

STATE OF ALASKA

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

DIVISION OF INSURANCE

TONY KNOWLES, GOVERNOR

P.O. BOX 110805
JUNEAU, ALASKA 99811-0805
PHONE: (907) 465-2615
FAX: (907) 465-3422
TDD: (907) 465-5437

BULLETIN B9706

TO: Licensees, Admitted Insurers, and Interested Parties

RE: ThirdParty Administrators Transacting Insurance Business in Alaska

In recent months, the division has received numerous inquiries seeking clarification and assistance as to when a person must obtain a ThirdParty Administrator (TPA) registration to transact the business of insurance in this state. The intent of this bulletin is to provide guidance and reiterate the requirements under Title 21, Chapter 27.

THIRDPARTY ADMINISTRATOR means a person who for residents of this state, or for residents of 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, health, or annuities**. (Alaska Statute (AS) 21.90.900(38))

"Person" includes an insurer, Lloyd's, fraternal benefits society, medical service or hospital service plan as defined in AS 21.87, reciprocal, or interinsurance exchange, syndicate, and any other legal entity engaged in the business of transacting insurance. (AS 21.90.900(28))

Alaska Statutes 21.27.63021.27.650 requires any person transacting the business of insurance as a TPA to obtain the statutorily required registration, unless the person has qualified for and obtained exemption from the TPA registration.

WHEN A TPA REGISTRATION IS REQUIRED

Registration as a TPA **is required** if any authority conferred to you by an insurer falls within the TPA definition AND

- 1) you are a resident of this state; OR
- 2) you represent an Alaska domiciled insurer; OR
- 3) you represent a foreign insurer and your resident state is NOT accredited with the National Association of Insurance Commissioners (NAIC).

In addition to a certificate of authority, a TPA registration may be required of an insurance company authorized to transact business in this state if the insurance company performs duties or functions for another insurer that fall under the purview of the TPA definition.

If there is excess or stop loss coverage involved and an admitted insurer is underwriting that portion, a TPA registration is required if the TPA is administering the excess or stop loss insurance underwritten by the admitted

insurer. However, the registration requirement relates only to the excess or stop loss portion, not the selfinsured portion.

TPA REGISTRATION EXEMPTIONS

Alaska laws provide a mechanism for a person to claim exemption from the TPA registration if the person meets any one of the following conditions:

A person who meets the definition of a TPA but only investigates and adjusts claims and is licensed by the State of Alaska, Division of Insurance, as an independent adjuster.

A person who is licensed/registered as a TPA by the TPA's resident regulator, the resident state is accredited with the NAIC,

who only represents foreign insurers, and whose laws are substantially similar to Alaska's.

A person who performs management services for an admitted insurer whose compensation is not based on the volume of premium written and the person

(1) is a whollyowned subsidiary of the admitted insurer;

(2) wholly owns the admitted insurer;

(3) is a whollyowned subsidiary of the insurance holding company that owns or controls the admitted insurer;

(4) is a United States manager of the United State branch of an alien admitted insurer; or

(5) is the manager of a group, association, pool, or organization of admitted insurers that does joint underwriting if it is subject to examination by the authorized insurance regulator in the state in which the person's principal place of business is located.

A credit union or a financial institution subject to supervision or examination by federal or state banking authorities, or a mortgage lender, that performs no functions other than advancing premiums to the insurer and collecting a debt from the insured.

A credit card issuing company that performs no functions, including adjustment or settlement of claims, other than advancing and collecting premiums from its credit card holders who have authorized collection.

A person who only provides services to bona fide employee benefit plans that are established by an employer or an employee organization, or both, for which the insurance laws of this state are preempted under the Employee Retirement Income Security Act of 1974 (ERISA) if the person certifies to the director on or before February 1 of each year of their exempt status.

FILING REQUIREMENTS

To obtain registration as a TPA in this state, the division must receive the filing requirements identified on the application forms. If you wish to receive an application packet or seek assistance with the registration requirements, you may contact the Linda Brunette, Licensing Supervisor, directly at (907) 465-2545 or fax your request/question to (907) 465-2816.

If you believe that you are not required to be registered as a TPA in this state, please advise the division what provision exempts you from registration for our evaluation. You will be informed of the division's determination.

We encourage you to evaluate your duties and responsibilities to determine if registration may be required for business transacted in our state. We hope that this bulletin provides the necessary information and guidance to assist you in evaluating compliance with our laws.

Dated this 5th day of May, 1997 in Juneau, Alaska.

A handwritten signature in black ink, appearing to read "Marianne K. Burke". The signature is written in a cursive style with a large initial "M".

Marianne K. Burke
Director of Insurance