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Governor Bill Walker  
STATE OF ALASKA

February 8, 2018

The Honorable Bryce Edgmon  
Speaker of the House  
Alaska State Legislature  
State Capitol, Room 208  
Juneau, AK 99801-1182

Dear Speaker Edgmon:

Under the authority of Article III, Section 18 of the Alaska Constitution, I am transmitting a bill relating to the examination of premium financing companies.

This bill makes a change to the banks and financial institutions code relating to the examination of financial institutions (AS 06.01).

The bill amends section AS 06.01.015 by exempting premium finance companies from the required examination, at least every 18 months, of financial institutions licensed under the banks and financial institutions code. Premium finance companies are licensed and regulated under AS 06.40 and are defined under AS 06.40.190(4) as "a person engaged in the business of entering into premium finance agreements with borrowers or of acquiring premium finance agreements from insurance agents, brokers or other premium finance companies." A premium finance agreement is defined in AS 06.40.190(3) as an agreement where the borrower agrees to pay a premium finance company for an amount advanced by the premium finance company to an insurer, or agent, or broker, in payment of premiums on an insurance policy.

Historically, premium finance companies are located outside of Alaska; the Division of Banking and Securities staff have found no substantive problems with violations of Alaska law by these companies. Additionally, premium finance companies primarily fund commercial insurance premiums, not premiums for individual consumers.

Under this bill, premium finance companies would no longer be subject to the mandatory examination requirement of AS 06.01.015, but would still be subject to examination as needed under AS 06.40.100. This would reduce the regulatory burden on both the companies and division of banking and securities staff and resources to focus on higher risk areas.

I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in blue ink that reads "Bill Walker".

Bill Walker  
Governor

Enclosure