



STATE OF ALASKA  
DEPARTMENT OF  
**COMMERCE**  
COMMUNITY AND  
ECONOMIC DEVELOPMENT

Division of Insurance

*Sarah Palin, Governor*  
*Emil Notti, Commissioner*  
*Linda S. Hall, Director*

---

SUBMITTED TO THE HONORABLE SARAH PALIN, GOVERNOR  
THE HONORABLE EMIL NOTTI, 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 70th Annual Report covers calendar year 2007 and fiscal year ending June 30, 2008.

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 health care availability, children's health insurance, product liability, medical malpractice, and tort reform, 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 continue to face the challenges of 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, though we have seen some progress in the reduction of workers' compensation premiums. The small size of our insurance market and the geographic size of the state present challenges in attracting new providers to Alaska.

However, the reforms we have instituted have made Alaska a more attractive place to do business. As a result, we have been able to attract new companies into the Alaska market. In addition, the number of licensees in Alaska has increased dramatically over the last few years, indicating that the market is becoming more competitive. While we are not yet satisfied that the Alaska insurance market is as competitive as it should be, we are pleased with the progress so far.

We continue to take the lead nationally in technical issues such as electronic fingerprinting, and work closely with the National Association of Insurance Commissioners (NAIC) to make our operations more efficient and accessible to the public.

I am also pleased to note that the division's NAIC accreditation was renewed this year. After a rigorous review of the division's operations, which included on-site inspections in Anchorage, the accreditation committee renewed our accreditation in September. It is particularly noteworthy that the committee report did not provide a single change recommendation. This rarely occurs, and it is a tribute to the hard work and professional standards of the division staff.

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