

CS FOR HOUSE BILL NO. 324(L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-THIRD LEGISLATURE - SECOND SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Offered: 4/9/24

Referred: Judiciary

Sponsor(s): REPRESENTATIVE STAPP

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to insurance data security; amending Rule 26, Alaska Rules of Civil**
2 **Procedure, and Rules 402 and 501, Alaska Rules of Evidence; and providing for an**
3 **effective date."**

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 * **Section 1.** AS 21.23 is amended by adding new sections to read:

6 **Article 2. Insurance Data Security.**

7 **Sec. 21.23.240. Purpose and construction.** (a) AS 21.23.240 - 21.23.399
8 establish the exclusive state standard for data security for licensees and govern the
9 investigation and notification of a cybersecurity event.

10 (b) AS 21.23.240 - 21.23.399 may not be construed to

11 (1) create or imply a private cause of action for violation of
12 AS 21.23.240 - 21.23.399; or

13 (2) prevent a private cause of action that would otherwise exist in the
14 absence of AS 21.23.240 - 21.23.399.

1 **Sec. 21.23.250. Risk assessment.** (a) A licensee shall conduct a risk
 2 assessment commensurate with the size and complexity of the licensee and in
 3 consideration of the nature and scope of the licensee's activities to evaluate the
 4 security and confidentiality of nonpublic information used by or in the possession or
 5 control of the licensee. In conducting the risk assessment, the licensee shall

6 (1) identify reasonably foreseeable internal or external threats in each
 7 area of the licensee's operations that could result in unauthorized access, transmission,
 8 disclosure, misuse, alteration, or destruction of nonpublic information, including the
 9 security of information systems and nonpublic information that are accessible to, or
 10 held by, third-party service providers;

11 (2) assess the likelihood and potential damage of the threats identified
 12 in (1) of this subsection, taking into consideration the sensitivity of nonpublic
 13 information; and

14 (3) assess the sufficiency in each area of the licensee's operations of
 15 the licensee's policies, procedures, information systems, and other safeguards in place
 16 to manage the threats identified in (1) of this subsection, including the areas of

17 (A) employee training and management;

18 (B) network and software design, information classification,
 19 governance, processing, storage, transmission, and disposal; and

20 (C) detecting, preventing, and responding to attacks or
 21 intrusions on information systems and nonpublic information, or other
 22 information system failures.

23 (b) A licensee shall use the licensee's risk assessment to design the licensee's
 24 information security program required under AS 21.23.260(a).

25 **Sec. 21.23.260. Information security program.** (a) A licensee shall develop,
 26 implement, and maintain a comprehensive written information security program based
 27 on the licensee's risk assessment conducted under AS 21.23.250(a). A licensee shall
 28 designate one or more employees, an outside vendor, or a third-party service provider
 29 to act on behalf of the licensee as the person responsible for the licensee's information
 30 security program.

31 (b) A licensee's information security program must

1 (1) contain administrative, technical, and physical safeguards to protect
2 the security and confidentiality of nonpublic information and the security of the
3 licensee's information system;

4 (2) protect against a threat or hazard to the security or integrity of
5 nonpublic information and the information system;

6 (3) protect against unauthorized access to or use of nonpublic
7 information and minimize the likelihood of harm to a consumer;

8 (4) establish and periodically reevaluate a schedule for retention of
9 nonpublic information; and

10 (5) establish and implement a mechanism for the destruction of
11 nonpublic information when the information is no longer needed.

