

(5) Gross receipts of resident wholesale firms registered in Alaska as domestic corporations, or otherwise identifiable as wholesalers who are residents, which are derived from sales of finished products to dealers for resale to consumers upon which resale the tax levied hereunder applies.

(6) Gross receipts derived from any sale made to any person in a foreign country for shipment out of the United States, except when the goods or products sold are exported in bond for re-entry into the United States.

(7) Gross receipts of manufacturers or processors derived from sales of their products manufactured or processed in Alaska, except where such products are sold directly to the consumer.

(8) Gross receipts subject to the gross production tax imposed by Chapter 7, ESLA 1955, except that any person subject to said gross production tax shall in no event be excused from making application for a business license and paying the initial \$25.00 license fee or any part thereof.

(b) The word "consumer" as used in this Sec. 3 shall mean the person who, in the ordinary common meaning of the term, ultimately uses goods, and so diminishes or destroys their utilities as long as they last or until such person desires to do away with them.

(c) The exemption from taxation of certain gross receipts as herein provided shall in no case be construed to excuse the payment of the \$25.00 initial license fee or any part thereof.

Approved April 4, 1957

CHAPTER 173

AN ACT

Relating to Title 42, Insurance, ACLA 1949; repealing and re-enacting Sections 42-1-7, 42-1-10, 42-1-12, 42-1-13, 42-1-16, 42-1-17, 42-2-13, 42-3-1, 42-3-2, (as amended by Ch 160, SLA 1955), 42-3-3 through 42-3-6 and 42-3-9, ACLA 1949, and Ch. 100, SLA 1953; and amending Sec. 42-1-14, ACLA 1949, Ch. 18, SLA 1955 and Ch. 29, SLA 1955; adding a new section, repealing conflicting laws to the extent of the conflict.

(C. S. for H. B. 105)

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

Section 1. Sec. 42-1-7, ACLA 1949, is hereby repealed and is re-enacted as follows:

Sec. 42-1-7. **Organization Expense.**

The maximum organization expense which may be incurred shall in no case exceed twenty per cent of the 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.

Section 2. Sec. 42-1-10, ACLA 1949, is hereby repealed and is reenacted as follows:

Sec. 42-1-10. Certificate of Authority to Transact Business. (a) No domestic or foreign company shall transact or attempt to transact any business of insurance upon risks in Alaska 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 Alaska prerequisite to its issuance. Every such certificate shall expire on the first day of July after its issuance unless sooner revoked. The term 'transact any business' shall be deemed to include the writing of insurance by any insurer including insurers who write insurance by mail or otherwise, on any resident of or risk located in Alaska regardless of where the negotiations for, or contract of, said insurance was written or entered into.

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

(c) (1) Any insurer, upon payment of the fees and costs therefore and surrender to the Commissioner of its Certificate of Authority, may apply to withdraw from Alaska. Such application shall be made in writing,

duly executed, accompanied by evidence of due authority for such execution, and properly acknowledged.

(2) Whenever an admitted insurer fails to apply for renewal of its Certificate of Authority or whenever the Certificate of Authority admitting an insurer is not renewed or is cancelled or revoked, such insurer shall apply to withdraw as an insurer and shall withdraw as such insurer from Alaska pursuant to this section. Every Certificate of Authority hereafter granted or renewed is so granted or renewed subject to this withdrawal requirement. Acceptance of such Certificate of Authority is an agreement by the accepting insurer that it will conform to the provisions of this Act.

(3) The Commissioner shall publish such withdrawal four times in some daily or weekly newspaper of general circulation published in Alaska. The expense of such publication shall be paid in advance by the insurer.

(4) No insurer shall be permitted to withdraw from Alaska until its direct liability to its policy holders and obligees under all its insurance contracts then in force in Alaska has been assumed by another authorized insurer under an agreement approved by the Commissioner. In the case of a life insurer, its liability pursuant to contracts issued in Alaska in settlement of proceeds under its policies shall likewise be so assumed.

The Commissioner may waive this requirement if he finds upon examination that the protection to be given its policy holders in Alaska will not be impaired by

the waiver.

The assuming insurer shall within a reasonable time replace the assumed insurance contracts with its own, or by endorsement thereon acknowledge its liability thereunder.

(5) An insurer which fails to comply with the requirements of this section shall forfeit to the people of Alaska the penal sum of the bond furnished in accordance with Alaska law or the securities furnished thereunder. The penalty provided in this section shall be in addition to such other remedies as may be available to Alaska to compel compliance by such insurer with the provisions of this section, and shall not be in lieu thereof.

Section 3. Sec. 42-1-12, ACLA 1949, is hereby repealed and is re-enacted as follows:

Sec. 42-1-12. Refusal, Suspension or Revocation of Certificate of Authority. The Certificate of Authority of any insurance company, domestic, foreign, or alien, to transact or transacting business in Alaska may be refused, suspended or revoked by the Commissioner after a hearing and following notice, for any of the following causes:

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

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

(c) Without reasonable cause compels claimants under its pol-

icies to accept less than the amount due them or to bring suit against it to secure full payment thereof.

(d) Refuses to be examined or to produce its accounts, records and files for examination by the Commissioner when required.

(e) Fails to pay any final judgment rendered against it in Alaska within thirty days after the judgment becomes final.

(f) If affiliated with and under the same general management or interlocking directorate or ownership as another insurer which transacts direct insurance in Alaska without having a Certificate of Authority therefor, except as otherwise permitted by law.

(g) If the acts of the company are contrary to law.

(h) Knowingly exceeds its charter powers or its Certificate of Authority.

(i) Knowingly has an officer or director of the company who has been convicted of a felony involving moral turpitude.

Section 4. Sec. 42-1-13, ACLA 1949, is hereby repealed and is re-enacted to read as follows:

Sec 42-1-13. Fees, and Charges: The Insurance Commissioner shall charge and collect the following fees and taxes:

(a) For filing power of attorney, \$5.00;

(b) For annual licenses to each insurance company authorized under this Act, \$50.00 initial filing, \$15.00 per year for renewal;

(c) For filing annual statement, \$5.00;

(d) For issuing resident agent's license, \$25.00;

(e) For issuing solicitor's license, \$10.00;

(f) For issuing resident broker's license, \$100.00;

(g) For issuing non-resident agent's license, \$250.00;

(h) For issuing non-resident broker's license, \$250.00;

(i) For issuing non-resident surplus lines broker's license, \$300.00;

(j) For issuing resident surplus line broker's license, \$100.00;

(k) For issuing adjusters' licenses, \$25.00 resident, \$50.00 non-resident; associate adjuster, resident only, \$10.00;

(l) Examination fee for solicitors, agents and brokers, \$10.00;

(m) For issuing any other certificate required or permissible under law, \$5.00;

(n) For accepting service of process, \$2.00;

(o) For copy of insurance code, actual printing cost plus postage;

(p) For copy of insurance report, actual printing cost plus postage;

(q) For any printed material furnished by the Insurance Commissioner not mentioned above; the Insurance Commissioner may charge the actual cost of print-

ing plus handling and postage;

(r) For temporary agent's license, \$25.00 (residents only);

(s) For limited license (travel insurance agent), \$25.00;

(t) For filing of amended articles and/or by-laws, \$10.00;

(u) For an annual license to each underwriter's agency, for each company represented in such agency, \$25.00;

(v) Rating bureaus (for a 3-year license), \$100.00;

(w) Mutual Benefit Society's Permit, \$10.00;

(x) Filing appointment of agent, \$2.00;

(y) Failure to pay fees and charges imposed under this section when due subjects the violator to the penalties set forth in Sec. 42-1-15, ACLA 1949.

