



Division of Insurance

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BULLETIN B 04-08

TO: ALL PRODUCERS AUTHORIZED TO TRANSACT INSURANCE BUSINESS IN THE STATE OF ALASKA AND OTHER INTERESTED PARTIES

RE: CEASE AND DESIST ORDER ISSUED TO NORTH AMERICAN MARINE GENERAL INSURANCE COMPANY, LTD. (NAMGIC) AND INTERNATIONAL WATER MARINE SAFETY FOUNDATION (IWMSF) - No. D 04-13

We wish to advise you about the above-referenced entities and their unauthorized solicitation of insurance in Alaska. NAMGIC has never been admitted or authorized to act as an insurer in Alaska, and IWMSF has never been licensed to transact insurance in Alaska. (You can access the order at www.dced.state.ak.us/insurance/orders/disciplinary.htm.)

The division has determined that NAMGIC and IWMSF have been transacting the business of insurance in Alaska without authority. They continue to operate within the United States in defiance of other state regulatory actions. To date, cease and desist orders have been issued by nine states, including Alaska, citing the solicitation and transaction of insurance by an unlicensed or unauthorized entity. NAMGIC and IWMSF have been fined over \$1,000,000.00 by these states.

IWMSF contends that "Wet Ocean Marine Insurance" is federally regulated and is exempt from state regulation. They claim that as a provider of this type of insurance they are not required to be licensed or admitted under any state jurisdiction. This contention is incorrect. Alaska regulates wet marine and transportation insurance as discussed below.

NAMGIC and IWMSF commonly solicit coverage for vessels of 50 displacement tons or less. Insurance for these vessels is subject to the requirements of AS 21.33 (unauthorized insurers) and AS 21.34 (surplus lines insurance). These entities also actively solicit coverage for snowmobiles and snow machines. Only an admitted or a surplus lines company may offer these types of insurance. IWMSF has solicited marine and snow craft dealers to offer its insurance programs to their customers for a "referral fee" in violation of Alaska's insurance code. We believe NAMGIC does not have adequate resources to pay claims.

Any person who aids in any manner the sale of insurance by unauthorized entities may be subject to civil penalties and is potentially liable to the insured for fulfilling the terms of the contract. See AS 21.33.037 and 21.33.065.

If NAMGIC, IWMSF, or anyone representing either of them contacts you or any of your clients, please report information about the contact to Investigator James Rerko at (907) 269-7922.

Dated this 28th day of May, 2004 at Anchorage, Alaska.

A handwritten signature in black ink that reads "Linda S. Hall".

Linda S. Hall
Director