12 (c) In developing, implementing, and maintaining a licensee's information
13 security program, the licensee shall

14 (1) based on the licensee's risk assessment conducted under
15 AS 21.23.250(a), implement the following security measures if the licensee
16 determines that the security measure is appropriate:

17 (A) place and use effective access controls on information
18 systems, including controls to authenticate and permit access only by
19 authorized individuals, to protect against the unauthorized acquisition of
20 nonpublic information; the controls may include multi-factor authentication
21 procedures;

22 (B) identify and manage the data, personnel, devices,
23 information systems, and facilities that enable the organization to achieve its
24 business objectives in accordance with the relative importance of the data,
25 personnel, devices, information systems, and facilities to the organization's
26 business objectives and risk strategy;

27 (C) allow only authorized individuals to access physical
28 locations containing nonpublic information;

29 (D) protect by encryption or other appropriate means nonpublic
30 information transmitted over an external network or stored on a laptop
31 computer or other portable computing or storage device or media;

1 (E) adopt secure development practices for applications used
2 by the licensee that are developed in-house; the licensee shall adopt procedures
3 for testing the security of externally developed applications used by the
4 licensee;

5 (F) modify information systems in accordance with the
6 licensee's information security program;

7 (G) regularly test and monitor information systems and
8 procedures to detect actual and attempted attacks on, or intrusions into,
9 information systems;

10 (H) include audit trails inside the information security program
11 that are designed to detect and respond to cybersecurity events and to
12 reconstruct material financial transactions sufficient to support normal
13 operations and obligations of the licensee;

14 (I) implement measures to protect against destruction, loss, or
15 damage of nonpublic information caused by environmental hazards, including
16 fire and water damage, or other catastrophes or technological failures; and

17 (J) develop, implement, and maintain procedures for the secure
18 disposal of nonpublic information in any format;

19 (2) determine the cybersecurity risks to include in the licensee's risk
20 management process;

21 (3) stay informed of emerging threats or vulnerabilities and, when
22 sharing information, use reasonable security measures in accordance with the
23 character of the sharing and the type of information shared;

24 (4) include cybersecurity risks in the licensee's enterprise risk
25 management process;

26 (5) provide personnel of the licensee with cybersecurity awareness
27 training that is updated as necessary to reflect the risks identified in the risk
28 assessment;

29 (6) implement information safeguards to manage the threats identified
30 in a risk assessment, and, not less than once a year, assess the effectiveness of the key
31 controls, information systems, and procedures of the safeguards;

1 (7) exercise due diligence in selecting a third-party service provider;

2 (8) where appropriate, require a third-party service provider to
3 implement appropriate administrative, technical, and physical measures to protect and
4 secure the information systems and nonpublic information that are accessible to, or
5 held by, the third-party service provider; for purposes of this paragraph, encrypted
6 nonpublic information is not considered accessible to, or held by, the third-party
7 service provider if the associated protective process or key necessary to assign
8 meaning to the nonpublic information is not within the possession of the third-party
9 service provider;

10 (9) monitor, evaluate, and adjust, as appropriate, the information
11 security program consistent with relevant changes in technology, the sensitivity of its
12 nonpublic information, internal or external threats to nonpublic information, and the
13 licensee's own changing business arrangements, including mergers, acquisitions,
14 alliances, joint ventures, outsourcing arrangements, and changes to information
15 systems; and

16 (10) establish a written incident response plan designed to promptly
17 respond to, and recover from, a cybersecurity event that compromises the
18 confidentiality, integrity, or availability of nonpublic information in the licensee's
19 possession, the licensee's information systems, or the continuing functionality of an
20 aspect of the licensee's business or operations; the incident response plan must address
21 the following:

22 (A) the internal process for responding to a cybersecurity
23 event;

24 (B) the goals of the incident response plan;

25 (C) the definition of clear roles, responsibilities, and levels of
26 decision-making authority;

27 (D) the licensee's internal process used for external and internal
28 communication and information sharing;

29 (E) the identification of requirements for the remediation of an
30 identified weakness in information systems and associated controls;

31 (F) the documentation and reporting of cybersecurity events

1 and related incident response activities; and

2 (G) the evaluation and revision as necessary of the incident
3 response plan following a cybersecurity event.

