, this system of setting conditions provides the parolee with an immediate appeal to a majority of the members if the parolee objects to any of the conditions set by one member

Section 14...Authorizes the Department of Labor to appoint arbitrators in railroad labor relations cases. This would allow the continued use of no cost mediators from the Federal Mediation and Conciliation Service (FMCS) for contract negotiations. This bill removes the provision that a mediator of a labor dispute between the railroad and a bargaining unit representative must serve as the arbitrator at the time the parties are forced to interest arbitration. Currently the department utilizes mediators at no costs through FMCS. FMCS has a rule that their mediators cannot be a:bitrators in the same negotiations.

Section 15...Repeals certain sections (AS 03.17.020, 03.17.030, 03,17.100(1)) in order to eliminate the Milk Control Advisory Board. (Sections 1 through 3 eliminate other references to the board and make technical changes.)

Section 15...Repeals sections 14.07.058 and 14.07.059 to eliminate the Alaska School Activities Association; eliminates the state entity that duplicates the activities of an existing non-profit corporation. These statutes have been in disuse since 1986. Since 1986, when articles of incorporation were filed under the name of ASAA, Inc., two distinct legal entities have existed: the statutory ASAA, which fell into disuse, and ASAA, Inc., a non-profit organization which has promoted and governed interscholastic activities in the state. This section eliminates the statutory ASAA and removes the state from potential liability for ASAA, Inc. in the future.

Section 15...Repeals several statutes (AS 38.95.100, 38.95.110, 38.95.120, 38.95.130, 38.95.140) in order to eliminate the Steering Council for Alaska Lands. The council was established in response to federal regulations which expired in 1990.

Section 15...Repeals several statutes ((AS 44.19.101, 44.19.102, 44.19.103, 44.19.104, 44.19.105, 44.47.050(a)) in order to eliminate the Rural Affairs Commission. No appointments have been made to this commission since 1976.

Section 15...Repeals several statutes ((AS 39.05.060(a), 44.19.123, 44.19.124, 44.19.125, 44.19.126, 44.19.130) in order to eliminate the Governor's Commission on the Involvement of Young People in Government. No appointments have been made to this commission since 1974.

Section 15...Repeals several statutes (AS 44.19.181, 44.19.182, 44.19.183, 44.19.184, 44.19.185, 44.19.186, 44.19.187, 44.19.188) in order to eliminate the Yukon-Taiya Commission. The last activity of this commission was noted in the 1976 Governor's Boards and Commission records.

Section 15...Repeals several statutes (AS 44.46.030, 44.46.040, 44.46.050) in order to eliminate the Environmental Advisory Board. The last activity of this board was in 1980.

Section 15...Repeals statutes (AS 44.82) in order to eliminate the Gas Pipeline Financing Authority. The last plan for this authority was disapproved by the legislature in January 1980.

Section 15...Repeals statutes (AS 44.99.010) in order to eliminate the Alaska Manpower Services Council. This council was replaced by the Job Training Council in 1983.

Section 16...Retroactively to January 1, 1986, and notwithstanding AS 33.16.050 and 33.16.150 as they are currently written, states that one parole board member may impose special conditions in mandatory parole cases. Prisoners or parolees aggrieved by such decisions may appeal to the board for a change in the special conditions of their mandatory parole.

Section 17...Makes sections 8 through 13 and 16 regarding the Parole Board retroactive to January 1, 1986.

Section 18...Effective dates.

SENATE COMMITTEE REPORT

DATE: 4/7/94

FURTHER: Finance

DATE TURNED INTO OFFICE: 4/20/94

Labor and Commerce Committee considered SENATE BILL NO. 358

"An Act relating to the existence and functions of certain multimember state bodies, including boards, councils, commissions, associations, or authorities; and providing for an effective date."

and recommends:

- replace with _____ CS _____ ()
- or adopt previous _____ CS SB 358 (STA)
- attaches amendment(s)

same title
 new title
 technical title change (HB only)

adopts _____ Letter of Intent

further referral to the _____

do pass

do not pass

no recommendation

individual recommendations

NEW FISCAL NOTES

Department	Date	Zero	Fiscal
LABOR/WC	3/25/94	✓	

Appropriation No Fiscal Note

DO PASS:

Tim Kelly
Bob Murray
Judith E. Salo

PREVIOUS FISCAL NOTES

Department	Date	Zero	Fiscal
LABOR/WC	3/25/94	✓	
" / COMM.	3/22/94	✓	
DLED/AIDEA	2/25/94	✓	
DLED	3/2/94	✓	
DNR	2/25/94	✓	
CORRECTIONS	2/25/94	✓	

DCRA 2/28/94 ✓
 DOE 2/28/94 ✓
 DOE 2/28/94 ✓

OTHER RECOMMENDATIONS:

Steve King, No Recommendation
Deanna ... NR

Chair: Signature and Recommendation

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO : CSSB 358 (STA)

Revision Date: _____
Title: Eliminate some mutimember bodies

Department Affected: Labor
BRU: Worker's Compensation

Sponsor: Senate Rules by request of the Governor
Requestor: Senate State Affairs

Component: _____
Worker's Compensation
COMPONENT SERIAL NO. 344

EXPENDITURES/REVENUES:

(Thousands of Dollars)

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS/CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
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REVENUE						
FUND SOURCE:						

FUNDING:

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipt						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY94) impact: \$ None

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Paul B. Arnoldt, Director *Paul B. Arnoldt* Phone: 465-6059
Division: Worker's Compensation Date: 3/25/94

Approved by Commissioner: Charles W. Mahlen *Charles W. Mahlen*
Agency: Department of Labor Date: 3/25/94

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FISCAL NOTE

No. 8
 Bill Version: CSRB 358(E)
 (S) Publish Date: 4-7-94

STATE OF ALASKA
 1994 LEGISLATIVE SESSION

BILL NO : _____

Revision Date: _____
 Title: Eliminate some mutimember bodies
 Sponsor: Senate Rules by request of the Governor
 Requestor: Senate State Affairs

Department Affected: Labor
 BRU: Commissioner's Office
 Component: _____
Alaska Labor Relations Agency
 COMPONENT SERIAL NO. 1200

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
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REVENUE FUND SOURCE:						
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipt						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY94) impact: \$ None

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Jan Hart DeYoung, Hearing Examiner Phone: 465-2700
 Division: Commissioner's Office Date: 3/22/94
 Approved by Commissioner: Charles W. Mahlen
 Agency: Department of Labor Date: 3/22/94

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FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

No. 7
Bill Version: SB 358
(S) Publish Date: 3-14-94

Revision Date: _____
Title: An Act relating to certain study, publication, and reporting requirements
Sponsor: _____
Requestor: _____

Department Affected: Commerce and Economic Development
BRU: AIDEA
Component: AIDEA
COMPONENT SERIAL NO. 1234

Expenditures/Revenues:

OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL EXPENDITURES	0	0	0	0	0	0
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CHANGE IN REVENUES ()	0	0	0	0	0	0
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FUND SOURCE

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MI/TIA	0	0	0	0	0	0
Other	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

Estimate of current year (FY 94) cost: \$ 0

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary.)

Please see attached sheet.

Changes in CSB 358 (SA) have no fiscal impact. This fiscal note is appropriate.
4-7-94 date [Signature] Comte Aide (initial)

Prepared by: William R. Small
Division: AIDEA

Phone: 561-8050
Date: February 25, 1994

Approved by Commissioner: Paul Fuhs
Agency: Commerce and Economic Development

Date: _____

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Section 29. of the proposed legislation, impacts AIDEA, under AS 44.88.210, REPORTS AND PUBLICATIONS. The amendments under Sec.29 of the proposed legislation should not be included in a bill going to the Legislature for introduction. As the Alaska Industrial Development and Export Authority is a public corporation of the State of Alaska having outstanding and ongoing fiduciary responsibilities, the reporting requirements under AS 44.88.210, should remain as currently established. Specifically, because AIDEA is required under certain legal and financial contractual agreements such as bond covenants, and to other outside entities such as bond rating agencies, to annually publish an audited financial statement, the Authority's statement of investments and other pertinent financial information, the proposed amendments to AS 44.88.210 are not recommended. Continuing to report on an annual basis would not provide for a fiscal impact.

FISCAL NOTE

No. 6

STATE OF ALASKA
1994 LEGISLATIVE SESSION

Bill Version: SB 358

(S) Publish Date: 3-14-94

Revision Date: 3/9/94
Title: Gov's draft bill relating to the
existence and function of certain multimember
Sponsor: state bodies
Requestor: _____

Department Affected: Commerce and Economic Development
BRU: _____
Component: _____

COMPONENT SERIAL NO. _____

Expenditures/Revenues:

OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL EXPENDITURES	0	0	0	0	0	0
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CHANGE IN REVENUES ()	0	0	0	0	0	0
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FUND SOURCE

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
Other	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

Estimate of current year (FY 94) cost: \$ 0

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary.)

Changes in CSSB 358 (STA)
have no fiscal impact. This
fiscal note is appropriate.

4-7-94
date

[Signature]
Comte Aide (initial)

Prepared by: Karl Luck
Division: Director, Occupational Licensing, DCRD

Phone: 465-2500
Date: _____

Approved by Commissioner: Paul Fuhs
Agency: Commerce and Economic Development

Date: 3/8/94

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FISCAL NOTE

5

STATE OF ALASKA
1994 LEGISLATIVE SESSION

Bill Version: SB 358

(S) Publish Date: 3-14-94

Revision (Date): Original Dept Affected: Natural Resources
 Title: "An Act relating to the existence and functions of BRU: None
certain multimember state bodies, including boards, councils,..." Component: None
 Sponsor: Rules Committee
 Requestor: Governor Component Serial No. None

Expenditures/Revenues	(Thousands of Dollars)					
OPERATING EXPENDITURES	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE	(Thousands of Dollars)					
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY94) cost: \$ None

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary)) Changes in CSSB 358 (STA) have no fiscal impact. This fiscal note is appropriate.
 There is no anticipated fiscal impact on DNR associated with this bill.
) 4-7-94 date [Signature] Comte Aide (initial)

Prepared by: Jerry Gallagher, Legislative Liaison Phone: 465-2400
 Division: Commissioner's Office Date: 28-Feb-94
 Approved by Commissioner: [Signature]
Harry A. Noah Date: 28-Feb-94
 Agency: Natural Resources

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FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

No. 4
Bill Version: SB 358
(S) Publish Date: 3-14-94

Revision Date: _____ Dept. Affected: Corrections
Title: An Act relating to ... boards, councils, commissions, etc. BRU: Administration & Support
Sponsor: Rules Committee Component: Parole Board
Requestor: Governor COMPONENT SERIAL NO. 695

Expenditures/Revenues	(Thousands of Dollars)					
OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE	(Thousands of Dollars)					
1002 Federal receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0	0	0	0	0	0

Estimate of any current year (FY94) cost: \$ 0

POSITIONS						
FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Changes in SSB 358 (STA) have no fiscal impact. This fiscal note is appropriate.
4-7-94 _____
date Comte Aide(initial)

Prepared by: Diane Schenker, Special Assistant Phone: 65-4643/786-2147
Division: Office of the Commissioner Date: 2/25/94
Approved by Commissioner: J. Frank Prewitt, Jr. Date: 2/21/94
Agency: Department of Corrections

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No. 3

Prior: SB 358

(S) Publish Date: 3-14-94

STATE OF ALASKA
1994 LEGISLATIVE SESSION

FISCAL NOTE

Revision Date: _____ Dept. Affected: Community & Regional Affairs
Title: *An Act relating to the existence and BRU: 351
functions of certain multimember state . . . Component: _____
Sponsor: _____
Requestor: Rules Committee by request of the Governor COMPONENT SERIAL NO. _____

Expenditures/Revenues: (Thousands of Dollars)

	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
OPERATING						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL						
REVENUE FUND SOURCE:						

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

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

Estimate of current (FY94) impact \$ none

ANALYSIS: (Attach a separate page if necessary)

Changes in SSB 358 (STA) have no fiscal impact. This fiscal note is appropriate.