Section 5. Sec. 42-1-16, ACLA 1949, is hereby repealed and is reenacted as follows:

Sec. 42-1-16. **Minimum Capital and Surplus Requirements; Stockholders Liability.** (1) A stock company organized under this article shall have and at all times maintained a paid-up capital of the amount not less than the minimum capital requirement applicable to the class and clause or clauses of this Act describing the kind or kinds of insurance which it is authorized to write, as set forth in the following table:

Kind or Class

1 — Life

2 — Accident and Health

1 Only — \$100,000 capital —	\$ 50,000 surplus.....	Total, \$150,000
2 Only — \$100,000 capital —	\$ 50,000 surplus.....	Total, \$150,000
1 & 2 — \$125,000 capital —	\$ 75,000 surplus.....	Total, \$200,000

3 — Casualty—Fidelity—Surety

One clause Only —	\$100,000 capital,	\$ 50,000 surplus	Total, \$150,000
2 or more Clauses	\$300,000 capital,	\$150,000 surplus	Total, \$450,000

4 — Fire—Marine, etc.

One Clause Only —	\$100,000 capital,	\$ 50,000 surplus	Total, \$150,000
2 or more Clauses	\$300,000 capital,	\$150,000 surplus	Total, \$450,000

Multiple Line — Classes 2, 3 and 4

One or more Clauses of

Class 2, 3 & 4 — \$400,000 capital, \$200,000 surplus Total, \$600,000.

The capital of the stock company in cash or securities acceptable to the Commissioner must be on deposit with the Treasurer of Alaska, or other approved depository.

After qualifying for authority to transact a kind of insurance, a domestic stock insurer may make use of its surplus for the development of its business, to the extent that such use does not result in impairment of its capital stock. The amount of the largest minimum surplus required for any one of the kinds of insurance such an insurer is authorized to transact shall not be diminished by conversion into capital stock.

(2) No mutual company organized under this Act shall receive a license from the Commissioner to issue policies or contracts of insurance until it has placed on deposit with the Insurance Commissioner a paid-in surplus of not less than 50% of the minimum surplus requirement applicable to the kind of insurance in this section describing the kind or kinds of insurance which it is authorized to write, as set forth in the following table:

Life, Accident and Health

(a) Kind or Class 1 and/or 2 bona fide applications, upon

which there shall have been paid in cash by each applicant at least one-half ($\frac{1}{2}$) of the annual premium on the policy applied for, or at least two hundred fifty (250) members who are residents of Alaska for a death benefit for each member of not less than one thousand (\$1,000) dollars if life insurance, for an accident and health benefit of not less than ten (\$10) dollars per week if accident and health insurance and a surplus of one hundred thousand (\$100,000) dollars.

Casualty, Fidelity, and Surety

(b) Kind or Class 3, bona fide applications, upon which there shall have been paid in cash by each applicant at least one-half ($\frac{1}{2}$) of the annual premium on the policy applied for, from at least two hundred fifty (250) members who are residents of Alaska and a surplus of fifty thousand (\$50,000) dollars.

(c) Kind or Class 3, and any other one clause, bona fide applications from at least forty (40) members, who are residents of Alaska, for the insurance of at least four hundred (400) risks, upon which there shall have been paid in cash by each applicant at least one-half ($\frac{1}{2}$) the annual premium on the policy ap-

plied for, and a surplus of one hundred thousand (\$100,000) dollars.

(d) Kind or Class 3, and two or more clauses, bona fide applications for insurance from at least forty (40) members, who are residents of Alaska, for the insurance of at least four hundred (400) risks, upon which there shall have been paid in cash by each applicant at least one-half ($\frac{1}{2}$) the annual premium on the policy applied for, and a surplus of two hundred thousand (\$200,000) dollars.

Fire and Marine

(e) Kind or Class 4, any or all clauses, bona fide applications for insurance from at least forty (40) members who are residents of Alaska, for the insurance of at least two hundred fifty (250) separate risks, upon which there shall have been paid not less than one-half ($\frac{1}{2}$) the annual premium in cash on the policy applied for, and a surplus of one hundred thousand (\$100,000) dollars.

Multiple Line

(f) Kind or Classes 3 and 4, four hundred thousand (\$400,000) dollars.

A company in addition to the minimum capital required by this article shall have at the time of the issuance to it of a license, and all kind or Class 3 and kind or Class 4 companies at the time of the renewal of their license, a paid-in surplus of not less than fifty (50%) percent of its required minimum capital.

In lieu of the above requirements of applications for insurance and surplus, a mutual com-

pany may be organized by providing a surplus equal to the capital and surplus of a stock company.

(3) All domestic insurance companies in business at the time of passage of this Act shall have three (3) years to meet the capital requirements as set forth in this section.

(4) 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.

Section 6. Sec. 42-1-17, ACLA 1949, is hereby repealed and is re-enacted as follows:

Sec. 42-1-17. **Par Value of Stock.** No domestic insurance company shall transact any class of insurance in Alaska unless all of its shares of stock have a specified par value which shall not be less than Ten Dollars (\$10.00).

Section 7. Sec. 42-2-13, ACLA 1949, and Ch. 100, SLA 1953 are hereby repealed and are re-enacted as follows:

Sec. 42-2-13, Sec. 1. **Definitions.** "Surplus Line Broker" means an individual that has obtained a license permitting him to transact business in Alaska or on Alaska risks for unadmitted insurers as provided in this Act.

Sec. 2. Surplus Line Brokers: Any person deemed by the Commissioner to be competent, trustworthy and qualified under applicable provisions of this Act may be licensed as a surplus line broker, as follows:

(1) Application to the Commissioner for the license shall be made on forms furnished by the Commissioner.

(2) The license fee shall be as prescribed in this Act for each license year during any part of which the license is in force. The license year shall be from the date of issuance of the license.

(3) Prior to issuance of license the applicant shall file with the Commissioner, and thereafter for as long as the license remains in effect, the applicant shall keep in force, a surety bond in favor of the Territory of Alaska in the penal sum of \$5,000.00, issued by authorized corporate sureties approved by the Commissioner, the condition being that the business will be conducted under the license in conformity with the provisions of this Act, and that all taxes required to be paid by this Act will be promptly remitted. No such bond shall be terminated by the licensee unless at least 30 days prior written notice thereof has been filed with the Commissioner.

(4) Residency in Alaska is not a requirement.

Sec. 3. Unauthorized Insurers (Unadmitted Companies): (1) An insurer not thereunto authorized by the Commissioner shall not solicit insurance business in Alas-

ka, nor transact insurance business in Alaska except as provided in this Act.

(2) No person shall, in Alaska, represent an unauthorized insurer except as provided in this Act. This provision shall not apply to any adjuster or attorney-at-law representing such an insurer from time to time in Alaska in his professional capacity.

(3) Each violation of this Act shall constitute a separate offense punishable by a fine of not less than Fifty (\$50.00) dollars nor more than one thousand (\$1,000) dollars, for each and every offense.

Sec. 4. Validity of Contracts Illegally Effectuated: A contract of insurance effectuated by an unauthorized insurer in violation of the provisions of this Act shall be voidable except at the instance of the insurer.

Sec. 5. "Surplus Line" Insurance in Unauthorized Insurers: (1) If certain insurance coverages cannot be procured from authorized insurers, such coverages, hereinafter designated as "surplus lines", may be procured from unauthorized insurers subject to the following conditions:

(a) The insurance must be procured through a licensed surplus line broker.

(b) The insurance must not be procurable, after diligent effort has been made to do so from among a majority of the insurers in the office of the agent or broker authorized to transact that kind of insurance in Alaska and placing the insurance in an unauthorized insurer must not be for the pur-

pose of securing a lower premium rate than would be accepted by an authorized insurer.

