

annual and sick leave record, covering each of its employees, on forms prepared and supplied by the Department of Administration. These records shall be subject to annual audit and approval

by the director of personnel of the Department of Administration.

Sec. 2. This Act takes effect July 1, 1960.

Approved April 18, 1960

CHAPTER 146

AN ACT

Relating to the Alaska World War II Veterans' Act; amending Subsecs. (1) and (3), Sec. 1, Ch. 139, SLA 1953 as amended by Ch. 19, SLA 1955.

(H.B. 432)

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

Section 1. Subsec. (1), Sec. 1, Ch. 139, SLA 1953 as amended by Ch. 19, SLA 1955 is amended to read as follows:

(1) Persons who have served in the armed forces of the United States for ninety days or more, or whose service was for a lesser period because of injury, or disability incurred in line of duty, between June 25, 1950 (the beginning of the conflict in Korea), and the cessation of the present national emergency as determined and proclaimed by the Governor of Alaska; who have been honorably separated or discharged from the armed forces or who have been released to a reserve component; who at the time of entry into the service were bona fide residents of the Territory of Alaska and had been residents thereof for not less than one year prior to their entry into the service; and who have returned to Alaska within a reasonable length of time after discharge or separation as residents with the intention of remain-

ing in Alaska; or who, not being bona fide residents of the Territory prior to their entry into the service, have lived in Alaska for at least 10 years following their release from active military service.

Sec. 2. Subsec. (3), Sec. 1, Ch. 139, SLA 1953 as amended by Ch. 19, SLA 1955 is amended to read as follows:

(3) No person, unless he has lived in Alaska for at least 10 years following his release from active military service, shall be eligible to receive any of the benefits of Chapter 139, Session Laws of Alaska, 1953, who is eligible for veterans benefits under the laws of any State or other Territory. Any World War II veteran who has received a bonus under the provision of Sections 44-2-11 to 44-2-14, inclusive, ACLA 1949, as amended by Chapter 87, Session Laws of Alaska 1949, and Chapter 83, Session Laws of Alaska 1951, need not repay said bonus in order to qualify under the loan provisions of Chapter 139, Session Laws of Alaska 1953.

Became law without signature April 18, 1960

CHAPTER 147

AN ACT

Relating to the regulation of credit life insurance and credit accident and health insurance; and providing penalties.

(C.S.H.B. 307)

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

Section 1. **Purpose.** The purpose of this Act is to promote the public welfare

by regulating credit life insurance and credit accident and health insurance. Nothing in this Act is intended to prohibit or discourage reasonable competition. The provisions of this Act shall be liberally construed.

Sec. 2. Scope and Definitions. a. All life insurance and all accident and health insurance in connection with loans or other credit transactions of less than five years duration shall be subject to the provisions of this Act. Insurance in connection with a loan or other credit transaction of five years duration or more shall not be subject to the provisions of this Act, nor shall insurance be subject to the provisions of this Act where the issuance of such insurance is an isolated transaction on the part of the insurer not related to an agreement or a plan for insuring debtors of the creditor.

b. For the purposes of this Act:

(1) "credit life insurance" means insurance on the life of a debtor pursuant to or in connection with a specific loan or other credit transaction;

(2) "credit accident and health insurance" means insurance on a debtor to provided indemnity for payments becoming due on a specific loan or other credit transaction while the debtor is disabled as defined in the policy;

(3) "creditor" means the lender of money or vendor of goods, services or property, including a lessor under a lease intended as a security, rights or privileges, for which payment is arranged through a credit transaction, or any successor to the right, title or interest of any such lender or vendor, and an affiliate, associate or subsidiary of any of them or any director, officer or employee of any of them or any other person in any way associated with any of them.

(4) "debtor" means a borrower of money or a purchaser or lessee of goods, services, property, rights or privileges for which payment is arranged through a credit transaction;

(5) "indebtedness" means the total amount payable by a debtor to a creditor in connection with a loan or other credit transaction;

(6) "director" means the director

of the division of insurance, Department of Commerce.

Sec. 3. Forms of Credit Life Insurance and Credit Accident and Health Insurance. Credit life insurance and credit accident and health insurance shall be issued only in the following forms:

(1) individual policies of life insurance issued to debtors on the term plan;

(2) individual policies of accident and health insurance issued to debtors on a term plan or disability benefit provisions in individual policies of credit life insurance;

(3) group policies of life insurance issued to creditors providing insurance upon the lives of debtors on the term plan;

(4) group policies of accident and health insurance issued to creditors on a term plan insuring debtors or disability benefit provisions in group credit life insurance policies to provide such coverage.