4-7-94 date [Signature] Comte Aide (initial)

Prepared by: Remond Henderson Director Phone: 465-4708
 Division: Administrative Services Date: 2/28/94
 Approved by Commissioner: Edgar Blatchford Date: 2-23-94
 Agency: Community & Regional Affairs

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FISCAL NOTE

No. 2

Bill Version: SB 358

(3) Publish Date: 3-14-94

STATE OF ALASKA
1994 LEGISLATIVE SESSION

Revision Date: _____

Department Affected: Education

Title: An Act relating to the existence and functions of certain multimembers bodies.....

BRU: Executive Administration

Sponsor: Governor Hickel

Component: Commissioner's Office

Requester: Governor Hickel

COMPONENT SERIAL NO. _____ 185

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
---------	--	--	--	--	--	--

REVENUE FUND SOURCE:						
----------------------	--	--	--	--	--	--

FUNDING:

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME				
PART-TIME				
TEMPORARY				

Estimate of current year (FY94) impact: \$ _____

Changes in SSB 358 (ST) have no fiscal impact. This fiscal note is appropriate.

3-14-94 date [Signature] Comte Aide (init)

ANALYSIS: (Attach a separate page if necessary.)

This legislation repeals AS 14.07.058-.059, Alaska School Activities Association. These statutes have been in a state of disuse since 1986.

Prepared by: Sheila Peterson
Division: Commissioner's Office

Phone: 465-2803
Date: February 28, 1994

Approved by Commissioner: [Signature]
Agency: Education

Jerry Covey
Date: February 28, 1994

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FISCAL NOTE
STATE OF ALASKA
1994 LEGISLATIVE SESSION

No. 1
 Bill Version: SB 358
 (S) Publish Date: 3-14-94

Revision Date: _____ Dept. Affected: Department of Education
 Title: An Act relating to the existence and functions of certain multimember bodies... BRU: Libraries Archives & Museums
 Sponsor: Governor Hickel Component: Museum Operations
 Requestor: Governor Hickel COMPONENT SERIAL NO. 1895

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL EXPENDITURES	0	0	0	0	0	0
----------------------	---	---	---	---	---	---

CHANGE IN REVENUES ()	0	0	0	0	0	0
------------------------	---	---	---	---	---	---

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0	0	0	0	0	0

Estimate of any current year (FY94) cost: \$ 0

Changes in CS SB 358 (S) have no fiscal impact. This fiscal note is appropriate.

POSITIONS

FULL-TIME				
PART-TIME				
TEMPORARY	0	0	0	0

4/7/94 date [Signature] Comte Aide (init)

ANALYSIS: (Attach a separate page if necessary)

The elimination of the Museum Collections Advisory Committee will relieve four museum staff members of about 700 hours of preparatory and meeting time. The Museum has lost 40% of its staff since FY86; it desperately needs these hours to meet basic service needs.

Prepared by: Karen P. Crane [Signature]
 Division: Libraries Archives & Museums
 Approved by Commissioner: [Signature]
 Agency: Department of Education

Phone: 465-2910
 Date: 2/25/94
 Date: 2/28/94

SB

359

WALTER J. HICKEL, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

P.O. BOX 110400
JUNEAU, ALASKA 99811-0400
TELEPHONE: (907) 465-2300
FACSIMILE: (907) 465-2389

October 7, 1993

David A. Rose
Alaska Permanent Capital Management Company
900 West 5th Avenue, Suite 791
Anchorage, Al 99502

Dear Dave:

I applaud your efforts to seek legislative approval for the participants of the Alaska Municipal League Investment Pool to participate in securities lending. The Department of Revenue has a securities lending program. This fully collateralized vehicle has been very successful and added a considerable amount of income to the funds.

After reading your proposed language authorizing securities lending in the statutes, I have two observations. The language would allow for "adequate collateralization or indemnification, or both." While indemnification is important, being fully collateralized at all times is a critical component to a successful securities lending program; the proposed language makes collateralization optional. Also, you may find being indemnified may reduce your split of the lending proceeds and eliminate potential lending candidates that are prohibited from indemnification.

My other observation is a small one. Part of the last sentence in the proposed language states "and shall serve to increase investment pool net yield." I realize insuring that the participants in the pool receive the proceeds from a lending program is important, but adding to the yield may be inconsistent with AIMR standards for computing performance measurement.

With those observations in mind, the following language may be worth your consideration:

37.23.035.5 SECURITIES LENDING. Securities held by an investment pool may be loaned provided such securities are fully collateralized and collateral is safekept by a party independent of the borrowers. Collateral must meet institutional and prudent investor standards. All pool proceeds from securities lending shall inure to the benefit of investment pool participants.

I concur with the other proposed language changes to the statutes. Those changes should give the pool participants greater flexibility within very prudent standards.

David A. Rose
October 6, 1993

Page 2

Please accept these observations as they are given, as a positive attempt to assist you in achieving your goal. I would encourage you to call on me or Bob Storer, Chief Investment Officer, should you require assistance.

Sincerely,



Darrel J. Flexwinkel
Commissioner

DJR:pml

Alaska Permanent Capital Management Company

900 West Fifth Avenue, Suite 701
Anchorage, Alaska, 99501

Phone: (907) 272-7575

Fax: (907) 272-7574

November 10, 1993

TO: AMLIP Board

FROM: David A. Rose,  Financial Advisor

SUBJECT: Investment Policy

We have reviewed the Pool's Investment Policy as set forth by Pool Resolution and Alaska Statutes 37.23.

Our review of the above, in light of current market practices and conventions, indicates that Pool performance could be enhanced by several technical changes. These changes would put the Pool on a level playing field with competing money market funds.

The attached, marked up copy of the statute, sets forth the recommended changes. The proposed changes have been coordinated with the Commissioner of Revenue and language recommended by the Commissioner has been utilized. Thus, there is full agreement as to verbiage. A copy of the Commissioner's letter is attached to this memorandum.

Technical changes are as follows:

- 37.23.020 is clarified to permit the purchase of floating rate securities, provided there is an annual rate reset.
- 37.23.020 (3)(A) is clarified to explicitly permit the purchase of Yankee securities when the parent of a US branch bank is rated "A" or higher. The Pool currently invests in these securities.
- A new section 37.23.035 is added to explicitly authorize securities lending provided collateral is provided and income from securities lending benefits Pool participants.
- 37.23.040 (2) is deleted to permit the holding of larger quantities of bank issued securities.

The above four changes do not subject the Pool to extraordinary risk and they comport with concepts embodied in prudent investor rules adhered to by similar funds and

institutions.

I urge the AMLIP Board to (1) authorize these changes (2) pursue their adoption by the state legislature and (3) amend Pool investment policy upon amendment of statute.

Alaska Permanent Capital Management Company

900 West Fifth Avenue, Suite 701
Anchorage, Alaska, 99501

Phone: (907) 272-7575

Fax: (907) 272-7574

March 25, 1994

Senator Tim Kelly
Chairman, Senate Committee on Labor & Commerce
State Capitol
Juneau, Alaska

VIA FAX TO 465-3756

Dear Senator Kelly:

Thank you for scheduling Senate Bill 359 for consideration at 1:30 on March 29, 1994.

This Bill makes certain technical amendments to AS 37.23 which permits cities and boroughs to place funds into an investment pool in order to preserve principal, enhance yield, provide liquidity and secure professional funds management.

Currently one such pool exists--The Alaska Municipal League Investment Pool. At February 28, 1994 twenty-seven cities and boroughs had joined the Pool and it contained \$33,282,962.

Section 1 of the Bill clarifies 37.23.020 to permit the purchase of floating rate securities, provided there is an annual rate reset. This section also clarifies language at 37.23.020(3)(A) to permit the purchase of Yankee securities when the parent of a US branch bank is rated "A" or higher. (The Pool currently invests in these securities.)

Section 2 is a new section 37.23.035 which explicitly authorizes the lending of securities provided collateral is received.

Section 3 removes the restriction which limits the amount of bank paper held at the 30% level.

The adoption of this legislation will clarify actions now being taken and authorize actions which will permit the enhancement of yield to Pool participants. These changes comport with concepts embodied in prudent investor rules adhered to by similar entities.

No State of Alaska funds are involved, there is no fiscal note.

Department of Revenue has reviewed this legislation and concurs with it.

This Bill is identical to House Bill 450 which has passed House State Affairs and House Finance and resides in House Rules.

I will be pleased to testify on Tuesday via teleconference.

Please contact me if you have any questions.

Sincerely,



Dave Rose, Financial Adviser
Alaska Municipal League Investment Pool

Attachments:

Latest report of the Pool.

Correspondence from Commissioner Rexwinkel concurring with the legislation.

Background correspondence of the Pool dated November 10, 1993.



**ALASKA MUNICIPAL
LEAGUE INVESTMENT POOL
STATUS REPORT**

FEBRUARY 28, 1994

ATCH #1

AK MUNICIPAL LEAGUE INVESTMENT
POOL STATUS REPORT

This report is forwarded to Pool participant cities and boroughs to keep everyone updated on the status of investments, membership, legislation and other matters.

Information regarding the Pool may be secured by contacting Board Members or its Financial Adviser, David Rose at the Alaska Permanent Capital Management Company 272-7575 (phone) or 272-7574(fax).

BOARD MEMBERS

<u>Name</u>	<u>Title</u>	<u>Affiliation</u>
Jerome Selby	Mayor	Kodiak Island Borough
Harold Ivanoff	Clerk/Administrator	City of Atkasuk
Ross Kinney	Finance Director	Kenai Peninsula Borough
Judi Slajer	Chief Financial Officer	Fairbanks North Star Borough
Craig Duncan	Finance Director	City and Borough Juneau
Desi Mayo	Finance Director	Mat-Su Valley
Don Long	Mayor	City of Barrow

CURRENT POOL MEMBERSHIP

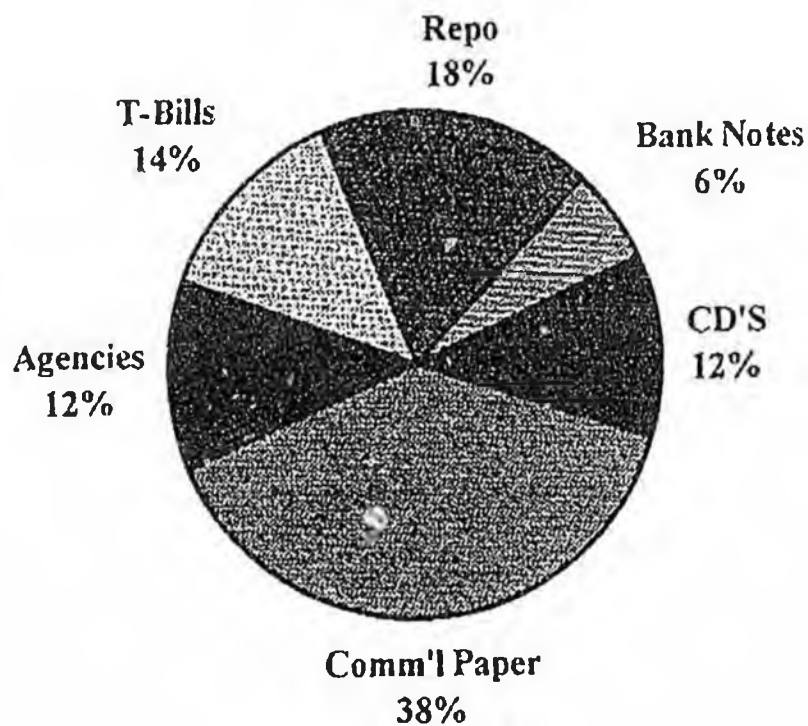
Aleutians East Borough	City of Atkasuk
City of Bethel	City of Chignik
City of Cordova	City of Eek
Fairbanks North Star Borough	City of Fort Yukon
City of Homer	City and Borough of Juneau
City of Kenai	Kenai Peninsula Borough
City of Kodiak	Kodiak Island Borough
City of Kotzebue	Lake and Peninsula Borough
Matanuska-Susitna Borough	City of Palmer
City of Petersburg	City of Sand Point
City and Borough of Sitka	City of Soldotna
City of St. Paul	City of Unalakleet
City of Valdez	City of Wasilla
City of Whittier	

INVESTMENTS

At February 28, 1994 there were 18 cities and boroughs with money invested in the Pool.