(c) At the time of the procuring of any such insurance an affidavit setting forth the fact referred to in item (b) of this section must be executed by the surplus line broker. Such affidavit shall be filed with the Commissioner within thirty (30) days after the insurance is procured.

(2) Workmen's Compensation Insurance may be placed in and written by unauthorized insurers subject to the following conditions:

(a) The Commissioner deems it in the best interest of the public and issues a directive to that effect;

(b) Such insurance must be placed through a surplus line broker licensed by Alaska;

(c) Such broker shall make the reports and pay taxes with respect to such insurance in the same manner, at the same time, and at the same rates as apply to other surplus lines coverages under this Act;

(d) The rates for such insurance shall be subject to the applicable provisions of Title 42, Ch. 4, ACLA 1949 (Rate Regulation).

(e) Such insurance, and the surplus line broker with respect thereto, shall be subject to the applicable provisions of this Act.

(f) The financial condition and responsibility of the unadmitted insurer is found by the Commissioner to be reasonably

satisfactory, assuring adequate protection to the public.

Sec. 6. Endorsement of Contract: Every insurance contract procured and delivered as a surplus line coverage pursuant to this Act shall have stamped upon it and be initialed by or bear the name of the surplus line broker who procured it, the following: "This contract is registered as a surplus line coverage under the insurance code of Alaska."

Sec. 7. Surplus Line Insurance Valid: Insurance contracts procured as surplus line coverage from unauthorized insurers in conformity with this Act shall be fully valid and enforceable as to all parties, and shall be recognized as like contracts issued by authorized insurers.

Sec. 8. May Accept Business From Agents: A licensed surplus line broker may accept and place surplus line business for any insurance agent or broker licensed in Alaska for the kind of insurance involved, and may compensate such agent or broker therefor.

Sec. 9. Surplus Lines in Solvent Insurers: (a) A surplus line broker shall not knowingly place surplus line insurance with financially unsound insurers. The broker shall ascertain the financial condition of the unauthorized insurer before placing insurance therewith. The broker shall not so insure with any stock or mutual insurer having capital and surplus or the equivalent thereto amounting to less than that required to qualify as a domestic company.

(b) Upon conviction for a violation of this section, the broker shall be fined not less than

fifty (\$50.00) dollars or more than two hundred and fifty (\$250.00) dollars for each of-fense, his surplus line broker's license shall be revoked, and he may not again be so licensed within a period of two years thereafter.

Sec. 10. Records of Surplus Line Broker: Each licensed surplus line broker shall keep in his office a full and true record of each surplus line contract procured by him including a copy of the daily report, if any, showing such of the following items as may be applicable:

- (1) amount of the insurance;
- (2) gross premiums charged;
- (3) return premium paid, if any;
- (4) rate of premium charged upon the several items of property;
- (5) effective date of the contract, and the terms thereof;
- (6) name and address of the insurer;
- (7) name and address of the insured;
- (8) brief general description of property insured and where located;
- (9) other information as may be required by the Commissioner.

The record shall at all times be open to examination by the Commissioner or his authorized representative.

Sec. 11. Annual Statement and

Tax on Surplus Lines: (1) Every surplus line broker, whether resident or non-resident, who places, procures, effects or delivers any contract of insurance or insurance policy, as herein provided, shall annually, on or before the first day of March in each year, make and file with the Commissioner a verified statement, upon a form to be prescribed and furnished by the Commissioner, which shall exhibit the true amount of all such business transacted by such surplus line broker during the year ending on the thirty-first day of December next preceding the making of such annual statement, showing the gross amount of each kind of insurance, the gross premiums charged for such insurance, the aggregate amount of return premiums paid to the insured, the amount of the net premiums, the amounts actually paid to or on behalf of policyholders on losses, and such other facts and information as the Commissioner may prescribe and require.

(2) The Insurance Commissioner shall charge a filing fee equal to one-half of one percentum on all premiums collected during the preceding calendar year as shown on said statements, after deducting from the gross amount thereof the amounts paid to policyholders as return premiums, which fee shall not be less than \$50.00 and shall be paid at the time of the filing of said verified statement with the Commissioner and shall be deposited with the Treasurer of Alaska in general fund.

(3) The surplus line broker making such statement shall pay to the Insurance Commis-

sioner the taxes which are hereby levied upon said business, namely, the premium tax as required by Alaska, as and at the time and in the manner provided for the payment of tax under this section.

(4) If a surplus line policy covers risks or exposures only partially in Alaska the tax so payable shall be computed upon the proportion of the premium which is properly allocable to the risks or exposures located in Alaska.

Sec. 12. Penalty for Failure to File Statement or Remit Tax: If any surplus line broker fails to file his annual statement, or fails to remit the tax provided by this Act, prior to the first day of April after the tax is due, he shall be liable for a fine of twenty-five (\$25.00) dollars for each day of delinquency commencing with the first day of April. The tax may be collected by distraint, or the tax and fine may be recovered by an action instituted by the Commissioner in any court of competent jurisdiction. Any fine collected by the Commissioner shall be paid to the Treasurer of Alaska and credited to the General Fund.

Sec. 13. Revocation of License:
(1) The Commissioner shall revoke any surplus line broker's license:

(a) If the broker fails to file his annual statement or to remit the tax as required by this section; or

(b) for any of the causes for which a general broker's license may be revoked.

(2) The Commissioner may suspend or revoke any such li-

cence whenever he deems suspension or revocation to be for the best interests of the people of Alaska.

(3) The procedures provided by this Act for the suspension or revocation of general broker's licenses shall be applicable to suspension or revocation of a surplus line broker's license.

(4) No broker whose license had been so revoked or suspended shall again be so licensed within one (1) year thereafter, nor until any fines or delinquent taxes owing by him have been paid.

Sec. 14. Legal Process Against Surplus Line Insurer: (1) An unauthorized insurer shall be sued, upon any cause of action arising in Alaska under any contract issued by it as a surplus line contract, pursuant to this Act, in the district court in which the cause of action arose.

(2) Service of legal process upon the insurer may be made in any such action by service upon the Commissioner. The Commissioner shall forthwith mail the documents of process served, or a true copy thereof, to the person designated by the insurer in the policy for the purpose by prepaid registered mail with return receipt requested. The insurer shall have twenty (20) days from the date of service within which to plead, answer, or otherwise defend the action. Upon service of process upon the Commissioner in conformity with this provision, the court shall be deemed to have jurisdiction in personam of the insurer.

(3) An unauthorized insurer

issuing such policy shall be deemed thereby to have authorized service of process against it in the manner and to the effect as provided in this Act. Any such policy shall contain a provision stating the substance of this section, and designating the person to whom the Commissioner shall mail process as provided in paragraph two of this section.

Sec. 15. Exemptions: (1) The provisions of this Act controlling the placing of insurance with unauthorized insurers shall not apply to reinsurance or to the following insurances when so placed by licensed agents or brokers of Alaska:

(a) Ocean marine and foreign trade insurances;

(b) Insurance on subjects located, resident, or to be performed wholly outside of Alaska, or on vehicles or aircraft owned and principally garaged outside Alaska.

Section 8. Sec. 42-3-1, Sec. 42-3-2 (as amended by Ch. 160, SLA 1955), Sec. 42-3-3 through Sec. 42-3-6, and Sec. 42-3-9 ACLA 1949 are hereby repealed and are re-enacted as follows:

Sec. 1. General Definitions. (a) "Adjuster" means any person, resident or non-resident, who, for compensation as an independent contractor, for fee or commission, investigates, settles and reports to his principal concerning claims arising under insurance contracts, on behalf solely of either the insured or the insurer. Employees of a licensed adjuster, an attorney at law who adjusts insurance losses from time-to-time incidental to the practice of his profession, or a sal-

aried employee of an insurer or a managing general agent, is not deemed to be an adjuster for the purpose of this section.

