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**OFFICE OF THE LIEUTENANT GOVERNOR
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MEMORANDUM

TO: Chip Wagoner
Division of Insurance

FROM: Scott Meriwether, Office of the Lieutenant Governor
465.4081

DATE: February 1, 2018

RE: Filed Permanent Regulations: Division of Insurance

A handwritten signature in blue ink, likely belonging to Scott Meriwether.

Division of Insurance regulations re: motor vehicle service contract providers and administrators (3 AAC 31.060; 3 AAC 31.700 - 3 AAC 31.729)

Attorney General File:	JU2017200115
Regulation Filed:	2/1/2018
Effective Date:	3/3/2018
Print:	225, April 2018

cc with enclosures: Linda Miller, Department of Law
Judy Herndon, LexisNexis
Micaela Fowler, Dept. of Commerce, Community & Economic Dev.

ORDER RA 17-01a ADOPTING CHANGES TO
REGULATIONS OF THE DIVISION OF INSURANCE

The attached eight pages of regulations dealing with motor vehicle service contract providers and motor vehicle service contract administrators are adopted and certified to be a correct copy of the regulation changes that the Division of Insurance adopts under the authority of AS 21.06.090 and AS 21.59.200 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.

In considering public comments, the Division of Insurance paid special attention to the cost to private persons of the regulatory action being taken.

The 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.

Date: January 30, 2018



Lori Wing-Heier
Director
Division of Insurance
Department of Commerce, Community, and
Economic Development

FILING CERTIFICATION

I, Byron Mallott, Lieutenant Governor for the State of Alaska, certify that on

February 1, 2018, at WBA.m., I filed the attached regulations according to the provisions of AS 44.62.040 - 44.62.120.



Lieutenant Governor

Effective March 3, 2018

Register 225, April 2018

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 31.729) [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:

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

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(36) 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 8/20/2016, Register 219; am 3 / 3 / 2018, Register 225)

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

729. Definitions

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3 AAC 31.700. Applicability. Unless exempted under AS 21.59.120, the provisions of 3 AAC 31.700 – 3 AAC 31.729 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. 3 / 3 / 2018, Register 225)

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 is 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 is the same as the licensee's current license. The biennial

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renewal date for the motor vehicle service contract provider firm license is the same date as the biennial renewal date for the licensee's current license. (Eff. 3 / 3 /2018, Register 225)

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 a form prescribed by the director; and
- (2) pay the fee required under 3 AAC 31.060(a).

(b) An applicant for a motor vehicle service contract provider firm license shall 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 notarized statement that is signed by an authorized officer of the

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parent company and that guarantees 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, the administrator's

(A) name;

(B) mailing address;

(C) telephone number; and

(D) electronic mail address that the motor vehicle service contract administrator wants the division to use to communicate with the motor vehicle service contract administrator; and

(5) 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.

(c) A natural person who is an employee or agent of a firm licensed as a motor vehicle service contract provider under 3 AAC 31.700 – 3 AAC 31.729 is not required to be licensed or registered as a motor vehicle service contract provider or a motor vehicle service contract

administrator. (Eff. 3 / 3 /2018, Register 225)

Authority: AS 21.06.090 AS 21.59.180 AS 21.59.200

AS 21.59.140

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

(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(a); and

(3) is currently licensed in good standing in this state.

(c) An applicant for a motor vehicle service contract provider license shall 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.

(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 state and

(1) is currently licensed and in good standing as a motor vehicle service contract provider in another state; or

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(2) provides information that demonstrates to the satisfaction of the director the applicant's ability to competently perform the functions of a motor vehicle service contract provider in this state.

(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). (Eff. 3 / 3 / 2018, Register 225)

Authority: AS 21.06.090 AS 21.59.140 AS 21.59.200

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

- (1) file an application on a form prescribed by the director; and
- (2) pay the fee required under 3 AAC 31.060(a).

(b) An applicant for a motor vehicle service contract administrator registration shall 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, the provider's
 - (A) name
 - (B) mailing address;
 - (C) telephone number; and

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(D) electronic mail address that the motor vehicle service contract provider wants the division to use to communicate with the motor vehicle service contract provider.

(c) The term of an initial biennial motor vehicle service contract administrator registration begins on the date the director determines the motor vehicle service contract administrator registration is complete and ends two years later.

(d) The date the term of an initial biennial motor vehicle service contract administrator registration ends is the biennial renewal date for the administrator's motor vehicle service contract administrator registration. (Eff. 3 / 3 / 2018, Register 225)

Authority: AS 21.06.090 AS 21.59.160 AS 21.59.200

3 AAC 31.729. Definitions. In 3 AAC 31.700 – 3 AAC 31.729, 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) primarily uses the motor vehicle for personal, family, or household purposes;

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

(3) "state" has the meaning given in AS 21.97.900. (Eff. 3 / 3 / 2018,

Register 225)

Authority: AS 21.06.090 AS 21.59.200 AS 21.97.900
AS 21.59.140