The total amount invested in the pool as of February 28, 1994
\$33,282,961.76.

The following graph depicts the allocation of Pool assets as of February 28, 1994.



INVESTMENT YIELDS

Doily investment yields and 7-day effective yields, net of all expenses, are provided below. Also note that the maturity of the portfolio expressed in days, is provided on a daily basis. Current data is available by computer lookup from FISCO or from the Financial Adviser.

ALASKA MUNICIPAL LEAGUE INVESTMENT POOL DAILY AND 7-DAY NET YIELDS FEBRUARY 1 - FEBRUARY 28, 1994

<u>As of Date</u>	<u>SEC-7-Day Curr Yld(%)</u>	<u>SEC-7-Day Eff Yld(%)</u>	<u>1 Day Dist Rate (%)</u>	<u>Avg. Maturity</u>
02/28/94	3.05	3.09	3.07	81
02/25/94	3.04	3.09	3.04	84
02/24/94	3.03	3.08	3.03	93
02/23/94	3.03	3.08	3.07	94
02/27/94	3.03	3.08	3.03	86
02/18/94	3.03	3.08	3.03	90
02/17/94	3.03	3.07	3.03	88
02/16/94	3.02	3.07	3.07	78
02/15/94	3.02	3.06	3.03	87
02/14/94	3.02	3.06	3.03	88
02/11/94	3.02	3.06	3.02	91
02/10/94	3.01	3.06	2.99	91
02/09/94	3.02	3.06	3.03	91
02/08/94	3.02	3.07	3.03	92
02/07/94	3.02	3.07	3.03	91
02/04/94	3.02	3.07	3.01	93
02/03/94	3.02	3.07	3.03	93
02/02/94	3.02	3.07	3.10	102
02/01/94	3.01	3.06	3.14	107

SEC 7-Day Current Yield: Average of seven days' distribution rates expressed on an annualized basis.

SEC 7-Day Effective Yield: Compounded seven day yield expressed on an annualized basis.

1-Day Distribution Rate: An annualization of the daily dividend.

Please note that past performance cannot guarantee future results.

COMPARISONS

Every two weeks we analyze Donoghue's first tier institutional money fund averages and compare the relative performance of the Pool. The following table illustrates Pool performance compared to nine funds consistently used in our analysis. As you can see from the table, the Pool continues to exceed the net yield of many well-known and respected funds.

AML Pool and Mutual Funds Net (after fee) Yields 7-Day Yield as of February 8, 1994

Alaska Municipal League Investment Pool	3.07 percent
Corefund Cash Reserves A	2.78 percent
Dryfus Institutional MMF/MM	2.79 percent
Federated Master Trust	2.82 percent
Federated Auto Cash Management	2.75 percent
Fidelity Daily MF/MMP	Not Available
PNC Fund MMP	2.91 percent
Scudder Managed Cash Fund	2.73 percent
SEI Cash Plus Prime MMClass A	3.02 percent
SEI Cash Plus Prime MMClass B	2.72 percent

7-day SEC yields as of 2/08/94 and expense ratio as of 12/93. Source is Donoghue's weekly first tier institutional averages. Only funds with 25% of assets or less invested in bank obligations are included.

SENATE COMMITTEE REPORT

DATE: 3/14/94

FURTHER: Finance

Date of 5-Day Notice: 3/24/94
 (in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 3-29-94

L&C Committee considered SB 359

"An Act relating to investment pools for public entities; and providing for an effective date."

and recommends:

- replace with _____ CS _____ ()
- or adopt previous _____ CS _____ ()
- attaches amendment(s)

- same title
- new title
- technical title change (HB only)

- adopts _____ Letter of Intent
- further referral to the _____

- do pass
- do not pass
- no recommendation

individual recommendations

NEW FISCAL NOTES

Department	Date	Zero	Fiscal
DOR	3/25/94	✓	
DOA	3/24/94	✓	

PREVIOUS FISCAL NOTES

Department	Date	Zero	Fiscal

Appropriation No Fiscal Note

DO PASS:

Steve Riegs

OTHER RECOMMENDATIONS:

Judith E. Salo (No Rec)

_____ NR

Tim Kelly - Do Pass

Chair: Signature and Recommendation

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. SB 359

Revision Date: _____ Dept. Affected: Administration
 Title: "An Act relating to investment pools for public BRU: Finance
entities...." Component: Finance
 Sponsor: (S) Fin
 Requestor: (S) L&C COMPONENT SERIAL NO. 59

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
----------------------	-----	-----	-----	-----	-----	-----

CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
------------------------	-----	-----	-----	-----	-----	-----

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0
Total	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of current year (FY94) cost: none

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Don Wanie, Director
 Division: Finance
 Approved by Commissioner: Nancy Bear Usura
 Agency: Administration

Phone: 465-2240
 Date: _____
 Date: 3/24/94

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- FISCAL NOTE -

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. SB 359

Revision Date: _____ Dept. Affected: Revenue
 Title: An Act relating to investment pools... BRU: Revenue Operations
 Component: Treasury Management
 Sponsor: Senate Finance Committee
 Requestor: Senate L&C COMPONENT SERIAL NO. 121

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPIT. ..						

REVENUE FUND SOURCE: _____

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY94) impact: \$ 0.0

ANALYSIS: (Attach a separate page if necessary.) This legislation does not directly impact the Department of Revenue.

Prepared by: Laraine L. Derr *Laraine L. Derr* Phone: 465-4880
 Division: Treasury Date: March 25, 1994
 Approved by Commissioner: Darrel J. Rexwinkel *Darrel J. Rexwinkel* Date: March 25, 1994
 Agency: Department of Revenue

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SB

361

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
DIVISION OF OCCUPATIONAL LICENSING

SECTION ANALYSIS

HB 410

(1/28/94)

This bill will allow the Board of Certified Real Estate Appraisers to go through the public regulation process for setting the minimum number of education hours required for certification. Through the regulation process, the Board can assure that Alaska appraisers meet the minimum training standards required by Financial Institution Reform, Recovery, and Enforcement Act of 1989 (FIRREA) and that Alaska appraisers remain recognized as certified appraisers for federal programs.

Section 1

Amends Powers and Duties of the board to clarify authority to adopt regulations necessary for compliance with FIRREA.

Section 2

Repeals references to 150 classroom hours of instruction in subjects related to real estate appraisal and 15 classroom hours of instruction related to standards of professional practice required for **General** real estate appraiser certification. Provides for the board to establish in regulation the minimum classroom training required for **General** appraiser applicants.

Section 3

Repeals reference to 60 classroom hours of instruction in subjects related to residential real estate appraisal for **Residential** real estate appraiser certification. Provides for the board to establish in regulation the minimum classroom training required for **Residential** appraiser certification.

Section 4

Repeals reference to 40 classroom hours of instruction for certification renewal for both **General** and **Residential** appraisers. Provides for the board to establish classroom training requirements for certification renewal in regulation.

Section 5

Repeals reference to 30 classroom hours of training for **Registered Trainees**. Provides for the board to establish classroom hour requirements in regulation.

Sponsor Statement

The U.S. statutes enacted the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA). This act requires federal lending programs to have the appraisal certified by a state-certified appraiser.

Initially, FIRREA set the number of classroom instruction hours required for residential appraisers at 75. In 1990, the Alaska Legislature enacted legislation which complied with FIRREA standards. However, in 1992 FIRREA increased the minimum required classroom hours to 105. Again in 1994 they increased the minimum number of hours to 120.

Officials from the Federal Financial Institutions Examinations Council (FFIEC) audited the Alaska certifying program. They granted the Alaska board an extension to meet the new requirements through December 31, 1993.

The FFIEC has advised that appraisers who do not meet 120 hours of training, will no longer be recognized as certified appraisers and, therefore, will not be qualified to conduct appraisals in which federally-financed loans are involved.

Examples of federally-financed programs include such programs as Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, and the Resolution Trust Corporation. These requirements may extend to loans provided through FDIC-insured banks and credit unions.

Currently, there are 73 residential real estate appraisers and 73 general real estate appraisers licensed by the Alaska Real Estate Appraiser Board. The general real estate appraisers do meet FIRREA requirements and are recognized for federal appraisals, however, general real estate appraisers work with commercial properties and it is very unlikely that they will begin conducting residential appraisals. The 73 residential appraisers are no longer in compliance with FIRREA and may not be recognized as certified appraisers if the FFIEC removes Alaska's certification.

There were approximately 12,000 residential loan closures this past year in Alaska (this figure includes refinancing). It is unclear how many of these loans involve federal financing, however, it is highly probable that the vast majority of loans in Alaska do involve a federal program and it will only take a few loans in this category to create a statewide crisis.

The proposed changes in HB 410 will remove the reference to a specific number of hours required for certification in the statute and will allow the board to set the minimum requirements in regulation. By allowing the minimum number of hours to be set in regulation, the Alaska Real Estate Appraiser Board will be able to make changes as they occur to meet the FIRREA requirements.

STATE OF ALASKA
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
BOARD OF CERTIFIED REAL ESTATE APPRAISERS
P.O. BOX 110806
JUNEAU, ALASKA 99811-0806
(907) 465-2542

Requirements for Certification as a General Real Estate Appraiser

Pursuant to AS 08.87.110, the board shall issue a general real estate appraiser certificate to a person who presents evidence satisfactory to the board that the person

(1) has successfully completed 150 hours of classroom instruction in subjects related to real estate appraisal from an appraisal organization or academic institution approved by the board; and

(2) has successfully completed 15 classroom hours of instruction related to standards of professional practice as a real estate appraiser;

(3) has within the seven years immediately preceding the filing of the application for certification four years of experience in real property appraisal or three years of experience as a registered trainee under AS 08.87.310;

(4) successfully completes an examination prescribed by the board;

(5) has not been convicted of a crime involving moral turpitude; and

(6) has paid the required fees.