(b) "Broker" means any person who, on behalf of the insured, for compensation as an independent contractor for commission, or fee, and not being an agent of the insurer, solicits, negotiates, or procures insurance, or reinsurance or the renewal or continuance thereof, or in any manner aids therein, for insureds or prospective insureds other than himself.

(c) "Agent" means any person appointed by an insurer to solicit applications for insurance on its behalf, and if authorized to do so, to effectuate and counter-sign insurance contracts, and to collect premiums on insurance so applied for or effectuated.

(d) "Solicitor" means an individual authorized by a resident agent to solicit applications for insurance as a representative of such agent and to collect premiums in connection therewith. An individual employed by and devoting full time to clerical work with incidental taking of insurance applications and receiving premiums in the office of the agent is not deemed to be a solicitor if his compensation is not related to the volume of such application (s), insurance (s), or premium (s).

Sec. 2. No Person to Transact Business Without License — Penalty. (a) No person shall do or perform any act as agent, broker, solicitor or adjuster or advertise or hold himself out as an agent, broker, solicitor or adjuster for any kind of insurance with respect to risks located in Alaska without holding a proper license then in

force, and this shall include all persons soliciting, writing or adjusting insurance, whether employees of licensees or not. Any person who shall exercise the business or occupation of an insurance broker, agent, solicitor or adjuster without first having procured a license therefor, as provided in this Act, shall be subject to a fine or penalty not exceeding One Thousand (\$1,000) Dollars, imprisonment not to exceed six months, or both for each instance of such violation.

(b) Any action brought under this section shall be prosecuted in a court of competent jurisdiction anywhere in Alaska by the Attorney General of Alaska or his assistants.

(c) The possession of a license under the provisions of this Act shall be authorization to transact such business as shall be indicated in such license and shall be in lieu of all licenses required to solicit insurance business within Alaska.

Sec. 3. General Qualifications for License. For the protection of the people of Alaska the Commissioner shall not issue or renew any license except in compliance with this Act; nor shall any license be issued to, or exercised by any person not found by the Commissioner to be trustworthy, or competent, or qualified therefor in accordance with this Act to the satisfaction of the Commissioner.

Sec. 4. Controlled Business: Defined. "Controlled business" means insurance procured or to be procured by or through such person upon:

(a) His own life, person, or property or those of his spouse or relatives by blood or marriage

to the second degree;

(b) the life, person, or property of his employer, or his firm, or of any officer, director, stockholder, or member of his employer or firm, other than members of mutual insurers or of any spouse of such employer, officer, director, stockholder, or member;

(c) the life, person, or property of his ward, or his employees; or upon persons or property under his supervision or control as trustee under any indenture or decree, or as administrator or executor of any estate.

Sec. 5. Controlled Business. The Commissioner shall not grant an agent's solicitor's or broker's license to any person if the Commissioner has reasonable cause to believe that:

(a) During either of the two (2) years immediately preceding the request for renewal of any such license the aggregate amount of commissions represented by the controlled business procured by or through the license exceeded the aggregate amount of commissions represented by all other insurance business procured by or through him; or

(b) the circumstances of the applicant for such license or of any such licensee are such as to cause the Commissioner reasonably to believe that during the twelve-month period immediately following the issuance or renewal of the license, if so issued or renewed, the aggregate amount of commissions to be represented by such controlled business would exceed the aggregate amount of commissions to be represented by all other insurance business to be procured by or through such applicant or licensee.

Sec. 6. Exceptions. The vendor who is title holder of property being sold under an installment purchase contract shall not be deemed to be the owner of such property for the purposes of this Act.

Sec. 7. Applications for License:

(a) Application for any such license shall be made to the Commissioner upon forms as prescribed and furnished by him. As a part of or in connection with any such application the applicant shall furnish information concerning his identity, personal history, experience, business record, purposes, and other pertinent facts, as the Commissioner may reasonably require.

(b) Any person wilfully misrepresenting any fact required to be disclosed in any such application shall be liable to penalties as provided by this Act.

Sec. 8. Number of Applications.

(a) The filing of personal data by an individual in connection with one (1) application for an agent's license shall be sufficient, regardless of the number of insurers to be represented by the agent or the number of subsequent applications by the same applicant.

(b) The Commissioner may, for his information from time to time require any licensed agent, solicitor, broker, or adjuster, to supply him with the information called for in an application for license.

Sec. 9. Examinations for License:

Each applicant for license as agent, broker, solicitor, or adjuster shall prior to the issuance of any such license, personally take and pass to the satisfaction of the Commis-

sioner an examination given by the Commissioner as a test of his qualifications and competence; but this requirement shall not apply to:

(a) Applicants for limited licenses, as travel insurance agents only.

(b) Applicants for license as nonresident agent or as nonresident broker or as a nonresident adjuster who have fulfilled examination and other qualifications required in their state of residence and who are deemed by the Commissioner to be fully qualified and competent, except that the Commissioner may, at any time, require any such nonresident licensed agent, broker or adjuster to take and successfully pass an examination testing his competence and qualifications as a condition to the issuance or renewal of a license.

(c) Applicants for renewal of licenses in force one year immediately prior to the effective date of this code shall not be required to take an examination; except the Commissioner may, at any time, require any licensed agent, broker, solicitor, or adjuster to take and successfully pass an examination testing his competence and qualifications as a condition to the continuance or renewal of his license, if the licensee has been guilty of violation of the insurance laws of Alaska, or has so conducted his affairs under his license to cause the Commissioner reasonably to desire further evidence of his qualifications.

(d) An applicant for license as agent of an insurer may, in lieu of examination by the Commissioner, take and pass a similar examination given and super-

vised by the insurer if the following conditions are complied with:

(1) The insurer must have filed with and had approved by the Commissioner an outline of the course of study and instruction in good faith to be given such applicants by or on behalf of the insurer.

(2) The applicant must have completed such course.

(3) The examination must be in writing and be taken by the applicant in person and without aid, and the questions and answers thereto must be kept on file as required by the Commissioner.

(4) The official or representative of the insurer in charge of the examination must certify to the Commissioner the results thereof and grade received prior to issuance of the license applied for.

(e) The Commissioner may at any time withdraw from an insurer the privilege of giving examinations as provided in this section and may reexamine at any time any applicant or agent previously given an examination by an insurer.

Sec. 10. Scope of Examination:

(a) Each such examination shall be as the Commissioner prescribes, shall be given within thirty (30) days of the application for license, and shall be of sufficient scope reasonably to test the applicant's knowledge relative to the kinds of insurance which may be dealt with under the license applied for, and of the duties and responsibilities of, and laws of Alaska applicable to, such a licensee.

(b) The answers of the appli-

cant to any such examination shall be written by the applicant under the Commissioner's supervision, and any such written examination may be supplemented by oral examination at the Commissioner's discretion.

(c) The Commissioner shall give examinations at such times and places within Alaska as he deems necessary reasonably to serve the convenience of both the Commissioner and the applicants.

(d) The Commissioner may require a waiting period of reasonable duration before giving a new examination to an applicant who has failed to pass a previous similar examination.

(e) For each examination taken, the Commissioner shall collect in advance the fee provided in this Act. This fee shall not be returned for any reason.

Sec. 11. Agent's and Broker's Qualifications: To qualify for a resident or non-resident agent's or broker's license an applicant must otherwise comply with this code therefor and must:

(a) be twenty-one (21) years of age or over;

(b) if for a resident agent's or broker's license: be a bonafide resident for a period of not less than one year of continuous residency, immediately prior to issuance of license, and actually residing in Alaska;

(c) successfully pass an examination if required under this Act;

(d) be a trustworthy individual and must not have been convicted of a felony involving moral turpitude;

(e) not intend to use or misuse the license for the purpose prin-

cipally of writing controlled business, as defined in this Act;

(f) if for an agent's license, be immediately eligible for appointment as its agent by one (1) or more authorized insurers, subject to issuance of the license;

(g) if for broker's license, have had experience either as an agent, solicitor, adjuster, general agent, broker, or as an employee of insurers or representatives of insurers, or special education or training of sufficient duration and extent reasonably to satisfy the Commissioner that he possesses the competence necessary to fulfill the responsibilities of broker.