Sec. 4. Amount of Credit Life Insurance and Credit Accident and Health Insurance. a. The amount of credit life insurance shall not exceed the initial indebtedness, however the indebtedness may be repayable. In cases where an indebtedness is repayable in substantially equal installments, the amount of insurance shall at no time exceed the scheduled or actual amount of unpaid indebtedness, whichever is greater. Notwithstanding the above provisions, insurance on agricultural credit transactions not exceeding one year in duration may be written up to the amount of the loan or other commitment on a non-decreasing or level term plan.

b. The total amount of indemnity payable by credit accident and health insurance in the event of disability, as defined in the policy, shall not exceed the aggregate of the periodic scheduled unpaid installments of the indebtedness; and the amount of each periodic indemnity payment shall not exceed the original indebtedness divided by the number of periodic installments.

Sec. 5. Term of Credit Life Insurance and Credit Accident and Health Insurance. The term of any credit life insur-

ance or credit accident and health insurance shall, subject to acceptance by the insurer, commence on the date when the debtor becomes obligated to the creditor, except that, where a group policy provides coverage with respect to existing obligations, the insurance on a debtor with respect to such indebtedness shall commence on the effective date of the policy. Where evidence of insurability is required and such evidence is furnished more than 30 days after the date when the debtor becomes obligated to the creditor, the term of the insurance may commence on the date on which the insurer determines the evidence to be satisfactory, and in such event there shall be an appropriate refund or adjustment of any charge to the debtor for insurance. The term of such insurance shall not extend more than 15 days beyond the scheduled maturity date of the indebtedness except when extended without additional cost to the debtor. If the indebtedness is discharged due to renewal or refinancing prior to the scheduled maturity date, the insurance in force shall be terminated before any new insurance may be issued in connection with the renewed or refinanced indebtedness. In all cases of termination prior to scheduled maturity, a refund shall be paid or credited as provided in Section 8.

Sec. 6. Provisions of Policies and Certificates of Insurance; Disclosure to Debtors.

a. All credit life insurance and credit accident and health insurance shall be evidenced by an individual policy, or in the case of group insurance by a certificate of insurance, which individual policy or group certificate of insurance shall be delivered to the debtor within 30 days of the date upon which the indebtedness is incurred.

b. Each individual policy or group certificate of credit life insurance, and/or credit accident and health insurance shall, in addition to other requirements of law, set forth the name and home office address of the insurer, and the identity by name or otherwise of the person or persons insured, the rate or amount of payment, if any, by the debtor separately for credit life insurance and credit accident and health insurance, a description of the amount, term and coverage including any exceptions, limitations and restrictions, and shall state that the

benefits shall be paid to the creditor to reduce or extinguish the unpaid indebtedness and, wherever the amount of insurance may exceed the unpaid indebtedness, that any such excess shall be payable to a beneficiary, other than the creditor, named by the debtor or to his estate.

c. If a debtor makes a separate payment for credit life or credit accident and health insurance and an individual policy or group certificate of insurance is not delivered to the debtor at the time the indebtedness is incurred, a copy of the application for such policy or a notice of proposed insurance shall be delivered at such time to the debtor. The copy of the application or notice of proposed insurance shall be signed by the debtor and shall set forth the identity by name or otherwise of the person or persons insured, the rate or amount of payment by the debtor separately for credit life insurance and credit accident and health insurance, and a statement that within 30 days, if the insurance is accepted by the insurer, there will be delivered to the debtor an individual policy or group certificate of insurance containing the name and home office address of the insurer, and a description of the amount, term and coverage including any exceptions, limitations and restrictions. The copy of the application or notice of proposed insurance shall refer exclusively to insurance coverage, and shall be separate and apart from the loan, sale or other credit statement of account, instrument or agreement, unless the information required by this subsection is prominently set forth therein. Upon acceptance of the insurance by the insurer and within 30 days of the date upon which the term of the insurance commences, the insurer shall cause the individual policy or group certificate of insurance to be delivered to the debtor. Said application or notice of proposed insurance shall state that upon acceptance by the insurer, the insurance shall become effective as provided in Section 5.

