



DIVISION OF INSURANCE

*Frank H. Murkowski, Governor*

ORDER NUMBER R 05-04

November 10, 2005

**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 8, 2005 ALASKA  
COMPREHENSIVE HEALTH INSURANCE ASSOCIATION ASSESSMENT**

**BACKGROUND:**

1. On August 29, 2005, 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>
Guardian Life Ins. Co. of America	.5290955718%	\$ 15,873
Gulf Ins. Co.	.0070080329%	\$ 210

2. The August 29, 2005 notice outlined the two options available to each of the companies regarding the August 8, 2005 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 **2004**, 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 **2004**. 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 September 30, 2005.

3. On September 30, 2005, a second notice was sent to the above-listed companies by certified mail. This notice stated that payments had to be delivered to the administrator by October 30, 2005 in order to avoid a penalty. Guardian Life signed the receipt for the certified mailing on October 6, 2005 and Gulf Ins. signed its receipt on October 5, 2005.

## FINDINGS:

The Director finds that:

A. It has been 73 days since the notices of assessment were mailed. Each of the companies listed in this order has failed to pay the August 8, 2005 ACHIA assessment within 30 days from the date of its receipt of written notice of the assessment, as required under AS 21.55.220. Further, each company failed to respond to the second notice that was mailed on September 30, 2005, which required payment by October 30, 2005 in order to avoid a penalty.

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 2004 National Association of Insurance Commissioners annual statement an amount of health insurance premium written in Alaska in the assessment base year of 2004 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 each company listed in this order shall be subject to a civil penalty under AS 21.55.200(d) as cited above. The civil penalty shall accrue at the rate of \$100 per day from October 31, 2005 until the assessment is paid in full. Once the division is notified of the date the assessment has been paid, the division will notify the company of the exact amount of the \$100 per day civil penalty and instructions for payment. The civil penalty is payable to the division, **not** to ACHIA.

Failure to comply with this order will result in additional administrative action, which may include suspension or revocation of the company’s certificate of authority under AS 21.09.150(a).

This order takes effect November 10, 2005.

  
Linda S. Hall  
Director