If the Commissioner finds that the applicant is so qualified and that the license fee has been paid, he shall issue the license, subject to any conditions he deems necessary in the public interest, otherwise, the Commissioner shall refuse to issue the license.

Sec. 12. Appointment of Agents.

Each insurer on appointing an agent in Alaska shall file written notice thereof in triplicate with the Commissioner on forms as prescribed and furnished by him. If then licensed and has paid the necessary licensing fee, or as soon as licensed, the Commissioner shall mail one (1) copy of the appointment to the agent and return one (1) copy to the company with the third copy being retained in the Commissioner's office.

Sec. 13. Term of Appointment of Agent. Each such appointment shall continue in force until:

(a) the appointment shall expire on the 30th of June of each year. This appointment must

be renewed by the company, or

(b) the appointment is revoked by the insurer by written notice of such revocation to the agent. The insurer shall forthwith file a duplicate copy of such notice of revocation with the Commissioner. No fee shall be charged for filing such copy.

Sec. 14. Revocation of Appointment:

Revocation of an appointment by the insurer shall be deemed to be effective as of the date designated in the notice as being the effective date if the notice is actually received by the agent prior to such designated date; otherwise, as of the earlier of the following dates:

(a) The date such notice of revocation was received by the agent.

(b) The date such notice, if mailed to the agent at his last address of record with the insurer, in due course should have been received by the agent.

Sec. 15. Contents of Licenses—

Agents, Brokers, Solicitors: Agents', solicitors', and brokers' licenses shall be in such form as the Commissioner prescribes, and shall set forth:

(a) the name and address of the licensee; or if he is required to have a place of business, the address of the place of business;

(b) the kind or kinds of insurance the licensee is thereby licensed to handle;

(c) if a solicitor's license, the name and address of the resident agent represented by the solicitor;

(d) the conditions under which the license is granted;

(e) the date of issuance and date of expiration of the license.

Licenses may be issued in a trade name if the Commissioner finds that the individual agent is generally known by such trade name. An individual agent's name must be shown on the license. This agent must have qualified by examination, except as otherwise provided in this Act.

Sec. 16. Limited Licenses: The Commissioner may issue limited licenses for travel insurance agents to persons selling transportation tickets of a common carrier of persons or property who shall act as such agents only as to transportation ticket policies of disability insurance or baggage insurance on personal effects.

Sec. 17. Number of Licenses: An agent is required to have but one license inclusive of all other kinds or combination of kinds of insurance he is licensed to handle, regardless of the number of insurers for whom he is appointed as agent for such insurers of any of them.

Sec. 18. Scope of Broker's License: A resident or non-resident broker's license shall be issued to cover all kinds of insurance and in no instance shall a broker's license be limited to particular kinds of insurance.

Sec. 19. Broker's Bond: (a) Every applicant for a resident or non-resident broker's license or for the renewal of such a broker's license shall file with the application or request for renewal and

shall thereafter maintain in force while so licensed, a bond, in favor of the people of Alaska, executed by an authorized corporate surety approved by the Commissioner, in the amount of twenty-five hundred (\$2,500.00) dollars. The bond may be continuous in form, and total aggregate liability on the bond may be limited to the payment of twenty-five hundred (\$2,500.00) dollars. The bond shall be contingent on the accounting by the broker to any person requesting the broker to obtain insurance, for moneys or premiums collected in connection therewith.

(b) Any such bond shall remain in force until the surety is released from liability by the Commissioner, or until the bond is cancelled by the surety as set forth herein. Without prejudice to any liability accrued prior to such cancellation, the surety may cancel the bond upon thirty (30) days advance notice in writing filed with the Commissioner.

Sec. 20. Broker's Authority and Commissions: (a) A broker, as such, is not an agent or other representative of an insurer, and does not have power, by his own acts, to bind the insurer upon any risk or to bind the insurer with reference to any insurance contract.

(b) An insurer or agent shall have the right to pay to a broker, licensed under this Act, or under the laws of any state or province, and such broker shall have the right to receive from the insurer or agent, the customary commissions upon insurances placed in the insurer by the broker.

Sec. 21. Agent, Broker, license Combinations: A licensed agent may be licensed as a broker and be a broker as to insurers for which he is not then licensed as agent. A licensed broker may be licensed as and be an agent as to insurers appointing him as agent. The sole relationship between a broker and an insurer as to which he is licensed as an agent shall, as to transactions arising during the existence of such agency appointment, be that of insurer and agent.

Sec. 22. Solicitor's Qualifications: The Commissioner shall issue a license as a solicitor to an individual subject to such conditions as he deems in the public interest and who meets the following requirements:

(a) Is a bonafide resident of Alaska and has been a continuous resident for at least one year immediately prior to issuing of a license.

(b) Is to represent and be employed by no more than one
(1) resident licensed agent at any time;

(c) Has passed any examination as required under this Act;

(d) Is otherwise qualified under this Act.

Sec. 23. Application for Solicitor's License: The Commissioner shall issue a solicitor's license only upon application by the applicant and the request of the resident agent to be represented. Application shall be submitted on such forms as the Commissioner shall prescribe and furnish.

Sec. 24. Solicitor's License Fee, Custody and Cancellation: (a) The fee for issuance or renewal

of a solicitor's license shall be paid by the resident agent by whom the solicitor is employed.

(b) The solicitor's license shall be delivered to and shall remain in the possession of the employing agent. Upon termination of such employment, the license shall likewise terminate and shall be returned to the Commissioner for cancellation.

Sec. 25. Limitations Upon Solicitors: (a) A solicitor's license shall not cover any kind of insurance for which the agent by whom he is employed is not then licensed.

(b) A solicitor shall not have power to bind an insurer upon or with reference to any risk or insurance contract, or to countersign insurance contracts.

(c) Any individual while licensed as a solicitor shall not be licensed as an agent or broker, except when he is licensed as a life, accident and health agent.

Sec. 26. Responsibility of Employer: All business transacted by a solicitor under his license shall be in the name of the resident agent by whom he is employed and the said agent shall be responsible for all acts or omissions of the solicitor within the scope of such employment.

Sec. 27. Nonresident Agents, Brokers or Adjusters: The Commissioner may license as a nonresident insurance agent, or broker or adjuster any individual who otherwise qualifies under this Act, but who is not a resident of or domiciled in Alaska provided, however:

(a) Such non-resident licen-

see shall be subject to the same obligations and limitations and to the Commissioner's supervision as though the non-resident licensee were a resident of Alaska;

(b) No such individual shall be so licensed unless he files the power of attorney provided for in this Act.

Sec. 28. Process Against Non-Resident Licensees: (a) Each licensed non-resident agent, broker or adjuster shall appoint the Commissioner as his attorney to receive service of legal process issued against the agent, broker or adjuster in Alaska upon causes of action arising within Alaska. Service upon the Commissioner as attorney shall constitute effective legal service upon the agent or broker.

(b) The appointment shall be irrevocable for as long as there could be any cause of action against the agent, broker or adjuster arising out of his insurance transactions affecting risks or property in Alaska.

(c) Duplicate copies of such legal process against such agent or broker shall be served upon the Commissioner either by a person competent to serve a summons, or through registered mail. At the time of such service the plaintiff shall pay to the Commissioner two dollars (\$2), taxable as costs in the action. The plaintiff shall also send copies of such legal process, by registered mail, with return receipt requested, to the defendant agent or broker at his last known address.