CERTIFICATE BY ENDORSEMENT

The board may issue a general real estate appraiser certificate to a person who can, by evidence satisfactory to the board, show that the person

(1) has been certified in another state that has certification requirements substantially equivalent to the requirements established by this chapter and by regulations issued by the board under this chapter, and that provides for certification of nonresidents under condition similar to those set out in this subsection and without discriminatory costs;

(2) is not the subject of an unresolved complaint or disciplinary action before an authority regulating real estate appraiser or a professional real estate appraiser's association;

(3) has not failed the examination for certification as a real estate appraiser in this state;

(4) has not had certification as a real estate appraiser revoked or suspended in this state or in another jurisdiction;

(5) has submitted proof of continued competency satisfactory to the board;

(6) successfully completes an examination that may be prescribed by the board relating to appraisal matters unique to Alaska; and

(7) has paid the required fees.

CERTIFICATE BY EXAMINATION

The Alaska Board of Certified Real Estate Appraisers currently utilizes as its testing agent Assessment Systems, Inc. (ASI). Application forms for the examination are available from the offices of the Division of Occupational Licensing. For specific information regarding the examination and fees contact:

Appraiser Examination Program
ASI Processing Center
718 Arch Street
Philadelphia, PA 19106
Phone: (215) 592-0266

The following items must be on file before you will be considered for a certificate by examination:

1. complete and notarized application;
2. application fee, \$50.00;
3. certification fee, \$250.00;
4. federal registry fee, \$50.00 (\$25.00 per year);
5. official transcript, certified copies of certificates of completion or other evidence of course completion acceptable to the board that verify:
 - a. successful completion of 150 or more classroom hours of instruction in subjects related to real estate appraisal from an appraiser organization or academic institution approved by the board; and
 - b. successful completion of 15 classroom hours of instruction related to standards of professional practice as a real estate appraiser.

An applicant's classroom hours of instruction must relate directly to real estate appraisal theory or practices and must have been completed through courses offered by one of the following appraisal organizations or academic institutions:

1. any member organization of the Appraisal Foundation; or
2. regionally accredited junior college, college, or university.

To meet the requirements for initial certification, a course or seminar must be a minimum of 15 classroom hours in duration and require successful completion of a final examination.

6. Work experience verification form (three forms). The total amount of an applicant's work experience must be verified by a combination of at least three different individuals. If an applicant cannot, for good cause, provide three different work experience verification forms, the board will, in its discretion, consider other forms of work experience verification. For the general appraiser, 50% of the experience must be in nonresidential property. Alaska has adopted that ratio in our general appraiser experience requirements. Since the state law specifies four years of experience for a general appraiser, 50%, or two years of that must be in nonresidential property. Since the law defines one year as 1,000 work hours, a total of 2,000 hours of nonresidential experience must be demonstrated by each person seeking the general certification.

That experience need not be in a two-year period, but must be entirely within a seven-year period since all of the creditable experience for a general appraiser must have occurred during the past seven years.

7. Copy of examination results.

CERTIFICATE BY ENDORSEMENT

A person certified as a general real estate appraiser in another state who wishes to practice in the State of Alaska may apply for certification by endorsement by submitting the following items:

1. complete and notarized application;
2. application fee, \$50.00;
3. certification fee, \$250.00;
4. federal registry fee, \$50.00 (\$25.00 per year);
5. official transcript, certified copies of certificates of completion or other evidence of course completion acceptable to the board that verify:
 - a. successful completion of 150 or more classroom hours of instruction in subjects related to real estate appraisal from an appraiser organization or academic institution approved by the board; and
 - b. successful completion of 15 classroom hours of instruction related to standards of professional practice as a real estate appraiser.
6. Verification of certification from all states that applicant holds or has held a certificate/license.
7. Documentation of 40 hours of continuing education in real estate appraisal that contributed directly to a certified real estate appraiser's knowledge of current theories, practices and techniques of real estate analysis and appraisal that was obtained immediately preceding the date of application.

Name of Employer: _____

Dates From: _____ To: _____

Employer Address: _____

Employer Telephone No.: _____

Name of Supervisor: _____

Position Held by Applicant: _____

Duties and Responsibilities: _____

STATUTORY EDUCATION REQUIREMENT

Provide evidence that you have successfully completed 150 or more classroom hours related to real estate appraisal and 15 classroom hours of instruction related to standards of professional practice as a real estate appraiser.

I have successfully completed the following Real Estate Appraisal Courses approved by any member organization of the Appraisal Foundation or regionally accredited junior college, college, or university. Use separate sheet, if necessary.

COURSE SUMMARY

COURSE TITLE	COURSE SPONSOR	DATE COMPLETED	TOTAL HOURS

USE ADDITIONAL SHEETS AS NECESSARY FOR COURSE SUMMARY.

Please enclose the course completion certificates for the above courses.

Subject to the penalties of unsworn falsification as defined in AS 11.56.210, I, _____, the applicant herein, state that all facts, statements and answers contained in this application are true and correct; I am not omitting any information which might be of value to this board in determining my qualifications and character, whether it is called for or not; and I agree that any falsification, omission, or withholding of information of facts concerning my qualification as an applicant shall be sufficient to bar me from this or any future examination of my application by the Alaska board and such falsifications, omissions, or withholding shall serve as sufficient grounds for the suspension, cancellation or revocation of my appraiser certificate even though it is not discovered until after issuance.

I hereby give my permission to the Board of Certified Real Estate Appraisers to secure additional information concerning me or any statement in this application from any person or any source the board may desire. I further agree to submit to questioning by the board or any member thereof, and to substantiate any statements if desired by the board.

I have read the Alaska Real Estate Appraiser Practice Act. I solemnly declare upon my honor that, if granted a certificate to practice in Alaska, I will respectfully comply with any law governing the practice of appraisers in this state, and will do my best to uphold and maintain the ethics of the profession.

Signature of Applicant

SUBSCRIBED AND SWORN before me, a Notary Public, in and for the State of _____
this _____ day of _____, 19 _____.

Notary Public

STATE OF ALASKA
Department of Commerce and Economic Development
Division of Occupational Licensing
Board of Certified Real Estate Appraisers
P.O. Box 110806
Juneau, Alaska 99811-0806
(907) 465-2542

AUTHORIZATION FOR RELEASE OF RECORDS

TO WHOM IT MAY CONCERN:

I, _____, residing at _____

_____, authorize the Alaska Division of Occupational Licensing and its investigators to examine my appraisal employment, educational records, and records pertaining to litigation, judgements, suits and/or settlements, and any law enforcement records pertaining to me and discuss them with persons having possession of them. I also expressly permit and authorize the release of all such records pertaining to me to the Alaska Division of Occupational Licensing and its investigators.

I request that upon presentation of this release, or a true copy, that you provide copies of those records to the division and its investigators.

I authorize the division to discuss my records with persons or organizations which are considered appropriate by the division in connection with an official investigation, and to provide copies of my records to those persons or organization if appropriate.

This release also applies to any documents or records which contain information pertaining to psychiatric, drug or alcohol evaluation, diagnosis or treatment received by me.

This authorization is given expressly in connection with my application (initial, renewal, reactivation) for Alaska Appraisal Certificate. This authorization expires one year from the date of my signature.

My social security number is: _____ My date of birth is: _____

Home Telephone: () _____ Work Telephone: () _____

I hereby release you, your organization, the Alaska Department of Commerce and Economic Development, Division of Occupational Licensing and its investigators, and all others directly or indirectly involved in this matter from any liability or damage which may result from furnishing the information requested.

Signature: _____ Date: _____

SIGNED AND SWORN to before me on this _____ day of _____, 19 _____

Notary Public
My Commission Expires: _____

If Notary Public is unavailable, please have a witness verify your signature.

Witness: _____ Date: _____

NOTE: A photocopy reproduction of this request shall be, for all intents and purposes, as valid as the original. You may retain this form for your files.

State of Alaska
Department of Commerce and Economic Development
Division of Occupational Licensing
Board of Certified Real Estate Appraisers
P.O. Box 110806, Juneau, Alaska 99811-0806

VERIFICATION OF LICENSURE/CERTIFICATION

Sir:

I am applying for a certification to practice as an appraiser in the State of Alaska. The Board of Certified Real Appraisers requires that this form be completed by each jurisdiction in which I hold or have held certificates/licenses. Please complete the form and return it directly to the Board of Certified Real Estate Appraisers at the above address.

Name _____

Address _____

The information below must be completed by the state licensing board, not to be completed by the applicant.

.....
PLEASE DO NOT DETACH.

State of _____

Name of Licensee/Certificate Holder: _____

License/Certificate No. _____ Issued effective _____

By credentials/endorsement _____ By examination _____

Exam Source _____ (i.e., ASI, PES, etc.) Date _____

Certificate/License is current _____ lapsed _____ Expiration date _____

Has the applicant's certificate/license ever been suspended, revoked, voluntarily surrendered, placed on probation or restricted in any other way? Yes No

If so, for what reason? _____

Derogatory information, if any _____

Comments, if any _____

Does your state allow nonresidents to become certified? Yes No

If yes, is there additional costs or requirements to be incurred by the applicant? Yes No

[Board Seal]

(All verifications must have board seal)

Signed _____

Title _____

State Board _____

Date _____

State of Alaska
Department of Commerce and Economic Development
Division of Occupational Licensing
Board of Certified Real Estate Appraisers
P.O. Box 110806, Juneau, Alaska 99811-0806

**WORK EXPERIENCE VERIFICATION FOR
GENERAL REAL ESTATE APPRAISERS**

The board will accept a work verification form only if it has been completed by a licensed construction contractor, federal or state lender, present or former employer, company or entity that deals with real estate appraisers or officers of a state or federal agency, all of whom may have recent knowledge of the specific appraiser's experience.

SECTION I. General Real Estate Appraiser

I, _____ of _____
Printed Name Title Representing

_____ certify to my knowledge that _____
Name of Applicant

has at least four years of experience of which two years of experience is known to me to be of a nonresidential experience in real property appraisal within the last seven years or three years of experience as a registered trainee under AS 08.87.310. I am/was associated with the applicant from ____ / ____ to ____ / ____ .
mo. yr. mo. yr.

NOTARY SEAL

Signature

Date

SUBSCRIBED AND SWORN before me, a Notary Public, in and for the state of _____
this ____ day of _____, 19 ____ .

Notary Public

My Commission Expires: _____

SECTION II. Registered Trainee

Please complete this section if applicant is a registered trainee:

I, _____ certify that I am a certified real estate appraiser
certified in the State of Alaska and that _____ has been/was
Applicant's Name

employed and under my direct supervision as a registered trainee from ____ / ____ to ____ / ____ .
mo. yr. mo. yr.

NOTARY SEAL

Signature

Date

SUBSCRIBED AND SWORN before me, a Notary Public, in and for the state of _____
this ____ day of _____, 19 ____ .

Notary Public

My Commission Expires: _____

State of Alaska
Department of Commerce and Economic Development
Division of Occupational Licensing
Board of Certified Real Estate Appraisers
P.O. Box 110806, Juneau, Alaska 99811-0806

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SECTION I. General Real Estate Appraiser

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Printed Name Title Representing
_____ certify to my knowledge that _____
Name of Applicant

has at least four years of experience of which two years of experience is known to me to be of a nonresidential experience in real property appraisal within the last seven years or three years of experience as a registered trainee under AS 08.87.310. I am/was associated with the applicant from ____ / ____ to ____ / ____ .
mo. yr. mo. yr.

NOTARY SEAL

Signature

Date

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this ____ day of _____, 19 ____ .

