

## CHAPTER 21.

## AN ACT

[S. B. 37]

To amend Section 3025, Compiled Laws of Alaska, 1933, relating to conditional sales of personal property.

*Be it enacted by the Legislature of the Territory of Alaska:*

Amended.

Section 1. That Section 3025, Compiled Laws of Alaska, 1933, be amended to read as follows:

Conditional  
Sales contracts  
Void—Except.

Section 3025. Conditional Sales Void As To Certain Persons. Every provision in a conditional sale reserving property in the seller, shall be void as to any purchaser from or creditor of the buyer, who, without notice of such provision, purchases the goods or acquires by attachment or levy a lien upon them, before the contract or a copy shall be filed as hereinafter provided, unless such contract or copy is so filed within sixty days after the making of the conditional sale.

Must be filed  
within sixty  
days.

Approved March 4, 1937.

## CHAPTER 22.

## AN ACT

[S. B. 4]

To Provide for the Admission of Foreign Insurance Companies; to Provide for the Organization of Domestic Insurance Companies; to Regulate the Business of Insurance in the Territory and to Provide Penalties for Violation of any Provision hereof.

*Be it enacted by the Legislature of the Territory of Alaska:*

Insurance  
Companies  
defined.

Section 1. **Insurance Companies Must Comply with Insurance Laws.** A company engaged in the business

of insurance, of a suretyship, or of guaranteeing against liability, loss or damage, or of entering into contracts substantially amounting to insurance, shall be deemed an Insurance Company and shall not transact such business unless the business is authorized or permitted by the laws of this Territory, and all laws regulating the same and applicable thereto have been complied with. Provided, however, that this Section shall not be construed to apply to bonds with respect to which no premium is charged or paid or to bonds or contracts or undertakings in the performance of which the surety has an interest; or to mutual non-profit beneficial associations.

Cannot transact business without qualifying.

Proviso.

Section 2. **Kinds of Insurance.** The various kinds of insurance are classified, and unless the context requires otherwise, each includes insurance as follows:

Kinds of Insurance.

(a) **Fire Insurance.** Upon buildings and other property against loss or damage by fire, lightning, wind storms, cyclones, tornadoes, hail or earthquakes, water from the breakage or leakage of sprinklers, pumps or other apparatus erected for extinguishing fires, and water pipes; and against loss or damage arising from the prevention or suspension of rent or use and occupation of any building, plant or manufacturing establishment, due to the hazard or peril against which the insurance is carried:

Fire Insurance defined.

(b) **Marine Insurance.** Being ocean and inland risks, and transportation, but not including any other casualty insurance as hereinafter provided;

Marine Insurance.

(c) **Life Insurance.** Being all forms of life, endowments, and annuities, but not including health, accident or sickness insurance or any other casualty insurance as hereinafter provided;

Life Insurance.

(d) **Accident and Liability Insurance.** Accident insurance, and either sickness or health insurance, being

Accident and Liability Insurance.

insurances against injury, disablement or death resulting from travel or general accident, and against disablement resulting from sickness; and every insurance appertaining thereto; liability insurance being all insurance against loss or damage resulting from accident to, or injury, fatal or non-fatal, suffered by, an employee or other person and for which the insurer is liable;

Fidelity and  
Surety  
Insurance.

(e) **Fidelity and Surety Insurance.** Being the guaranteeing of persons holding places of public and private trust; guaranteeing the performance of contracts other than insurance policies; or guaranteeing and executing all bonds, undertakings and contracts of suretyship;

Motor Vehicle  
Insurance.

(f) **Motor Vehicle Insurance.** Being insurance on motor vehicles operated by power generated within or without such vehicles, except those operating on water or on rails, against loss or damage to or loss of use of the vehicle, tools or appliances and equipment; or legal liability for loss or damage to persons or property resulting through the operation of the vehicle caused by fire, self-ignition, explosion, theft, collision, or other insurance hazards, including all hazards incident to transporting such vehicle by land or by water;

Miscellaneous  
Insurance.

(g) **Miscellaneous Insurance.** Being insurance upon any risk not included within or under either of the foregoing classes, and which is a proper subject for insurance, not prohibited by law or contrary to sound public policy.

Qualified Insur-  
ance company  
may write all  
kinds insurance.

Section 3. **Kinds of Insurance Transacted.** Any company having complied with the provisions of law and authorized to engage in the business of insurance in the Territory may transact any or all kinds of insurance authorized by law and specified in its articles of incorporation or charter.

When more than one kind of insurance is written by a company in the same policy, the premium for each kind shall be specified separately and the insurance may be cancelled as to any kind separately.

Premium for each kind of insurance included in policy to be specified separately.

Section 4. **Insurance Commissioner.** The Territorial Auditor is hereby appointed Ex-officio Insurance Commissioner; and he is hereby charged with the execution of the laws relating to insurance. Neither the Auditor nor any of his assistants or clerks shall be directly or indirectly interested in any insurance company or insurance business except as a policyholder. All necessary report forms and blanks shall be furnished at the expense of the Territory.

Auditor to be Ex-Officio Insurance Commissioner.

The Commissioner shall for the purpose of carrying out the laws relating to insurance, and to the extent of the authority conferred on him by law, supervise all insurance transacted within the Territory, or affecting property situated therein and all business relating thereto, including that of insurance companies and societies, domestic and foreign.

To supervise all insurance transacted in Territory.

