



DEPARTMENT OF  
**COMMERCE**  
COMMUNITY AND  
ECONOMIC DEVELOPMENT  
Division of Insurance

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

## **BULLETIN B 06-11**

**TO: ALL LICENSEES AND ADMITTED INSURERS IN THE STATE OF ALASKA  
AND OTHER INTERESTED PARTIES**

**RE: CHANGES TO THE ALASKA INSURANCE LAWS**

This bulletin summarizes the major changes made to Alaska insurance laws resulting from the Second Session of the 24th Legislature that end in May 2006. Seven bills affecting the insurance market were passed by the Alaska Legislature and signed into law by the Governor. This bulletin is for informational purposes only and is not intended to be an exhaustive or interpretive analysis of statutory changes to the insurance code, nor will it supersede or modify in any way the statutory provisions in each of the bills. Please review each of the bills carefully and the rest of Alaska's insurance laws to assure your compliance when transacting insurance business in this state.

If you have access to the Internet, the new laws may be found at the following address: <http://www.legis.state.ak.us/basis/start.asp>. Enter the bill number as referenced below to find the full text and legislative history. If you cannot access the Internet, please contact the Alaska Legislative Information Office nearest you for a copy of any of the new laws. Please note that these new laws have various effective dates.

### **CHANGES AFFECTING PRODUCER LICENSEES**

Elimination of Limited Lines Representative for the Continuing Education Advisory Committee  
Effective 6/20/06 (SB 289)

In compliance with national uniformity standards for continuing education, the requirement for one of the continuing education advisory committee representatives to be licensed for limited lines authority is removed because continuing education is not required for limited lines licensees. AS 21.27.020(g).

Establishment of Deadline to Complete Application Process Effective 6/20/06 (SB 289)

An application for licensure that is incomplete must be completed by the applicant within 120 days. If the application is still incomplete 120 days after it is submitted, it is considered withdrawn. AS 21.27.040(f)

Managing General Agent (MGA) Effective 7/1/06 (SB 289)

The definition for an MGA has been modified to conform to the National Association of Insurance Commissioner's (NAIC) model law. The new definition states:

“managing general agent” means a person who

(A) manages all or part of the insurance business of an insurer, including the managing of a separate division, department, or underwriting office; and

(B) acts as an agent for an insurer, whether known as a managing general agent, manager, or other similar term, who, with or without the authority, separately or together with affiliates, produces, directly or indirectly, and underwrites an amount of gross direct written premium equal to or more than five percent of the policyholder surplus as reported in the last annual statement of the insurer in any one quarter or year together with the following activity related to the business produced, adjusts or pays claims over \$10,000 a claim, or negotiates reinsurance on behalf of the insurer.

For a current MGA license holder, a review of the contracts the MGA has with the insurers is advisable to determine whether licensure as an MGA is still necessary. AS 21.90.900(29)

A person that continues to meet the definition of an MGA but qualifies for exemption from the licensing requirement under Alaska law must file certification of exemption with the division. AS 21.27.620(a)

An insurer that allows a person to act as its MGA in this state is required to provide the director a copy of its contract with the MGA within 30 days after entering into the contract. AS 21.27.620(a)

Third Party Administrator (TPA) Effective 6/20/06 (SB 289)

On a quarterly basis, a TPA is required to notify the director of all insurers it represents, as well as provide a listing of employees that act on behalf of the TPA. The notification requirement has been streamlined to the reporting of only key personnel instead of all employees. AS 21.27.650(a)

Surplus Lines Effective 6/20/06 (SB 289)

The list of eligible surplus lines insurers published at least semiannually will no longer be mailed to producers but will be published on the division's Internet website. A copy will be provided to anyone who requests it from the division. AS 21.34.050

Title Employees Effective 7/1/06 (SB 289)

Consistent with license requirements for other producers, an officer or salaried employee of a title insurance company who transacts insurance business in Alaska must obtain a title insurance limited producer license from the division. AS 21.66.480(8)

“Firm” Effective 7/1/06 (SB 289)

The definition of “firm” has been changed to conform to the definition in the NAIC Producer Licensing Model Act. “Firm” now means a corporation, association, partnership, limited liability company, limited liability partnership, or other legal entity. AS 21.90.900(17)

## CHANGES AFFECTING INSURANCE COMPANIES

### **Property/Casualty Insurers**

#### Filing of Annual Actuarial Opinion Summary *Effective 7/1/07* (SB 289)

An Alaska domestic insurance company must file annually a statement of actuarial opinion summary written by the insurer's appointed actuary. Other admitted non-domestic insurers may be required to file a summary at the request of the director. The summary must follow the format required by the NAIC, and include any additional information the director may require. The summary will be kept confidential except in limited circumstances. AS 21.09.207