Notary Public

My Commission Expires: _____

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certified in the State of Alaska and that _____ has been/was
Applicant's Name
employed and under my direct supervision as a registered trainee from ____ / ____ to ____ / ____ .
mo. yr. mo. yr.

NOTARY SEAL

Signature

Date

SUBSCRIBED AND SWORN before me, a Notary Public, in and for the state of _____
this ____ day of _____, 19 ____ .

Notary Public

My Commission Expires: _____

State of Alaska
Department of Commerce and Economic Development
Division of Occupational Licensing
Board of Certified Real Estate Appraisers
P.O. Box 110806, Juneau, Alaska 99811-0806

**WORK EXPERIENCE VERIFICATION FOR
GENERAL REAL ESTATE APPRAISERS**

The board will accept a work verification form only if it has been completed by a licensed construction contractor, federal or state lender, present or former employer, company or entity that deals with real estate appraisers or officers of a state or federal agency, all of whom may have recent knowledge of the specific appraiser's experience.

SECTION I. General Real Estate Appraiser

I, _____ of _____
Printed Name Title Representing
_____ certify to my knowledge that _____
Name of Applicant

has at least four years of experience of which two years of experience is known to me to be of a nonresidential experience in real property appraisal within the last seven years or three years of experience as a registered trainee under AS 08.87.310. I am/was associated with the applicant from ____ / ____ to ____ / ____ .
mo. yr. mo. yr.

NOTARY SEAL

Signature

Date

SUBSCRIBED AND SWORN before me, a Notary Public, in and for the state of _____
this ____ day of _____, 19 ____ .

Notary Public

My Commission Expires: _____

SECTION II. Registered Trainee

Please complete this section if applicant is a registered trainee:

I, _____ certify that I am a certified real estate appraiser
certified in the State of Alaska and that _____ has been/was
Applicant's Name
employed and under my direct supervision as a registered trainee from ____ / ____ to ____ / ____ .
mo. yr. mo. yr.

NOTARY SEAL

Signature

Date

SUBSCRIBED AND SWORN before me, a Notary Public, in and for the state of _____
this ____ day of _____, 19 ____ .

Notary Public

My Commission Expires: _____

The following is summary comments which should help the applicant complete the appraiser's work verification form for Board review. The purpose of this form is for the board to determine the diversity and complexity of work experience and to verify the appropriate number of work hours. The following guide notes, labelled A through K, are provided to explain what type of information the board looks for in each column. Please refer to the following list when filling out the work verification form.

- (A) ID Number: This number is your office file identification number.
- (B) Date: The month and year the appraisal report was completed.
- (C) Name/Location: This is the common name/location of the property, i.e., George's Office Tower, Anchorage, Alaska. Please be very clear, so the board can understand the property being appraised.
- (D) Size: Size of the property, note if square footage, acres, or number of units.
- (E) Experience Category: A numeric answer regarding the following 11 experience categories.
- (F) Property Classification: Below are 13 general property classifications, indicate the one which most closely approximates the appraisal assignment.
- (G) Value Range: Check the appropriate column range as follows: \$1 to \$250,000; \$251,000 to \$500,000; \$500,001 and over.
- (H) Approaches to Value: Check the appropriate columns if full approaches to value were utilized in the report.
- (I) Type of Report: Please check appropriate format for report, i.e., narrative, letter, form appraisal, or other. If the other column is checked, please attach an explanation as to the format used.
- (J) Appraiser: Indicate whether you were sole signer, co-signer or did not sign the report.
- (K) Hours: Indicate total number of hours spent on research, analysis and preparation of report. Do not include hours which someone else spent.

EXPERIENCE CATEGORY

1. Fee and Staff Appraisal
2. Ad Valorem Tax Appraisal
3. Review Appraisal
4. Appraisal Analysis
5. Real Estate Counseling
6. Highest and Best Use Analysis
7. Feasibility Analysis
8. Instruction of Appraisal Courses
9. Setting Forth of Opinions of Value of Real Property for Tax Purposes as an Employee of a County Assessor's or Board of Equalization
10. Assistance in Preparation of Appraisals
11. Real Estate Valuation Experience as a Real Estate Lending Officer or Real Estate Broker but Only to the Extent that the Experience is Directly Related to the Actual Performance or Professional Review of Real Estate Appraisals

PROPERTY CLASSIFICATIONS:

- CB Commercial Building
- CL Commercial & Office Land
- FL Farm/Forest Land
- FR Farm/Forest Land with Residential and/or Farm-Use Equipment
- IB Industrial Warehouse & Manufacturing Building
- IL Industrial and "Business Campus" Land
- MFS Multi-Family Small 2-8 Units
- MFL Multi-Family Large 8 or More Units
- ML Multi-Family Land
- OB Office Buildings and Plazas, Including Medical
- RL Residential (Single-Family) Land Including Any Subdivision Potential and Multiple Lot Sales
- SFR Single Family Residential (1-4 Family Units)
- OT Other (Please Specify) _____

SB 362: "Omnibus Insurance Reform"

This legislation includes language to address new areas of insurance regulation, adopt new accreditation standards added by the National Association of Insurance Commissioners (NAIC), and make corrections to the Alaska insurance statutes for errors found during the last two years. These changes will bring the Division of Insurance's statutes up-to-date with the insurance market and allow the division to maintain its national accreditation which was granted by the NAIC in December, 1992.

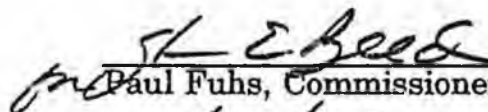
The bill includes the following:

- regulation of risk retention groups and purchasing groups as allowed by federal law;
- authority to respond to catastrophic situations;
- authority to suspend the certificate of authority of an insurance company that is not renewed;
- provide for voluntary surrender of an Alaska certificate of authority by an insurer domiciled in another state;
- authority to refund or grant credits for overpayment of premium tax by an insurer due to error or misinterpretation;
- require disclosure by an insurer of material transactions of purchase or disposal of assets or reinsurance (NAIC model law and accreditation standard);
- provide requirements for licensing of U.S. branches of alien (non-U.S.) insurers to allow these insurers to use Alaska as a base of operations for business written throughout the United States (NAIC model law);
- provide authority to require continuing education for licensed insurance producers (agents/brokers);
- require that fiduciary accounts holding insurance premiums received by resident insurance producers (agents/brokers) be located in Alaska;
- provide that a single fiduciary bond can cover multiple producer office locations;
- allow the director to file civil actions for damages caused by violations of statute by Managing General Agents, Reinsurance Intermediary Brokers, and Reinsurance Intermediary Managers (amendment to NAIC model law);
- add incorporated insurers to the definition of a group of unincorporated insurers to reflect recent changes at Lloyd's of London;

POSITION PAPER
SB 362
Page 2

- clarify when rate changes may be made to outstanding policies;
- provide that false statements made in regards to a claim may result in prosecution under Alaska law;
- allow the director to specify the format and content of rate and policy form filings to the division;
- clarify health insurance coverage of newborn and adoptive children;
- provide for updated regulation of consumer credit insurance (NAIC model law);
- provide for redomestication of insurers domiciled in Alaska and moving to another state or requesting to move their domicile from another state to Alaska;
- provide for voluntary surrender of an Alaska certificate of authority by a domestic insurer;
- provide the authority to request quarterly financial statements from all entities regulated by the Division of Insurance;
- allow insurers to pay claims by electronic funds transfer;
- provide authority to the director to specify requirements for electronic data transfer; and
- otherwise make corrections and clarify statute provisions.

The department supports this legislation.



Paul Fuhs, Commissioner
3/25/94

Date

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. SB 361

Revision Date: 3/29/94
 Title: An Act relating to real estate appraisers and
the Board of Certified Real Estate Appraisers.
 Sponsor: Senate Labor & Commerce
 Requestor: Senate Labor & Commerce

Department: Commerce and Economic Dev.
 BRU: Occupational Licensing
 Component: Operations

COMPONENT SERIAL NO. 1844

Expenditures/Revenues		(Thousands of Dollars)					
OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00	
PERSONAL SERVICES							
TRAVEL							
CONTRACTUAL							
SUPPLIES							
EQUIPMENT							
LAND & STRUCTURES							
GRANTS, CLAIMS							
MISCELLANEOUS							
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	

CAPITAL EXPENDITURES						
CHANGE IN REVENUES	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE		(Thousands of Dollars)					
1002 Federal Receipts							
1003 GF Match							
1004 General Fund							
1005 GF/Program Receipts							
1006 GF/MHTIA							
Other							
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	

Estimate of any current year (FY 94) cost: \$ None

POSITIONS							
FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0	
PART-TIME	0.0	0.0	0.0	0.0	0.0	0.0	
TEMPORARY	0.0	0.0	0.0	0.0	0.0	0.0	

ANALYSIS: (Attach a separate page if necessary)
 The bill amends AS 08.87 allowing the Board of Certified Real Estate Appraisers to adopt regulations necessary to comply with federal laws. New funds are not required to implement provisions of this bill.

Prepared by: Jennifer Strickler, Administrative Officer Phone: 465-2144
 Division: Occupational Licensing Date: 3/29/94
 Approved by Commissioner: Paul Fuhs Date: 3/29/94
 Agency: Commerce and Economic Development

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SENATE COMMITTEE REPORT
IRST COMMITTEE OF REFERRAL

DATE: 3/16/94

FURTHER: Judiciary

Date of 5-Day Notice: 3/24/94
 (in accordance with Uniform Rule '23)

DATE TURNED INTO OFFICE: 3/5/94

L&C Committee considered SB 361

"An Act relating to real estate appraisers and the Board of Certified Real Estate Appraisers."

and recommends:

replace with _____ CS _____

attaches amendment(s)

adopts _____ Letter of Intent

further referral to the _____

do pass

do not pass

no recommendation

individual recommendations

- same title
- new title
- technical title change (HB only)

FISCAL NOTE INFORMATION

Department	Date	Zero	Fiscal
DCED	3/29/94	<input checked="" type="checkbox"/>	

Department	Date	Zero	Fiscal

Appropriation No Fiscal Note

Governor's Bill with Previous Fiscal Notes (enter information above)

DO PASS:

OTHER RECOMMENDATIONS:

Adopted - No Rec
Alme King (No Recommendation)

Tim Kelly - Do Pass
 Chair: Signature and Recommendation

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. HB 410 / SB 361

Revision Date: 1/31/94
 Title: An Act relating to real estate appraisers and the Board of Certified Real Estate Appraisers.
 Sponsor: House Labor & Commerce, by request
 Requestor: House Labor & Commerce

Department: Commerce and Economic Dev.
 BRU: Occupational Licensing
 Component: Operations

COMPONENT SERIAL NO. 1844

Expenditures/Revenues	(Thousands of Dollars)					
OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES						
CHANGE IN REVENUES	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE	(Thousands of Dollars)					
1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 94) cost: \$ None

POSITIONS	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME	0.0	0.0	0.0	0.0	0.0	0.0
TEMPORARY	0.0	0.0	0.0	0.0	0.0	0.0

ANALYSIS: (Attach a separate page if necessary)
 The bill amends AS 08.87 allowing the Board of Certified Real Estate Appraisers to adopt regulations necessary to comply with federal laws. New funds are not required to implement provisions of this bill.

