



LAWS OF ALASKA

1978

Source

CSHB 314 am

Chapter No.

150

AN ACT

Relating to cooperative insurance programs for property insurance coverage; and providing for an effective date.

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

* Section 1. PURPOSE. The purposes of this Act are

(1) to encourage the development and use of reciprocal insurance coverage for risks of limited exposure within defined territories;

(2) to establish a framework in which reciprocal insurance coverage may be made viable to provide for individual financial security; and

(3) to enable reciprocal insurers to satisfy essential property insurance needs of their members consistent with the objectives of the state's insurance laws.

* Sec. 2. AS 21.75 is amended by adding new sections to read:

ARTICLE 2. COOPERATIVE INSURANCE COVERAGE.

Sec. 21.75.300. COOPERATIVE INSURANCE. (a) Within six months of the effective date of this Act, the director shall, by regulation, provide a general plan for the implementation of cooperative insurance coverage limited to the risks defined in sec. 330 of this chapter.

(b) The regulations adopted under (a) of this section shall include:

(1) procedures whereby not less than the number of persons required by sec. 60(a) of this chapter to organize a domestic reciprocal insurer may petition the director to initiate formation of a cooperative insurer;

(2) provision whereby the director may obtain information required to be provided by sec. 60(b) of this chapter to implement organization of a domestic reciprocal insurer;

(3) provision under which the petitioners shall describe the territory within which the plan of cooperative insurance shall operate;

(4) provision by which the director may obtain any additional information which he considers reasonably necessary to determine whether the total amount initially at risk and its distribution permit a sound cooperative insurance operation;

(5) provision whereby the director, after indicating an intention to issue a certificate of authority to a cooperative insurer under secs. 300 - 330 of this chapter, shall provide public notice for a period of not less than 30 days to provide nonsubscribing residents within the territory or adjacent geographical area an opportunity to subscribe to the plan of insurance; and

(6) provision by which, after the issuance of a certificate of authority, the cooperative insurer may receive applications from nonsubscribing residents of the territory or adjacent geographical area for inclusion within the insurer unless the application of the nonsubscribing resident is rejected by a majority vote of the members of the subscribers' advisory committee of the cooperative insurer.

Sec. 21.75.310. CERTIFICATE OF AUTHORITY OF COOPERATIVE INSURER. If the director is satisfied that the plan of insurance and other information provided by petitioners under sec. 300 of this chapter permits a sound insurance operation and complies with all other applicable requirements for a certificate of authority, he shall issue a certificate of authority to the insurer.

Sec. 21.75.320. APPLICABLE PROVISIONS OF LAW. Except as otherwise specifically provided, the provisions of secs. 10 - 290 of this chapter are applicable to cooperative insurers.

Sec. 21.75.330. COVERAGE. (a) A cooperative insurer organized under sec. 300 of this chapter is authorized to transact only property insurance, limited to physical damage of

- (1) licensed private passenger motor vehicles;
- (2) single-family residences, and related structures;
- (3) multiple dwellings of not more than four-family units if at least one unit is owner-occupied, and related structures;
- (4) mobile homes;
- (5) commercial structures of not more than \$100,000 value.

(b) Cooperative insurance coverage is limited to risks located or principally garaged within a geographic radius determined by the director to be within the ability of the insureds to control and have an influence over the level of loss.

* Sec. 3. AS 21.75.030 is amended by adding a new subsection to read:

(b) In addition to the requirements of (a) of this section, a cooperative insurer organized under secs. 300 - 330 of this chapter shall include the word "cooperative" in its name.

* Sec. 4. AS 21.75.050 is repealed and re-enacted to read:

Sec. 21.75.050. SURPLUS FUNDS REQUIRED. (a) A domestic reciprocal insurer formed in accordance with the provisions of this chapter shall have and maintain a surplus no less than an amount equal to the total of the capital and one-half of the surplus that would be required of a domestic stock insurer writing the same lines for which the reciprocal insurer seeks to be authorized.

(b) A foreign reciprocal insurer shall have and maintain a surplus no less than an amount equal to the total capital and surplus that would be required of a domestic stock insurer writing the same lines for which the reciprocal insurer seeks to be authorized.

* Sec. 5. AS 21.75 is amended by adding a new section to read:

Sec. 21.75.055. SURPLUS FUNDS FOR COOPERATIVE INSURERS. A cooperative insurer organized under secs. 300 - 330 of this chapter, if it has otherwise complied with the applicable provisions of this chapter, may be authorized to transact insurance if it has and maintains surplus funds equal to one-half of the capital required for a domestic reciprocal insurer under sec. 50(a) of this chapter and such additional surplus as the director considers sufficient.

* Sec. 6. AS 21.75.230(a) is amended to read:

(a) If a reciprocal insurer has a surplus of assets over all liabilities at least equal to the minimum capital and surplus required of a domestic stock insurer authorized to transact like kinds of insurance, upon application of the attorney and as approved by the subscribers' advisory committee, the director shall issue his certificate authorizing the insurer to extinguish the contingent liability of subscribers under its policies then in force in this state, and to omit provisions imposing contingent liability in all policies delivered or issued for delivery in this state for as long as all the surplus remains unimpaired.

* Sec. 7. This Act takes effect immediately in accordance with AS 01.10.070(c).