The Commissioner, personally or by his special appointees, deputies or clerks, may examine the books, papers and property of, and inquire into the affairs of, any insurance company, agent, association or bureau for the making of rates, and of any company engaged in or professing to be engaged in organizing, promoting or aiding in the formation of an insurance company, or of any person, firm or corporation who, as the Commissioner may have reasonable grounds to believe, is violating a provision of the insurance law.

To have authority to examine books of insurance company.

The expenses of an examination into the affairs and condition of any insurance company or society shall be borne by the company or society examined, unless remitted by the Commissioner.

Expense of Examination.

Legal authority  
of Commissioner.

The Commissioner may invoke the aid of any Court of competent jurisdiction through injunction, mandamus or other process to enforce any order or action made or taken by him in pursuance of law.

Appeal from de-  
cision of Com-  
missioner—may  
be made to  
District Court.

Any person, agent, adjuster or company affected, may, by verified petition and proof of service of a copy of the petition upon the Insurance Commissioner, appeal in writing to the District Court of any Judicial Division in the Territory to review any order or action made or taken by the Commissioner in pursuance of law.

Insurance Com-  
missioner to re-  
port to whom,  
contents of  
said report.

**Section 5. Report to Legislature and Governor.** The Commissioner shall transmit to each Legislature at the beginning of its regular session a report containing a summary of the statements and reports made to him pursuant to the provisions of this chapter, classified, which report shall also contain:

First: A statement of all the insurance companies or corporations authorized to do business in the Territory during the biennial period ending December 31 next preceding, with their names, locations, capital stock, paid-in capital, dates of organization and of the commencement of business in the Territory, and kinds of insurance in which they are engaged respectively;

Second: The receipts and disbursement of the Insurance Commissioner during the same period;

Third: Any amendments to the insurance law which, in his judgment, are demanded for the better protection of the insured and the people.

Certificate to do  
business refused  
if company ap-  
plying has name  
likely to be con-  
fused with com-  
panies previous-  
ly qualified.

**Section 6. Name of Insurance Company.** No insurance company shall be organized in the Territory nor shall any domestic or foreign insurance company be granted certificate of authority to transact business

therein if the name of the company is so similar to the name of any other insurance company in use in the Territory or in the United States as to be likely to confuse, deceive, or mislead.

**Section 7. Commissioner Attorney for Service of Process—Bond.** Before a certificate of authority to transact business in the Territory is issued to any domestic or foreign insurance company it must file with the Commissioner a resolution adopted by its board of directors consenting that service of process upon the Commissioner in any action or proceeding against the company, brought or pending in the Territory upon any cause of action arising in or growing out of business transacted in the Territory, shall be valid service upon the company, and the consent shall be irrevocable, so long as a policy of insurance of such company shall remain in force in the Territory or any loss remains unpaid therein.

Before certificate to do business is issued insurance companies must file irrevocable authority for service of valid process on Commissioner.

All domestic or foreign insurance companies transacting business in the Territory shall at all times have one or more known places of business therein and a designated and authorized agent present upon whom process may be served in all cases, and the name and business address of the agent shall be filed in the office of the Commissioner. Process may be served on the designated agent until such time as the agent's authority shall be revoked by a notice in writing, filed in the office of the Commissioner, by personal service on the agent or by leaving a certified copy of the process at the business address of the agent as filed in the office of the Commissioner.

Authorized resident agent provided for.

Service may be had on either the authorized agent or the Commissioner.

Service of Process on Agent or Commissioner.

Every process left with the Commissioner shall be in triplicate. He shall return the original copy with

Provisions for service of process.

his certificate of service which shall be accepted as proof of service of process. One copy shall be forwarded at once by mail to the company addressed to its principal office and the remaining copy he shall file in his office. For the purpose of fixing the location of the principal office within the meaning of this subsection, the company shall file with the Commissioner a written statement setting forth the location and post office address of its principal office and that location and post office address shall continue to be the location and address of the company for the purposes of this sub-section until changed by a similar statement in writing and filed with the Commissioner.

Time to answer  
process when  
served on  
Commissioner.

Where service is had on the Commissioner, no proceeding shall be had within sixty days after service.

Bond to satisfy  
judgments, etc.  
—provided for.

In addition, all foreign insurance companies shall file with the Commissioner, if he deem it advisable for the protection of policyholders in the Territory, a good and sufficient bond signed by the company as principal, with one or more sureties to be approved by the Commissioner and running to the Commissioner and his successors in office, in a sum not exceeding Twenty Thousand Dollars (\$20,000.00) with condition that the surety or sureties on the bond shall be answerable to the amount of the bond for all judgments, decrees or orders given, made or rendered against the principal on the bond by any Court of the Territory for the payment of money.

Commissioner  
to enforce pay-  
ment on bond.

In case of any breach of the condition of any bond, the Commissioner may, and upon demand and receipt of satisfactory assurance for the payment of costs shall, enforce the bond either in his own name or in the name of any person as obligee therein by appropriate proceedings in any Court of competent jurisdiction for the use and benefit of any person injured by the breach.

The surety or sureties on any bond required hereunder may withdraw from the same upon giving to the Commissioner written notice not less than ninety (90) days prior to the date on which the then existing certificate of authority of such foreign corporation is to expire; provided, however, that such surety or sureties shall remain liable on the bond for all judgments, decrees or orders given, made or rendered against the principal.

Sureties on bond may withdraw—when and on what terms.

**Section 8. Certificate of Authority.** No domestic or foreign company shall transact or attempt to transact any business of insurance upon risks in this Territory unless it shall first obtain from the Commissioner a certificate of authority to transact such business. Such certificate shall not be granted until the applicant conforms to the requirements of this chapter and the laws of this Territory prerequisite to its issuance. Every such certificate shall expire on the first day of July after its issuance unless sooner revoked.

