



STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT

Division of Insurance

Sean Parnell, Governor
Susan K. Bell, Commissioner
Linda S. Hall, Director

SUBMITTED TO THE HONORABLE SEAN PARNELL, GOVERNOR
THE HONORABLE SUSAN BELL, 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 72nd Annual Report covers calendar year 2009 and fiscal year ending June 30, 2010.

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 strives to ensure that the insurance market functions effectively.

The insurance industry faces challenges today, both nationally and in Alaska. Interpretation and implementation of the comprehensive health reform law has necessitated the use of great amounts of resources and coordination among the states. The Nonadmitted and Reinsurance Reform Act of 2010 also brings about changes in the way states both regulate and collect premium taxes on nonadmitted insurance policies written in Alaska. The creation of the Office of Consumer Information and Insurance Oversight brings the appearance of increased federal incursion into state regulation of insurance. International accounting systems are being discussed and the statutory accounting used in the United States is being challenged.

Locally, we continue to face the challenges of a small state in attracting insurance companies to enter the marketplace. Products in various lines of coverage ranging from workers' compensation and contractors general liability to homeowner's insurance and health insurance can be difficult to obtain due to a small number of companies writing business. 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 that have been instituted have made Alaska a more attractive place to do business and we have seen the entry of 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.

We continue to be involved in many committees, task forces and working groups with the National Association of Insurance Commissioners (NAIC) working on varied issues from actuarial analysis and nonadmitted insurance tax allocation to agent licensing and state accreditation. Through national involvement we are able to communicate issues that impact Alaskans and have input into the policymaking decisions of the national organization.

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,

Director