

Sponsor Statement for HB 246

Omnibus Insurance Reform

An Act relating to confidentiality of records and to cease and desist orders of the division of insurance, to insurance company investments, to unauthorized insurers, to surplus lines insurance, to health insurance, to life insurance, to annuity insurance, to consumer credit insurance, to title insurance, and to hospital and medical service corporations; and providing for an effective date.

Released: April 25, 2002

Contact: Representative Lisa Murkowski's office at (907) 465-4954

Regulatory Structure for MEWAs: Sections 1, 44 and 56. A Multiple Employer Welfare Arrangement (MEWA) is an employee welfare benefit plan established for the benefit of employees of two or more employers to provide health care or other welfare benefits to employees and dependents. Under current statute a MEWA is regulated as an insurer. The provisions in House Bill 246 establish a more appropriate regulatory structure for MEWAs, in particular, a more reasonable and appropriate capital and surplus, reserving and financial reporting requirements.

Confidentiality of Records: Sections 2-5, 50, 57. These provisions clarify that documents determined to be confidential by law or by the director of insurance are not subject to inspection, copying, or subpoena but may be used by the director in regulatory or legal proceedings and may be shared with other law enforcement or regulatory agencies. The director may receive confidential information from other regulatory or law enforcement agency and maintain the confidentiality and may enter into information sharing agreements. Information designated as confidential includes personally identifiable information, trade secret or proprietary business information, and information the director finds the withholding of which is necessary to protect a person or is in the public interest.

Late Payment of Premium Taxes: Sections 13, 49. These provisions establish late payment fees for all entities that pay premium taxes including insurers and surplus lines brokers for when premium taxes are not received by the division when due.

Annual Fee to Operate as a Joint Insurance Arrangement: Section 51. This provision establishes an annual fee to offset the cost to the division of insurance of enforcing of AS 21.76 on joint insurance arrangement.

Revision of Property-Casualty Guaranty Fund Assessment: Sections 53-55. These provisions revise the formula for assessing member insurance companies for funds to pay claims and operate the guaranty fund. The revision provides for a redistribution of payments due in the year following an assessment based on the premiums written by insurers in the Alaska market. It also allows for the surcharge to policyholders for the assessment to be determined by the association as a percentage of premium.

Stop Loss Insurance Standards: Section 35 The changes establish minimum specific and aggregate attachment points (i.e. retention limits) for stop loss insurance policies. These minimums will provide greater protections to smaller employers who chose to self-fund their health care plans. Without these minimums insurers are able to sell health insurance under the guise of stop loss insurance that is not required to comply with state health care insurance laws including benefit mandates, guarantee issue and portability requirements.

Correction/Clarification of Existing Statutes: Sections 6-12, 14-34, 36-43, 45-49, 52. Please see sectional analysis for explanation of changes.