

INSURANCE HOLDING COMPANY SYSTEMS:
NOTICE OF PROPOSED REGULATIONS CHANGES
DIVISION OF INSURANCE

BRIEF DESCRIPTION

The Division of Insurance proposes to adopt regulation changes in Title 3 of the Alaska Administrative Code relating to insurance holding company systems. The proposed regulations implement SB 107 passed during the first session of the 29th Legislature and incorporate changes to the National Association of Insurance Commissioners Model Regulation (MDL 450). Additional changes relate to improving conformity with the model, complying with drafting conventions, repealing obsolete regulations, and improving clarity.

The Division of Insurance proposes to adopt regulation changes in Title 3 of the Alaska Administrative Code, dealing with insurance holding company systems including the following:

3 AAC 21.010(a) is amended to reference a new required Form F (Enterprise Risk Report); to require holding company system forms to be filed electronically with one hard company mailed to the division's Anchorage office; and to require statements to be suitable for review and reproduction.

3 AAC 21.010(d) providing for requests for a pre-filing conference is repealed.

3 AAC 21.010(e), a new subsection, requires an applicant requesting a hearing on a consolidated basis under AS 21.22.030 to file a Form A with the National Association of Insurance Commissioners.

3 AAC 21.020 is amended to reference a new required Form F.

3 AAC 21.030(a) relating to procedures when required information is unknown or unavailable is repealed to maintain consistency with the National Association of Insurance Commissioners Model Regulation MDL 450(Model Regulation).

3 AAC 21.030(b) is amended to clarify who is required to file an application when it is impractical to furnish required information or documents at the time required.

3 AAC 21.040 is amended to reference a new required Form F and to add a new subsection (b) relating to referencing and dating amendments to forms required under the regulations.

3 AAC 21.060 is repealed and readopted to revise Form A, Statement Regarding The Acquisition Of Control Of Or Merger With A Domestic Insurer.

3 AAC 21.090 is repealed and readopted to revise Form B, Insurance Holding Company System Annual Registration Statement.

3 AAC 21.095 relating to annual registration of insurers is repealed.

3 AAC 21.100 relating to amendments to Form B is repealed and readopted to maintain consistency with the Model Regulation.

3 AAC 21.120 relating to exemptions for foreign and alien insurers is repealed.

3 AAC 21.140 is amended to make drafting convention changes and to increase the time a registered insurer needs to report to the director all dividends and distributions to shareholders from two days to 15 days.

3 AAC 21.170 relating to subsidiaries of domestic insurers is repealed.

3 AAC 21.180 is repealed and readopted to revise Form C, Summary Of Changes To Registration Statement.

3 AAC 21.185 is repealed and readopted to revise Form D, Prior Notice Of A Transaction, and to add a new subsection (b) to specify the information required in agreements for cost sharing services and management services.

3 AAC 21.186 is repealed and readopted to revise Form E, Pre-Acquisition Notification Form Regarding The Potential Competitive Impact Of A Proposed Merger Or Acquisition By A Non-Domiciliary Insurer Doing Business In This State Or By A Domestic Insurer.

3 AAC 21 is amended to add a new section, 3 AAC 21.188, to provide that an ultimate controlling person of an insurer required to file an Enterprise Risk Report under AS 21.22.060 furnish the required information in substantially the form as Form F set forth in the regulation.

3 AAC 21.195(a)(1) is amended to revise the definition of "executive officer."

3 AAC 21.195(a)(2) repeals the definition of "foreign insurer".

You may comment on the proposed regulation changes, including the potential costs to private persons of complying with the proposed action, by submitting written comments to the Division of Insurance; Attention: Maxine Froemling, 550 West 7th Avenue, Anchorage, AK 99501-3567 or by e-mail to maxine.froemling@alaska.gov; or by fax to (907) 269-7910. Comments may also be submitted through the Alaska Online Public Notice System at <http://aws.state.ak.us/OnlinePublicNotices>. All comments must be received **no later than 5:00 p.m., August 14, 2015**.

Oral or written comments also may be submitted at a hearing to be held on **July 28, 2015** in the commissioner's conference room located on the 15th floor of the Atwood Building, 550 West Seventh Avenue, Anchorage, Alaska. The hearing will be held from **10:00 a.m. to 11:00 a.m.**, and may be extended to accommodate those present before 11:00 a.m. who may not have had the opportunity to comment. If you are unable to attend the meeting in person and would like to participate by teleconference, please call 1-800-315-6338 and enter the access code 42070 followed by # (pound sign).

You may submit written questions relevant to the proposed action to Chip Wagoner, Regulations Specialist II, Division of Insurance, P.O. Box 110805, Juneau, AK 99811-0805 or by e-mail to chip.wagoner@alaska.gov. **The questions must be received at least 10 days before the end of the public comment period.** The division will aggregate its response to substantially similar questions and make the questions and response available on the division's website at <http://commerce.alaska.gov/dnn/ins/HearingsMeetingsandNotices.aspx> or on the Alaska Online Public Notice System. The division may, but is not required to, answer written questions received after the 10-day cut-off date and before the end of the comment period.

