

STATE OF ALASKA

DEPARTMENT OF COMMERCE AND
ECONOMIC DEVELOPMENT

DIVISION OF INSURANCE

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BULLETIN 92-3

To: Currently Licensed General Agents

Legislation taking effect July 1, 1992 substantially changes the licensing status and requirements for general agents. Effective July 1, 1992, general agents will become either managing general agents or third party administrators. The purpose of this bulletin is to assist a currently licensed general agent to determine whether the person needs to be licensed as a managing general agent or registered as a third party administrator.

"Managing general agent" means a person, **firm**, or corporation that:

(A) has authority to exercise general supervision over the business, or any part of the business, of one or more admitted insurers; and

(B) performs administrative functions normally performed by the insurer including claims administration and payment, marketing administration, agent appointment, premium accounting, premium billing, coverage verification, final underwriting authority, and certificate issuance (AS 21.90.900(26)).

"Third-party administrator" means a person who for residents of this state, or for residents from another jurisdiction from a place of business in this state, performs administrative functions including claims administration and payment, marketing administrative functions, premium accounting, premium billing, coverage verification, underwriting authority, or certificate issuance in regard to **life insurance, disability insurance or annuities** (AS 21.90.900(38)).

If your operations fall within the definition of managing general agent and you represent any domestic insurer, you must be licensed as a managing general agent unless

- (1) you are registered as a third-party administrator;
- (2) you are an employee of an admitted insurer acting within the course and scope of that employment and within the scope of the insurer's Certificate of Authority;
- (3) or perform management services under a written contract for an admitted insurer if you are:
 - (A) the United States manager of the United States branch of an alien admitted insurer;
 - (B) the wholly-owned subsidiary of the admitted insurer;

(C) wholly owns the admitted insurer, or is a wholly-owned subsidiary of the insurance holding company subject to AS 21.22 that owns or controls the admitted insurer.

If you are a nonresident and your operation falls within the definition of managing general agent and you only represent a foreign insurer, you are not required to be additionally licensed in Alaska as a managing general agent if you are licensed by your resident insurance regulator as a managing general agent and your resident insurance regulator has enacted provisions substantially similar to those contained in Alaska law and your state is accredited by the National Association of Insurance Commissioners.

If your operation falls within the definition of third-party administrator, you must register in this state if you represent a domestic insurer.

If you represent only a foreign insurer and are registered as a third-party administrator by your resident insurance regulator in a state that has been accredited by the National Association of Insurance Commissioners and your state has enacted provisions substantially similar to those contained in Alaska law, you are not additionally required to be licensed as a third-party administrator in Alaska.

If you meet the definition of a third-party administrator but only administer or adjust claims, you are not required to be registered as a third-party administrator if you are licensed in this state as an independent adjuster.

In summary, most of you will need to be licensed or registered as a managing general agent or third-party administrator if you represent a domestic insurer or require a resident license. If you are a nonresident and only represent foreign insurers, you may be eligible to elect not to be licensed or registered in this state if your resident jurisdiction is accredited by the NAIC and your state's laws regarding managing general agents and third-party administrators have been determined by the director to be substantially similar to Alaska law. If you believe that you may not be required to be licensed in this state, you should advise the division why in writing and provide supporting documentation. Evidence that your state is accredited by the NAIC and a copy of the applicable law should be submitted so that the division may confirm that your law is substantially similar to Alaska's.

General agents should review all of the new Chapter 27 in order to become familiar with the new licensing provisions and the extensive operational requirements for managing general agents and third-party administrators.

All persons currently licensed as general agents who wish to be licensed as a managing general agent must file a copy of each current managing general agent contract with Part III of the attached managing general agent application. In addition, to transact business as a managing general agent an appointment from each insurer must have been approved by the division prior to July 1, 1992, or an appointment must be filed and acknowledged by the division after July 1, 1992, under AS 21.27.100.

As always, division staff will be happy to respond to your questions.

Signed this 21st day of July, 1992.

A handwritten signature in black ink, appearing to read "D. Walsh", written over a horizontal line.

David J. Walsh, Director
Division of Insurance