



30th Alaska State Legislature

House Labor and Commerce Committee

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Sponsor Statement

House Bill 403

An Act relating to the Alaska Life and Health Insurance Guaranty Association; and providing for an effective date.

House Bill 403 updates the Alaska Life and Health Insurance Guaranty Act to conform to the National Association of Insurance Commissioners Life and Health Guaranty Model Act. These changes update the Act and improve uniformity nationwide in the administration of life and health guarantee associations.

House Bill 403 incorporates changes made by the National Association of Insurance Commissioners to the Life & Health Insurance Guarantee Association Model Act (MDL 520) in December 2017, after House Bill 157 had been introduced. These changes added health maintenance organizations (HMOs) as members of the association, providing HMO coverage, and addressing long-term care insolvencies. With the substantial number of changes made, HB 403 was introduced to help explain these changes, though few are substantive.

Throughout, numerous conforming changes are made to AS 21.79 consistent with the model law, most of which do not substantively change the bill.

The Alaska Life and Health Insurance Guarantee Association (Association) is composed of insurers who transact life insurance, health insurance, or annuities in Alaska. The purpose of the Association is to guarantee that residents and certain nonresidents will continue to receive benefits in the event one of the members becomes impaired or insolvent. In order to accomplish this, the Act directs the insurers to form a board and collect assessments from members to pay for the operations of the Association and obligations of insolvent or impaired members.

House Bill 403 amends terms for consistency with the model act, raises payment limits, adds language clarifying what products are included and excluded from the protections under the Act, and adds language clarifying that medical and hospital service corporations and their products are subject to the provisions of the Act. House Bill 403 amends the powers and duties section for the Association to follow the model act, authorizes the board to increase assessments, grants the Association the ability to develop procedures to remove an Association governor for cause, and adds new definitions.

Thank you for your support.