

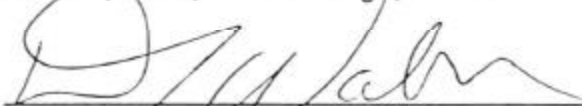
ORDER R 94-11 ADOPTING OR AMENDING  
REGULATIONS OF THE DIVISION OF INSURANCE

The attached 7 pages of regulations, dealing with the group marketing of property and casualty insurance, are hereby adopted and certified to be correct copies of the regulations that the Division of Insurance adopts (3 AAC 29.305 - 3 AAC 29.369) under the authority of AS 21.06.090, to implement, interpret, and make specific AS 21.12.060, 21.12.070, AS 21.27.010, AS 21.36.020, 21.36.030, 21.36.080, 21.36.090, 21.36.190, 21.36.210, 21.36.220, AS 21.39.020, 21.39.030, 21.39.040, and 21.39.130, and after compliance with the Administrative Procedure Act (AS 44.62), specifically including notice under AS 44.62.190 and 44.62.200 and opportunity for public comment under AS 44.62.210.

This action is not expected to require an increased appropriation.

This regulations adopted under this order take effect on the 30th day after they have been filed by the lieutenant governor, as provided in AS 44.62.180.

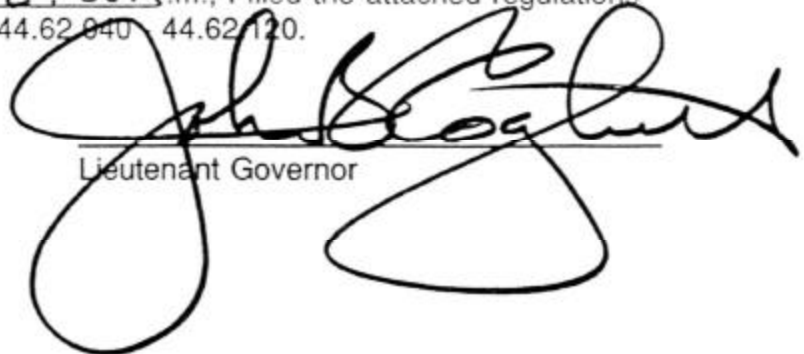
DATED this 4th day of October, 1994, at Anchorage, Alaska.



David J. Walsh, Director  
Division of Insurance  
Department of Commerce and  
Economic Development

FILING CERTIFICATION

I, John B. Coghill, Lieutenant Governor for the State of Alaska, certify that on Dec 5, 1994 at 8:25A.m., I filed the attached regulations according to the provisions of AS 44.62.040 - 44.62.120.



Lieutenant Governor

Effective January 4, 1995

Register 133, April, 1995

Register 133, April 1995 COMMERCE AND ECON. DEV.

TITLE 3. COMMERCE AND ECONOMIC DEVELOPMENT.

PART 2. DIVISION OF INSURANCE.

CHAPTER 29. PROPERTY, CASUALTY, AND RELATED INSURANCE.

3 AAC 29 is amended by adding new sections to read:

ARTICLE 3. GROUP-MARKETED PROPERTY AND CASUALTY  
INSURANCE.

Section

- 305. Purpose
- 310. Applicability
- 315. Fictitious arrangement prohibited
- 320. Premium rates
- 325. Statistics
- 330. Producers
- 335. Compulsory participation prohibited
- 340. Tie-in sales prohibited
- 345. Disclosure required
- 350. Underwriting standards
- 355. Cancellation and nonrenewal
- 369. Definitions

3 AAC 29.305. PURPOSE. The purpose of 3 AAC 29.305 - 3 AAC 29.369 is to prevent abuses in the group-marketing of property and casualty insurance in this state, while preserving for consumers the potential benefits of this form of marketing. (Eff. 1/4/95, Register 133)

Authority: AS 21.06.090  
AS 21.36.020

3 AAC 29.310. APPLICABILITY. 3 AAC 29.305 - 3 AAC 29.369 apply to all property and casualty insurance policies or renewals delivered or issued for delivery in this state after 1/4/95 that are sold through a group-marketed plan. (Eff. 1/4/95, Register 133)

Register 133, April 1995 COMMERCE AND ECON. DEV.

Authority: AS 21.06.090  
AS 21.36.020

3 AAC 29.315. FICTITIOUS ARRANGEMENT PROHIBITED. An insurer may group-market insurance only to employees of a particular employer or to members of an association, organization, or other group formed for a specific purpose that is unrelated to the purpose of obtaining insurance through a group-marketed plan. (Eff. 1/4/95, Register 133)

Authority: AS 21.06.090  
AS 21.36.020  
AS 21.36.190

3 AAC 29.320. PREMIUM RATES. Premium rates under a group-marketed plan must comply with AS 21.39. Rates are not unfairly discriminatory merely because different premiums result for policyholders with like loss exposures but different expense factors, or like expense factors but different loss exposures, as long as the rates reflect the differences with reasonable accuracy. Rates are not unfairly discriminatory if they are averaged broadly among persons insured under a group-marketed plan. (Eff. 1/4/95, Register 133)

Authority: AS 21.06.090  
AS 21.36.190  
AS 21.39.020  
AS 21.39.030  
AS 21.39.040  
AS 21.39.130

Register 133, April 1995 COMMERCE AND ECON. DEV.