If you are a person with a disability who needs a special accommodation in order to participate in the process, please contact Jennifer Romero at (907) 269-7900 or TDD (907) 465-5437 no later than **July 24, 2015** to ensure that any necessary accommodations can be provided.

For a copy of the proposed regulation changes, please go to <http://commerce.alaska.gov/dnn/ins/HearingsMeetingsandNotices.aspx>, or contact the Division of Insurance at (907) 269-7900 in Anchorage or (907) 465-2515 in Juneau.

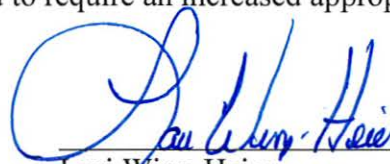
After the public comment period ends, the Division of Insurance will either adopt these or other provisions dealing with the same subject, without further notice, or decide to take no action on them. The language of the final regulations may be different from that of the proposed regulations. **YOU SHOULD COMMENT DURING THE TIME ALLOWED IF YOUR INTERESTS COULD BE AFFECTED.** Written comments and questions received are public records and are subject to public inspection.

Statutory Authority: AS 21.06.090; AS 21.22.060; AS 21.22.065; AS 21.22.070; AS 21.22.110; AS 21.22.130; AS 21.22.200.

Statutes Being Implemented, Interpreted, or Made Specific: AS 21.22.010 – AS 21.22.200.

Fiscal Information: This action is not expected to require an increased appropriation.

DATE: June 15th 2015.



Lori Wing-Heier
Director of Insurance

INSURANCE HOLDING COMPANY SYSTEMS
ADDITIONAL REGULATIONS NOTICE INFORMATION
(AS 44.62.190(d))

1. Adopting agency: Division of Insurance, Department of Commerce, Community, and Economic Development
2. General subject of regulation: Regulations implementing SB 107 passed during the first session of the 29th Legislature and incorporating changes to the National Association of Insurance Commissioners Model Regulation (MDL 450) and making additional changes relating to improving conformity with the model, complying with drafting conventions, repealing obsolete regulations, and improving clarity.
3. Citation of regulation (may be grouped): 3 AAC 21.010 – 3 AAC 21.195
4. Department of Law file number, if any: _____

5. Reason for the proposed action:
- Compliance with federal law or action (identify): _____
 - Compliance with new or changed state statute
 - Compliance with Federal or state court decision (identify) _____
 - Development of program standards
 - Other (identify): Updating regulation consistent with NAIC model regulation (MDL 450)

6. Appropriation/Allocation: _____

7. Estimated annual costs in the aggregate to comply with the proposed action to:
- Private Persons: The regulations provide additional tools for the division to oversee the solvency of insurers and their ability to pay consumers' claims by requiring additional reporting including more detailed information on agreements for cost sharing services and management services; an annual enterprise risk report, third party background checks for the identity of those completing a biographical affidavit as part of a Form A filing; three-year financial projections of insurers filing a Form A; and a personal financial statement for individuals who are ultimate controlling persons. The division does not have access to the information needed to determine estimated costs, however, the additional reporting requirements costs are not expected to be of significance in the insurance holding company systems' overall reporting requirements to the division.

Other State Agencies: None are anticipated.

Municipalities: None are anticipated.

8. Cost of implementation to the state agency and available funding (in thousands of dollars):

	Initial Year	Subsequent
	FY <u>16</u>	Years
Operating Cost	\$ <u>0</u>	\$ <u>0</u>
Capital Cost	\$ <u>0</u>	\$ <u>0</u>

1002 Federal receipts	\$ <u>0</u>	\$ <u>0</u>
1003 General fund match	\$ <u>0</u>	\$ <u>0</u>
1004 General fund	\$ <u>0</u>	\$ <u>0</u>
1005 General fund/ program	\$ <u>0</u>	\$ <u>0</u>
1037 General fund/ mental health	\$ <u>0</u>	\$ <u>0</u>
Other	\$ <u>0</u>	\$ <u>0</u>

9. The name of the contact person for the regulations:

Name: Maxine Froemling

Title: Chief Financial Examiner

Address: 550 West 7th Avenue, Anchorage, Alaska 99501-3567

Telephone: 907 269-7907

E-mail address maxine.froemling@alaska.gov

10. The origin of the proposed action:

Staff of state agency

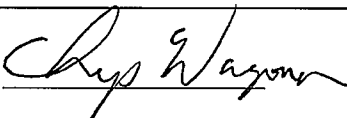
Federal government

General public

Petition for regulation change

Other (identify) Required by NAIC for NAIC accreditation of Alaska Division of Insurance

11. Date: June 15, 2015

Prepared by: 

Name: Chip Wagoner

Title: Regulations Specialist II

Telephone: 907 465-8486