4 (d) A licensee's board of directors or an appropriate committee of the
5 licensee's board of directors shall, at a minimum, require that

6 (1) the licensee's executive management or the executive
7 management's delegate develop, implement, and maintain the licensee's information
8 security program; and

9 (2) at least once a year, the licensee's executive management or the
10 executive management's delegate report to the licensee's board of directors or an
11 appropriate committee of the licensee's board of directors the following in writing:

12 (A) the overall status of the information security program and
13 the licensee's compliance with AS 21.23.240 - 21.23.399; and

14 (B) material matters related to the information security
15 program, including risk assessment, risk management and control decisions,
16 third-party service provider arrangements, results of testing, cybersecurity
17 events or violations, management's responses to the cybersecurity events or
18 violations, and recommendations for changes in the information security
19 program.

20 (e) If a licensee's executive management meets a requirement under (d) of this
21 section through a delegate, the executive management shall oversee the development,
22 implementation, and maintenance of the licensee's information security program
23 prepared by the delegate. The delegate shall provide a report to the executive
24 management that complies with the requirements of (d)(2) of this section.

25 (f) Each licensee who is an insurer domiciled in this state shall

26 (1) submit to the director a written statement by February 15 of each
27 year certifying that the insurer is in compliance with the requirements under
28 AS 21.23.250 and this section;

29 (2) maintain and allow the director to examine for a period of five
30 years after the insurer submits the written statement described in (1) of this subsection
31 all records, schedules, and data supporting the written statement; and

1 (3) provide documentation of any areas, information systems, or
 2 processes that the insurer has identified as requiring material improvement, updating,
 3 or redesign, and provide documentation of the remedial efforts planned and underway
 4 to address the areas, information systems, or processes; the insurer shall make the
 5 documentation available for examination by the director at the director's request.

6 (g) In this section,

7 (1) "authorized individual" means an individual known to and screened
 8 by the licensee and for whom the licensee has determined access to the nonpublic
 9 information held by the licensee and its information systems is appropriate and
 10 necessary;

11 (2) "multi-factor authentication" means authentication through
 12 verification of at least two of the following types of authentication factors:

13 (A) a knowledge factor, including a password;

14 (B) a possession factor, including a token or text message on a
 15 mobile telephone; or

16 (C) an inherence factor, including a biometric characteristic.

17 **Sec. 21.23.270. Investigation of cybersecurity event.** (a) If a licensee
 18 becomes aware that a cybersecurity event has or may have occurred, the licensee or an
 19 outside vendor or third-party service provider designated to act on behalf of the
 20 licensee shall promptly investigate the cybersecurity event. During the investigation, if
 21 the licensee, outside vendor, or third-party service provider determines that a
 22 cybersecurity event has occurred, the licensee, outside vendor, or third-party service
 23 provider shall, to the extent possible,

24 (1) assess the nature and scope of the cybersecurity event;

25 (2) identify nonpublic information that may have been involved in the
 26 cybersecurity event; and

27 (3) perform or oversee reasonable measures to restore the security of
 28 the information systems compromised in the cybersecurity event to prevent further
 29 unauthorized acquisition, release, or use of nonpublic information in the licensee's
 30 possession or control.

31 (b) If a licensee becomes aware that a cybersecurity event has or may have

1 occurred in an information system maintained by a third-party service provider, the
 2 licensee shall, to the extent possible, complete the actions described in (a) of this
 3 section or confirm and document that the third-party service provider has completed
 4 those actions.

5 (c) A licensee shall maintain records concerning all cybersecurity events for a
 6 period of at least five years from the date of the cybersecurity event and shall produce
 7 the records at the request of the director.

8 **Sec. 21.23.280. Notification of cybersecurity event.** (a) Unless a federal law
 9 enforcement official instructs the licensee not to distribute information regarding a
 10 cybersecurity event, a licensee shall notify the director as soon as possible and not
 11 later than three business days after the licensee determines that a cybersecurity event
 12 has occurred, if

13 (1) the licensee is an insurer and domiciled in this state;

14 (2) the licensee is an insurance producer and this state is the licensee's
 15 home state as defined in AS 21.27.990; or

16 (3) the licensee reasonably believes that the cybersecurity event
 17 involves the nonpublic information of 250 or more consumers residing in this state and
 18 the cybersecurity event

19 (A) affects the licensee, and a state or federal law requires the
 20 licensee to provide notice of the cybersecurity event to a government agency;
 21 or

22 (B) has a reasonable likelihood of materially harming a
 23 consumer residing in this state or a material part of the normal operation of the
 24 licensee.