### **Life and Health Insurers**

#### Interstate Insurance Product Regulation Compact *Effective 8/20/06* (HB 439)

This Interstate Compact creates a commission that provides the compacting states with the ability to collectively use their expertise to develop uniform national product standards for individual and group annuity, life insurance, disability income and long-term care insurance products. The compact establishes a central point of filing for these insurance products. Unless the director opts out of a uniform standard for a product because the standard provides a lower level of protection for or materially diminishes the rights of Alaska policyholders under Alaska law, a product filed with and approved by the commission is approved for use in Alaska. An insurer may still file a product directly with the division. AS 21.42.700, 21.42.705, AS 21.53.010

### **Health Care Insurers**

#### Required Coverage for Colorectal Cancer Screening *Effective 1/1/07* (HB 393)

Under AS 21.42.377, health care insurers that offer health care insurance plans in this state are required to provide coverage for the costs of colorectal cancer screening examinations and laboratory tests as specified in the statute.

#### Required Coverage for Hearing Screening *Effective 1/1/08* (HB 109)

Under AS 21.42.349, health care insurers that offer health care insurance plans in this state are required to provide coverage for newborn and infant screening as described in the statute if the insurance plan covers services provided to women during pregnancy and childbirth and the dependents of a covered individual.

#### Comprehensive Health Insurance Association (CHIA) *Effective 11/6/06* (HB 29)

These changes allow an insurer to offset 50 percent of CHIA assessments paid against premium taxes the insurer owes on premiums written in the year following the date of the assessments. AS 21.09.210, AS 21.55.010, 21.55.020, 21.55.220, and 21.55.500

#### Various Health Insurance Provisions *Effective 7/1/06* (SB 289)

- The applicability of the managed care laws in AS 21.07 is expanded to individual health insurance.
- The prompt claim payment requirements under AS 21.54.020 are now applicable to individual health insurance as well as group health insurance and are moved to AS 21.36.128.
- The Health Insurance Portability and Accountability Act of 1996 mental health parity provisions that were repealed in 1997 are readopted under AS 21.54.151.
- *Effective 1/1/07*, the Small Employer Health Reinsurance Association under AS 21.56 is repealed.

## **Annuity Insurers**

### Annuity Contract Provisions Effective 1/1/07 (SB 289)

The annuity nonforfeiture laws in AS 21.45.305 are amended to clarify that for purposes of calculating the minimum cash surrender benefit of an annuity, 1) the maturity date can be no later than the later of the annuitant's 70th birthday or the 10th anniversary of the contract and 2) no surrender charge may be imposed on or after the maturity date, except for annuity contracts with one or more renewable guaranteed periods under conditions specified in the statute.

## **Surplus Lines Insurers**

### Surplus Lines Effective 6/20/06 (SB 289)

A nonadmitted insurer who fails to pay the fee or file the financial statement required by statute will be removed from the list of eligible surplus lines insurers. If the nonadmitted insurer inadvertently failed to pay or file as required, the director may reinstate the insurer to the list if the insurer remedies the reason for removal from the list and pays the required late fee.

AS 21.34.050

## **All Insurers**

### Filing and Use of Non-English Policy Forms and Use of Associated Non-English Materials

#### Effective 11/8/06 (HB 394)

The director may approve and an insurer may provide a non-English version of a policy to an insured on an informational basis. Also, an insurer may use non-English versions of advertising or marketing materials. But an English version of a policy or advertising or marketing material must be provided with the non-English version and it must state in both English and the other language that the English version is the official version for purposes of application and interpretation. AS 21.42.175

### Cooperation of Insurers With the Alaska Department of Health and Social Services (DHSS)

#### Effective 7/1/07 (HB 426)

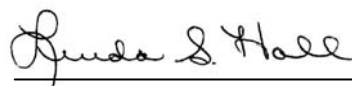
With respect to medical assistance programs under AS 47.07, an insurer is required 1) to provide coverage information upon request by DHSS, 2) to accept DHSS's right of recovery and assignment, 3) to respond to an inquiry by DHSS regarding claim payments, and 4) to agree not to deny a DHSS claim under the circumstances specified in the statute. AS 21.09.240

If you have questions regarding the information in this bulletin, please contact the division at (907) 465-2515 (Juneau) or (907) 269-7900 (Anchorage).

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Director