(d) Upon receiving service,

the Commissioner shall also forthwith send one copy of the copies of the process, by registered mail with return receipt requested, to the defendant agent, broker or adjuster at his last known address of record with the Commissioner.

(e) The Commissioner shall keep a record of the day and hour of service upon him of all such legal process.

Sec. 29. Qualifications for Adjuster's License: The Commissioner shall license as an adjuster any individual who has otherwise complied with this Act and who has furnished evidence satisfactory to the Commissioner that he is qualified as follows:

(a) Is twenty-one (21) or more years of age;

(b) Is a trustworthy person, and has not been convicted of a felony involving moral turpitude;

(c) Has had experience or special education or training with reference to the handling of loss claims under insurance contracts, of sufficient duration and extent reasonably to make him competent to fulfill the responsibilities of an adjuster, or is a person acting as an associate adjuster to represent a resident licensed adjuster. Associate adjusters must be qualified as hereinabove provided except as to experience, special education or training;

(d) Has successfully passed any examination as required under this Act.

Sec. 30. Form of Adjuster's License: The Commissioner shall prescribe the form of adjuster's

license, and which shall contain:

(a) the name of the adjuster, and the address of his place of business;

(b) a statement that he is licensed as an adjuster;

(c) date of issuance and date of expiration of license;

(d) other statements proper to the purposes of the license.

Sec. 31. Agent May Adjust: Out-of-State Adjusters: (a) On behalf of and as authorized by an insurer for which he is licensed as agent, an agent may from time to time act as an adjuster and investigate and report upon claims without being required to be licensed as an adjuster.

(b) No license shall be required of a non-resident adjuster, for the adjustment in Alaska of a single loss, or of losses arising out of catastrophe common to all such losses.

Sec. 32. Report of Losses. (a) Every adjuster who investigates any fire loss claim under any insurance contract covering property located in Alaska, shall promptly report to the Commissioner any facts or circumstances found and from which he believes fraud has been committed or attempted.

(b) Upon completing the adjustment of any fire loss requiring claim payments aggregating one hundred (\$100) dollars or more, for damage to or destruction of property located in Alaska under any policy or policies issued by an unauthorized insurer, an adjuster shall promptly report the details thereof to the Commissioner,

upon forms prescribed and furnished by him. Such report shall state the names of the insurers and insured involved, amount of insurance on the property carried in each insurer, the amount of claim and the amount paid by each insurer on account thereof, the circumstances of the loss, and other information as the Commissioner requests.

Sec. 33. Place of Business: Every licensed agent, broker and adjuster, other than an agent licensed for life or disability insurances only, shall have and maintain in Alaska or, if a non-resident agent, non-resident broker or non-resident adjuster, in the state of his domicile, a place of business accessible to the public. Such place of business shall be that wherein the agent, broker or adjuster principally conducts transactions under his license. The address of his place of business shall appear on all licenses of the licensee, and the licensee shall promptly notify the Commissioner of any change thereof.

Sec. 34. Display of License: (a) The license or licenses of each agent, other than licenses as to life or disability insurances only, or that of each broker or adjuster shall be displayed in a conspicuous place in that part of his place of business which is customarily open to the public.

(b) The license of a solicitor shall be so displayed in the place of business of the agent by whom he is employed.

Sec. 35. Record of Agents, Brokers, Adjusters: Every agent, broker, or adjuster shall keep at his address as shown on his li-

cense, a record of all transactions consummated under his license. This record shall be in organized form and shall include:

(a) If an agent or broker,

(1) a record of each insurance contract procured, issued, or countersigned, together with the names of the insurers and the insureds, the amount of premium paid or to be paid, and a statement of the subject of the insurance;

(2) the names of any other licensees from whom business is accepted, and of persons to whom commissions or allowances of any kind are promised or paid.

(b) If an adjuster,

(1) a record of each investigation or adjustment undertaken or consummated, and

(2) a statement of any fee, commission, or other compensation received or to be received by the adjuster on account of such investigation or adjustment.

Such other and additional information as shall be customary, or as may reasonably be required by the Commissioner.

All such records as to any particular transaction shall be kept available and open to the inspection of the Commissioner at any business time during the five (5) years immediately after the date of the completion of such transaction, however this section shall not apply as to life or disability insurances.

Sec. 36. Reporting and Accounting for Premiums: (a) An agent or any other representative of an insurer involved in the procuring or issuance of an insurance contract shall report to the insurer the exact amount of consideration charged as premium for such contract, and such amount shall likewise be shown in the contract and in the records of the agent. Each willful violation of this provision shall constitute a misdemeanor.

(b) All funds representing premiums or return premiums received by an agent, solicitor or broker, shall be so received in his fiduciary account, and shall be deposited in a bank account or depository separate from any other account or depository, and shall be promptly accounted for and paid to the insured, insurer, or agent as entitled thereto.

(c) Any agent, solicitor, or broker who, not being lawfully entitled thereto diverts or appropriates such funds or any portion thereof to his own use, shall be guilty of embezzlement, and shall be punished as provided in the criminal statutes of Alaska.

Sec. 37. Sharing Commissions: (a) No agent, general agent, solicitor or broker shall compensate in any manner any person other than an agent, general agent, solicitor, or broker, licensed in Alaska or any territory, state or province, for procuring or in any manner helping to procure applications for or to place insurance in Alaska. This provision shall not prohibit the payment of compensation not contingent upon volume of business transacted, in

the form of salaries to the regular employees of such agent, general agent, solicitor or broker.

(b) No such licensee shall be promised or allowed any compensation on account of the procuring of applications for or the placing of kinds of insurance which he himself is not then licensed to procure or place.

(c) The Commissioner shall suspend or revoke the licenses of all licensees participating in any violation of this section.

Sec. 38. Renewal: (a) Subject to the right of the Commissioner to suspend, revoke, or refuse to renew any license as provided in this Act, any such license may be renewed for another like period by filing with the Commissioner on or before the expiration date a written request, by or on behalf of the licensee, for such renewal accompanied by payment of the renewal fee as specified in this Act. An agent shall make and file renewal requests on behalf of his solicitors.

(b) If request and fee for renewal of license is filed with the Commissioner prior to expiration of the existing license, the licensee may continue to act under such license, unless sooner revoked or suspended, until the issuance of renewal license or until the expiration of five (5) days after the Commissioner has refused to renew the license and has mailed notice of such refusal to the licensee, provided, however, the Commissioner may revoke or suspend a licensee effective immediately. Any request for renewal not so filed until after date of expiration may be considered by the

Commissioner as an application for a new license.

Sec. 39. Temporary Licenses: The Commissioner may issue an agent's or broker's temporary license in the following circumstances:

(a) to the surviving spouse or next of kin or to the administrator or executor of a licensed agent or broker becoming deceased;

(b) to the spouse, next of kin, employee, or legal guardian of a licensed agent or broker becoming disabled because of sickness, insanity, or injury;

(c) to a surviving member of a firm or partnership or employee thereof.

(d) to applicants for licensing as agent of an insurer, and pending completion of the course of instruction and examination as provided in this Act; such licenses shall be for a period of not more than ninety (90) days.

An individual to be eligible for any such temporary license must be qualified as for a permanent license except as to the experience, training, or the taking of any examination.