Certificate of authority required to carry on business of insurance.

A certificate of authority shall not be granted or renewed to any insurer in arrears to the Territory or to any municipality in the Territory for fees, licenses, taxes, assessments, fines or penalties accrued on business transacted in this Territory, or while such insurer is otherwise in default for failure to comply with any of the laws of this Territory regarding the governmental control of such insurer by this Territory.

Certificate of authority refused—when.

**Section 9. Conditions Governing Issuance of Certificates of Authority.** Any company, domestic or foreign, shall be entitled to a certificate of authority to transact insurance in the Territory whenever and during the time the company is solvent and can furnish to the people of the Territory safe and satisfactory insurance and shall fully comply with other provisions of law and with the following provisions so far as applicable to such company, namely:

Conditions governing issuance of certificate of authority.

Domestic and foreign stock or mutual insurance company.

1. A domestic and foreign stock or mutual insurance corporation shall:

Requirements for filing.

(a) file with the Commissioner a copy of its charter or articles of incorporation and of its by-laws and of any amendments to either and all, certified to by its secretary or corresponding officers;

Submit to examination—  
May be waived.

(b) Submit to a personal examination of its affairs by the Commissioner which he may waive if there is filed with him a certified copy of an examination made within three years by some state insurance department, or by other authority satisfactory to the Commissioner.

Foreign stock or mutual insurance.

2. In addition, a foreign stock or mutual insurance corporation shall:

Certificate of qualification to be filed.

(a) file a certificate, satisfactory to the Commissioner, made by the insurance department of the State, District or Territory where it is organized, that it is there organized and authorized to transact the kind of insurance that it seeks to transact in the Territory, which certificate shall also state the date on which the company was last examined and by whom it was examined; or

Additional requirements if company organized outside United States.

(b) if organized outside of the United States, file a certificate, satisfactory to the Commissioner, made by the proper officer of some insurance department in the United States, that the corporation has deposited with the department in trust for the benefit of all policyholders in the United States securities having the market value of at least One Hundred Thousand Dollars (\$100,000.00) and in which its assets may be invested under the law of the State, Territory or District in which the deposit is made; the securities so deposited shall always be in such amount that the market value equals or exceeds the sum of One Hundred Thousand Dollars (\$100,000.00) subject to the same condition that

its market value shall always be not less than One Hundred Thousand Dollars (\$100,000.00), a deposit may be made with the Treasurer of the Territory in securities prescribed by law for the investments of domestic insurance companies; no deposit in the United States shall be withdrawn until all liabilities secured by the deposit shall have been fully paid or shall have been reinsured in companies or societies authorized to transact the same kind of business in the States, Districts or Territories where the liabilities exist.

### Section 10. Suspension and Revocation of Certificate of Authority.

1. The certificate of authority of any insurance company transacting business in the Territory may be suspended or revoked by the Commissioner after a hearing for any of the following causes:

Certificate may be revoked or suspended—  
What causes.

(a) Violation of the insurance law or refusal or failure to comply with any lawful order made by the Commissioner;

Violation or refusal comply with orders of commissioner.

(b) Insolvency or unsafe condition of the company which, in the judgment of the Commissioner, renders the insurance furnished to the people of the Territory unsafe or unsatisfactory.

Insolvency or unsafe condition.

2. The Commissioner shall give notice of suspension or of revocation of certificate of authority by mailing a copy of such notice in a sealed, postpaid, registered envelope to each licensed agent of the company in the Territory, and of a revocation by publication four times in some daily or weekly newspaper of general circulation published in the Territory.

Notice of suspension.—  
Requirements.

3. After revocation of certificate of authority the company shall not again be granted a certificate of authority until it shall have paid into the Treasury

New certificate can be obtained—  
—Fee therefore

of the Territory the sum of Five Hundred Dollars (\$500.00) as a fee for receiving a new certificate.

Provisions of act apply to every insurer.

**Section 11. No Agent to Transact Business without License—Penalty.** No corporation, firm or individual shall do or perform any act as agent or broker or advertise or hold himself out as an agent for any kind of insurance with respect to risks located in the Territory and required to be transacted through licensed agents without holding a license then in force, but a license issued to a corporation, firm or individual shall be sufficient for all employees thereof, except those employees who receive a compensation of commission only. Any person who shall exercise the business or occupation of an insurance broker or agent without first having procured a license therefor, as hereinbefore provided, shall be subject to a fine or penalty not exceeding Five Hundred Dollars (\$500.00) for each offense.

Penalty for non compliance.

Licensing of agents of authorized companies.

**Section 12. Licensing Agents of Authorized Domestic and Foreign Insurance Companies.** Any corporation, firm or individual having a place of business in the Territory may be licensed by the Commissioner as agent to solicit, accept applications, write, issue, deliver or place policies or contracts of direct insurance upon risks located within the Territory for a company authorized to transact business therein, during the time he shall conform to the agreements and requirements of this Section and other provisions of the insurance law, when:

Application for license and what to contain.

1. The company shall file with the Commissioner an application for such agent's license, accompanied by a statement signed by the proposed agent on a form prescribed by the Commissioner in which he shall agree that he will not rebate any part of the premium or commission or offer any valuable consideration as an inducement to take insurance other than that clearly expressed in the policy; if he signs policies, he will

maintain an office within the Territory and keep therein at all times a complete record of all applications for and policies of insurance placed by or through him and will not sign any policies in blank to be issued outside of his office;

2. The Commissioner is satisfied that the proposed agent intends to hold himself out in good faith as an insurance agent, is a person of good moral character and is a proper person to be licensed.