Sec. 7. Filing, Approval and Withdrawal of Forms.

a. All policies, certificates of insurance, notices of proposed insurance, endorsements and riders delivered or issued for delivery in this state and the schedules of premium rates pertaining thereto shall be filed with the director.

b. The director shall within 30 days after the filing of any such policies, certificates of insurance, notices of proposed insurance, applications for insurance, endorsements and riders, disapprove any such form if the premium rates charged or to be charged are excessive in relation to benefits, or if it contains provisions which are unjust, unfair, inequitable, misleading, deceptive or encourage misrepresentation of the coverage, or are contrary to any provision of the Insurance Code or of any rule or regulation promulgated thereunder. In determining whether to disapprove any such form the director shall give due consideration to past and prospective loss experience within and outside this state, to underwriting practice and judgment to the extent appropriate, and to all other relevant factors within and outside this state.

c. If the director notifies the insurer that the form is disapproved, it is unlawful thereafter for such insurer to issue or use such form. In such notice, the director shall specify the reason for his disapproval and state that a hearing will be granted within 20 days after a request in writing by the insurer. No such policy, certificate of insurance, notice of proposed insurance, nor any application, endorsement or rider, shall be issued or used until the expiration of 30 days after it has been so filed, unless the director shall give his prior written approval thereto.

d. The director may, at any time after a hearing held not less than 20 days after written notice to the insurer, withdraw his approval of any such form on any ground set forth in subsection b above. The written notice of such hearing shall state the reason for the proposed withdrawal.

e. It is not lawful for the insurer to issue such forms or use them after the effective date of such withdrawal.

f. If a group policy of credit life insurance or credit accident and health insurance (1) has been delivered in this state before the effective date of this Act, or (2) has been or is delivered in another state before or after the effective date of this Act, the insurer shall be required to file only the group certificate and notice of proposed insurance as specified in subsections b and c of Section 6 of this Act

and such forms shall be approved by the director if they conform with the requirements specified in said subsections and if the schedules of premium rates applicable to the insurance evidenced by such certificate or notice are not in excess of the insurer's schedules of premium rates either on file with the director or filed with such forms; provided, however, the premium rate in effect on existing group policies may be continued until the first policy anniversary date following the date this Act becomes operative as provided in Section 12.

g. Any order or final determination of the director under the provisions of this section shall be subject to judicial review.

h. Hearings provided for in this Act shall be conducted in accord with the Administrative Procedure Act.

Sec. 8. Premiums and Refunds. a. Any insurer may revise its schedules of premium rates from time to time, and shall file such revised schedules with the director. No insurer shall issue any credit life insurance policy or credit accident and health insurance policy for which the premium rate exceeds that determined by the schedules of such insurer as then on file with the director.

b. Each individual policy, or group certificate, shall provide that in the event of termination of the insurance prior to the scheduled maturity date of the indebtedness, any refund of an amount paid by the debtor for insurance shall be paid or credited promptly to the person entitled thereto; provided, however, that the director shall prescribe a minimum refund and no refund which would be less than such minimum need be made. The formula to be used in computing such refund shall be filed with and approved by the director.

c. If a creditor requires a debtor to make any payment for credit life insurance or credit accident and health insurance and an individual policy or group certificate of insurance is not issued, the creditor shall immediately give written notice to such debtor and shall promptly make an appropriate credit to the account.

d. The amount charged to a debtor for credit life or credit health and accident

insurance shall not exceed the premiums charged by the insurer, as computed at the time the charge to the debtor is determined.

e. Nothing in this Act shall be construed to authorize any payments for insurance now prohibited under any statute, or rule thereunder, governing credit transactions.

Sec. 9. Issuance of Policies. All policies of credit life insurance and credit accident and health insurance shall be delivered or issued for delivery in this state only by an insurer authorized to do an insurance business therein, and shall be issued only through holders of licenses or authorizations issued by the director; provided, however, enrollment of debtors by the creditor, under a group policy issued to the creditor, and acts performed by the creditor in the administration of such group policy, shall not require the creditor to be a holder of any license issued by the director.

