



DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT
Division of Insurance

Frank H. Murkowski, Governor
William C. Noll, Commissioner
Linda S. Hall, Director

SUBMITTED TO THE HONORABLE FRANK H. MURKOWSKI, GOVERNOR
THE HONORABLE WILLIAM C. NOLL, COMMISSIONER
MEMBERS OF THE ALASKA STATE LEGISLATURE

I am pleased to submit to you the annual report of the Alaska Division of Insurance, Department of Commerce, Community, and Economic Development, in accordance with AS 21.06.110. This 67th Annual Report covers calendar year 2004 and fiscal year ending June 30, 2005.

The Division of Insurance provides the regulatory framework for insurance industry operations in Alaska and impacts consumers, agents, and insurance companies. The mission of the Division is threefold: to develop, interpret, and enforce the insurance statutes and regulations. To perform our somewhat diverse goals, the experienced, dedicated staff of the Division strive to ensure that the insurance market functions effectively.

The insurance industry faces challenges today, both nationally and in Alaska. Faced with ever growing issues such as product liability, medical malpractice, tort reform, construction defects, mold litigation, and natural disasters, claim costs continue to increase and premiums rise accordingly. There is increasing debate on the issue of State vs. Federal regulation of insurance revolving around the general concepts of consumer protection, modernization of insurance regulatory systems, uniformity, and preemption of state regulation.

Locally, we face the challenges of a lack of availability of insurance products in various lines of coverage ranging from workers' compensation and contractors general liability to homeowner's insurance. We also continue to see escalating premiums in many areas. The small size of our insurance market and the geographic size of the state present challenges in attracting new providers to Alaska.

During the year, we took major steps to modernize the Division's operations. Legislation was enacted that allows insurers to file and use forms and rates, which should lead to greater efficiencies in our work. Electronic licensing will soon be a reality, as well. The elimination of the licensing requirement for branch offices has simplified our licensing requirements. We continue to take the lead nationally in other technical issues such as electronic fingerprinting, and work closely with the National Association of Insurance Commissioners to make our operations more efficient and accessible to the public.

We are proud of the accomplishments of staff and the positive effects the Division has on consumers and industry. We appreciate the support we receive from the administration, the department, and the Legislature. We pledge to continue our efforts to ensure that the Alaska insurance market functions in the best interest of Alaskans.

Respectfully submitted,

Linda S. Hall
Director