

# STATE OF ALASKA

WALTER J. HICKEL, GOVERNOR

## DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

P.O. BOX 110805  
JUNEAU, ALASKA 99811-0805  
PHONE: (907) 465-2515

### DIVISION OF INSURANCE

#### ORDER R92-12 ADOPTING REGULATIONS OF THE DIVISION OF INSURANCE

The attached six pages of regulations, dealing with risk retention groups and purchasing groups, are hereby adopted and certified to be a correct copy of the regulations that the Division of Insurance adopts under authority of AS 21.06.090 and after compliance with the Administrative Procedure Act (AS 44.62), specifically including notice under AS 44.62.190 and 44.62.200 and opportunity for public comment under AS 44.62.210.

This action is not expected to require an increased appropriation.

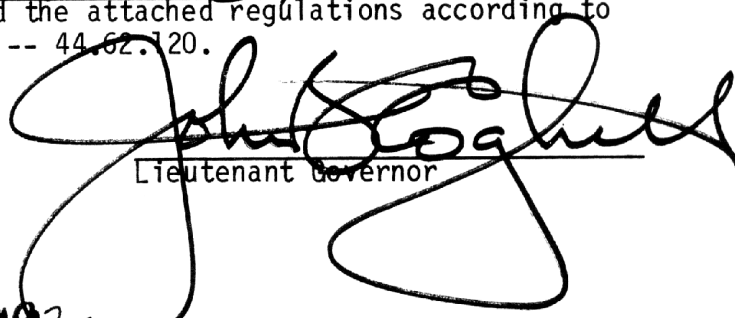
This order takes effect on the 30th day after it has been filed by the Lieutenant Governor, as provided in AS 44.62.180.

DATE: September 18, 1992  
Juneau, Alaska

  
David J. Walsh  
Director of Insurance

#### FILING CERTIFICATION

I, John B. Coghill, Lieutenant Governor for the State of Alaska, certify that on September 24, 1992 at 4:50 P.m. I filed the attached regulations according to the provisions of AS 44.62.040 -- 44.62.120.

  
Lieutenant Governor

Effective October 24, 1992

Register 24 January 1993

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TITLE 3. COMMERCE AND ECONOMIC DEVELOPMENT

PART 2. DIVISION OF INSURANCE

CHAPTER 24. RISK RETENTION GROUPS AND PURCHASING GROUPS

Article 1. Risk Retention Groups

Section

- - -

015. Compliance

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040. Operations [EXISTING OPERATION; COMPLIANCE]

- - -

060. Continuation of registration

290. Definitions

3 AAC 24 is amended by adding a new section to read:

3 AAC 24.015. COMPLIANCE. A person transacting the business of insurance as or on behalf of a risk retention group formed under and in compliance with 15 U.S.C. 3901 -- 3906, as amended as of October 27, 1986 (Liability Risk Retention Act), shall, at all times, transact business in compliance with federal and state insurance law. Failure to comply with federal or state insurance law is an unfair and deceptive act under AS 21.36.150. (Eff. 10/24/92, Register 124)

Authority: AS 21.03.010

AS 21.06.090

AS 21.36.150

3 AAC 24.040 is repealed and readopted to read:

3 AAC 24.040. OPERATIONS. (a) A risk retention group may only transact the business of liability insurance.

(b) At least 30 days before a domestic risk retention group may transact business in this state, any other state, or upon a subject or risk that is resident, located, or to be performed in this or any other state, a plan of operation or feasibility study must be filed with and approved by the director in writing. At least 30 days before a domestic risk retention group implements a material change or revision to a previously approved plan of operation or feasibility study the domestic risk retention group must file those changes with and secure written approval of the director. A domestic risk retention group may not transact an additional kind or class of liability insurance in this state, another state, or upon a subject or risk that is resident, located, or to be performed in this or any other state, before a change or revision to the plan of operation or feasibility study has been approved by the director. (Eff. 8/23/89, Register 111; am 10/24/92, Register 124)

Authority: AS 21.03.010

AS 21.06.090

3 AAC 24.060 is amended by adding a new subsection to read:

(c) A risk retention group that is not in compliance with 15 U.S.C. 3901-3906, as amended as of October 27, 1986 (Liability Risk Retention Act), is not eligible for registration or annual continuation of its registration. (Eff. 4/12/91, Register 118; am 10/24/92, Register 124)

Authority: AS 21.03.010

AS 21.06.090

3 AAC 24.290 is amended to read:

3 AAC 24.290. DEFINITIONS. As used in 3 AAC 24.010 -- 3 AAC 24.290,

(1) "risk retention group" means any entity meeting the definition of a risk retention group in 15 U.S.C. 3901(a)(4), as amended as of October 27, 1986 (Liability Risk Retention Act [of 1986]);

(2) "domestic risk retention group" means a risk retention group that has been issued a certificate of authority from the director and is in compliance with all provisions of 15 U.S.C. 3901 -- 3906, as amended as of October 27, 1986 (Liability Risk Retention Act);

(3) "transact" means the same as in AS 21.90.900;

(4) "transacting insurance" means to transact as defined in AS 21.90.900 relative to a subject or risk that is resident, located, or to be performed in this state;

(5) "liability" means legal liability for damages, including costs of defense, legal costs and fees, and other claims expenses, because of injury to another person, damage to property, or other damage or loss to a person resulting from or arising out of a business, trade, product, service, including a professional service, premises, or operation; or any activity of a state or local government, or an agency or political subdivision of a state or local government; "liability" does not include personal risk liability or employer's liability with respect to its employees other than legal liability under the Federal Employers' Liability Act (45 U.S.C. 51);

(6) "personal risk liability" means liability for damages because of injury to a person, damage to property, or other loss or damage resulting from a personal, familial, or household responsibility or activity, rather than from a responsibility or activity referred to in (5) of this section. (Eff. 8/23/89, Register 111; am 10/24/92, Register 124)

Authority: AS 21.03.010  
AS 21.06.090

## Article 2. Purchasing Groups

Section

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305. Compliance

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350. Continuation of registration

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590. Definitions

3 AAC 24 is amended by adding a new section to read:

3 AAC 24.305. COMPLIANCE. A person transacting the business of insurance as or on behalf of a purchasing group formed under and in compliance with 15 U.S.C. 3901 -- 3906, as amended as of October 27, 1986 (Liability Risk Retention Act), shall, at all times transact business in compliance with federal and state insurance law. Failure to comply with federal or state insurance law is an unfair and deceptive act under AS 21.36.150. (Eff. 10/24/92, Register 124)

Authority: AS 21.03.010  
AS 21.06.090  
AS 21.36.150

3 AAC 24.350 is amended by adding a new subsection to read:

(c) A purchasing group that is not in compliance with 15 U.S.C. 3901 -- 3906, as amended as of October 27, 1986 (Liability Risk Retention Act), is not eligible for registration or annual continuation of its registration. (Eff. 4/12/91, Register 118; am 10/24/92, Register 124)

Authority: AS 21.03.010  
AS 21.06.090

3 AAC 24.590 is amended by adding a new subsection to read:

(3) "transacting insurance" means to transact as defined in AS 21.90.900 relative to a subject or risk that is resident, located, or to be performed in this state. (Eff. 8/23/89, Register 111; am 10/24/92, Register 124)

Authority: AS 21.03.010

AS 21.06.090

Publisher: In 3 AAC 24.010, 3 AAC 24.300 and 3 AAC 24.590(1) is a parenthetical expression citing the "Liability Risk Retention Act of 1986." Please correct this parenthetical citation in each of these sections to read (Liability Risk Retention Act) as shown in the edited 3 AAC 24.015 of this draft.