25 (b) To the greatest extent possible and in a form and format prescribed by the
 26 director, the notification to the director under (a) of this section must include the
 27 following information:

28 (1) the date of the cybersecurity event;

29 (2) a description of how nonpublic information was exposed, lost,
 30 stolen, or breached, including the specific roles and responsibilities of third-party
 31 service providers, if any;

- 1 (3) an explanation of how the cybersecurity event was discovered;
- 2 (4) whether the lost, stolen, or breached nonpublic information has
3 been recovered and, if so, how the nonpublic information was recovered;
- 4 (5) the identity of the source of the cybersecurity event;
- 5 (6) whether the licensee has filed a police report, or has notified a
6 regulatory, government, or law enforcement agency about the cybersecurity event and,
7 if so, the time and date that the licensee notified the agency;
- 8 (7) a description of the specific types of information acquired without
9 authorization, such as medical information, financial information, or information
10 allowing identification of the consumer;
- 11 (8) the period during which the information system was compromised
12 by the cybersecurity event;
- 13 (9) the number of total consumers in this state affected by the
14 cybersecurity event; the licensee shall provide the licensee's best estimate in the
15 licensee's initial notification to the director under (a) of this section, and shall update
16 the estimate with each subsequent notification to the director under (c) of this section;
- 17 (10) the results of an internal review identifying a lapse in either the
18 licensee's automated controls or internal procedures or confirming that the licensee
19 followed all automated controls or internal procedures;
- 20 (11) a description of efforts the licensee is taking or has taken to
21 remediate the situation that permitted the cybersecurity event to occur;
- 22 (12) a copy of the licensee's privacy policy and a statement outlining
23 the steps the licensee will take to investigate and notify consumers affected by the
24 cybersecurity event; and
- 25 (13) the name of a contact person who is familiar with the
26 cybersecurity event and authorized to act on behalf of the licensee.
- 27 (c) After a licensee provides notice of a cybersecurity event to the director
28 under (a) of this section, the licensee shall, in a form, format, and frequency prescribed
29 by the director, update and supplement the information provided under (b) of this
30 section.
- 31 (d) In addition to the requirements of this section, a licensee shall comply with

1 all applicable provisions of AS 45.48 (Alaska Personal Information Protection Act). If
2 a licensee is required to notify the director of a cybersecurity event under (a) of this
3 section and is also required to provide notice under AS 45.48, the licensee shall
4 provide to the director a copy of the notice sent to consumers under AS 45.48.

5 (e) Unless a third-party service provider of a licensee notifies the director, if
6 the licensee becomes aware of a cybersecurity event that affects an information system
7 maintained by the third-party service provider, the licensee shall comply with the
8 requirements of this section to the greatest extent possible. For purposes of this
9 subsection, the time prescribed in (a) of this section begins the day after the third-party
10 service provider notifies the licensee of the cybersecurity event or the day after the
11 date the licensee has actual knowledge of the cybersecurity event, whichever is earlier.

12 (f) A licensee acting as an assuming insurer that determines that a
13 cybersecurity event has occurred shall, not later than three business days after the
14 determination, notify the licensee's affected ceding insurers and the insurance
15 supervisory official of the licensee's state of domicile if

16 (1) the cybersecurity event involves nonpublic information and the
17 nonpublic information is information used by or in the possession or control of the
18 licensee acting as an assuming insurer; and

19 (2) the licensee does not have a direct contractual relationship with a
20 consumer affected by the cybersecurity event.

21 (g) A licensee acting as an assuming insurer that receives notification from the
22 licensee's third-party service provider that a cybersecurity event has occurred shall, not
23 later than three business days after receiving notification, notify the licensee's affected
24 ceding insurers and the insurance supervisory official of the licensee's state of
25 domicile if the cybersecurity event involves nonpublic information and the nonpublic
26 information is in the possession or control of the third-party service provider.

