



BULLETIN B 06-08

TO: ALL PRODUCERS AND SURPLUS LINES BROKERS, RESIDENT AND NONRESIDENT, LICENSED IN THE STATE OF ALASKA AND OTHER INTERESTED PARTIES

RE: CHANGES TO SURPLUS LINES REGULATIONS THAT WILL AFFECT YOU

On June 11, 2006, several amendments to the Division of Insurance surplus lines regulations will go into effect. You can review these changes on the division's website at <http://www.commerce.state.ak.us/ins/newregulations.htm>. The following is a summary of the changes.

Payments by ACH

Filing fees, as well as premium taxes, are now required to be made by the Automated Clearing House debit or credit payment system. 3 AAC 21.570

Evidence of Diligent Search

The producing broker must provide evidence of due diligence to the surplus lines broker **before binding** coverage. 3 AAC 25.010(a)

Acceptable documentation of due diligence is:

- documentation of declinations - use of the affidavit form is no longer mandatory and is now optional;
- evidence that the full amount, kind, and class of insurance could not be obtained from admitted insurers;
- affirmation that coverage is on the director's current surplus lines placement list;
- an exception from the director.

The former due diligence regulation has been repealed and replaced by 3 AAC 25.035.

Monthly Reports

The requirement for submission of two copies of the report has been eliminated. Although the notarized signature requirement has been removed from regulation, AS 21.34.170 still requires that the reports are verified, which means that the "forms prescribed by the director" still need to be signed before a notary public or other authorized official. When electronic filing becomes available, the division will notify you of that option for filing the reports. 3 AAC 25.100

The type of coverage codes have been eliminated from regulation and will be published in a bulletin from time to time as changes occur. A link from the Surplus Lines Premium Report Forms page on the division website will take you to the current transaction codes in Bulletin B 06-09. 3 AAC 25.090

Endorsement and amended reporting requirements that were outlined in Bulletin B 03-08 have been adopted as regulations. 3 AAC 25.100 and 3 AAC 25.105

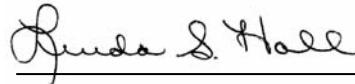
Effective June 11, 2006, Bulletin B 03-08 is hereby revoked and no longer in effect.

Penalties for Late Filing

A schedule of penalties for the late filing of a monthly report has been added. 3 AAC 25.100(e) The penalties will be implemented beginning June 11, 2006.

If you have questions regarding the regulation changes or this bulletin, please contact Dee Ann Teseneer by phone at (907) 465-4610, by fax at (907) 465-3422, or by e-mail at deeann_teseneer@commerce.state.ak.us.

Dated this 16th day of May, 2006, at Anchorage, Alaska.



Linda S. Hall
Director