Agent must be of good moral character.

**Section 13. Unlawful to Act as Agent for Unqualified Company—Penalty.** No person, firm or corporation shall act as agent for any insurance company, corporation, association, firm or individual in the transaction of any insurance business within this Territory or negotiate for or place any risks or in any way or manner aid such corporation, association, firm or individual in effecting insurance or otherwise in this Territory, unless such corporation, association, firm or individual shall have fully complied with the provisions of this Act. Any person, firm or corporation violating the provisions of this Section shall be liable to a fine of not less than Fifty Dollars (\$50.00) nor more than Five Hundred Dollars (\$500.00).

Unlawful to act as agent for unqualified company.

Penalty.

**Section 14. Insurance Broker—Definition—License.** All licenses for the purpose of conducting the occupation or business of an insurance broker shall be granted by the Commissioner of Insurance and all such licenses granted by said Insurance Commissioner shall expire on the thirty-first day of December after the issuance thereof. Whoever, for compensation, acts or aids in any manner in negotiating contracts of insurance or reinsurance, or in placing risks or effecting insurance or reinsurance for a person other than himself, and is not a duly appointed solicitor, agent or officer of the company in which such insurance or reinsurance is

Insurance broker defined—License may be issued to.

effected, shall be deemed an insurance broker within the meaning of this Act.

Agents license—  
expiration date  
—how renewed.

**Section 15. Annual Renewal Agents' Licenses.** Every agent's license shall expire on December thirty-first next following its date. The license shall be renewed annually on application by the company unless the agent has failed to comply with the insurance laws. No license shall be renewed unless the agent shall have filed with the Commissioner a statement conforming to the provisions of Section 12 hereof, and one such statement shall serve for the renewal of all licenses held by him.

Agents license  
may be suspend-  
ed or revoked—  
for what causes.

**Section 16. Suspension or Revocation of Agent's License.** The license of any agent shall be suspended by written order of the Commissioner for a period of ninety days if, after notice and hearing, he shall find the agent guilty of any willful violation of the insurance law. If any agent, after notice and hearing, be found guilty of a second violation, the Commissioner shall by his written order revoke all licenses held by such agent, and no further license shall be issued to the agent save under such restrictions as the Commissioner may impose. The forbidden practices and acts above referred to are:

Willful over-  
insurance.

1. Willful over-insurance of any property in the Territory;

Misrepresenta-  
tion of policy.

2. Willful misrepresentation of any policy of insurance;

Willful decep-  
tion or unfair  
dealings.

3. Willful deception of or unjust dealing with any person with regard to any insurance policy;

Failure to ac-  
count for  
premiums.

4. Willful failure or refusal upon demand to pay over to any company which he represents or has represented any money coming into his hands belonging to the company;

5. Willful failure to conform to representations made in the signed statement filed with his application for license;

Failure to conform to representations.

6. Willful offer of any valuable consideration as an inducement to take insurance, other than that clearly expressed in the policy;

Offering Inducements.

7. Willful violation of any provision of the insurance law;

Violation any provision of insurance law.

8. Rebating.

Rebating.

No insurance company or agent thereof shall make any contract or agreement with reference to any insurance other than is plainly expressed in the policy.

Contracts to be plainly expressed in policy.

**Section 17. Annual Statements—Contents—Tax.** All insurance companies, corporations, associations, firms or individuals now doing business in this Territory must file with the Insurance Commissioner on or before March first in each year a statement of all insurance premiums collected or contracted for by the company making such statement in the Territory, during the year ending December thirty-first next preceding; the amounts actually paid policyholders on losses, the amounts paid policyholders as return premiums; the amounts paid policyholders as dividends; the amount of insurance reinsured in other companies authorized to do business in the Territory, and the amount of premiums paid therefor; the amount of insurance reinsured in companies, naming them, not authorized to do business in the Territory and the amount of premiums paid therefor; and the amount of reinsurance accepted from admitted companies and the premiums received for such reinsurance on risks located in this Territory with the names of the companies so reinsured. And said company, corporation, association, firm or individual shall pay to the Insurance Commis-

Annual statement required, when and what to contain.

Tax of 2% on premiums to be paid.

sioner a tax of two per centum on all premiums collected or contracted therefor; provided, that in case of companies engaged in fire or marine insurance the tax shall be collected on such premiums after deducting from the gross amount thereof the amounts paid to policyholders as returned premiums and the amounts paid to admitted companies for reinsurance, and in the case of life insurance companies, the tax shall be collected on the gross amount of premiums after deducting therefrom the amounts paid as premiums to admitted companies for reinsurance.

Deductions provided for.

**Section 18. Penalty for Failure to File Statement or Pay Taxes.** Any company, corporation, association, firm or individual failing or refusing to render such statement and information, and to pay taxes herein specified, for more than thirty days after the time specified, shall be liable to a forfeiture of double the amount due for such license and shall be prohibited from doing any more business in the Territory until such fine is paid and shall also pay as further penalty a sum equal to ten per cent of such forfeiture for every month that the sum remains unpaid.

Penalty for failure to file statement or pay tax.

**Section 19. Organization of Domestic Insurance Companies.** Except as otherwise provided, domestic insurance companies shall be subject to the provisions of the insurance law and shall be organized in the manner provided by law for the organization of business corporations.

Providing for the organization of domestic insurance companies.

