

STATE OF ALASKA

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

DIVISION OF INSURANCE

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BULLETIN 96-09

TO: ALL LICENSED INSURANCE PRODUCERS IN ALASKA

RE: PREMIUM TRUST MONEY ACCOUNTS

The purpose of this bulletin is to remind all insurance producers licensed by the Division of Insurance and receiving money representing premiums or return premiums for the issuance of insurance contracts are required to have a premium trust money account through which all premiums or return premiums are held until forwarded to the insurer or insured. Under AS 21.27.350, a licensee is required to document and maintain records pertaining to all actions taken in regard to an insurance transaction. AS 21.27.360 requires that all money, except that made payable to the insurer, representing premium taxes and fees, premiums or return premiums received by the licensee for the procuring or issuance of an insurance contract, shall be received in the fiduciary account of the licensee and shall be promptly accounted for and paid to the person entitled to the money. However, this requirement does not apply to licensed individuals in a firm who act solely on behalf of a firm that maintains compliance with the requirements for depositing money into a premium trust account. (AS 21.27.360(f))

Regulations for premium trust money fiduciary accounts were initially adopted in August of 1990. The regulations are contained in Article 4, titled, a Trust Accounting for Licensees," sections 3 AAC 23.500 through 3 AAC 23.730. Revisions of the regulations were adopted in 1994. Bulletin 94-9, dated September 9, 1994, was issued to clarify several aspects concerning the use of trust money accounts to comply with Alaska statutes and regulations.

In addition to insurance producers, licensees include surplus lines brokers, managing general agents, reinsurance intermediary managers, reinsurance intermediary brokers, limited lines licenses (title, travel, bail bond, and fraternal) and registered third-party administrators. License authority includes life, health, property, and casualty for both personal and commercial business.

The Division of Insurance gives a further reminder that all licensees are subject to examination by the Division under the authority granted in AS 21.06.120 and AS 21.06.130. Examinations will be conducted periodically as often as the director considers it advisable for the purpose of evaluating compliance with Alaska statutes and regulations and in particular regarding the use of premium trust money accounts. Additionally, reinsurance intermediary managers, managing general agents and third party administrators who pay claims on behalf of an insurer will be examined for compliance with requirements for holding claim funds in a fiduciary account. Licensees chosen for examination will be selected on a random basis unless a targeted examination is determined to be necessary by the director.

This bulletin does not replace any previously-issued bulletins or orders

Done this 27th day of August, 1996 at Juneau, Alaska.



Marianne K. Burke

Director of Insurance