



Frank H. Murkowski, Governor

Department of Community and Economic Development

Division of Insurance

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ORDER NUMBER R 03-12

December 2, 2003

ORDER REQUIRING PAYMENT OF ASSESSMENT AND LEVYING PENALTY UNDER AS 21.55.220 AGAINST INSURANCE COMPANIES LISTED WITHIN THIS ORDER FOR FAILURE TO PAY THE AUGUST 12, 2003 ALASKA COMPREHENSIVE HEALTH INSURANCE ASSOCIATION ASSESSMENT

BACKGROUND:

1. On September 4, 2003, the administrator of the Alaska Comprehensive Health Insurance Association (ACHIA), Benefit Management, Inc., mailed to the below-listed companies notices of assessment in the indicated amounts. No notice was returned by the U.S. Postal Service as undeliverable.

<u>Company Name</u>	<u>Market Share</u>	<u>Amount Assessed</u>
Centre Life Ins. Co.	.000172438%	\$ 431
Country Life Ins. Co.	.000135618%	\$ 339
Employers Reinsurance Corp.	.000363942%	\$ 910
National Union Fire Ins. Co. of Pittsburgh	.000272869%	\$ 682
State Farm Mutual Auto Ins. Co.	.009284602%	\$ 23,212
Zurich American Ins. Co.	.001023587%	\$ 2,559

2. The September 4, 2003 notice outlined the two options available to each of the companies regarding the August 12, 2003 ACHIA assessment. First, after reviewing the definition of major medical coverage, if the company determines that the company did not write major medical coverage in Alaska in **2002**, the company provides ACHIA a certification by an actuary or an appropriate officer of the company stating that the company did not write major medical coverage in Alaska in **2002**. Or, second, after reviewing the definition of major medical coverage, if the company determines that the company is subject to the assessment, the company pays the assessment to ACHIA by October 6, 2003.

FINDINGS:

The Director finds that:

A. It has been 90 days since the notices of assessment were mailed. Each of the companies listed in this order has failed to pay the August 12, 2003 ACHIA assessment within 30 days from the date of its receipt of written notice of the assessment, as required under AS 21.55.220.

B. None of the companies listed above provided to ACHIA a signed certification by an actuary or appropriate officer of the company to the effect that it does not write major medical coverage in Alaska, as defined in AS 21.55.500(14), and, therefore, should not be subject to assessments under AS 21.55.220.

C. Each of the companies listed in this order reported in the 2002 National Association of Insurance Commissioners annual statement an amount of health insurance premium written in Alaska in the assessment base year of 2002 upon which the market share percentages listed above were based.

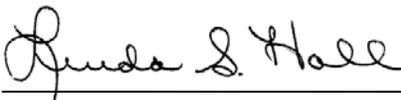
D. AS 21.55.220(d) provides in part “. . . A member who fails to pay a fiscal year end or interim assessment as required in this subsection (1) shall pay a civil penalty to the director in the amount of \$100 for each day the member fails to pay the required assessment, and (2) may have the member’s certificate of authority revoked by the director. . . .”

ORDER:

The Director orders each of the companies listed in this order, as a condition of doing health insurance business in this state, to maintain its membership in the Alaska Comprehensive Health Insurance Association by **paying its assessment with a check payable to the Comprehensive Health Insurance Association; P.O. Box 1090; Great Bend, KS 67530**. A copy of the attached invoice should be included with the assessment check.

The Director further orders that, if the assessment is not received by ACHIA by December 29, 2003, each company failing to pay its assessment shall be subject to a civil penalty under AS 21.55.200(d) as cited above. Failure to comply with this order may also be grounds to suspend or revoke such company’s certificate of authority under AS 21.09.150(a).

This order takes effect December 2, 2003.



Linda S. Hall
Director