

# STATE OF ALASKA

DEPARTMENT OF COMMERCE AND  
ECONOMIC DEVELOPMENT

DIVISION OF INSURANCE

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## BULLETIN B91-3

TO: All Insurance Licensees

SUBJECT: General Licensing Information

In August 1987 and January 1991, respectively, the producer licensing section in the Division of Insurance implemented various legislative changes. These changes have substantially impacted each licensee authorized to do business in the State of Alaska.

### Principals/Managers:

Individuals listed on the firm's license, referenced as principals/managers, will be sent their own continuation notices and individual licenses during the continuation period this year. For each license type for which the principal is authorized, a continuation notice and new license will be sent (i.e., agent, broker, general agent, etc.). Previously, the division's position was that the firm license was considered the principal's license. Since the principal is qualified and licensed to transact the business of insurance in the state, a separate license will be issued. Licenses will be mailed when the firm's license continuation and principal continuation are processed.

The division plans to issue the new broker and surplus lines broker principal licenses during the summer. These new principal licenses must be continued annually. Principals will receive a separate continuation notice. There will not be an additional fee assessed to continue these licenses as the fee remitted on behalf of the firm will include the principal/manager. However, there may be a \$50.00 continuing education fee assessment reflected in the "fee due" field. This is necessary to fund the recently proposed continuing education requirement.

### Individuals vs. Individuals Working in a Firm:

All individuals transacting a business of insurance in Alaska or relative to a subject resident, located or to be performed in the state must be licensed.

If actions involved require licensure, then either an "individual" license or an "individual working in a firm" license must be obtained.

If licensed as an individual, a company appointment issued by all companies represented is required in the licensee's name. These appointments issued in an individual's name do not extend to the firm for which you may be working.

Appointments are not deemed approved until processed and approved by the division. Business may not be transacted until the division has approved the appointment and the licensee has received verification.

If a person is licensed as an individual working in a firm, business may be conducted only for the firm which the individual is licensed to represent. All appointments approved in the firm's name extend to all licensed individuals who are authorized to represent that firm.

Individuals who maintain an individual license may represent firms without holding an individual working in a firm license.

The division's position previously was that an individual who wished to solicit and transact insurance business on behalf of a firm was required to obtain an individual working in a firm license since the firm's company appointments extended to that individual. However, a recent interpretation by the division's attorneys has determined that the statute referenced only that a license was required, not the type necessary to transact, whether you were an individual or an individual working in a firm.

Examples:

ABC Insurance, Inc. is appointed by XYZ Insurance Company, DEF Insurance Company and GHI Insurance Company.

Jane Doe holds an individual agent license, is appointed by JKL Insurance Company, and has authority from ABC Insurance, Inc. to represent that entity. The division's interpretation of this type of situation would be that Jane Doe may represent XYZ Insurance Company, DEF Insurance Company, GHI Insurance Company and JKL Insurance Company. However, ABC Insurance, Inc. may not represent JKL Insurance Company unless appointed by JKL Insurance Company.

Frank Smith holds an individual working in a firm agent license to represent ABC Insurance, Inc. He may only represent XYZ Insurance Company, DEF Insurance Company and GHI Insurance Company.

If the licensee determines that all licenses currently held may not need to be continued, the licensee may surrender the license and wall certificate to the division for voluntary cancellation. Failure to continue or surrender the license will result in revocation of the license. If the licensee is unable to locate the license or wall certificate, a notarized Affidavit of Loss will suffice.

Once the license has been cancelled, retesting would not be required up to two years from date of cancellation. However, if revoked, retesting may be required.

Continuing Education:

In 1990, the Sixteenth Legislature enacted legislation authorizing the Director of Insurance to promulgate regulations for continuing education requirements.

Upon that action, the Director appointed a Steering Committee, comprised of various individuals who represented the insurance industry and representatives of the division, to propose continuing education regulations. Regulations were drafted, a public hearing was held, and comments were received and considered.

The proposed regulations would require each individual licensee to meet an annual 12 continuing education credits. However, exemptions are provided FOR:

1. a nonresident licensee who is in good standing in the state in which the resident license is held and that state has a continuing education program;
2. an individual who is an inactive licensee, which is defined as an individual who is licensed and receives commissions from previous sales of insurance but transacts no other business;
3. licensed travel insurance agent; and
4. individuals issued a temporary license.

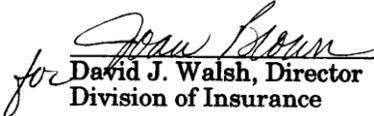
The implementation of this new requirement will substantially impact the producer licensing section. To alleviate the work load, the division has requested three new positions. A fee has been established in the regulations in order to fund these positions.

Each licensee will be required to remit an annual \$50.00 continuing education fee, in addition to the annual license continuation fee. If an individual holds more than one license, only one \$50.00 continuing education fee will be assessed. This fee will be reflected on the continuation notices that will be mailed soon.

The regulations are now being reviewed by the Alaska Department of Law and by the Lieutenant Governor's office. Upon satisfactory completion of the review process, the regulations will become effective 30 days after the Lieutenant Governor has signed and filed them.

Once adopted, the division will send out the regulation to all currently licensed individuals for their reference.

Dated this 14th day of May, 1991.

  
for **David J. Walsh, Director**  
**Division of Insurance**