



NOTICE REGARDING REQUIREMENTS FOR MOTOR VEHICLE SERVICE CONTRACT PROVIDERS AND ADMINISTRATORS

The enactment of SCS CSHB 206(L&C), effective January 1, 2015, added the new license and registration classes for motor vehicle service contract providers and motor vehicle service contract administrators, respectively. To implement the new law, the division has developed requirements and procedures to facilitate the issuance or approval of these new license or registration classes.

The new legislation may be found at:

http://www.legis.state.ak.us/basis/get_fulltext.asp?session=28&bill=HB206. You may also obtain a copy of the bill by contacting one of the Alaska Legislative Information Offices (<http://w3.legis.state.ak.us/misc/lios.php>).

MOTOR VEHICLE SERVICE CONTRACT PROVIDER

A Motor Vehicle Service Contract Provider is defined as a person that is contractually obligated to provide motor vehicle services to a service contract holder under the terms of a motor vehicle service contract.

License Requirements

A license is required for any person who meets the definition of a motor vehicle service contract provider, which generally will be the business entity (firm) offering the contract. The individual designated as the responsible person (compliance officer) for the firm will also need to be licensed. A provider's representative who may be selling motor vehicle service contracts on behalf of the provider or who is operating under the firm's contract to provide motor vehicle services to a service contract holder will not be required at this time to be separately licensed.

Filing Requirements

1. To obtain a license, applicants must use the National Association of Insurance Commissioner's (NAIC) Uniform Application form. That form may be filed electronically via the National Insurance Producer Registry (www.nipr.com) or by submitting a paper application. The applicant must be licensed as a resident in any state to apply via NIPR; otherwise, a paper application must be filed. Paper applications may be obtained at www.nipr.com (Paper Licensing- Resident or Paper Licensing-Nonresident). Individuals filing a paper application should note the class, Motor Vehicle Service Contract Provider, under Lines of Authority, Other, on question 28 within the application. Business Entities (Firms) should not complete question 27 within the application but provide written notice identifying what class of license the applicant is seeking.
2. All basic organizational documents, such as articles of incorporation, bylaws, articles or organization, articles of association, operating or partnership agreements must be provided.

These cannot be filed in NIPR's Attachment Warehouse and must be submitted separately to our office.

3. A copy of any motor vehicle service contract offered to a resident of this state must be provided. These cannot be filed in NIPR's Attachment Warehouse and must be submitted separately to our office.
4. Financial responsibility must be met by submitting either:
 - (a) a copy of the contractual liability policy issued in the applicant's name; or
 - (b) a copy of the provider's or the parent company's most recent annual report filed with the United States Securities and Exchange Commission within the last calendar year, or if the company does not file with the United States Securities and Exchange Commission, a copy of the company's audited (certified) financial statements, which show a net worth of the provider or its parent company of at least \$100,000,000. If the parent company's annual report or financial statements are filed to meet the provider's financial stability requirement then the parent company shall agree to guarantee the obligations of the provider relating to motor vehicle service contracts sold by the provider. This cannot be filed in NIPR's Attachment Warehouse and must be submitted separately to our office.
5. If a provider has appointed an administrator or other designee to administer all or part of a motor vehicle service contract, the provider must identify the name and business address of that administrator or designee and must provide a copy of the written agreement with the administrator or designee that sets out the duties, functions, powers, authority, and compensation of all parties to the agreement. This cannot be filed in NIPR's Attachment Warehouse and must be submitted separately to our office.
6. Resident/Nonresident Qualification – To confirm that the applicant has met the minimal competency required to obtain the license, the applicant must:
 - (a) be licensed and in good standing in any state for property/casualty lines of authority for any license class/type; or
 - (b) currently licensed and in good standing in Alaska as an insurance producer or managing general agent for property/casualty authority; or
 - (c) hold an Alaska Certificate of Authority; or
 - (d) if an applicant does not currently have a license or certificate of authority, the applicant may submit for the Director's consideration a statement and documentation that validates that the applicant has been legally operating as a service contract provider and offering motor vehicle service contracts for a period of not less than 10 years in any state.

Item (d) cannot be filed in NIPR's Attachment Warehouse and must be submitted separately to our office.

7. Fees – there is no application or filing fee at this time.

MOTOR VEHICLE SERVICE CONTRACT ADMINISTRATOR

A Motor Vehicle Service Contract Administrator is defined as a person who is responsible for the administration of a motor vehicle service contract or the motor vehicle service contract plan.

Registration Requirements

Registration is required for any person who meets the definition of a motor vehicle service contract administrator, which generally will be a business entity (firm). At this time, firm representatives do not need to be separately registered.

Filing Requirements

1. To apply for registration, applicants should use the National Association of Insurance Commissioner's (NAIC) Uniform Application. It may be filed electronically via the National Insurance Producer Registry (www.nipr.com) or by submitting a paper application. The applicant must be licensed as a resident in any state to apply via NIPR; otherwise, a paper application must be filed. Paper applications may be obtained at www.nipr.com (Paper Licensing- Resident or Paper Licensing-Nonresident). Individuals filing a paper application should note the class, Motor Vehicle Service Contract Administrator, under Lines of Authority, Other, on question 28 within the application. Business Entities (Firms) should not complete question 27 within the application but provide written notice identifying what class of license the applicant is seeking.
2. Statement identifying the name(s) of the provider(s) for whom the person acts as an administrator. This cannot be filed in NIPR's Attachment Warehouse and must be submitted separately to our office.
3. Fees – there is no application or filing fee at this time.

General Business Rules and Information for Applying for Licensure/Registration through the National Insurance Producer Registry (NIPR)

Due to the addition of these license classes, business rules with NIPR have been updated to allow persons to apply via NIPR, effective **December 14, 2014**. Please thoroughly review Alaska's state specific requirements on www.nipr.com before completing an electronic application. In instances that require the applicant to file additional documentation as a result of an affirmative response to the background questions, the filing should be submitted in the NIPR Attachments Warehouse to expedite the processing of the application. **Please note:** although you may file for one of the new license or registration classes on NIPR prior to the effective date of the law, the division will not approve any licenses or registrations until after the **January 1, 2015** effective date.

Transition

Because the law does not provide a transitional period for a motor vehicle service contract provider or administrator to obtain the required license or registration to offer, sell, or administer motor vehicle service contracts in this state, the division has determined:

- If a person currently holds an active Alaska producer or managing general agent license for property/casualty authority and is currently selling or offering motor vehicle service contracts previously approved by our division, until the new license or registration class has been issued or approved, the licensee may continue to sell, offer, or administer these motor vehicle service contracts through January 31, 2015;
- If a person does not hold an active Alaska license, the new license class for Motor Vehicle Service Contract Provider or Administrator authority must be obtained prior to offering, selling, or administering motor vehicle service contracts in this state.

Finally, a motor vehicle service contract administrator who assumes a provider's obligations under a motor vehicle service contract should be licensed as a motor vehicle service contract provider in this state.

If you have any questions regarding this notice, please contact the Licensing Section at (907) 465-2515 or by e-mail at insurance@alaska.gov.

Dated: December 9, 2014