

STATE OF ALASKA

DEPARTMENT OF COMMERCE AND
ECONOMIC DEVELOPMENT

DIVISION OF INSURANCE

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BULLETIN B92-02

TO: All Admitted Insurers

RE: Change in Minimum Capital and Surplus Requirements, Clarification on Filing of Quarterly Financial

Statements, and Adoption of Medicare Supplement Regulations

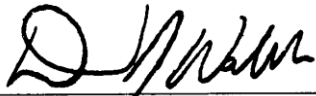
The purpose of this bulletin is to notify all insurers admitted in Alaska of changes that are to take effect on minimum capital and surplus requirements. In addition, we are providing information to clarify the requirement for sending quarterly financial statements to this office and notification of new regulations regarding medicare supplement insurance.

AS 21.09.070 was amended in 1990 to increase the capital and surplus requirements for most lines of insurance. In addition, the amendment required that all admitted companies meet the new requirements by January 1, 1992 or be prohibited from renewing their Certificate of Authority on June 30, 1992. Attached is a table showing the new capital and surplus requirements as included in AS 21.09.070.

AS 21.09.070 specifies that admitted insurers shall ". . . maintain unimpaired basic paid-in capital stock if a stock insurer, or unimpaired basic surplus if a foreign mutual insurer or foreign reciprocal insurer, that is unavailable for dividends of any kind . . ." To meet this requirement, we look to amounts recorded in "common capital stock" and "preferred capital stock" on page 3 of the NAIC annual or quarterly statement (lines 24A and 24B for property/casualty companies or lines 29 and 30 for life/health companies), however, other restrictions by law or otherwise on payment of surplus as dividends could also meet this requirement. Additional maintained surplus would be all surplus, by whatever name, other than the minimum required by statute to be restricted as to payment as dividends. Total capital and surplus as stated on page 3 should meet or exceed the total capital and surplus minimum requirements in AS 21.09.070.

The minimum requirements for capital and surplus are based on the authority granted for lines of business under the Certificate of Authority issued by this office. Please review your Certificate of Authority from Alaska, note the lines of business authorized and make the calculation using the statute. If varied lines of authority do not fall in the multi-line categories of the table, the individual requirements by line must be added together to determine the total minimum capital and surplus required by statute.

We have also noticed that many foreign and alien insurers admitted in the State of Alaska are under the mistaken impression that they are required to file quarterly financial statements with this office. AS 21.09.205 gives the director authority to require the filing of quarterly financial statements but does not require such filing. Certain companies have been required in writing to file quarterly statements and only those companies should be sending those reports to the division office in Anchorage. Due to this confusion, we will be reconfirming directly with those companies in writing any requirement of the director to file quarterly financial statements.



David J. Walsh, Director
Division of Insurance

In addition, medicare supplement regulations have been adopted by David J. Walsh, Director of the Division of Insurance, and signed by Lieutenant Governor Coghill. The regulations will be effective July 1, 1992 and you may request a copy by contacting the Alaska Division of Insurance.

Dated: June 5, 1992