Prepared by: Jennifer Strickler, Administrative Officer Phone: 465-2144
 Division: Occupational Licensing Date: 1/31/94
 Approved by Commissioner: Paul Fuhs Date: 2-3-94
 Agency: Commerce and Economic Development

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
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- FISCAL NOTE / HOUSE VERSION -

*De Staeb
Opposer*

SENATE BILL NO. 361

IN THE LEGISLATURE OF THE STATE OF ALASKA

EIGHTEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Introduced: 3/15/94
Referred: L&C, Judiciary

*Copy sent
referred to
Board*

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to real estate appraisers and the Board of Certified Real Estate
2 Appraisers."

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

4 * Section 1. AS 08.03.010(c)(7) is amended to read:

5 (7) Board of Certified Real Estate Appraisers (AS 08.87.010) --
6 June 30, 1998 [1994];

7 * Sec. 2. AS 08.87.020 is amended to read:

8 Sec. 08.87.020. POWERS AND DUTIES OF BOARD. In addition to the
9 powers and duties conferred on the board by AS 08.01, the board shall

10 (1) establish the examination specifications for certification as a general
11 real estate appraiser, as a residential real estate appraiser, and as an institutional real
12 estate appraiser;

13 (2) adopt rules of professional conduct to establish and maintain a high
14 standard of integrity in the real estate appraisal profession; and

1 (3) adopt regulations necessary to carry out the purposes of this chapter,
2 including regulations necessary to comply with the requirements of 12 U.S.C. 3331
3 - 3351 (Title XI, Financial Institutions Reform, Recovery, and Enforcement Act
4 of 1989); the regulations adopted by the board for educational requirements
5 under AS 08.87.110, 08.87.120, and 08.87.310 may not be more stringent than the
6 corresponding minimum requirements for receiving approval of the state's
7 program of certification of real estate appraisers under 12 U.S.C. 3331 - 3351 or
8 other federal law.

9 * Sec. 3. AS 08.87.110(a) is amended to read:

10 (a) The board shall issue a general real estate appraiser certificate to a person
11 who presents evidence satisfactory to the board that the person

12 (1) has successfully completed [150 OR MORE] classroom [HOURS
13 OF] instruction in subjects related to real estate appraisal, as required by the board
14 in regulation, from an appraisal organization or academic institution approved by the
15 board;

16 (2) has successfully completed [15] classroom [HOURS OF] instruction
17 related to standards of professional practice as a real estate appraiser, as required by
18 the board in regulation;

19 (3) has, within the seven years immediately preceding the filing of the
20 application for certification, four years of experience in real property appraisal or three
21 years of experience as a registered trainee under AS 08.87.310;

22 (4) successfully completes an examination prescribed by the board;

23 (5) has not been convicted of a crime involving moral turpitude; and

24 (6) has paid the required fees.

25 * Sec. 4. AS 08.87.110(b) is amended to read:

26 (b) The board shall issue a residential real estate appraiser certificate
27 to a person who presents evidence satisfactory to the board that the person

28 (1) meets the requirements of (a)(2) and (4) - (6) of this section;

29 (2) has successfully completed [60 HOURS OF] classroom instruction
30 in subjects related to residential real estate appraisal, as required by the board in
31 regulation, from an appraisal organization or academic institution approved by the

1 board; and

2 (3) has, within the five years immediately preceding the filing of the
3 application for certification, three years of experience in real property appraisal or two
4 years of experience as a registered trainee under AS 08.87.310.

5 * Sec. 5. AS 08.87.120(a) is amended to read:

6 (a) The board may not renew a certificate issued under this chapter unless the
7 person applying for renewal presents evidence satisfactory to the board that the person
8 has, within the two years preceding the application for renewal, attended [40]
9 classroom [HOURS OF] instruction, as required by the board in regulation, in
10 courses or seminars that have received the approval of the board.

11 * Sec. 6. AS 08.87.310(a) is amended to read:

12 (a) A person engaged in the practice of real estate appraisal who is employed
13 by or under the direct supervision of a certified real estate appraiser may become a
14 registered trainee by submitting proof to the board that the person has successfully
15 completed the number of [AT LEAST 30] classroom hours required by the board
16 in regulation of courses in subjects related to real estate appraisal from an appraisal
17 organization or academic institution approved by the board.

S B

362

STATE OF ALASKA

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

DIVISION OF INSURANCE

WALTER J. HICKEL, GOVERNOR

P.O. BOX 110805
JUNEAU, ALASKA 99011-0805
PHONE (907) 465-2515

March 14, 1994

The Honorable Tim Kelly
Alaska State Senate
House Labor and Commerce Committee
State Capitol
Juneau, AK 99801-1182

Dear Senator Kelly:

The Alaska Independent Insurance Agents and Brokers Association has for several years requested that the division implement continuing education requirements to assure that licensees remain qualified and to improve the professionalism of Alaska's insurance producers. The proposed addition of AS 21.27.020(f) is intended to accomplish that purpose.

I believe that both the substantive and procedural limitations already in statute provide appropriate legislative guidance to the director. In particular, the educational requirements under AS 21.27.020 are to effectuate the legislatively established public policy to prevent incompetent persons from being licensed and the affirmative requirement that applicants and licensees are and remain knowledgeable about a licensee's duties and responsibilities as a licensee and remains up-to-date on the laws and regulations in this state. The Legislature, having established this public policy for the protection of the people of this state, allows the director the authority through the regulatory promulgation process to secure public input to assure that the educational requirements conform to the qualifications as established by the Legislature.

As the insurance industry has increasingly sought to upgrade its professional image, and as new and innovative educational programs have become available, many states have adopted continuing education programs. A major complaint of insurance producers nationally has been the lack of consistency among such requirements, and in the administration of such requirements. The National Association of Insurance Commissioners is in the process of coordinating activities by various states to assure the quality of such educational programs and the efficient administration of the programs.

For these reasons, the dynamics of continuing education will continue to reflect evolution, especially as technology radically revises the way regulatory activities in licensure are conducted. Adoption of regulations, and revisions to regulations, provide both due process and a more flexible means of meeting the needs of the insurance industry--all to provide for the protection of the people of this state.

Believing that the Legislature has given clear guidance and established appropriate limits on the authority of the director, I would be concerned that any attempt to be more specific would require the industry and the division to repeatedly return to the Legislature for statutory changes in order to keep up with industry needs.

In regard to discretionary testing for persons with limited licenses (issued under AS 21.27.150; or persons licensed by the division within the prior two years or a person moving to Alaska who was previously licensed in another state), I do not believe there has been a delegation of legislative authority. Insurance statutes, regulatory oversight, and licensing requirements vary from state to state. To the extent possible, not all persons should be required to test or retest to secure a license in this state. Since the quality of regulation in a particular state may improve or decline, some of the enumerated applicants should be tested in order to affirm that they are competent as to their duties and responsibilities and in regard to the insurance laws and regulations of this state. The Legislature has established the clear policy for the protection of the people of this state, and are giving flexibility to the director as administrator of that policy.

In addition, some limited licensees under AS 21.27.150 such as a retired insurance producers clearly do not need to be tested. Other professionals with limited licenses were previously subject to examination and members of the industry have advised the division that they feel that testing is important for the professionalism of their limited speciality (title and bail bonds). Other limited licensees may in the future need examinations in order to sustain the professionalism that industry desires.

The division and industry did not intend to request overly-broad grants of administrative discretion to implement the clear public policies already expressed in statute by the Legislature. These two provisions were contained in our 1992 legislation and passed through many committees with wide spread support until, for reasons never made clear, they were removed at the last minute, at a time when neither the division nor the many legislators who had worked so closely with us knew of or had an opportunity to address the change.

If you have any questions, please contact me.

Sincerely,



David J. Walsh
Director

DW/lvs664t
031094b

DIVISION OF LEGAL SERVICES

LEGISLATIVE AFFAIRS AGENCY STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

March 28, 1994

SUBJECT: Sectional Summary of SB 362.

TO: Senator Tim Kelly

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

You have requested a sectional summary of the above-described bill.

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

Section 1. Replaces the term credit "life" insurance with "consumer credit" insurance and adds a definition of the term.

Section 2. Replaces the term "credit life and credit disability" insurance with the term "consumer" credit and property insurance.

Section 3. Provides that AS 21 applies to a person transacting insurance as a risk retention group.

Section 4. Allows the director to take necessary action to protect the stability of the insurance market in the event of a catastrophe, without a hearing. Limits the effect of the action to six months, unless after a hearing, the director determines a longer period is necessary.

Section 5. Allows the director to close an examination hearing to the public when necessary to protect a person against injury or when it is in the public interest.

Section 6. Deletes a requirement that certain documents be filed by an insurer with an application for a certificate of authority.

- SECTIONAL ANALYSIS -

Section 7. Requires that policy forms or rates that require approval be filed under AS 21.39 or AS 21.42 and not with the application for a certificate of authority.

Section 8. Provides that a certificate of authority not continued is suspended as of the following June 30, and expires one year after suspension. Requires the director to provide notice of a failure that may result in a possible suspension.

Section 9. Provides a procedure for voluntary surrender of a certificate of authority issued to a foreign admitted insurer.

Section 10. Allows an annual statement to be filed by electronic media.

Section 11. Requires an insurer to file a quarterly statement with the National Association of Insurance Commissioners on electronic media.

Section 12. Allows for refund or future credit of a premium tax paid by mistake. Limits the refund to a mistake within three years of the date the tax was due.

Section 13.

Sec. 21.09.290. Imposes requirements on risk retention groups formed in the state, including filing information regarding the formation of the group, capitalization, and their plan of operation.

Sec. 21.09.300. Requires that a domestic insurer disclose certain material acquisition or disposition of assets. Requires the report be made 15 days after the end of the month in which the reportable event occurs. Provides that a report is confidential, with certain exceptions. Imposes certain restrictions on a report of an acquisition or disposition and on a ceded reinsurance agreement.

Sec. 21.09.310. Imposes certain requirements on United States branches of alien insurers using this state as a state of entry to transact insurance in the United States. Imposes limitations on receiving or renewing a certificate of authority. Requires assets be maintained in a trust account and imposes requirements on the trust agreement. Requires a statement of trusteed surplus be filed with annual and quarterly statements.

Section 14. Imposes additional minimum surplus requirements on alien insurers. This section only takes effect after the legislature establishes risk based capital requirements for insurers.

Section 15. Imposes additional surplus requirements on a United States branch of an insurer. This section only takes effect after the legislature establishes risk based capital requirements for insurers.

Section 16. Amends requirements applicable to reinsurance ceded to an assuming insurer.

Section 17. Repeals minimum gross premium reserves required to be held by insurers.

Section 18. Requires that insurers compute reserves on at least a monthly basis.

Section 19. Amends requirements for computation of the reserve for losses under insurance for an employee or a person for which the insured is liable and for workers' compensation insurance.

Section 20. Specifies that limits on loans or investments apply to the insurer's assets.

Section 21. Amends requirements for investments by a domestic insurer in certain securities.

Section 22. Amends requirements applicable to insurance holding companies.

Section 23. Adds an additional reason for which the director may disapprove a merger or other acquisition.

Section 24. Allows the director to retain additional expert help and pass the cost on to the person under examination.

Section 25. Amends registration requirements applicable to insurance holding companies.

Section 26. Repeals a requirement that the director may impose against insurance holding companies.

Section 27. Amends a provision that allows nonmaterial information to be excluded from an insurance holding company registration statement.

Section 28. Amends requirements applicable to a holding company subject to registration in another state with substantially similar registration requirements.

Section 29. Provides for exceptions to licensing requirements under AS 21.27.

Section 30. Allows the director to impose additional educational or experience requirement for persons licensed under AS 21.27 and to contract for additional administrative services.