**Section 20. Promotion Expense.** The maximum organization expense which may be incurred shall in no case exceed twelve and one-half per cent of the par value of said stock, and no portion of such amount shall be used in the payment of salaries for officers and directors before the issuance, by the Commissioner, of authority to transact an insurance business.

Maximum promotion expense allowed.

Section 21. **Capital Required for Domestic Companies.** Any domestic insurance company, having a capital of not less than Fifty Thousand Dollars (\$50,000.00) paid in in cash and a surplus of not less than Twenty Five Thousand Dollars (\$25,000.00), paid in in cash, may transact any one kind or class of insurance as defined in Section 2 of this Act, except that of personal accident, disability and liability insurance; to transact the latter kind of insurance business it shall have a minimum capital of One Hundred Thousand Dollars (\$100,000.00) paid in in cash and a surplus of not less than Twenty Five Thousand Dollars (\$25,000.00), paid in in cash; for each additional kind of insurance there shall be an additional minimum capital of Twenty Five Thousand Dollars (\$25,000.00) paid in in cash and an additional minimum surplus of Ten Thousand Dollars (\$10,000.00) paid in in cash; but any company having a capital of One Hundred Fifty Thousand Dollars (\$150,000.00) paid in in cash and a surplus of Fifty Thousand Dollars (\$50,000.00), paid in in cash, may transact any or all kinds of insurance authorized by this Act.

Capital requirements for Domestic Insurance corporation.

Exception.

Additional capital for each kind of insurance

Exception.

(a) Each stockholder of a domestic insurance company shall be individually and personally liable, equally and ratably, for all contracts, debts and engagements of such company, accruing while he remains such stockholder, to the extent of the amount of his stock therein at the par value thereof in addition to the amount invested in such shares. The assets of such company shall be first applied to the payment and discharge of the debts and liabilities of the company and the remainder thereof remaining unpaid shall be paid by the stockholders, equally and ratably.

Stockholders personally liable.

Amount of liability.

Assets of company to be used before stockholder assessed.

Section 22. **Par Value of Stock.** No domestic insurance company shall transact any class of insurance in this Territory unless all of its shares of stock have a

Stock must be not less than \$100. par value.

specified par value which shall not be less than One Hundred Dollars (\$100.00) per share.

Commissioner to examine financial condition of domestic insurance corporations annually.

**Section 23. Supervision of Domestic Insurance Companies—Books.** The Commissioner shall annually and may oftener visit each domestic insurance company and make a detailed examination into the affairs and condition of the company. Every domestic company shall keep its books, records, accounts and vouchers in such manner that its financial condition can be ascertained, and so that its financial statements filed with the Commissioner can be readily verified and its compliance with the law determined.

What considered assets and what liabilities by commissioner.

In ascertaining the condition of any domestic insurance company, or in any examination made by the Insurance Commissioner, his deputy, or examiner, he shall allow as assets only such investments, cash and accounts as are authorized by the law of this Territory at the date of the examination, and which investment he may approve or reject, but unpaid premiums on policies written within three months shall be admitted as available resources. In ascertaining its liabilities, there shall be charged the capital stock, all outstanding claims, a sum equal to the total unearned premiums on the policies in force computed on a pro rata basis, and such an amount as may be found necessary as a reserve to provide for the future payment of deferred and undetermined claims for losses and promised benefits. In determining the amount of such reserve or unearned premium liability, the Insurance Commissioner, his deputy or examiner may formulate such rules as he may deem proper and consistent with law or he may adopt such rules as are approved by the National Convention of Insurance Commissioners.

What to be considered in determining reserve.

Dividends allowed out of profits only.

**Section 24. Disbursement of Assets—Dividends.** No dividends shall be made to the stockholders of any domestic insurance company except from the bona fide

profits arising from the business after providing fully for all liabilities. No company shall reduce its capital or divide any portion of its assets among its stockholders, except bona fide profits as aforesaid, until it shall have performed or cancelled its policy obligations and the written approval of the Insurance Commissioner shall have been first obtained.

**Section 25. Impairment of Capital — Reduction—Winding Up—Receiver.**

(a) When the paid-in capital of any domestic insurance company is impaired, it may, voluntarily, and shall, upon the order of the Commissioner, fully correct such condition, either by making good the impairment, or by reducing the capital and par value of the shares so that the assets are at least equal to the then par value of the paid-in capital, but no part of its assets shall be distributed to the stockholders. No reduction shall be made which would reduce the par value of the paid-in capital and surplus required for transacting the kind or kinds of insurance in which it is engaged; nor shall the reduction be made except upon vote of not less than three-fourths of all the shares of stock, or if two or more classes of stock have been issued, or three-fourths of each class of stock outstanding and entitled to vote, which shall be certified by the secretary to the Commissioner at or before the filing of the amendment to the capital stock. The directors, after the reduction, may require each stockholder to exchange his certificate for a new certificate for the number of shares of the par value to which he shall be entitled.

Impairment of capital—Effect.

(b) During the time that the paid-in capital is impaired twenty-five per centum or more, or is below the minimum capital then required for the company, its certificate of authority to issue policies and effect insurance shall be automatically suspended.

Certificate of authority automatically suspended when capital impaired 25%.

If capital impairment not corrected within sixty days commissioner to revoke certificate of authority.

(c) If within sixty days after order of the Commissioner to fully correct any such condition it shall not have been done, the Commissioner shall revoke the certificate of authority of the company and shall apply to any Court having jurisdiction for an order upon the company to show why its charter should not be revoked and a receiver appointed to wind up its affairs.

Assets not to be distributed before all risks protected.