Sec. 10. Claims. a. All claims shall be promptly reported to the insurer or its designated claim representative, and the insurer shall maintain adequate claim files. All claims shall be settled as soon as possible and in accordance with the terms of the insurance contract.

b. All claims shall be paid either by draft drawn upon the insurer or by check of the insurer to the order of the claimant to whom payment of the claim is due pursuant to the policy provisions, or upon direction of such claimant to one specified.

c. No plan or arrangement shall be used whereby any person, firm or corporation other than the insurer or its designated claim representative shall be authorized to settle or adjust claims. The creditor shall not be designated as claim representative for the insurer in adjusting claims; provided, that a group policyholder may, by arrangement with the group insurer, draw drafts or checks in payment of claims due to the group policyholder subject to audit and review by the insurer.

Sec. 11. Existing Insurance; Choice of Insurer. When credit life insurance or credit accident and health insurance is required as additional security for any

indebtedness, the debtor shall, upon request to the creditor, have the option of furnishing the required amount of insurance through existing policies of insurance owned or controlled by him or of procuring and furnishing the required coverage through any insurer authorized to transact an insurance business within this state.

Sec. 12. Enforcement. The director may, after notice and hearing, issue such rules and regulations as he deems appropriate for the supervision of this Act. Whenever the director finds that there has been a violation of this Act or any rules or regulations issued pursuant thereto, and after written notice thereof and hearing given to the insurer or other person authorized or licensed by the director, he shall set forth the details of his findings together with an order for compliance by a specified date. Such order shall be binding on the insurer and other person authorized or licensed by the director on the date specified unless sooner withdrawn by the director or a stay thereof has been ordered by a court of competent jurisdiction. The provisions of Sections 5, 6, 7 and 8 of this Act shall not be operative until 90 days after the effective date of this Act, and the director in his discretion may extend by not more than an additional 90 days the initial period within which the provisions of said sections shall not be operative.

Sec. 13. Judicial Review. Any party to the proceeding affected by an order of the director shall be entitled to judicial review by the procedure set forth in the Administrative Procedure Act of 1959.

Sec. 14. Penalties. In addition to any other penalty provided by law, any person who violates an order of the director after it has become final, and while such order is in effect, shall, upon proof thereof to the satisfaction of the court, forfeit and pay to the State of Alaska a sum not to exceed \$250.00 which may be recovered in a civil action, except that if such violation is found to be willful the amount of such penalty shall be a sum not to exceed \$1,000.00. The director, in his discretion, may revoke or suspend the license or

certificate of authority of the person guilty of such violation. Such order for suspension or revocation shall be upon

notice and hearing, and shall be subject to judicial review as provided in Section 13 of this Act.

Approved April 18, 1960

CHAPTER 148

AN ACT

Relating to the membership of the Legislative Audit Committee; amending Ch. 86, SLA 1959; and providing for an effective date.

(S.B. 142)

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

Section 1. The first paragraph of Sec. 2, Ch. 86, SLA 1959 is amended to read as follows:

Sec. 2. Legislative Audit Committee: Powers and Duties: Creation of Division of Legislative Audit. The President of the Senate, Speaker of the House, Chairman of the Senate Finance Committee, and Chairman of the House Finance Committee, as such officers are elected at each session of the Alaska Legislature, and one member from the Senate and from the House who shall be appointed by the President of the Senate and Speaker of the House, respectively, shall constitute a Legislative Audit Committee, and the members thereof shall serve as committee members until the convening of the next session of the Legislature, or until their successors have been named and elected in such session. If either presiding officers should so desire, he may, in lieu of his own membership on the com-

mittee, appoint to the committee an additional member of the house over which he presides. Whenever possible the membership shall include at least one member from each of the four major state election districts and at least two members from each of the two major political parties. In the event of a vacancy by a member of the Senate, the President of the Senate shall choose a successor. In the event of a vacancy by a member of the House, the Speaker of the House shall choose a successor. In the event of the resignation or death of the President of the Senate, the remaining committee members from the Senate shall choose a successor. In the event of the resignation or death of the Speaker of the House the remaining committee members from the House shall choose a successor.

Sec. 2. This Act takes effect on the day after its passage and approval or on the day it becomes law without such approval.

Approved April 18, 1960

CHAPTER 149

AN ACT

Relating to the establishment of an institute of marine sciences by the University of Alaska; and providing for an effective date.

(S.B. 243)

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

Section 1. The University of Alaska is authorized to establish an institute of marine sciences to provide a program of

education and research in physical, chemical, and biological oceanography, and related fields.

Sec. 2. The institute of marine sciences shall be established, maintained, and op-