27 (h) Except as provided in (f) and (g) of this section, a licensee acting as an
28 assuming insurer does not have other notice obligations relating to a cybersecurity
29 event under this section.

30 (i) A licensee that is an insurer and that becomes aware that a cybersecurity
31 event involving nonpublic information has occurred shall, as soon as possible and in a

1 form and format prescribed by the director, notify each independent insurance
2 producer of record of a consumer affected by the cybersecurity event if

3 (1) the nonpublic information is in the possession or control of the
4 licensee or the licensee's third-party service provider;

5 (2) the consumer accessed the insurer's services through the producer;
6 and

7 (3) the insurer has the current producer of record information for the
8 consumer.

9 (j) An insurer shall notify an insurance producer of a cybersecurity event
10 involving nonpublic information, not later than the date the notice is provided to the
11 affected consumers, if

12 (1) the nonpublic information is in the possession or control of a
13 licensee that is an insurer or the licensee's third-party service provider;

14 (2) the consumer accessed the insurer's services through an insurance
15 producer; and

16 (3) the insurer is required to notify affected consumers under
17 AS 21.23.240 - 21.23.399 or AS 45.48.

18 (k) An insurer is exempt from notifying an insurance producer under (j) of this
19 section if

20 (1) the producer is not authorized by law or contract to sell, solicit, or
21 negotiate on behalf of the insurer; or

22 (2) the insurer does not have the current producer information for an
23 affected consumer.

24 **Sec. 21.23.290. Confidentiality.** (a) Any document, material, or information in
25 the possession or control of the division that is provided by a licensee or an employee
26 or agent acting on behalf of a licensee under AS 21.23.260(f) or 21.23.280(b)(2) - (5),
27 (8), (10), or (11) or that is obtained by the director in an investigation or examination
28 under AS 21.23.310

29 (1) is confidential and privileged;

30 (2) is not subject to inspection and copying under AS 40.25.110 -
31 40.25.220;

1 (3) may not be obtained by subpoena or discovery; and

2 (4) is not admissible in evidence in a private civil action.

3 (b) The director may use a document, material, or information described in (a)
4 of this section in a regulatory or legal proceeding brought in the performance of the
5 duties of the director under this title.

6 (c) The director or an individual acting under the authority of the director who
7 receives a document, material, or information described in (a) of this section may not
8 testify about the document, material, or information in a private civil action.

9 (d) In the performance of duties under AS 21.23.240 - 21.23.399, the director

10 (1) may disclose a document, material, or information, including a
11 document, material, or information that is confidential and privileged or subject to (a)
12 of this section, to state, federal, and international regulatory or law enforcement
13 agencies, or to the National Association of Insurance Commissioners and its affiliates
14 or subsidiaries, if the recipient agrees in writing to maintain the confidentiality and
15 privileged status of the document, material, or information;

16 (2) may receive a document, material, or information, including a
17 document, material, or information that is confidential and privileged, from the
18 National Association of Insurance Commissioners and its affiliates or subsidiaries, and
19 from state, federal, and international regulatory or law enforcement agencies; the
20 director shall maintain as confidential or privileged the document, material, or
21 information if the entity that provided the director with the document, material, or
22 information requests the director to do so or gives notice to the director that the
23 document, material, or information is confidential or privileged under the law of the
24 jurisdiction supplying it;

25 (3) may disclose a document, material, or information that is subject to
26 (a) of this section with a third-party service provider if the third-party service provider
27 agrees in writing to maintain the confidentiality and privileged status of the document,
28 material, or information; and

29 (4) may enter into agreements consistent with this section governing
30 the sharing and use of a document, material, or information that is confidential or
31 privileged or subject to (a) of this section.

1 (e) A person does not waive a claim of privilege or confidentiality that the
2 person possesses by providing a document, material, or information to the director
3 under AS 21.23.240 - 21.23.399 or by the disclosure, receipt, or sharing of a
4 document, material, or information under (d) of this section.

