

STATE OF ALASKA

DEPARTMENT OF COMMERCE AND
ECONOMIC DEVELOPMENT

DIVISION OF INSURANCE

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BULLETIN B99-11

TO: All Insurance Companies and Individuals Settling Claims in Alaska

RE: Standards for Prompt, Fair, and Equitable Claim Settlements

Last year, the Division of Insurance issued Bulletin 98-12 regarding standards for prompt, fair, and equitable claim settlements. Several people who received the bulletin have requested that the division clarify what instruments may be used for the payment of claims.

AS 21.89.030 states:

An insurance company doing business in this state may not pay a judgment or settlement of a claim in this state for a loss incurred in this state with an instrument other than a negotiable bank check payable on demand and bearing even date with the date of writing or by electronic funds transfer.

3 AAC 26.070(d) states:

Any person transacting a business of insurance who participates in the investigation, adjustment, negotiation, or settlement of a claim shall pay a judgment or settlement of the claim (including advances, partial settlements, or similar payments) with a negotiable check payable in cash to the payee upon presentation to a bank located in Alaska. If the check is not drawn upon a bank having a physical location in Alaska, it must be payable in cash upon presentation to at least one bank having a physical location in Alaska.

The purpose of the regulation and its underlying statute is to assure that receipt of claim monies is not unreasonably delayed.

The division considers the following methods as conforming to the regulatory requirements for claim payments:

payment by U.S. Postal Money Order;

payment by cashier's check, teller check, certified check, or other negotiable bank check payable in cash on demand at a bank located in Alaska or, if the claimant is out of state, at a bank located in the community where the claimant is residing; and

payment by electronic fund transfer to any account designated by the claimant.

If you have any questions regarding this bulletin, please contact the Consumer Service Section of the Division of Insurance; 3601 C Street, Suite 1324; Anchorage, AK 99503-5948; (907) 269-7900; fax (907) 269-7910; or via electronic mail at: .

DATED: July 8, 1999

A handwritten signature in black ink, appearing to read "John R. Ference". The signature is written in a cursive style with a large, looping initial "J" and "F".

John R. Ference
Acting Director