



BULLETIN 14-05

TO: ALL LICENSEES AND SURPLUS LINES INSURANCE COMPANIES IN THE STATE OF ALASKA AND OTHER INTERESTED PARTIES

RE: RECENT CHANGES IN THE REGULATIONS OF THE ALASKA DIVISION OF INSURANCE

The division has adopted regulations modifying the surplus lines requirements to conform to Alaska statute changes due to the federal Nonadmitted and Reinsurance Reform Act of 2010. The regulations include modifications to the diligent search requirements, additional requirements for the notice of nonrenewal and premium increase, and fees for the new portable electronic limited producer licenses.

All affected parties must comply with the new regulatory requirements as of September 4, 2014, the effective date of these regulations. The regulations may be viewed on the division's website at: <http://commerce.alaska.gov/dnn/Portals/7/pub/SL-regs.pdf>

This bulletin provides an overview of some of the important changes in the regulations and is **for informational purposes only** and is not intended to be an exhaustive or interpretive analysis of the regulatory changes. **Review all the sections of these regulations on the division website to ensure your compliance with them when transacting insurance business in this state.** The topics covered in this bulletin are:

- 3 AAC 21. Insurer - Financial Payment of taxes and fee
- 3 AAC 25. Surplus Lines
- 3 AAC 31. Miscellaneous - Fees

3 AAC 21.

All reference to surplus lines annual tax payments were eliminated and replaced with quarterly payment requirements.

3 AAC 25.

- The time frame for when a producing broker must provide a surplus lines broker with documentation of a diligent search of the admitted market has changed to not later than 15 days after the binding of the insurance contract.
- Information regarding an exempt commercial purchaser was added to the documentation section for diligent search.
- The producing broker shall include in the diligent search documentation a description of the kind of insurance that is adequate for the director to determine whether insurance coverage is available in the admitted market to cover the kind of insurance
- The requirement that the Alaska policyholder notice must be part of a binder and cover note has been eliminated. It remains a requirement that the policy must contain the notice and it is the surplus lines broker's responsibility to ensure the notice is part of the policy.
- Clarification is made that subsequent endorsements and company audits related to a policy are considered evidence of insurance.
- The report of surplus lines transaction form no longer needs to be signed by a surplus lines broker, just the quarterly report. New forms will be available September 4, 2014 on the division website.
- Monthly reports have been eliminated and replaced with Quarterly reports.
- The eligibility requirements for surplus lines insurers are now in line with the Nonadmitted and Reinsurance Reform Act of 2010.

3 AAC 31.

- A fee is added for initial application or biennial renewal for a portable electronics limited producer license.
- A clarification is made that only alien surplus lines insurers not on the Quarterly Listing of Alien Insurers under AS 21.34.040(c) (7) will owe a fee to be on the surplus lines white list.

If you have any questions regarding the information in this bulletin, please contact Rebecca Nesheim at (907) 465-2584 or rebecca.nesheim@alaska.gov.

Dated August 13, 2014



Lori Wing-Heier
Director