



**Department of Community
and Economic Development**

Division of Insurance

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ORDER NUMBER R 00-09

August 10, 2000

**DIRECTIVE REGARDING WORKERS COMPENSATION INSURANCE
PLAN SERVICING CARRIER CONTRACT**

The Director of the Division of Insurance hereby finds as follows:

- A. Alaska National Insurance Company (ANI) has acted as a servicing carrier for the Alaska Workers Compensation Insurance Plan (WCIP) since 1994, and has provided service meeting all requirements and standards of the Servicing Carrier Contract between ANI and the Plan Administrator, National Council on Compensation Insurance, Inc. (NCCI), and is interested in continuing to service customers in this market.
- B. All other servicing carriers for the WCIP have now voluntarily or involuntarily withdrawn from the market, leaving ANI as the sole servicing carrier for the WCIP at this time, and creating concern for continuity in the provision of services for this market.
- C. In states where no carrier is willing to serve as the servicing carrier for the WCIP, the market has been disrupted; though a new carrier has expressed interest in serving this market, the past policy of open recruitment has not been successful in keeping more than one servicing carrier in the market
- D. The division wishes to ensure that the sole servicing carrier remains in the market in Alaska and continues to provide a high quality of service for assigned risk policies in this state.

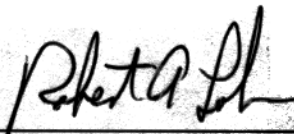
Acting as the sole servicing carrier for all assigned risk policies of the WCIP makes it necessary for ANI to incur the expenses of employing and training additional staff and ANI wishes to provide its staff with continuing, stable employment for a reasonable period of time.

- F. Continuity in the provision of services in this market is essential; therefore it is in the public interest to forego solicitation of other servicing carriers for a two-year period in exchange for assurances that ANI will perform all servicing carrier duties for the WCIP for a term extending through December 31, 2002.

THEREFORE, THE DIRECTOR ORDERS:

1. The Plan Administrator, NCCI, to enter into a new multi-year Servicing Carrier Contract with ANI requiring ANI to continue to act as a servicing carrier for the term August 1, 2000 through December 31, 2002.
2. In exchange for the promise of ANI to continue to act as a servicing carrier under the new Servicing Carrier Contract, NCCI is instructed to not solicit or appoint additional servicing carriers for the WCIP until after August 1, 2002.
3. To carry out this agreement, NCCI is also instructed to include terms in the new Servicing Carrier Contract with ANI that provide that, in addition to any remedies available to the Plan Administrator under the Servicing Carrier Contract or the WCIP, the director may, in his discretion, order ANI to remedy any performance deficiencies, seek a court order of specific performance, cancel this agreement for failure to meet performance or eligibility criteria in the Servicing Carrier Contract, or impose any other applicable penalties under Alaska's insurance laws.

This order is effective August 1, 2000.



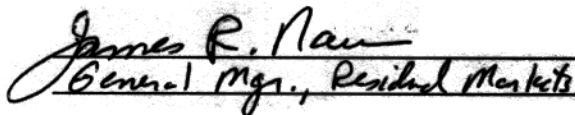
Robert A. Lohr
Director

NCCI, as Plan Administrator for the WCIP, hereby acknowledges receipt and acceptance of the terms of this order.

NATIONAL COUNCIL ON COMPENSATION
INSURANCE, INC.

September 28, 2000

By
Its



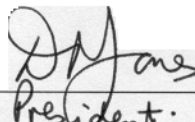
General Mgr., Residual Markets

Alaska National Insurance Company, as Servicing Carrier for the Alaska WCIP, hereby acknowledges receipt and acceptance of the terms of this order.

ALASKA NATIONAL INSURANCE COMPANY

September 19, 2000

By
Its



President