5 **Sec. 21.23.300. Applicability.** (a) AS 21.23.250 and 21.23.260 do not apply to

6 (1) a licensee, including an independent contractor, with fewer than 15
7 employees;

8 (2) a licensee if the licensee is an employee, agent, representative, or
9 designee of another licensee covered by an information security program.

10 (b) AS 21.23.240 - 21.23.399 do not apply to a licensee subject to the Health
11 Insurance Portability and Accountability Act of 1996 (P.L. 104-191) if the licensee

12 (1) has established and maintains an information security program
13 under statutes, regulations, procedures, or guidelines established under the Health
14 Insurance Portability and Accountability Act of 1996 (P.L. 104-191);

15 (2) is in compliance with the statutes, regulations, procedures, and
16 guidelines established under the Health Insurance Portability and Accountability Act
17 of 1996 (P.L. 104-191); and

18 (3) submits to the director a written statement certifying that the
19 licensee is in compliance with the statutes, regulations, procedures, and guidelines
20 established under the Health Insurance Portability and Accountability Act of 1996
21 (P.L. 104-191).

22 (c) If a licensee no longer qualifies for an exception to the applicability of
23 AS 21.23.240 - 21.23.399 under this section, the licensee shall comply with
24 AS 21.23.240 - 21.23.399 within 180 days after the licensee no longer qualifies for the
25 exception.

26 **Sec. 21.23.310. Enforcement; penalties.** (a) In addition to the director's power
27 to examine or investigate under AS 21.06.120, the director may examine and
28 investigate the affairs of a licensee to determine whether the licensee is or has been in
29 violation of AS 21.23.240 - 21.23.399. The director shall conduct an examination or
30 investigation under this section following the same procedures applicable to an
31 examination or investigation under AS 21.06.120. The director may take necessary or

1 appropriate action to enforce AS 21.23.240 - 21.23.399.

2 (b) In addition to any other penalty provided by law, a person who violates
3 AS 21.23.240 - 21.23.399 is subject to the penalties provided under AS 21.27.440.

4 **Sec. 21.23.399. Definitions.** In AS 21.23.240 - 21.23.399,

5 (1) "consumer" means an individual who is a resident of the state and
6 whose nonpublic information is in a licensee's possession or control;

7 (2) "cybersecurity event"

8 (A) means an event resulting in unauthorized access to or
9 disruption or misuse of an information system or information stored on the
10 information system;

11 (B) does not include

12 (i) the unauthorized acquisition of encrypted nonpublic
13 information if the encryption's process or key is not also acquired,
14 released, or used without authorization; or

15 (ii) an event in which the licensee has determined that
16 nonpublic information accessed by an unauthorized person has not been
17 used or released and has been returned or destroyed;

18 (3) "encrypt" means transforming of data into a form that results in a
19 low probability of assigning meaning without the use of a protective process or key;

20 (4) "information security program" means the administrative,
21 technical, and physical safeguards that a licensee uses to access, collect, distribute,
22 process, protect, store, use, transmit, dispose of, or otherwise handle nonpublic
23 information;

24 (5) "information system" means

25 (A) a discrete set of information resources organized for the
26 collection, processing, maintenance, use, sharing, dissemination, or disposition
27 of information; or

28 (B) a specialized system that may include an industrial or
29 process control system, a telephone switching and private branch exchange
30 system, or an environmental control system;

31 (6) "licensee"

1 (A) means a person licensed, authorized to operate, or
 2 registered, or required to be licensed, authorized, or registered, under this title;

3 (B) does not include a purchasing group or a risk retention
 4 group chartered and licensed in a state other than this state or a licensee that is
 5 acting as an assuming insurer that is domiciled in another state or jurisdiction;

6 (7) "nonpublic information" means information that is not publicly
 7 available information and that is

8 (A) business-related information of a licensee, the tampering
 9 with which, or unauthorized disclosure, access, or use of which, would cause a
 10 material adverse effect to the business, operations, or security of the licensee;