Section 31. Adds several additional items that must be reported to the director by a person licensed under AS 21.27.

Section 32. Amends an exclusion to certain licensing requirements under AS 21.27.

Section 33. Provides that an individual in a firm that is appointed as an agent on behalf of an admitted insurer, may not be required to also have an appointment if the individual is licensed with that firm.

Section 34. Amends content requirements for a license.

Section 35. Requires that money held in a fiduciary account must be located in the state, unless the licensee is licensed as a nonresident.

Section 36. Amends requirements applicable to renewal of a license.

Section 37. Allows the director to issue or renew a license with restrictions.

Section 38. Amends bond requirements for issuance or renewal of an insurance producer license.

Section 39. Specifies that information required from a controlling insurance producer includes certain information in the accounts that support compensation or fees.

Section 40. Expands the director's authority to recover compensatory damages from a managing general agent on behalf of an insurer, policyholder, or creditor. Adds authority for a receiver to bring a civil action for recovery of damages.

Section 41. Allows any insurer to use a nonresident reinsurance intermediary broker who is validly licensed.

Section 42. Expands the director's authority to recover compensatory damages from a reinsurance intermediary broker on behalf of an insurer, policyholder, or creditor. Adds authority for a receiver to bring a civil action for recovery of damages.

Section 43. Expands the director's authority to recover compensatory damages from a reinsurance intermediary manager on behalf of an insurer, policyholder, or creditor. Adds authority for a receiver to bring a civil action for recovery of damages.

Section 44. Amends requirements under which a nonadmitted insurer may be eligible to provide insurance coverage in this state.

Section 45. Amends the affidavit requirements applicable to a surplus lines broker.

Section 46. Amends duties of a surplus lines broker before a contract of insurance is binding on the insured.

Section 47. Amends the calculation of the surplus lines tax filing fee.

Section 48. Amends an unfair discrimination exception for payment of compensation to a person licensed under AS 21.27.

Section 49. Requires insurance producers to comply with the provisions of AS 21.34.

Section 50. Technical amendment.

Section 51. Technical amendment.

Section 52. Allows a personal automobile insurance policy with a term of less than six months to be considered as if written for a term of six months for purposes of determining the appropriate premium rate.

Section 53. Adds new provisions applicable to premium increases on personal automobile policies.

Section 54. Amends provisions applicable to determining when a person has committed a criminal insurance act.

Section 55. Amends provisions applicable to determining when certain persons licensed under AS 21.27 or licensed as a risk retention group, have committed a criminal insurance act.

Section 56. Amends provisions applicable to determining when certain persons licensed under AS 21.27 or licensed to act on behalf of a risk retention group, have committed a criminal insurance act.

Section 57. Adds certain persons licensed under AS 21.27, to a category that will have committed a criminal insurance act, by failing to report consideration charged as a premium.

Section 58. Amends certain claim form notice requirements.

Section 59. Provides that an insurer who has submitted an application for a certificate of authority and a filing for policy forms, may submit a proposed rating system.

Section 60. Provides that voluntary surrender of a certificate of authority or failure of the surrendering admitted foreign insurer to continue a certificate of authority has

the effect of canceling a rate approval, unless the approval is affirmed by the director.

Section 61. Excludes consumer credit insurance from the provisions of AS 21.12.120. Allows certain insurers to file proposed policy forms and allows the director to adopt regulations regarding form filings.

Section 62. Requires certain insurers to provide coverage for family members including newly born children, adopted children, or children placed for adoption regardless of the marital status of the covered person.

Section 63. Repeals a reference to credit life insurance and credit disability insurance and substitutes the term consumer credit insurance.

Section 64. Repeals and reenacts a provision concerning the applicability of AS 21.57 to certain insurance known as consumer credit insurance.

Section 65. Allows consumer credit insurance to be written separately or in combination with other insurance.

Section 66. Imposes limits on the amount of coverage for credit life insurance payable at the time of loss. Allows the director to provide for other pattern of insurance consistent with this section. Imposes additional requirements on periodic indemnity payments and open-end consumer credit agreements.

Section 67. Imposes limits on the duration of coverage for certain types of consumer credit insurance.

Section 68. Requires that certain information be disclosed to the debtor before the purchase of consumer credit insurance in connection with a credit transaction.

Section 69. Imposes specific form requirements on policies and certificates of consumer credit insurance.

Section 70. Requires the insurer to provide certain written evidence of the consumer credit insurance to the debtor. Provides a 30 day period within which the debtor can cancel the coverage and receive a full refund.

Section 71. Requires that consumer credit policies and rates be filed with the director before being used. Imposes a 30 day waiting period after a form is filed, before it can be used, unless otherwise allowed by the director.

Section 72. Amends provisions regarding consumer credit insurance premiums and refunds.

Section 73. Provides that AS 21.57 does not authorize payment for insurance when the payment is prohibited under other provisions of law governing credit transactions.

Section 74. Allows an insured to provide security for a debt with existing insurance.

Section 75. Allows certain persons licensed under AS 21.27 to act on behalf of an insurer.

Section 76. Imposes additional penalties for a violation of AS 21.57, on insurers, on noninsurers, and on persons licensed under AS 21.27.

Section 77. Definitions for AS 21.57.

Section 78. Allows an insurer organized in another state to become a domestic insurer. Allows a domestic insurer to transfer its domicile to another state. Imposes requirements for transfer of domestic status to or from this state. Provides for voluntary surrender of a certificate of authority of a domestic insurer.

Section 79. Allows the director to require quarterly statements from a benevolent association.

Section 80. Allows the director to require quarterly statements from a reciprocal insurer's attorney-in-fact.

Section 81. Amends provisions relating to special meetings of a subscriber's advisory committee.

Section 82. Allows certain domestic reciprocal insurers to have a subscriber's advisory committee that consists of not less than five individuals, elected by subscribers, who are otherwise qualified under AS 21.75.170.

Section 83. Amends the definition of "member insurer" for purposes of AS 21.79.

Section 84. Provides that AS 21.80 does not apply to certain risk retention groups.

Section 85. Allows the director to require quarterly statements from a fraternal benefit society.

Section 86. Allows the director to require quarterly statements from a health maintenance organization.

Section 87. Allows an insurer to pay a judgment or claim by electronic funds transfer.

Senator Tim Kelly
March 28, 1994
Page 8

Section 88. Allows the director to provide for electronic data transfer. Imposes certain registration, form requirements, and penalty provisions upon risk retention groups and purchasing groups.

Section 89. Amends the definition of "managing general agent".

Section 90. Repealers.

Section 91. Repealers.

Section 92. Court rule change section.

Section 93. Transition section.

Section 94. Effective date for sections 14 and 15.

Section 95. Effective date for sections 14 and 15.

Section 96. Effective date for sections 63 - 75 and 91.

Section 97. Effective date.

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94-221.glc

SB 362: "Omnibus Insurance Reform"

This legislation includes language to address new areas of insurance regulation, adopt new accreditation standards added by the National Association of Insurance Commissioners (NAIC), and make corrections to the Alaska insurance statutes for errors found during the last two years. These changes will bring the Division of Insurance's statutes up-to-date with the insurance market and allow the division to maintain its national accreditation which was granted by the NAIC in December, 1992.

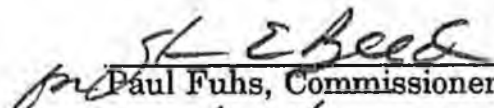
The bill includes the following:

- regulation of risk retention groups and purchasing groups as allowed by federal law;
- authority to respond to catastrophic situations;
- authority to suspend the certificate of authority of an insurance company that is not renewed;
- provide for voluntary surrender of an Alaska certificate of authority by an insurer domiciled in another state;
- authority to refund or grant credits for overpayment of premium tax by an insurer due to error or misinterpretation;
- require disclosure by an insurer of material transactions of purchase or disposal of assets or reinsurance (NAIC model law and accreditation standard);
- provide requirements for licensing of U.S. branches of alien (non-U.S.) insurers to allow these insurers to use Alaska as a base of operations for business written throughout the United States (NAIC model law);
- provide authority to require continuing education for licensed insurance producers (agents/brokers);
- require that fiduciary accounts holding insurance premiums received by resident insurance producers (agents/brokers) be located in Alaska;
- provide that a single fiduciary bond can cover multiple producer office locations;
- allow the director to file civil actions for damages caused by violations of statute by Managing General Agents, Reinsurance Intermediary Brokers, and Reinsurance Intermediary Managers (amendment to NAIC model law);
- add incorporated insurers to the definition of a group of unincorporated insurers to reflect recent changes at Lloyd's of London;

POSITION PAPER
SB 362
Page 2

- clarify when rate changes may be made to outstanding policies;
- provide that false statements made in regards to a claim may result in prosecution under Alaska law;
- allow the director to specify the format and content of rate and policy form filings to the division;
- clarify health insurance coverage of newborn and adoptive children;
- provide for updated regulation of consumer credit insurance (NAIC model law);
- provide for redomestication of insurers domiciled in Alaska and moving to another state or requesting to move their domicile from another state to Alaska;
- provide for voluntary surrender of an Alaska certificate of authority by a domestic insurer;
- provide the authority to request quarterly financial statements from all entities regulated by the Division of Insurance;
- allow insurers to pay claims by electronic funds transfer;
- provide authority to the director to specify requirements for electronic data transfer; and
- otherwise make corrections and clarify statute provisions.

The department supports this legislation.



Paul Fuhs, Commissioner
3/29/94

Date

Proposed Amendments to SB 362 by the Division of Insurance

Page 2, line 29:

add: "and any amendments to it"

after: "(Liability Risk Retention Act)"

Page 5, line 12 through page 6, line 5:

replace: page 5, line 12 through page 6, line 5

with: "Sec. 21.09.135. VOLUNTARY SURRENDER OF CERTIFICATE OF AUTHORITY. (a) A foreign admitted insurer may apply for voluntary surrender of its certificate of authority and the director may accept such application if the foreign admitted insurer

(1) is in compliance with all applicable sections of AS 21, or the director waives in writing each condition of non-compliance;

(2) provides a written confirmation that any obligations incurred prior to the voluntary surrender of the certificate of authority will be paid to guarantee funds and insurance pools established by Alaska statute; and

(3) is domiciled in a state that

(A) is accredited by the National Association of Insurance Commissioners at the time of the request for voluntary surrender; or

(B) is not accredited by the National Association of Insurance Commissioners at the time of the request and agrees in writing to be subject to

(i) AS 21.09.200 and 21.09.205 for a period of two years, including payment of any fee related to filing information with the director; and

(ii) any other section required in writing by the director for any period of time the director may specify."

Page 6, line 10:

add: "The director may waive the filing requirement if the insurer only transacts business in this state and only accepts risks relative to a subject resident, located, or to be performed in this state."

after: "fee."

Page 6, line 18:

add: "The director may waive the filing requirement if the insurer only transacts business in this state and only accepts risks relative to a subject resident, located, or to be performed in this state:

after: "fee."

March 25, 1994

Post-it [®] Fax Note	7671	Date	3/30/94	# of pages	6
To	MIKE FORD	From	Josh		
Co./Dept	LEGAL	Co.	Mr. Kelly		
Phone #		Phone #	x 38191		
Fax #	x2029	Fax #			

Page 1

Page 6, line 23, though page 7, line 1:

replace: section (j)

The remainder
Declaratory amendment

with: "(j) If, within three years of the date the tax under this section was due, an insurer discovers a mistake of fact, an error in calculation, or a misinterpretation of law that resulted in an overpayment of the tax in an amount exceeding \$250 in any one calendar year, the insurer may make a written request to the director for a refund. If the director determines the validity of the mistake, error, or misinterpretation, the director shall refund to the insurer the amount of the excess by granting, at the director's discretion, a monetary refund or premium tax credit. A premium tax credit shall be used in the next calendar year to the fullest extent possible, and each succeeding year until no credit remains. A premium tax credit shall not reduce the payable tax, calculated without use of the credit, to less than zero.