(d) No insurance company organized under any law of the Territory shall in winding up its affairs make a distribution of its assets among its stockholders, until all its risks have ceased, by cancellation, or expiration, or have been replaced by the policies of some other solvent company authorized to do business in the Territory, and all claims against the company have been settled. No company shall contract to reinsure its risks for the aforesaid purpose without first obtaining the consent and approval of the Commissioner thereto.

Receiver of insurance company to make reports to commissioner.

(e) Whenever any receiver shall be appointed for any domestic insurance company he shall make to the Commissioner annually the reports required to be made by domestic insurance companies and furnish to the Commissioner such other information as he may require. All accounts rendered by the receiver to the Court having jurisdiction shall be referred to the Commissioner, who shall carefully examine the same and report thereon to the Court. The Commissioner may in any case be appointed receiver.

Commissioner may be receiver.

Capital stock may be increased—when and how.

Section 26. **Increase—Procedure.** Any domestic insurance company or corporation may increase the amount of its capital stock after giving notice once each week for four consecutive weeks in any newspaper having a general circulation, published in the Territory, of such intention, and by filing with the Insurance Commissioner a copy of the advertisement subscribed and sworn to by the publisher or manager of the paper as having been so advertised, together

with a declaration under its corporate seal, signed by stockholders representing three-fourths of its capital, of their desire so to increase the capital; provided, that the increase in capital shall be fully paid in legal tender money of the United States.

Section 27. **May Hold Real Estate Five Years.** No domestic company hereafter acquiring title to real estate under the conditions of any mortgage owned by it or by purchase or set off on execution upon judgment for debts due it previously contracted in the course of its business or by other process in settlement for debts shall hold it for a longer period than five years without permission, granted in writing by the Insurance Commissioner, except such real estate as it may require for its home or branch offices; nor shall any such company hereafter invest in real estate except for the purpose of a home or branch office.

Real property cannot be held more than five years without permission of commissioner.

Exceptions.

Section 28. **Investment of Funds.** All investments and deposits of the funds of any domestic insurance company shall be made in its corporate name. No investment, sale or loan, except on its own policies, shall be made which has not first been authorized by the Board of Directors or by a committee thereof charged with the duty of investing or loaning the funds of the company, nor shall any deposit be made in a bank or banking institution unless such bank or banking institution has first been approved as a bank of deposit by the Board of Directors or said committee thereof, and unless the vote authorizing such investment, sale or loan or approval of the place of deposit has been duly recorded in the books of the company.

Investments and place of deposit to be approved by board of directors of company.

The capital stock of every domestic insurance company, to the extent of the minimum capital required under this Act, shall be invested and kept invested as follows:

Investment of minimum capital stock required.

In bonds, warrants or securities of United States, District of Columbia or State or Territory of United States and not above current market value.

1. In the legally issued bonds, warrants, and securities of the United States, or the District of Columbia, or of any state or Territory of the United States, not estimated above their current market value; or

In legally authorized bonds of cities and towns of Territory of Alaska.

2. In the legally authorized bonds of any city or town in the Territory of Alaska;

Upon certain conditions in legally authorized bonds of any city, town or county of any State, District or Territory of United States.

3. In the legally authorized bonds of any city, town or county in any State, District or Territory of the United States which are a direct obligation of the city, town or county issuing the same, whose indebtedness, after deducting the amount of its securities in the sinking fund which are available for the payment of its bonds, does not exceed five per cent of the valuation of property therein as assessed for taxation next preceding the date of such investment;

Under certain conditions in loans upon real estate.

4. In loans upon improved and unencumbered real property in any State, District or Territory of the United States, provided that no loan on such property shall exceed fifty per cent of the fair market value thereof at the time of the making of such loan and a certificate of the value of such property shall be executed before making such loan by the Board of Directors which certificate shall be recorded on the books of the company;

On cash surrender value of its own policies.

5. On loans upon the security of its own policies not exceeding the cash surrender value of the policy at the time of making the loan;

Any security approved by Insurance Commissioner.

6. In any security or securities or class of securities when approved by the Insurance Commissioner.

Standard policies established.

Section 29. **Standard Policies.** The standard insurance policy of the State of Washington or of New York, under each and every classification, as set forth in Section 2, as authorized and on file in the office of

the Commissioner of Insurance of the State of Washington or of New York on January 1, 1937, together with subsequent changes, is established as the standard form of insurance policy for the Territory. The Insurance Commissioner shall annually procure from the Commissioner of Insurance for the State of Washington or New York a certified copy of such standard form, under each classification, which he shall at all times keep on file in his office. Every insurance company, domestic or foreign, doing business in the Territory, shall submit to the Commissioner a copy of the policy it will issue in the Territory, and shall secure his approval thereof. Before approving any policy the Commissioner shall ascertain that the policy which the Company will issue shall:

Insurance commissioner must approve form of policy.

(a) Be plainly printed, and

Plainly printed.

(b) Conform to the wording of the standard forms on file in his office except as follows:

Conform to standard policy —Except.

1. A company may print on or in its policies its name, location of its principal office and date of incorporation, the amount of its paid-in capital stock, the names of its officers and agents, the number and date of the policy, and if it is issued through an agent, the words: "This policy shall not be valid until countersigned by the duly authorized agent or manager of the company at .....;"

What additional matter policy may contain.

2. A company may use in its policies written, typewritten or printed forms of description and specifications of the property insured;

Descriptions may be printed, typewritten or written in policy.

