

Title 3. Commerce, Community, and Economic Development.

Part 2. Division of Insurance.

Chapter 31. Miscellaneous.

Article

1. Fees (3 AAC 31.010 – 3 AAC 31.090)
2. Filing Procedure for Forms, Rates, Manuals, Rating Plans, and Rules (3 AAC 31.200 – 3 AAC 31.299)
3. Viatical Settlements (3 AAC 31.300 – 3 AAC 449)
4. Comprehensive Health Insurance Association Reinsurance Program (3 AAC 31.500 – 3 AAC 31.549)
5. Air Ambulance Services (3 AAC 31.600 – 3 AAC 31.690)
6. Motor Vehicle Service Contracts (3 AAC 31.700 – 3 AAC 31.725) [GENERAL PROVISIONS (3 AAC 31.900)]
7. General Provisions (3 AAC 31.900)

Article 1. Fees.

3 AAC 31.060(a) is amended by adding new paragraphs to read:

(34) initial application for and biennial renewal of a motor vehicle service contract provider license, \$300;

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(35) initial application for and biennial renewal of a motor vehicle service contract administrator registration, \$75.

(Eff. 6/2/88, Register 106; am 7/1/89, Register 110; am 7/1/92, Register 123; am 3/30/94, Register 129; am 3/15/97, Register 141; am 8/23/2001, Register 159; am 12/30/2006, Register 180; am 10/13/2011, Register 200; am 1/1/2014, Register 208; am 9/4/2014, register 211; am 11/26/2015, Register 216; am ____/____/____, Register ____)

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|-------------------|--------------|---------------------|--------------|
| Authority: | AS 21.06.090 | [AS 21.36.505] | AS 21.61.105 |
| | AS 21.06.250 | <u>AS 21.59.140</u> | AS 21.61.109 |
| | AS 21.27.025 | <u>AS 21.59.160</u> | AS 21.66.210 |
| | AS 21.34.040 | <u>AS 21.59.200</u> | AS 21.75.045 |
| | AS 21.36.355 | | |

Article 6. Motor Vehicle Service Contracts

3 AAC 31 is amended by adding new sections to read:

Section

700. Applicability

705. Term of initial provider license period; biennial renewal

710. Provider application

715. Provider qualifications

720. Administrator registration

725. Definitions

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3 AAC 31.700. Applicability. (a) Unless exempted under AS 21.59.120, the provisions of 3 AAC 31.700 – 3 AAC 31.725 apply to a

(1) motor vehicle service contract marketed, offered for sale, sold, administered, or issued to, or made with, a consumer in this state;

(2) motor vehicle service contract provider marketing, offering for sale, selling, issuing, or making a motor vehicle service contract in this state; and

(3) motor vehicle service contract administrator responsible for the administration of a motor vehicle service contract or motor vehicle service contract plan in this state. (Eff. ____/____/____, Register ____)

Authority: AS 21.06.090 AS 21.59.120 AS 21.59.200

3 AAC 31.705. Term of initial provider license period; biennial renewal. (a) Except as provided in (b) of this section,

(1) the term of an initial biennial motor vehicle service contract provider firm license begins on the date the director issues the license and ends two years later; and

(2) the date the term of an initial biennial motor vehicle service contract provider firm license ends shall be the biennial renewal date for the licensee's motor vehicle service contract provider firm license.

(b) If the firm applying for an initial biennial motor vehicle service contract provider firm license is currently licensed under AS 21.27, the term of the initial biennial motor vehicle service contract provider firm license will be the same as the licensee's current license. The

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biennial renewal date for the motor vehicle service contract provider firm license will be the same date as the biennial renewal date for the licensee's current license.

(c) Except as provided in (d) of this section, the term of an initial motor vehicle service contract provider individual license begins on the date the director issues the license and ends on the biennial renewal date for the individual licensee. The biennial renewal date for an individual licensee is based upon the individual's birth month, as follows:

(1) if the individual licensee's birth year is an odd number, the renewal date is the last day of the month in the individual's birth month every odd-numbered year;

(2) if the individual licensee's birth year is an even number, the renewal date is the last day of the month in the individual's birth month every even-numbered year.

(d) If the division issues an initial biennial motor vehicle service contract provider individual license under (c) of this section not later than 90 days before the date by which it must be renewed under (c) of this section, the applicant shall pay the entire license fee and the license will be issued to cover up to a 27-month period. (Eff. ____/____/____, Register ____)

Authority: AS 21.06.090 AS 21.59.150 AS 21.59.200
AS 21.59.140

3 AAC 31.710. Provider application. (a) An applicant for a motor vehicle service contract provider license shall

(1) file an application on the most current version of the National Association of Insurance Commissioners Uniform Application Form. The applicant may file this form

(A) electronically utilizing the National Insurance Producer Registry; or

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(B) by submitting a paper application to the division; and

(2) pay the fee required under 3 AAC 31.060.

