



**Jana Lee Pruitt**  
Regional Vice President, State Relations

April 17, 2018

Senator Mia Costello  
Chair, Labor & Commerce Committee  
State Capitol Room 504  
Juneau, AK 99801

Re: House Bill 403

Dear Senator Costello:

The American Council of Life Insurers ("ACLI") is a national trade association representing approximately 290 member companies that offer life insurance, annuities, retirement plans, long-term care insurance and disability income insurance. We have 219 members licensed to do business in Alaska, and 96% of all life insurance and annuity payments to Alaska citizens are made by ACLI member companies.

The ACLI strongly supports House Bill 403 and respectfully requests this important legislation pass this session. If enacted, House Bill 403 will better protect insured residents of Alaska in the unlikely event of an insurer insolvency by amending the Alaska Life and Health Insurance Guaranty Association Act to incorporate amendments made to the National Association of Insurance Commissioners ("NAIC") *Life & Health Insurance Guaranty Association Model Act* upon which the Alaska Act is based.

House Bill 403 would increase coverage limits for individuals covered by unallocated annuity contracts and structured settlement annuities from \$100,000 to \$250,000, and make the Alaska Act functionally consistent with the NAIC Model Act. Forty-five states have already amended their guaranty association laws to achieve functional consistency, which is critical to ensuring multi-state insolvencies are handled as quickly and efficiently as possible and policyholder claims are treated similarly, regardless of a policyholder's state of residence. Lack of consistency among state guaranty association statutes has led to unnecessary and expensive litigation in the past, which can delay claim payments and divert resources from protecting policyholders.

House Bill 403 would also help ensure the continued sustainability of the state-based guaranty association system in the event of the insolvency of a carrier that writes long-term care insurance. The current assessment formula for long-term care insurance insolvencies is not sustainable. The newly-revised NAIC Model Act and House Bill 403 distribute the assessments for long-term care insurance insolvencies among companies writing life, health, annuity and HMO products. Regulators, insurers, consumer representatives and experts in the insurance receivership community worked together for over a year to make these critical changes to the NAIC

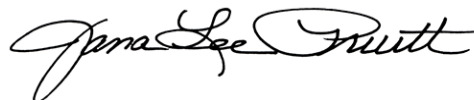
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Model Act. House Bill 403 will help ensure the Alaska Act—which was created to protect consumers and act as a safety net in the event of an insurer insolvency—remains stable, fair and sustainable through sufficient assessment capacity. We respectfully request your support of, and quick action on, the bill.

Sincerely,

A handwritten signature in black ink, reading "Jana Lee Pruitt". The signature is written in a cursive, flowing style.

Jana Lee Pruitt

cc: Senator Kevin Meyer  
Senator Gary Stevens  
Senator Berta Gardner  
Senator Peter Micciche  
Director Lori Wing-Heier  
Natasha McClanahan