

Alaska State Legislature

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Senator John Coghill

Sponsor Statement

SB 47 "An Act relating to exemptions for cash surrender values, accrued dividends, and loan values of life insurance and annuity contracts."

Under the Alaska Exemptions Act under Chapter 38 of Title 9 in the Code of Civil Protections there are currently six exemptions that exist from attachment, garnishment, or execution by a creditor in civil actions. One of these exemptions under AS 09.38.025(a) is an exemption of up to \$500,000 on un-matured life insurance. SB 47 goes in and repeals the \$500,000 limit in AS 09.38.025(a).

In effect SB 47 brings AS 09.38.025(a) in line with other exemptions found in the Alaska Exemption Act, such as: burial plots, longevity bonuses, tuition credits, the permanent fund dividend, medical benefits, liquor licenses, payments found under the Senior Benefits Payment Program, compensation of benefits exempt under federal law, and retirement plan interests and payments.

While the law currently provides protection of non-estate assets up to \$500,000, having a limit in the first place clearly does not assist in the protection of assets or pre-bankruptcy planning. While states like South Carolina, Wisconsin, and New York expressly define cash surrender values from life insurance as exempt, still many states ultimately rely on judicial interpretation of a debtor's intent. This bill will provide people with a better security and planning for their families after they have passed on.

This bill encourages personal responsibility and protects the future of Alaskan families.