Bulletin 19-15

TO: SURPLUS LINES BROKERS AND OTHER INTERESTED PARTIES

RE: CHANGES TO EXEMPT COMMERCIAL PURCHASER MINIMUM QUALIFYING AMOUNTS

Under Alaska Statute (AS) 21.34.900, the definition of “exempt commercial purchaser” has the meaning given under 15 U.S.C. 8206 (Nonadmitted and Reinsurance Reform Act of 2010).

Under 15 U.S.C. 8206(5)(C)(ii), the definition of exempt commercial purchaser with regard to the minimum qualifying amounts for three categories of exempt commercial purchaser are to increase on January 1, 2020. As prescribed in 15 U.S.C.(5)(C)(ii), “the amounts in subclauses (I), (II), and (IV) of clause (C)(i) shall be adjusted to reflect the percentage change for such five-year period in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the U.S. Department of Labor (CPI-U).”

The National Association of Insurance Commissioners (NAIC) has adopted the following updates to the CPI-U and Alaska will be using these amounts as set forth herein. The percentage change calculation and adjusted minimum amounts for the affected categories are shown below:

### Change Calculation

<table>
<thead>
<tr>
<th>CPI-U September 2014</th>
<th>238.031</th>
</tr>
</thead>
<tbody>
<tr>
<td>CPI-U September 2019</td>
<td>256.759*</td>
</tr>
</tbody>
</table>

Adjustment Calculation: \[
= \frac{256.759 - 238.031}{238.031}
\]

Percentage Change: \[
= .079 \text{ or } 7.9\%
\]

<table>
<thead>
<tr>
<th>Subclause Category</th>
<th>Previous Minimum</th>
<th>Adjusted Minimum (Effective 1/1/2020)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(I) Net Worth</td>
<td>$22,040,000</td>
<td>$23,781,160</td>
</tr>
<tr>
<td>(II) Annual Revenues</td>
<td>$55,100,000</td>
<td>$59,452,900</td>
</tr>
<tr>
<td>(IV) Annual Budgeted Expenditures</td>
<td>$33,060,000</td>
<td>$35,671,740</td>
</tr>
</tbody>
</table>

*Source: CPI, October 2019, Consumer Price Index for All Urban Consumers (CPI-U) [https://data.bls.gov/timeseries/CUUR0000SA0](https://data.bls.gov/timeseries/CUUR0000SA0)

If you have any questions regarding this bulletin, contact Rebecca Nesheim at (907) 465-2584 or rebecca.nesheim@alaska.gov.

Dated December 16, 2019

Lori Wing-Heier
Director