



BULLETIN B 13-07

TO: ALL LICENSEES AND ADMITTED INSURERS IN THE STATE OF ALASKA AND OTHER INTERESTED PARTIES

RE: LEGISLATIVE CHANGES, PROCEDURAL CHANGES FOR ELECTRONIC FILINGS VIA THE NATIONAL INSURANCE PRODUCER REGISTRY, CHANGES IN LIMITED LINES CREDIT LICENSE AUTHORITY, AND UPCOMING CHANGES IN PRODUCER LICENSING

The Department of Commerce, Community, and Economic Development, Division of Insurance, continues in its efforts to streamline license processes and to comply with national licensing uniformity requirements in producer licensing.

A portion of this bulletin summarizes legislative changes made to insurance producer licensing laws in this state. This bulletin is for informational purposes only and is not intended to be an exhaustive analysis of the statutory changes to the insurance code, and a statement in this bulletin does not in any way supersede or modify the statutory provisions enacted. Please review the bills listed below carefully and the rest of Alaska's insurance laws to assure your compliance when transacting insurance business in this state.

The new legislation may be found at: <http://www.legis.state.ak.us/basis/start.asp>. Enter the bill number to find the full text and legislative history of the bill. You may obtain a copy of the bill by contacting the Alaska Legislative Information Office.

LEGISLATIVE CHANGES

Travel Insurance Limited Producer, CSHB 168(L&C) *Effective August 21, 2013*

This bill clarifies the license requirements and definition of travel insurance, consistent with the National Association of Insurance Commissioner's (NAIC) national uniformity standards. A separate travel insurance producer license is not required for a travel agent who only makes, arranges, or offers travel services by offering, issuing for delivery, issuing, or renewing travel insurance to its customers **on behalf of and under the direction of a licensed travel insurance limited producer licensee**. The **unlicensed** travel agent cannot evaluate terms, benefits, and conditions of insurance, evaluate or provide advice concerning a prospective purchaser's existing insurance coverage, or represent that they are licensed. The **licensed** travel insurance limited producer must retain a register on each unlicensed travel agent who transacts travel insurance on its behalf and make the register available to the director upon request.

If a travel insurance limited producer determines that their license is no longer required, **the producer may submit a written request to the division for the cancellation of this license authority**. The licensee may send an e-mail requesting cancellation of this authority to

insurance@alaska.gov. **Unless the division receives a cancellation request, the license will remain active.**

Portable Electronics Limited Producer, HCS CSSB 52 (L&C) *Effective January 1, 2014*

This bill creates a new limited lines license type (class) for portable electronics insurance. The new legislation states that portable electronics insurance is not a service contract and that a portable electronics manufacturer's warranty or extended warranty is not regulated as insurance.

A license is required for any vendor that offers or sells portable electronics insurance in this state. The licensed vendor that offers or sells portable electronics insurance is required to maintain a register of each location the vendor offers insurance to customers in this state and to authorize the employees or representatives of the vendor to transact portable electronics insurance at each location. A portable electronics license is not required for employees or authorized representatives of the vendor **if** the employees or authorized representatives are not compensated based primarily on the number of customers enrolled for the coverage; however the employee or authorized representative may receive compensation for activities under the license that is incidental to their overall compensation.

The insurer issuing the portable electronics insurance must provide a training program for employees and authorized representatives of the vendor that includes instruction about the products and disclosure requirements.

PRODUCT OFFERINGS AVAILABLE VIA NIPR

Effective **June 17, 2013**, Alaska will expand product offerings through the National Insurance Producer Registry (NIPR) that allow a person to obtain, renew, amend, or reinstate a license or registration for the types (classes) of managing general agent, reinsurance intermediary manager or broker, viatical settlement representative, broker, or provider, and third party administrator, in addition to current offerings for insurance producers, independent adjusters (for a person that is licensed in their resident state), surplus lines brokers, or limited lines authority for bail bond, credit, title, and travel. In addition to the ability to obtain, amend, or reinstate the license or registration, **licensees holding multiple classes of authority will be able to renew their license via NIPR. A licensee will not be able to renew all authorities in one filing; rather separate filings must be completed for each class/type of authority held.** Electronic filings are available through NIPR at www.nipr.com/producer_landing.htm or through one of NIPR's Authorized Business Partners at http://www.nipr.com/authorized_business_partners.htm. Electronic filings will process **within 24-48 hours of submission once all application requirements have been received and approved.** Please note that filings for persons seeking exemption from a license or registration requirement under AS 21 (the insurance code) are not available via NIPR and must still be directly submitted to the division for approval. Persons seeking approval to act as an Emergency/Catastrophic Adjuster **will** be able to file for approval via NIPR.

Adding a line or class of authority electronically is permitted, but **if a licensee wishes to delete a line or class of authority, or cancel a license, since NIPR is not able to process this request, it must be filed directly with the division, not electronically. Paper submittals filed directly with the division instead of an electronic filing that can occur via NIPR will be charged a \$50 processing fee in addition to the application fee.** There is no fee for a deletion or cancellation.

Please thoroughly review Alaska's state specific requirements on the NIPR web site before submitting any electronic filing. Any fees received are **nonrefundable** and, in some instances, additional documentation must be filed with the division to process the application.

LICENSE REQUIREMENTS FOR LIMITED LINES CREDIT AUTHORITY

The division has recently determined that, in order to maintain uniformity and reciprocity with other states, a producer who holds an Alaska insurance license for all lines of authority (life, health, property, **and** casualty) does not also need to hold or obtain separate authority for limited lines credit because the all lines of authority license extends to all products, including credit. **Therefore, authority for the additional line or class of credit is not necessary. For a producer holding an active license for life, health, property, and casualty (all lines) in addition to the separate limited line credit authority, the producer may submit a written request to the division for the cancellation of the credit license authority.** The licensee may send an e-mail requesting cancellation of the limited lines credit authority to insurance@alaska.gov. **Unless the division receives a cancellation request, the license will continue to reflect limited lines credit authority on the license as well as the all lines of authority.**

UPCOMING SYSTEM CHANGES

The division will go live with a new back-office software solution, State Based Systems (SBS), on **November 4, 2013**. SBS is an electronic system owned by the NAIC and enhanced in partnership with state insurance departments. In addition to Alaska, 25 other states utilize this software product.

Converting to the new software will result in system down time during which the division will be **unable to process any filings from October 25 – November 3 and for NIPR, October 24 – November 15**, respectively. Also, legislative reporting requirements will change due to how data is captured in the new system. For licenses that expire in October or November 2013, renewal notices will be mailed at least 60 days in advance of the license expiration date to ensure sufficient time to timely renew the license to avoid an expiration/lapse in licensure. Please note that a licensee may not renew their license via NIPR until **60 days before** the license expiration date. Additionally, the new system will allow the division to use electronic notifications. We encourage licensees to review and verify the accuracy of their license information on our website, particularly the e-mail address to ensure that future notifications are received. (Click on *Update Producer License e-mail* address on the division's website listed below.)

For future information regarding upcoming system changes, please go to the division's website at www.commerce.state.ak.us. Click on *Future Computer System Changes in Producer Licensing*. If you have questions, please contact the Licensing Section at (907) 465-2515.

Dated: June 20, 2013



Bret S. Kolb
Director