11 (B) information concerning a consumer that, because of a
 12 name, number, personal mark, or other identifier, can be used to identify the
 13 consumer in combination with one or more of the following data elements:

14 (i) a social security number;

15 (ii) a driver's license number or identification card
 16 number;

17 (iii) a financial account, credit card, or debit card
 18 number;

19 (iv) a security code, access code, or password that
 20 would permit access to a consumer's financial account; or

21 (v) a biometric record; or

22 (C) information or data, except age or gender, in any form
 23 created by or derived from a health care provider or a consumer that can be
 24 used to identify a particular consumer and relates to

25 (i) the past, present, or future physical, mental, or
 26 behavioral health or condition of a consumer or a member of the
 27 consumer's family;

28 (ii) the provision of health care to a consumer; or

29 (iii) payment for the provision of health care to a
 30 consumer;

31 (8) "person" means an individual or a nongovernmental entity;

1 (9) "publicly available information" means information that a licensee
2 has determined is made available to the general public from

3 (A) a federal, state, or local government record;

4 (B) a widely distributed media; or

5 (C) a disclosure to the general public that is required under
6 federal, state, or local law;

7 (10) "third-party service provider" means a person that is not a licensee
8 that, through a contract with a licensee, is permitted access to and maintains,
9 processes, or stores nonpublic information through its provision of services to the
10 licensee.

11 * **Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to
12 read:

13 **INDIRECT COURT RULE AMENDMENTS.** (a) AS 21.23.290(a)(3), enacted by sec.
14 1 of this Act, has the effect of changing Rule 26, Alaska Rules of Civil Procedure, by
15 prohibiting discovery of evidence in the possession or control of the division of insurance that
16 is provided by a licensee or an employee or agent acting on behalf of a licensee under
17 AS 21.23.260(f) or 21.23.280(b)(2) - (5), (8), (10), or (11) or that is obtained by the director
18 in an investigation or examination under AS 21.23.310.

19 (b) AS 21.23.290(a)(4) and (c), enacted by sec. 1 of this Act, have the effect of
20 changing Rules 402 and 501, Alaska Rules of Evidence, by

21 (1) creating a new privilege that would prevent the director of the division of
22 insurance, or an individual acting under the authority of the director, from being permitted or
23 compelled to testify about confidential or privileged documents, materials, or information in a
24 private civil action; and

25 (2) precluding admissibility of evidence in a private action of documents,
26 materials, or other information in the possession or control of the division of insurance that is
27 provided by a licensee or an employee or agent acting on behalf of a licensee under
28 AS 21.23.260(f) or 21.23.280(b)(2) - (5), (8), (10), or (11) or that is obtained by the director
29 in an investigation or examination under AS 21.23.310.

30 * **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to
31 read:

1 TRANSITION: REGULATIONS. The director of the division of insurance may adopt
2 regulations necessary to implement this Act. The regulations take effect under AS 44.62
3 (Administrative Procedure Act), but not before the effective date of the law implemented by
4 the regulation.

5 * **Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section to
6 read:

7 CONDITIONAL EFFECT. AS 21.23.290(a)(3) and (4) and (c), enacted by sec. 1 of
8 this Act, take effect only if sec. 2 of this Act receives the two-thirds majority vote of each
9 house required by art. IV, sec. 15, Constitution of the State of Alaska.

10 * **Sec. 5.** Section 3 of this Act takes effect immediately under AS 01.10.070(c).

11 * **Sec. 6.** If AS 21.23.290(a)(3) and (4) and (c) take effect, they take effect January 1, 2025.

12 * **Sec. 7.** AS 21.23.250 and 21.23.260(a), (b), (c)(1) - (6), (9), and (10), and (d) - (g),
13 enacted by sec. 1 of this Act, take effect January 1, 2026.

14 * **Sec. 8.** AS 21.23.260(c)(7) and (8), enacted by sec. 1 of this Act, take effect January 1,
15 2027.

16 * **Sec. 9.** Except as provided in secs. 5 - 8 of this Act, this Act takes effect January 1, 2025.