3 AAC 29.325. STATISTICS. An insurer selling insurance through a group-marketed plan shall maintain separate statistics for the loss and expense experience of the group-marketed plan. (Eff. 1/4/95, Register 133)

Authority: AS 21.06.090  
AS 21.39.130

3 AAC 29.330. PRODUCERS. A person may not act as or represent to be an insurance producer for a group-marketed plan in this state unless licensed under AS 21.27. (Eff. 1/4/95, Register 133)

Authority: AS 21.06.090  
AS 21.27.010

3 AAC 29.335. COMPULSORY PARTICIPATION PROHIBITED. An insurer may not sell insurance through a group-marketed plan if

(1) the purchase of insurance through the group-marketed plan is a condition of employment or of membership in an association, organization, or other group; or

(2) an employee or a member may be penalized for nonparticipation in the group-marketed plan. (Eff. 1/4/95, Register 133)

Authority: AS 21.06.090  
AS 21.36.080

Register 133, April 1995 COMMERCE AND ECON. DEV.

3 AAC 29.340. TIE-IN SALES PROHIBITED. An insurer may not sell insurance through a group-marketed plan in this state if (1) the purchase of insurance available under the plan is contingent upon the purchase of any other insurance, product, or service, or (2) the purchase or price of any other insurance, product, or service is contingent upon the purchase of insurance available under the group-marketed plan. A reasonable requirement of safety devices, such as heat detectors, lightning rods, or theft prevention equipment, is permitted in the sale of insurance through a group-marketed plan. (Eff. 1/4/95, Register 133)

Authority: AS 21.06.090  
AS 21.36.080

3 AAC 29.345. DISCLOSURE REQUIRED. Before each sale, an insurer or producer selling insurance through a group-marketed plan shall disclose to a prospective insured all features of the plan, whether favorable or unfavorable, including premium rates, benefits, duration of coverage, policyholder services, conversion privileges available, and the financial interest in the plan of the sponsoring employer, association, organization, or group. (Eff. 1/4/95, Register 133)

Authority: AS 21.06.090  
AS 21.36.030

3 AAC 29.350. UNDERWRITING STANDARDS. (a) An insurer may not use underwriting standards for individual risk selection in a group-

Register 133, April 1995 COMMERCE AND ECON. DEV.

marketed plan that are more restrictive overall than the standards used by the insurer for individual risk selection in the sale of the same kind of insurance in this state when a group-marketed plan is not used.

(b) If an insurer does not sell a kind of property or casualty insurance in this state other than through a group-marketed plan, the underwriting standards for individual risk selection in the group-marketed plan may not be more restrictive overall than the standards used by the insurer's principal affiliate for individual risk selection in the sale of the same kind of property or casualty insurance in this state when a group-marketed plan is not used. (Eff. 1/4/95, Register 133)

Authority: AS 21.06.090  
AS 21.36.090

3 AAC 29.355. CANCELLATION AND NONRENEWAL. (a) For purposes of AS 21.36.210 - 21.36.290, if an employer, association, organization, or other group for any reason, including interruption or termination of employment or membership, fails to remit the premiums when due, the insurer may not regard this as nonpayment of premium by the insured unless

(1) the group-marketed plan provides for the payment of the premium by the employer, association, organization, or other group;

(2) the insured is given written notice of the failure to remit the premium; and

Register 133, April 1995 COMMERCE AND ECON. DEV.

(3) the insured has not paid the premium within 20 days after the written notice is sent or the date the premium is due under the group-marketed plan, whichever is later.

(b) A group-marketed plan must provide that, upon termination of employment or membership or termination of the group-marketed plan, the insured may maintain the existing policy in force until the next expiration date for the policy. (Eff. 1/4/95, Register 133)

Authority: AS 21.06.090  
AS 21.36.210  
AS 21.36.220

3 AAC 29.369. DEFINITIONS. In 3 AAC 29.305 - 3 AAC 29.369,

(1) "casualty insurance" has the meaning given in AS 21.12.070 but excludes workers' compensation and employer's liability insurance listed in AS 21.12.070(a)(3);

(2) "group-market" or "group-marketed" means a method of selling property or casualty insurance in which

(A) the insurance is offered to employees of a particular employer or to members of a particular association or organization or to persons grouped in another way; and

(B) the employer, association, organization, or other group agrees to or otherwise affiliates itself with the sale of the insurance to its employees or members;

(3) "property insurance" has the meaning given in AS 21.12.060. (Eff. 1/4/95, Register 133)

Register 133, April 1995 COMMERCE AND ECON. DEV.

Authority: AS 21.06.090  
AS 21.12.060  
AS 21.12.070  
AS 21.39.130

JB/yd324.ins  
100494b