(k) A premium tax credit may not carry over as an attribute in a transaction under AS 21.69.610, 21.69.620, AS 21.78; or similar transaction entered into by a foreign insurer.

(l) In this section, "premium tax credit" means an amount that an insurer may use as an offset against a premium tax payment."

Page 8, line 6

replace: "or damage to property"

with: ", damage to property, or other damage or loss to a person resulting from or arising out of a business, whether profit or non-profit, trade, product, service, including a professional service, premises, or operation; or any activity of a state or local government, or an agency or political subdivision of a state or local government"

Page 8, line 7:

add: "legal"

after: "than"

w/any remaining credit to be paid as a monetary refund.

Page 8, lines 10 and 11:

replace: "or damage to property resulting from a personal familiar, or household responsibility or activity."

with: ", damage to property, or other loss or damage resulting from a personal, familial, or household responsibility or activity, rather than from a responsibility or activity referred to in (1) of this section."

Page 9, line 7:

add: "statutory financial"

after: "recent"

page 9, line 8:

replace: "may be made on asset acquisition or disposition other than an acquisition related to the construction or development of real property;"

with: "must be made on asset acquisition including each purchase, lease, exchange, merger, consolidation, succession, or other acquisition other than the construction or development of real property by or for the reporting insurer or the acquisition of material for such purpose;"

Page 9, line 9:

add a new section (3) to read: "must be made on asset disposition including each sale, lease, exchange, merger, consolidation, mortgage, hypothecation, assignment for the benefit of creditors or otherwise, abandonment, destruction, or other disposition;"

after: line 9

renumber the following paragraphs appropriately

Page 11, line 13:

replace: "Untied"

with: "United"

Page 11, line 21:

replace: "documents"

with: "materials"

Page 12, line 6:

replace: "(d)"

with: "(c)"

re-letter the successive subsections appropriately

Page 14, lines 9 and 22, and page 17, line 9:

replace: "(h)"

with: "(g)"

Page 15, lines 4 and 21:

replace: "Untied"

with: "United"

Page 15, line 5

add: "branch"

after: "United States"

Page 15, line 19

add: ", "

after: "AS 21.09.205"

Page 15, line 28:

replace: "consists"

with: "shall consist"

Page 16, line 25:

replace: "a"

with: "each affected"

Page 17, lines 13 and 14:

replace: "(c)"

with: "(b)"

Page 18, line 4:

add: "submitted"

after: "documents"

Page 18, lines 11 and 12:

replace: "(h)"

with: "(g)"

Page 18, line 15:

replace: "a"

with: "the"

Page 25, line 29:

add: "issues an order with findings of fact and conclusions of law which"

after: "director"

Page 28, lines 13 and 14:

delete: "authorized to do business in the state, that is a member of a holding company system, and"

Page 32, line 11:

add: "maintain or"

after: "may"

Page 32, line 12:

add: "brought by or"

after: "action"

Page 33, line 10:

add: "maintain or"

after: "may"

Page 33, line 11:

add: "brought by or"

after: "action"

Page 33, line 28:

add: "maintain or"

after: "may"

Page 33, line 29:

add: "brought by or"

after: "action"

Page 43, line 25:

delete: "is subject to acceptance by the insurer"

Page 45, line 26:

delete: "an"

Page 46, lines 7 and 8:

replace: "finance charges are subject to"

with: "it will be subject to finance charges at"

Page 49, line 10:

replace: "premium rate"

with: "filing"

Page 50, lines 8 and 9:

replace: "If an item is exempt from filing"

with: "Upon this determination"

Page 50, line 9:

replace: "may"

with: "shall"

Page 53, line 25:

replace: ";"

with: ", and any difference in the finance, interest, service, or other similar charge made to a debtors who are in like circumstances except for their insured or non-insured status;"

Page 59, line 20:

replace: "75"

with: "77"

* *American Council of Life Insurance*
* *Nat. Assoc. of Indep. Insurers*

INSURANCE LEGISLATION OF 1994

AN ACT RELATING TO THE LICENSING, ACCREDITATION, EXAMINATION, REGULATION, AND SOLVENCY OF PERSONS ENGAGED IN THE INSURANCE BUSINESS, INCLUDING INSURERS, NONADMITTED INSURERS, PURCHASING GROUPS, RISK RETENTION GROUPS, AND UNITED STATES BRANCHES OF NON-U.S. INSURERS; RELATING TO THE MANAGEMENT OF AND FILING OF REPORTS BY PERSONS LICENSED OR OTHERWISE DOING BUSINESS UNDER THE INSURANCE CODE; AND PROVIDING FOR AN EFFECTIVE DATE.

Sectional Analysis by the
Department of Commerce and Economic Development,
Division of Insurance

SMALL LOANS ACT, CONSUMER CREDIT INSURANCE

Sections 1 and 2 are amendments to coincide with the changes in consumer credit insurance in Sections 63 through 77.

Section 1. AS 06.20.260(a). Small Loans Act, Charges Prohibited, page 1.

Amends this section to use the term "consumer credit insurance" as defined in AS 21.57.160 (Sec. 77 of this bill).

Section 2. AS 06.20.287(a). Small Loans Act, Charges Prohibited, page 1.

Amends this section to use the term "consumer credit insurance". The term is defined in AS 21.57.160 (Sec. 77 of this bill).

DIRECTOR OF INSURANCE

Sections 3 through 12 include regulation of risk retention groups, authority to respond to a catastrophe, procedure on examination reports, procedures on applying for and not continuing a certificate of authority of an insurer, financial statements, and procedures on premium tax refunds and credit. Many of these changes are suggestions from the NAIC Accreditation Team visit in October 1992. Others are to provide authority and procedures in areas where none existed before.

Section 3. AS 21.03.010. Scope of Code, page 2.

Amends this section to explicitly extend the Scope of Code to include risk retention groups and purchasing groups as requested by the NAIC accreditation team.

Section 4. AS 21.06.080(e). General Powers, Duties, page 2.

This new subsection adds to the director's general powers and duties the ability to respond to a catastrophe.

Section 5. AS 21.06.150(a). Examination Reports, page 3.

The amendment to this subsection allows the director to close a hearing on an examination if the director finds that the closure is necessary to protect someone from unwarranted injury or is in the public interest.

Section 6. AS 21.09.110. Application for Certificate of Authority, page 3.

The amendment to this section removes the requirement that insurers applying for their Certificate of Authority (COA) submit specimen copies of their policy forms and rates with their COA application, and instead specifies that these policy forms and rates should be submitted under new sections AS 21.39.040(j) or 21.42.120(g).

Section 7. AS 21.09.110(b). Application for Certificate of Authority, page 4.

The addition of a new subsection requires that policy form and rate filings be submitted for approval under the appropriate statutes in Chapter 39 and 42 and that the filings may not be submitted with the application for certificate of authority.

Section 8. AS 21.09.130(b). Continuance, Termination, Reinstatement, and Amendment of Certificate, page 5.

The amendment to this subsection provides for a suspension of the certificate of authority instead of cancellation if the insurer fails to file the forms or pay the fee to continue the certificate of authority. This change is to prevent insurers from ending regulation by Alaska Division of Insurance when issues regarding insurance operations may still be outstanding. It provides a one year suspension period.

Section 9. AS 21.09.135. Voluntary Surrender of Certificate of Authority, page 5.

This is a new section which provides a process for an insurer to voluntarily surrender their certificate of authority from Alaska. To surrender the insurer must be in compliance with Alaska

Section 10. AS 21.09.200(f). Annual Statement, page 6.

The amendment to this subsection requires the filing of

annual financial statements with the National Association of Insurance Commissioners (NAIC) by all licensed insurers instead of just domestic insurers. Also provides that the filings must be on electronic media acceptable to the NAIC.

Section 11. AS 21.09.205(d). Quarterly Financial Statements, page 6.

This is a new subsection which requires that a licensed insurer file quarterly financial statements with the National Association of Insurance Commissioners (NAIC), on acceptable electronic media, and pay the applicable filing fee. Failure to comply will result in penalties.

Section 12. AS 21.09.210. Premium Tax, page 6.

The following new subsections discuss the procedures for obtaining a refund or credit for overpayment of premium taxes by an insurer.

Subsection (j) allows for the payment of a premium tax refund when an insurer discovers that it has made an overpayment due to an error in calculation, mistake of fact, or misinterpretation of law. It (1) limits the time in which the refund must be discovered to three years; (2) sets the minimum amount of a refund which can be requested at \$250; and (3) gives the director discretion in payment of a monetary refund or a premium tax credit.

Subsection (k) was written to avoid trafficking of the premium tax credit. It prohibits the transfer or carryover of the credit in reinsurance transactions or receiverships.

Subsection (l) defines a premium tax credit.

RISK RETENTION GROUPS, MATERIAL TRANSACTIONS, AND U.S. BRANCHES OF ALIEN INSURERS

Sections 13 through 15 add regulatory authority for three different areas of insurance regulation.

(1) AS 21.09.290 allows a risk retention group to be formed as a domestic insurer in Alaska consistent with the NAIC Model Risk Retention Act.

(2) AS 21.09.300 is being added to statute to require the filing of information on material asset transactions and material changes in ceded reinsurance transactions. Ceded reinsurance is the transfer of risk from an insurer to another insurer by contract, usually resulting in the sharing of claim liability, marketing expenses, etc. Ceded reinsurance contracts are negotiated and can take many forms depending on the need for the

reinsurance. A material change in a ceded reinsurance agreement may have significant financial effects for an insurance company. The basis for this section is the NAIC Disclosure of Material Transactions Model Act which must be adopted to maintain accreditation.

(3) AS 21.09.310 provides authority and procedures for an insurer organized in a country outside of the United States to establish a U.S. branch in Alaska for operating throughout the United States. This new section establishes Alaska as a state of entry for alien insurers who seek to transact insurance in the United States through a U.S. branch by adopting the NAIC State of Entry Model Law.

Section 13. AS 21.09.290. Risk Retention Groups, page 7.

Subsection (a) sets out the requirements for being licensed as a risk retention group in this state.

Subsection (b) lists the items that must be submitted with an application for certificate of authority.

Subsection (c) requires the risk retention group to notify 30 days in advance any material change to its plan of operation and must receive the director's written approval of the change.

Subsection (d) provides definitions of terms used in this section.

AS 21.09.300. Disclosure of Material Transactions, page 8.

Subsection (a) requires disclosure of material acquisition or disposition of assets or material nonrenewal, cancellation, or revision of ceded reinsurance agreements unless the transactions have been submitted pursuant to other provisions of the statute.

Subsection (b) requires the report be filed 15 days after the end of the calendar month in which the transaction occurs.

Subsection (c) requires that a copy of the report also be filed with the National Association of Insurance Commissioners (NAIC). The subsection requires that the report be given confidential treatment by the division, the NAIC, or any other person, except sharing with insurance departments of other states, unless the insurer gives prior written consent or unless the director determines it is in the interest of policyholders, shareholders, or the public to publish the report and gives the insurer notice and an opportunity to be heard.