3. A company may write or print upon the margin or across the face of a policy or upon separate slips or riders attached thereto, provisions added to or modifying those contained in the standard forms which shall not be in conflict with the standard form, and

Riders may be attached if countersigned.

all slips, riders and provisions must be signed by the officers or agents of the company using them.

Domestic insurance companies may do foreign business.

Any domestic insurance company doing business in any other Territory, State or Country may frame and issue policies in such other Territories, States or Countries in accordance with the laws thereof, anything in its articles of incorporation to the contrary notwithstanding.

Fees and taxes.

**Section 30. Fees and Taxes.** The Insurance Commissioner shall require payment in advance of the following fees:

Issuing Certificate of Authority .....	\$ 50.00
Renewal of Certificate of Authority ....	15.00
Filing Power of Attorney .....	5.00
Filing Annual Statement .....	2.50
Annual Resident Insurance Agent's or Solicitor's License .....	25.00
Non-Resident Insurance Agent's or Solicitor's License .....	50.00
Insurance Broker's License .....	100.00

Penalty for violating insurance laws.

**Section 31. Penalty for Violating Insurance Laws.** Any person, partnership, association, surety or corporation who violates any of the provisions of this Act or who fails to comply with any other duty imposed upon him, or it, by any provision of this Act for which violation or failure no penalty is elsewhere provided by the laws of the Territory, shall be fined an amount not exceeding One Thousand Dollars (\$1,000.00) or imprisoned not more than one year and shall forfeit the sum of One Hundred Dollars (\$100.00) to the Territory for each and every offense, which said sum of money may be collected in a civil action against such company to be instituted by the Attorney General in the name of the Territory, and in case such company is a non-

Penalty may be collected by civil action.

resident of the Territory and has no agent upon whom service can be had, then such official may proceed to collect the same by attachment and garnishment or in such other manner as he may deem advisable.

Section 32. **Mutual Non-profit Benefit Societies.** A corporation, society or voluntary association organized and carried on for the mutual benefit of its members and their beneficiaries and not for profit, and which shall make provision for the payment of benefits in case of sickness, disability or death of its members, or disability or death of its members' wives or children, the fund from which the payment of such benefits are paid being derived from assessments or dues collected from its members, and the payment of death benefits being made to the families, heirs, blood relatives or persons named by its members as their beneficiaries is hereby declared to be a mutual benefit society. Such societies shall be governed by the provisions of Sections 32 to 40 of this Act.

Mutual non-profit benefit societies defined—Governed by Section 32 to 40 of this act.

Section 33. **Continuation of Business.** Any mutual benefit society, as defined in Section 32 hereof, now doing business in this Territory may continue such business after the passage of this Act and may exercise and enjoy all the rights, powers and privileges now exercised or possessed by it under its articles of incorporation or association and not inconsistent with the provisions of this Act. Such society shall within thirty days after the passage and approval of this Act, file with the Commissioner of Insurance a copy of its articles of incorporation or association, duly certified by its president and secretary.

Existing—Mutual non-profit benefit societies to file with insurance commissioner—what and when.

Section 34. **Foreign Mutual Benefit Societies.** Any corporation, society or association coming within the description as set forth in Section 32 of this Act, organized under the laws of any State, Territory or District of the United States or of any foreign country,

Foreign Mutual Benefit Societies admitted to do business in Alaska—Requirements.

shall be admitted to do business within this Territory when it shall have filed with the Insurance Commissioner a copy of its articles of incorporation or association, duly certified by its president or secretary, together with a certificate of the insurance department of the State, Territory, District or Country in which it is organized or incorporated, showing that it is authorized to carry on business therein.

Foreign Soci-  
ties—Service  
of Process.

**Section 35. Foreign Societies—Service of Process.**

Before a permit is granted to any foreign society to transact business in this Territory it must file with the Commissioner a resolution adopted by such society and signed by its president and secretary that service of process upon the Commissioner in any action or proceeding against the society brought in the Territory upon any cause of action arising in the Territory, shall be valid service upon the society and which consent shall be irrevocable so long as the society shall carry on business in this Territory. Every process left with the Commissioner shall be in duplicate; he shall return the original copy with his certificate of service into the Court from which the process issued. The remaining copy shall be forwarded at once, postage prepaid, to the society at its principal office within the meaning of this Section. The society shall file with the Commissioner a written statement, setting forth the location and post office address of its principal office and that location and post office address shall continue to be the location and address of the society for the purpose of this Section until changed by a similar statement in writing and filed with the Commissioner. Such society shall answer such process within sixty days of the mailing thereof by the Commissioner.

How served.

Time to an-  
swer process.

Mutual benefit  
society author-  
ized to do busi-  
ness in Alaska  
to secure  
permit.

**Section 36. Permit.** The Commissioner of Insurance shall, upon the application of any mutual benefit society, having the right to do business in this Territory, issue to such society a permit in writing, authorizing it to

do business in this Territory for which permit such society shall pay to the Commissioner a fee of Ten Dollars (\$10.00), and no business shall be transacted by any domestic or foreign society until such permit is granted. Fee required.

Section 37. **Annual Reports.** Every mutual benefit society doing business in this Territory shall on or before the first day of March of each year make and file with the Commissioner in such form as he may require, a statement under oath of its president and secretary, or corresponding officers, of its condition and standing on the thirty-first day of December next preceding, and of its transactions for one year ending on that date, and also shall furnish such other information as the Commissioner may deem necessary to a proper exhibit of its business and plan of working. The Commissioner may at other times require any further statement he may deem necessary to be made relating to such society. Upon the filing of such report the society shall pay to the Commissioner the sum of Two Dollars and Fifty cents (\$2.50). Annual reports  
—When  
required.