(b) An applicant for a motor vehicle service contract provider firm license must submit the following information and documents directly to the division:

(1) a copy of all organizational documents including, as applicable, articles of incorporation, bylaws, articles of association, and operating or partnership agreements;

(2) proof of financial responsibility meeting the requirements under AS 21.59.180 by providing evidence of

(A) insurance meeting the requirements under AS 21.59.180(a)(1); or

(B) financial stability meeting the requirements under AS 21.59.180(a)(2);

(3) if the applicant's parent company's annual report filed with the United States Securities and Exchange Commission or the applicant's parent company's audited financial statements are filed with the division to meet the applicant's financial stability requirement under (2)(B) of this subsection, a statement signed by an authorized officer of the parent company which guarantee's the obligations of the applicant relating to motor vehicle service contracts sold by the applicant in this state;

(4) if the applicant appoints a motor vehicle service contract administrator to administer all or a part of a motor vehicle service contract in this state, for each motor vehicle service contract administrator,

(A) the administrator's

(i) name;

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(ii) mailing address;

(iii) telephone number;

(iv) electronic mail address the motor vehicle service contract

administrator wants the division to use to communicate with the motor vehicle

service contract administrator; and

(B) a copy of the written agreement between the applicant and the motor vehicle service contract administrator setting out the duties, functions, powers, authority, and compensation of each party to the agreement;

(5) if applicable under 3 AAC 31.715(d)(2), a copy of the applicant's certificate of authority issued by the division;

(6) the name of the agent registered in this state upon whom process, notice, or demand required or permitted by law to be served upon the applicant may be served;

(7) a copy of each motor vehicle service contract to be marketed, offered for sale, sold, issued, or made in this state.

(c) An individual identified in a firm's application as the firm's designated responsible licensed producer must be licensed as a motor vehicle service contract provider in this state.

(d) Except as provided in (c) of this section, an individual that is an employee or agent of a firm licensed as a motor vehicle service contract provider under 3 AAC 31.700 – 3 AAC 31.725 is not required to be licensed or registered as a motor vehicle service contract provider or a motor vehicle service contract administrator. (Eff. ____/____/____, Register ____)

Authority: AS 21.06.090 AS 21.59.180 AS 21.59.200

3 AAC 31.715. Provider qualifications. (a) A motor vehicle service contract provider may not market, offer for sale, sell, issue, or make a motor vehicle service contract in this state unless the provider meets the qualifications under AS 21.59.110 – 21.59.290 and this section.

(b) A motor vehicle service contract provider is qualified to market, offer for sale, sell, issue, or make a motor vehicle service contract in this state if the provider meets the following qualifications:

(1) has an approved motor vehicle service contract provider application on file with the director;

(2) has paid the motor vehicle service contract provider initial application or biennial renewal fee under 3 AAC 31.060; and

(3) is currently licensed.

(c) An applicant for a motor vehicle service contract provider license must establish to the satisfaction of the director that the applicant is

(1) qualified under AS 21.59.110 – 21.59.290;

(2) trustworthy;

(3) competent; and

(4) financially responsible; an applicant for a motor vehicle service contract provider individual license who is identified in a firm's application as the firm's designated responsible licensed producer is exempt from the requirements of this paragraph.

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(d) The director will consider an applicant for a motor vehicle service contract provider firm license to have met the requirements under (c)(1) – (3) of this section if the applicant has not committed an act that is the cause for denial, nonrenewal, suspension, or revocation of a license in this state or another jurisdiction and

(1) is currently licensed and in good standing in a state for property or casualty lines of authority for a license class or license type; or

(2) holds a certificate of authority issued by the division.

(e) The director will consider an applicant for a motor vehicle service contract provider firm license to have met the requirement under (c)(4) of this section if the applicant meets the requirements under 3 AAC 31.710(b)(2).

(f) The director will consider an applicant for a motor vehicle service contract provider individual license to have met the requirements of (c)(1) – (3) of this section if the applicant

(1) is 18 years of age or older;

(2) if for a resident license, is a bona fide resident before issuance of the license and actually resides in the state; and

(3) has not committed an act that is a cause for denial, nonrenewal, suspension, or revocation of a license in this state or another jurisdiction.

(g) The director may waive any qualification requirement in this section necessary to achieve reciprocity to license a nonresident in accordance with 15 U.S.C. 6751. (Eff.

____/____/____, Register _____)

Authority: AS 21.06.090 AS 21.59.140 AS 21.59.200

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3 AAC 31.720. Administrator registration. (a) An applicant for a motor vehicle service contract administrator registration shall

(1) file an application on the most current version of National Association of Insurance Commissioners Uniform Application Form. The applicant may file this form

(A) electronically utilizing the National Insurance Producer Registry; or

(B) by submitting a paper application to the division; and

(2) pay the fee required under 3 AAC 31.060.

(b) An applicant for a motor vehicle service contract administrator registration must submit the following information and documents directly to the division:

(1) if the applicant is appointed by a motor vehicle service contract provider to be a motor vehicle service contract administrator to administer all or a part of a motor vehicle service contract in this state, for each motor vehicle service contract provider,

(A) the provider's

(i) name

(ii) mailing address;

(iii) telephone number;

(iv) electronic mail address the motor vehicle service contract provider wants the division to use to communicate with the motor vehicle service contract provider; and

(B) a copy of the written agreement between the applicant and the motor vehicle service contract provider setting out the duties, functions, powers, authority, and compensation of each party to the agreement; (Eff. ____/____/____, Register ____)

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Authority: AS 21.06.090 AS 21.59.160 AS 21.59.200

3 AAC 31.725. Definitions. In 3 AAC 31.700 – 3 AAC 31.725, unless the context requires otherwise,

(1) "consumer" means a natural person who

(A) buys a motor vehicle other than for purposes of resale; and

(B) uses the motor vehicle for personal, family, or household purposes

and not for business or research purposes;

(2) "firm" has the meaning given in AS 21.97.900;

(3) "individual" means a natural person required to be licensed under

AS 21.59.140. (Eff. ____/____/____, Register ____)

Authority: AS 21.06.090 AS 21.59.200 AS 21.97.900

AS 21.59.140