

Sectional Analysis  
For  
Insurance Omnibus Bill CSSB 357

- Section 1 Deleted words “certified to” and replaced with “issued” in order to assist the public, industry and other regulators to electronically communicate with the division. Electronic transactions are more efficient and streamline administrative procedures.
- Section 2 Deleted words “notwithstanding AS 21.86.280, medical” and replaced with “medical” in order to clarify the meaning of this section.
- Section 3 Added subsection (d) to clarify that for purposes of this section, a managed care entity means a managed care entity that is not subject to AS 21.36
- Section 4 Deleted words “certified to” and replaced with “issued” in order to assist the public, industry and other regulators to electronically communicate with the division. Electronic transactions are more efficient and streamline administrative procedures.
- Section 5 Revised to make it possible for director to suspend, rather than revoke, a certificate of authority for additional one year terms so that insurer can correct the issues that caused the need for suspension. In any event, the certificate of authority will be revoked after five years of suspension.
- Section 6 Deleted word “received” and replaced with “written” to clarify the intent of the section to reflect the practical calculation methodology of taxes paid by insurers.
- Section 7 Deleted word “received” and replaced with “written” and words “income received” were deleted and replaced with “written” to clarify the intent of the section and to reflect the practical calculation methodology of taxes paid by insurers.
- Section 8 Revised the calculation methodology of late paid taxes by insurers under AS 21.09.210 and makes the penalties more consistent with Department of Revenue statutes. Taxes must be made in the form required by the director, which by regulation is automated clearinghouse debit or credit. A penalty may be assessed for willful violation of the section, and the director may revoke or suspend a certificate of authority of an insurer who fails to pay taxes or late fees.
- Section 9 Clarified the intent of the section by deleting the words “policy of” and replacing with “policy.”

- Section 10 Added a subsection, which provides that premiums paid on an individual life insurance are not subject to retaliation tax under AS 21.09.270
- Section 11 Deleted the word “certified” and replaced with “issued” in order to provide for electronic communication
- Section 12 Revised to clarify that assumption of Alaska business should only be ceded to an insurer that is authorized by its domestic state to conduct the same line of business being ceded and to bring state law into compliance with the NAIC Model Credit for Reinsurance Regulation, including conditions and requirements for domestic ceding insurers and assuming insurers.
- Section 13 Revised to bring state law into compliance with the NAIC Model Credit for Reinsurance Regulation, including conditions and requirements for domestic ceding insurers and assuming insurers.
- Section 14 Added a new section that provides for the regulation of Alaska policyholder business that is transferred from an Alaska admitted insurer to a non-admitted insurer through an assumption reinsurance agreement.
- Section 15 Added a new subsection that states that the requirements of this chapter are supplemental to any other provisions of this title and do not preclude or limit any other powers or duties of the director. The addition is as given in the NAIC Model Law and required for accreditation by NAIC.
- Section 16 Added a subsection, which clarifies conditions for approval of a merger or acquisition under Chapter 22, Insurance Holding Companies, with respect to insurance buying public. The addition is as given in the NAIC Model Law and required for accreditation by NAIC.
- Section 17 Changed the numbering sequence to correspond to other changes
- Section 18 Revised to give the director the authority to issue licenses for crop and surety insurance lines of authority to qualified persons based on these lines of authority for consistency with national standards.
- Section 19 Deleted reference to trainee license for an insurance producer as it is inconsistent with the NAIC Producer Licensing Model Act that is used as a standard for national uniformity in producer licensing.

- Section 20 Deleted additional license requirements that may impose barriers to licensure for nonresidents who seek to obtain a license in our state. Requiring a company appointment for the “sole purpose to be appointed” is considered an additional requirement that may jeopardize Alaska’s reciprocity under the Gramm-Leach-Bliley Act. Deleted references to fraternal licenses to conform to national licensing standards since Alaska is one of only a few states that offer this license class. A person who sells policies on behalf of a fraternal organization is already licensed for major lines (life and health) and therefore this repeal has no negative effect.
- Section 21 Corrected the statutory reference to correspond to other changes
- Section 22 Deleted reference of trainee license for an insurance producer in order to conform to NAIC standards.
- Section 23-26 Deleted inconsistent experience requirements for managing general agents, reinsurance intermediary managers, reinsurance intermediary brokers and surplus lines brokers in order to be consistent with the Gramm-Leach-Bliley Act. Included a requirement for a person seeking licensure for surplus lines authority that they also be licensed as either a producer or managing general agent, consistent with NAIC standards.
- Section 27 Revised to make it possible for health insurance to be provided through surplus lines.
- Section 28 Clarified definitions.
- Section 29 Added a new section that makes it possible for health insurance to be provided through surplus lines.
- Section 30 Amended the section to include the requirement that in order for a nonadmitted insurer to be an eligible surplus lines insurer, that it pays to the division or surplus lines association any fee required by regulation and that an annual fee required under this section and adopted as a regulation must be paid on or before June 30 of each year.
- Section 31 Added a new subsection which clarifies the meaning of “transaction.”
- Section 32-34 Revised to make the regulatory process more efficient and reflective of the surplus lines marketplace based on an industry task force convened during the summer of 2003.
- Section 35 Created a penalty for late reporting.

- Section 36 Deleted word “charged” and replaced with “written” to clarify the intent of the section and to reflect the practical calculation methodology of taxes paid by insurers
- Section 37 Revised the calculation methodology of late paid taxes by surplus lines brokers under AS 21.34.180 (f). Taxes must be made in the form required by the director. A penalty may be assessed for willful violation of the section and the director may revoke or suspend a broker who fails to pay taxes or late fees.
- Section 38 Amended to include business or commercial policies issued under AS 21.34 as **not** included under AS 21.36.235 (c)
- Section 39 Amended to include business or commercial policies issued under AS 21.34 as **not** included under AS 21.36.240
- Section 40 Added a subsection which provides a person is not liable for civil damages for filing a report or furnishing other information concerning a fraudulent act to a person involved in the prevention or detection of fraudulent insurance acts or that person’s employees, agents or representative. This change allows special investigation units of different insurance companies to share information without potential of liability and is based on the NAIC model act.
- Section 41 Added a subsection which provides that insurance written under AS 21.34 does not apply under this chapter.
- Section 42 Added language that provides that this section does not apply to policies issued under AS 21.34.
- Section 43 Clarified that a guaranty fund deposit is required for title insurance companies in addition to the required deposit under AS 21.66.010 (b).
- Section 44 Clarified late payment fees and penalties and director’s authority to suspend or revoke the certificate of authority for title insurance companies that fail to pay its taxes, a penalty or a late payment fee.
- Section 45,46 Revised AS 21.69.390 to allow domestic insurers with operations entirely outside the state to maintain their records outside of Alaska and provide a process of getting director approval when it is necessary.
- Section 47 Revised wording regarding reinsurance for stock insurers in order to require filing of signed reinsurance agreements.

- Section 48 Revised wording regarding reinsurance for mutual insurers in order to require filing of signed major reinsurance agreements.
- Section 49,50 Revised wording regarding electronic communications and transactions in order to streamline administrative procedures and make them more efficient.
- Section 51 Added definitions for “reinsurance” and “assumption reinsurance.”
- Section 52 Repealed section in order to make state law consistent with NAIC guidelines, other revisions in the bill and to make procedures more efficient. Repeals the trainee license requirements for insurance producers, reinsurance intermediary managers, brokers, managing general agents and surplus lines brokers.
- Section 53 Added new section giving the director of insurance the authority to adopt regulations necessary to implement the changes made in this Act and providing for effective dates.
- Section 54 Added new section instructing reviser of statutes of a heading name