What to  
contain.

Fee for  
filing.

Section 38. **Examination of Societies.** The Commissioner, or his deputy or examiner shall have the power of visitation and examination into the affairs of any domestic or foreign mutual benefit society. He may employ assistants for the purpose of such examination, and he or his deputy, or examiner, shall have free access to all the books, papers, and documents that relate to the business of the society and may summon and qualify as witness under oath and examine its officers, agents, and employees or other persons in relation to the affairs, transactions, and condition of the society. Commissioner  
authorized to  
examine society  
books.

The expense of such examination shall be paid by the society examined, upon statement furnished by the Commissioner, and the examination shall be made at least once in two years. Expense of  
examination  
paid by the  
society.

Receiver appointed for society—for what cause and how.

Whenever after examination the Commissioner is satisfied that any society has failed to comply with any provisions of Sections 32 to 40 of this Act, or is exceeding its powers, or is not carrying out its contracts in good faith, or is transacting business fraudulently, the Commissioner may present the facts relating thereto to the Attorney General, who shall, if he deem the circumstances warrant, commence an action in a court of competent jurisdiction, and such court shall thereupon notify the officers of such society of a hearing, and if it shall then appear that such society should be closed, said society shall be enjoined from carrying on any further business, and the Commissioner shall be appointed receiver of such society, and shall proceed at once to take possession of the books, papers, moneys and other assets of the society, and shall forthwith, under the direction of the court, proceed to close the affairs of the society and to distribute its funds to those entitled thereto.

Officers of non-profit benefit societies to file bond with insurance commissioner.

**Section 39. Bonds Must be Filed.** Every non-profit benefit society shall furnish for every officer, agent or person having custody of the principal funds of the association, a good and sufficient fidelity bond for the benefit of the association and its members, and file the same with the Insurance Commissioner who is hereby authorized to receive and approve the same as to form and sufficiency and to issue a certificate to such effect, or to reject the same if in his opinion such bond is not good or sufficient, which said bond or bonds shall each be in such reasonable sum, not exceeding Ten Thousand Dollars (\$10,000.00), as the Insurance Commissioner may fix, and conditioned that such officer, agent or person shall faithfully account for and pay over the funds so received into his custody, in the manner provided by the articles of incorporation or association, or the by-laws of the society. It shall be unlawful for any non-profit mutual benefit society to do business within the Territory without first filing with the Insurance

Maximum amount of bond.

Unlawful to do business without filing bond.

Commissioner such bond or bonds. Every such association violating the provisions of this Section shall be guilty of a misdemeanor, and shall be subject to a fine of not less than One Hundred Dollars (\$100.00) nor more than Five Hundred Dollars (\$500.00). Penalty.

Section 40. **Investment of Funds.** All investments and deposits of any non-profit benefit society shall be made in the name of the society; it shall invest its funds in securities permitted by the laws of the Territory for the investments of the assets of insurance companies, and at all times shall have on hand such reasonable cash reserve for the payment of claims to which it may become liable from time to time, as the Insurance Commissioner may deem necessary. Investment of funds of non-profit benefit society.

Section 41. **Medical Examination of Members.** Any non-profit benefit society may admit to beneficial membership any person not less than eighteen and not more than sixty-five years of age, who has been examined by a legally qualified practicing physician, and no person shall be admitted to membership until a certificate duly executed by such physician shall have been filed with the society. Such certificate shall be filed and preserved by the society as a permanent record. Members, Admittance and Medical Examination of.

Section 42. **Violations.** Any person who shall act within this Territory as an officer, agent, or otherwise, for any society or association which shall have failed, neglected or refused to comply with, or shall have violated, any of the provisions of Sections 32 to 40 of this Act or shall have failed or neglected to procure from the Insurance Commissioner proper permit to transact business as provided herein, shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined not more than Five Hundred Dollars (\$500.00) or imprisoned for not more than six months. Penalty—For failure to comply with law.

Certain Lodges and orders exempted.

Section 43. **Certain Orders Exempted.** Nothing contained herein shall be construed to affect or apply to grand or subordinate lodges of Masons, Odd Fellows, B. P. O. Elks, Improved Order of Red Men, Fraternal Order of Eagles, Loyal Order of Moose, or Knights of Pythias, the Grand Aerie Fraternal Order of Eagles, or societies which limit their membership to any one hazardous occupation, nor to similar societies which do not issue insurance certificates, nor to any association of local lodges of a society now doing business in this Territory, nor to domestic societies which limit their membership to the employees or agents of a particular city or town, designated firm, business house or corporation.

Acts in Conflict Repealed.

Section 44. That Articles I and II of Chapter 31 of the Compiled Laws of Alaska, 1933, and all other Acts or parts of Acts in conflict herewith, be, and the same are, hereby repealed.

Approved March 4, 1937.

## CHAPTER 23.

### AN ACT

[H. B. 39]

To accept the benefits of the provisions of an Act of Congress approved June 29, 1935, and entitled "An Act to provide for research into basic laws and principles relating to agriculture and to provide for the further development of cooperative agricultural extension work and the more complete endowment and support of land-grant colleges, approved June 29, 1935," and declaring an emergency.

Act of Congress providing for development of cooperative agricultural extension work and for complete endowment and support of land grant colleges accepted by Territory of Alaska.

*Be it enacted by the Legislature of the Territory of Alaska:*

Section 1. The grants of money authorized by an Act of Congress entitled: "An Act to provide for re-