Sec. 40. Temporary Licenses — Duration, Powers:

(a) No such temporary license shall be effective for more than ninety (90) days in any twelve-month period except at the discretion of the Commissioner when the temporary licensee is acting as an administrator or otherwise endeavoring to settle or dispose of an estate, and the Commissioner may for good cause re-

fuse so to license again any person who has previously been so licensed;

(b) An individual requesting a temporary agent's license on account of a death or disability of an agent, shall not be so licensed for an insurer for which such deceased agent was not licensed at the time of death or commencement of disability;

(c) No person writing or renewing any "controlled business" as defined in this Act, under any temporary license, shall be entitled to receive any commission or other compensation on account thereof unless and until prior to the expiration of the temporary license such person fully qualifies for and receives a permanent license in replacement of the temporary license. Otherwise, the licensee under such temporary license may exercise the same powers as under a like permanent license.

Sec. 41. Denial, Suspension, Revocation of Licenses: The Commissioner may after hearing upon notice as provided in this Act, revoke, or refuse to renew any license issued under this Act, or any surplus line broker's license for any cause specified in any other provision of the insurance laws of Alaska or for any of the following causes:

(a) For any cause for which issuance of the license could have been refused had it then existed and been known to the Commissioner.

(b) If the licensee willfully violates or knowingly participates in the violation of any

provision of this Act.

(c) If the licensee has obtained or attempted to obtain any such license through willful misrepresentation or fraud, or has failed to pass any examination required under this article.

(d) If the licensee has misappropriated or converted to his own use or has illegally withheld moneys required to be held in a fiduciary capacity.

(e) If the licensee has, with intent to deceive, materially misrepresented the terms or effect of any insurance contract; or has engaged in any fraudulent transaction.

(f) If the licensee has been guilty of "twisting" as that term is customarily used in the insurance business.

(g) If the licensee has been convicted of a felony.

(h) If in the conduct of his affairs under the license, the licensee has shown himself to be, and is so deemed by the Commissioner, incompetent, or untrustworthy, or a source of injury and loss to the public.

(i) If the licensee has dealt with, or attempted to deal with, insurances or to exercise powers relative to insurance outside the scope of his licenses.

(j) If the licensee has violated any lawful order or regulation, directive, bulletin or ruling of the Commissioner, the Commission or the Courts of Alaska.

The holder of any license which has been revoked or suspended shall surrender the license cer-

tificate to the Commissioner at the Commissioner's request.

Sec. 42. Mandatory Revocation: The Commissioner shall revoke or refuse to renew any such license immediately and without hearing, upon conviction of the licensee of a felony by any court of competent jurisdiction.

Sec. 43. Duration of Suspension: Every order suspending any such license shall specify the period during which suspension will be effective, and which period shall in no event exceed twelve (12) months.

Sec. 44. Power to Assess Penalties: After hearing and in addition to or in lieu of the suspension, revocation, or refusal to renew any such license, the Commissioner may assess a penalty upon the licensee for each violation committed an amount of not less than twenty-five (\$25.00) dollars and not more than two hundred and fifty (\$250.00) dollars. The order assessing such penalty shall specify the period within which the penalty shall be fully paid, and which period shall be not less than fifteen (15) nor more than thirty (30) days from the date of the order. Upon failure to pay any such penalty when due, the Commissioner shall revoke the licenses of the licensee if not already revoked, and the penalty shall be recovered together with all costs in a civil action brought in behalf of the Commissioner by the Attorney General. Any penalty so collected shall be paid by the Commissioner to the Treasurer of Alaska for the account of the general fund.

Sec. 45. Reinstatement or Re-Licensing: The Commissioner shall not reinstate the license of

or re-license any licensee whose license has been suspended, revoked, or refused, until any cause for the suspension, revocation, or refusal of such license is no longer existing, or until any penalty theretofore assessed upon the licensee pursuant to this Act has been fully paid.

Sec. 46. Penalty in Lieu: Upon the hearing of an appeal from an order suspending, revoking, or refusing to renew any license issued under this article, the Commissioner, or the court, if it finds that the licensee is guilty of a violation of the law and if it deems the suspension, revocation, or refusal too severe a penalty under the facts as found, may impose an aggregate penalty of not more than five hundred (\$500.00) dollars in lieu thereof, and payment of such fine within ten (10) days thereafter shall reinstate, restore or renew, the license.

If it appears that a license of the licensee has theretofore been suspended, revoked, or refused for a similar offense, the court shall not have jurisdiction to impose a penalty in lieu of the action required by the order appealed from.

Sec. 47. Existing Licenses: Every license or certificate of authority in force immediately prior to the effective date of this Act and existing under any Act herein repealed is valid until its original expiration date, unless earlier terminated in accordance with this Act.

Section 9. Sec. 42-1-14, ACLA 1949, is hereby amended as follows:

Sec. 42-1-14. Annual Statements: Contents: Tax. All insurance companies, corporations, as-

sociations, firms or individuals now and hereafter doing business in Alaska must file with the Insurance Commissioner on or before March first in each year, a statement of all insurance business written or contracted for by the company making such statement, in Alaska, during the year ending December thirty-first next preceding; the amounts actually paid policyholders on losses; the amounts of premiums received or contracted for; the amounts paid policyholders as returned premiums; the amounts paid policyholders as dividends; the amounts of insurance reinsured in other companies authorized to do business in Alaska, and amount of premiums paid therefor; the amount of insurance reinsured in companies, naming them, not authorized to do business in Alaska 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 Alaska with the names of the companies so reinsured. And said company, corporation, association, firm or individual other than domestic (which domestic companies shall have a tax free period of 5 years from the date of organization. After the five year period, domestic companies shall pay one-half of the existing premium tax) shall pay on or before March thirty-first to the Insurance Commissioner a tax of two per centum or such premium tax as may be prescribed by law, on all gross premiums, received during the year ending on the next preceding thirty-first day of December upon property or risks resident or located in Alaska, less return premiums and less rein-

surance premiums received from authorized companies.

Section 10. Chapter 18, SLA 1955, is hereby amended as follows:

Sec. 2. Insurance Commission:

Qualifications. The members of the Commission shall be residents and inhabitants of Alaska and shall be selected as follows: (1) one member shall be selected from persons regularly engaged as officers, agents or brokers of fire and casualty insurance; (2) one member shall be selected from persons regularly engaged as officers, agents or brokers of domestic stock insurance companies; (3) one member shall be selected from persons regularly engaged as officer, agents or brokers of foreign life insurance companies and (4) two members shall be selected to represent the public and shall have no direct or indirect interest in any insurance business or company, but may be policy holders.

Sec. 5. Commissioner of Insurance: General Powers.

The Commissioner of Insurance shall have, but not by way of limitation, the following general powers and duties: (1) to employ the necessary assistants and clerks to carry out the duties of the office; (2) to prepare and furnish all necessary report forms and blanks as an expense of the office; (3) to supervise the conduct of all business relating to insurance companies and societies, domestic and foreign, to the extent authorized or directed by law; (4) to examine personally, or by deputy, the books, papers and property of any insurance company, agent, association or bureau for the making of rates; or of any company doing business in the Territory of Alaska engaging in organizing,

promoting and aiding in the formation of a domestic insurance company, (until such insurance company has received its certificate of authority); or of any person, firm or corporation who the Commissioner has evidence is violating the provisions of the insurance law; (5) to 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; (6) to execute and enforce all laws of the Territory relating to insurance and for this purpose to conduct examinations, investigations and hearings in addition to those specifically provided for, useful and proper for the efficient administration and enforcement of the insurance laws of this Territory.

Sec. 7. Insurance Companies: Appeal to Commission. Any person, agent, adjuster or company affected may appeal, in writing filed with the Commissioner, to the Insurance Commission to review any order or action made or taken by the Commissioner. Appeals must be filed within thirty days after the making or taking of any order or action by the Commissioner. The Commission shall act on all appeals within thirty days of the filing date thereof with the Commissioner.

Sec. 8. Insurance Companies: Appeal to Court. Any person, agent, adjuster or company aggrieved by the action taken upon review by the Commission, or if the Commission fails to act on an appeal within the prescribed period, may appeal to the District Court of any Judicial Division in Alaska to review any order or action made or taken by the

Commission or Commissioner. Any order of the Commission or Commissioner affecting the certification of a company, broker or agent shall be stayed pending appeal by the posting of a bond in a sum sufficient to secure the safety of the insurers.

Section 11. Ch. 29, SLA 1955, is hereby amended to read as follows:

Sec. 2. Exception. Nothing contained in Section 1 shall be construed as preventing the free and unlimited right to negotiate wholly outside this Territory contracts of insurance by licensed non-resident agents and brokers, provided the policies, dailies, endorsements or evidence of such contracts covering properties or insurable interests in this Territory are countersigned by the resident agent of this Territory, in which event the countersigning agent shall receive a commission of not less than five per cent of the premium paid; provided, however, that the countersigning commission shall not exceed one-half of the total commission and provided further that for countersigning such insurance policies the resident agent shall not be paid more than fifty dollars nor less than one dollar for countersigning any such policy or bond; and provided further, that where the said licensed non-resident agent or broker or the insurer assuming the risk desires the resident agent to render additional services during the life of a policy then in such cases the compensation to be paid to such countersigning resident agent shall be a matter of contract between the parties in interest. This Act shall not apply to the following contracts:

(a) Policies covering property

in transit while in the possession or custody of any common carrier, or the rolling stock or other property of any common carrier used and employed by it as a common carrier of freight and passengers in interstate commerce; or issued by insurers not using agents in the general solicitation of business.

Section 12. Sec. 1. Unfair Trade Practices. Declaration of Purpose.

The purpose of this section is to regulate trade practices in the business of insurance in accordance with the intent of Congress as expressed in the Act of Congress of March 9, 1945 (Public Law 15, 79th Congress), by defining, or providing for the determination of, all such practices which constitute unfair methods of competition or unfair or deceptive acts or practices and by prohibiting the trade practices so defined or determined.

Sec. 2. Unfair Methods of Competition or Unfair and Deceptive Acts or Practices Prohibited.

No person shall engage in any trade practice which is defined in this Act as, an unfair method of competition or an unfair or deceptive act or practice in the business of insurance.

Sec. 3. Unfair Methods of Competition and Unfair or Deceptive Acts or Practices Defined.

The following are hereby defined as unfair methods of competition and unfair and deceptive acts or practices in the business of insurance:

(a) Misrepresentations and False Advertising of Policy Contracts. Making, issuing, circulating, or causing to be made, issued or circulated, any estimate illustration, circular or

statement misrepresenting the terms of any policy issued or to be issued or the benefits or advantages promised thereby or the dividends or share of the surplus to be received thereon, or making any false or misleading statement as to the dividends or share of surplus previously paid on similar policies, or making any misleading representation or any misrepresentation as to the financial condition of any insurer, or as to the legal reserve system upon which any life insurer operates, or using any name or title of any policy or class of policies misrepresenting the true nature thereof, or making any misrepresentation to any policyholder insured in any company for the purpose of inducing or tending to induce such policyholder to lapse, forfeit, or surrender his insurance.

(b) False Information and Advertising Generally. Making, publishing, disseminating, circulating, or placing before the public, or causing, directly or indirectly, to be made, published, disseminated, circulated, or placed before the public, in a newspaper, magazine or other publication, or in the form of a notice, circular, pamphlet, letter or poster, or over any radio station, or in any other way, an advertisement, announcement or statement containing any assertion, representation or statement with respect to the business of insurance or with respect to any person in the conduct of his insurance business, which is untrue, deceptive or misleading

(c) Defamation. Making publishing, disseminating, or cir-

culating, directly or indirectly, or aiding, abetting or encouraging in the making, publishing, disseminating or circulating of any oral or written statement or any pamphlet, circular, article or literature which is false, or maliciously critical of or derogatory to the financial condition of an insurer, and which is calculated to injure any person engaged in the business of insurance.

(d) Boycott, Coercion and Intimidation. Entering into any agreement to commit, or by any concerted action committing, any act of boycott, coercion or intimidation resulting in or tending to result in unreasonable restraint of, or monopoly in, the business of insurance.

(e) False Financial Statements. Filing with any supervisory or other public official, or making, publishing, disseminating, circulating or delivering to any person, or placing before the public, or causing directly or indirectly, to be made, published, disseminated, circulated, delivered to any persons, or placed before the public, any false statement of financial condition of an insurer with intent to deceive.

Making any false entry in any book report or statement of any insurer with intent to deceive any agent or examiner lawfully appointed to examine into its condition or into any of its affairs, or any public official to whom such insurer is required by law to report, or who has authority by law to examine into its condition or into any of its affairs, or, with like intent, wilfully omitting to

make a true entry of any material fact pertaining to the business of such insurer in any book, report or statement of such insurer.

(f) Stock Operations and Advisory Board Contracts. Issuing or delivering or permitting agents, officers, or employees to issue or deliver, agency company stock or other capital stock, or benefit certificates or shares in any common-law corporation or securities or any special or advisory board contracts or other contracts of any kind promising returns and profits as an inducement to insurance.

(g) Unfair Discrimination. (1) Making or permitting any unfair discrimination between individuals of the same class and equal expectation of life in the rates charged for any contract of life insurance or of life annuity or in the dividends or other benefits payable thereon, or in any other of the terms and conditions of such contract.

(2) Making or permitting any unfair discrimination between individuals of the same class and of essentially the same hazard in the amount of premium, policy fees, or rates charged for any policy fees, or rates charged for any policy or contract of accident or health insurance or in the benefits payable thereunder, or in any of the terms or conditions of such contract, or in any other manner whatever.

(h) Rebates. (1) Except as otherwise expressly provided by law, knowingly permitting or

offering to make or making any contract of life insurance, life annuity or accident and health insurance, or agreement as to such contract other than as plainly expressed in the contract issued thereon, or paying or allowing, or giving or offering to pay, allow, or give, directly or indirectly, as inducement to such insurance, or annuity, any rebate of premiums payable on the contract, or any special favor or advantage in the dividends or other benefits thereon, or any valuable consideration or inducement whatever not specified in the contract; or giving, or selling, or purchasing or offering to give, sell, or purchase as inducement to such insurance or annuity or in connection therewith, any stocks, bonds, or other securities of any insurance company or other corporation, association, or partnership, or any dividends or profits accrued thereon, or anything of value whatsoever not specified in the contract.

(2) Nothing in this Act shall be construed as including within the definition of discrimination or rebates any of the following practices: (a) in the case of any contract of life insurance or life annuity, paying bonuses to policyholders or otherwise abating their premiums in whole or in part out of surplus accumulated from nonparticipating insurance, provided that any such bonuses or abatement of premiums shall be fair and equitable to policyholders and for the best interests of the

company and its policyholders; (b) in the case of life insurance policies issued on the industrial debit plan, making allowance to policyholders who have continuously for a specified period made premium payments directly to an office of the insurer in an amount which fairly represents the saving in collection expense; (c) readjustment of the rate of premium for a group insurance policy based on the loss or expense experience thereunder, at the end of the first or any subsequent policy year of insurance thereunder, which may be made retroactive only for such policy year.

Sec. 4. Free Insurance. No insurer shall directly or indirectly, or by any of its agents or representatives, participate in any plan to offer or effect any kind or kinds of insurance in Alaska as an inducement to, or in combination with, the purchase by the public of any goods, securities, commodities, services or subscriptions to periodicals.

Section 13. Constitutionality. If any provisions of this Act or the application thereof to any circumstance is held invalid, the remainder of this Act, or the application of the provision to the circumstances, shall not be affected thereby.

Sec. 14. All laws or parts of laws that are in conflict with the provisions of this Act are hereby repealed, but only to the extent of the conflict.