

SENATE BILL NO. 185

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - FIRST SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Introduced: 4/25/25

Referred: Community and Regional Affairs, Labor and Commerce

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the business of insurance; relating to exceptions to prohibited
2 rebates; relating to the powers of the director of the division of insurance; relating to
3 prohibited practices in the advertisement of insurance; and providing for an effective
4 date."

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

6 * **Section 1.** AS 21.36.010 is amended to read:

7 **Sec. 21.36.010. Purpose.** The purpose of this chapter is to regulate an act or a
8 trade practice in the business of insurance in accordance with the intent of Congress as
9 expressed in 15 U.S.C. 1011 - 1015 (McCarran-Ferguson Act) **and P.L. 106-102**
10 **(Gramm-Leach-Bliley Act)** by defining or providing for determination of all the
11 practices in this state that constitute an unfair method of competition or an unfair or
12 deceptive act or practice and by prohibiting them.

13 * **Sec. 2.** AS 21.36.110 is amended to read:

14 **Sec. 21.36.110. Exceptions to discrimination and rebates.** Nothing in

1 AS 21.36.090, 21.36.100, and AS 21.54.100 may be construed as including within the
2 definition of discrimination or rebates any of the following practices:

3 (1) in the case of a contract of life insurance or life annuity, paying
4 bonuses to policyholders or otherwise abating their premiums in whole or in part out
5 of surplus accumulated from nonparticipating insurance, if the bonuses or abatement
6 of premiums is fair and equitable to policyholders and for the best interests of the
7 insurer;

8 (2) in the case of a life insurance policy issued on industrial debit,
9 preauthorized check, bank draft, or similar plans, making allowance to policyholders
10 who have made premium payments directly to an office of the insurer or by
11 preauthorized debit, check, bank draft, or similar plan, in an amount that fairly
12 represents the saving in collection expense;

13 (3) readjustment of the rate of premium for a group insurance policy
14 based on the loss or expense experience thereunder, at the end of the first or a
15 subsequent policy year of insurance thereunder, which may be made retroactive only
16 for that policy year;

17 (4) issuance of life or health insurance policies or annuity contracts at
18 rates less than the usual rates of premiums for the policies or contracts, or modification
19 of premium or rate based on amount of insurance; but the issuance or modification
20 may not result in reduction in premium or rate in excess of savings in administration
21 and issuance expenses reasonably attributable to the policies or contracts;

22 (5) a reward under a wellness program established under a health care
23 plan that favors an individual if the wellness program meets the following
24 requirements:

25 (A) the wellness program is reasonably designed to promote
26 health or prevent disease;

27 (B) an individual has an opportunity to qualify for the reward at
28 least once a year;

29 (C) the reward is available for all similarly situated individuals;

30 (D) the wellness program has alternative standards for
31 individuals who are unable to obtain the reward because of a health factor;

1 (E) alternative standards are available for an individual who is
2 unable to participate in a reward program because of a health condition;

3 (F) the insurer provides information explaining the standard for
4 achieving the reward and discloses the alternative standards; and

5 (G) the total rewards for all wellness programs under the health
6 insurance policy do not exceed 20 percent of the cost of coverage;

7 **(6) the offer or provision by an insurer or insurance producer,**
8 **including by or through an employee, affiliate, or third-party representative, of a**
9 **value-added product or service at no cost or reduced cost when that product or**
10 **service is not specified in the policy of insurance and the product or service**

11 **(A) is offered in accordance with (b) of this section;**

12 **(B) relates to the insurance coverage; and**

13 **(C) is primarily designed to**

14 **(i) provide loss mitigation or loss control;**

15 **(ii) reduce claim costs or claim settlement costs;**

16 **(iii) provide education about liability risks or risk of**
17 **loss to persons or property;**

18 **(iv) monitor or assess risk, identify sources of risk,**
19 **or develop strategies for eliminating or reducing risk;**

20 **(v) enhance health;**

21 **(vi) enhance financial wellness by providing**
22 **education or financial planning services;**

23 **(vii) provide post-loss services;**

24 **(viii) incentivize behavioral changes to improve the**
25 **health or reduce the risk of death or disability of a policyholder,**
26 **potential policyholder, certificate holder, potential certificate**
27 **holder, insured, potential insured, or applicant; or**

28 **(ix) assist in the administration of the employee or**
29 **retiree benefit insurance coverage;**

30 **(7) the provision of an offer, gift, item, or service provided in**
31 **accordance with (d) of this section.**

1 * **Sec. 3.** AS 21.36.110 is amended by adding new subsections to read:

2 (b) Except as provided in (c) of this section, an insurer or insurance producer
3 offering a value-added product or service in accordance with (a)(6) of this section
4 shall ensure that

5 (1) the cost to the insurer or producer of offering the product or service
6 to a customer is reasonable relative to that customer's premium or insurance coverage
7 for the policy class;

8 (2) if the insurer or producer is providing the product or service
9 offered, the customer is provided with information for whom to contact to assist the
10 customer with questions regarding the product or service; and

11 (3) the product or service is made available based on documented,
12 objective criteria and offered in a manner that is not unfairly discriminatory;
13 documented criteria described in this paragraph must be maintained by the insurer or
14 producer and provided to the director upon request.

15 (c) If an insurer or insurance producer does not have sufficient evidence but
16 has a good faith belief that a value-added product or service meets the criteria in
17 (a)(6)(C) of this section, the insurer or producer may provide the product or service in
18 a manner that is not unfairly discriminatory as part of a pilot or testing program for a
19 period of not more than three years. An insurer or producer offering a product or
20 service to consumers in the state as part of a pilot or testing program under this
21 subsection shall notify the director before launching the program and may proceed
22 with the program if the director does not object within 21 days after receiving the
23 notice.

24 (d) An insurer or insurance producer may

25 (1) offer or give noncash gifts, items, or services to, including
26 provision of meals to or charitable donations made on behalf of, a customer in
27 connection with the marketing, sale, purchase, or retention of a contract of insurance if

28 (A) the offer is made in a manner that is not unfairly
29 discriminatory;

30 (B) the customer is not required to purchase, continue to
31 purchase, or renew a policy in exchange for the noncash gift, item, or service;

1 and

2 (C) the cost of the noncash gift, item, or service does not
3 exceed an amount determined by the director to be reasonable for each term of
4 a policy year;

5 (2) offer or give noncash gifts, items, or services to, including
6 provision of meals to or charitable donations made on behalf of, a commercial or
7 institutional customer in connection with the marketing, sale, purchase, or retention of
8 a contract of insurance if

9 (A) the offer is made in a manner that is not unfairly
10 discriminatory;

11 (B) the customer is not required to purchase, continue to
12 purchase, or renew a policy in exchange for the noncash gift, item, or service;

13 (C) the cost of the noncash gift, item, or service is reasonable
14 relative to the premium or proposed premium; and

15 (D) the cost of the noncash gift, item, or service is not included
16 in any amounts charged to another person or entity;

17 (3) conduct a raffle or drawing to the extent permitted by state law if

18 (A) there is no financial cost to entrants to participate;

19 (B) the raffle or drawing does not obligate participants to
20 purchase insurance;

21 (C) the prizes are not valued in excess of a reasonable amount
22 determined by the director;

23 (D) the raffle or drawing is open to the public;

24 (E) the raffle or drawing is offered in a manner that is not
25 unfairly discriminatory; and

26 (F) a participant is not required to purchase, continue to
27 purchase, or renew a policy in exchange for participation in the raffle or
28 drawing.

29 (e) The director may adopt regulations to implement this section.

30 * **Sec. 4.** AS 21.36 is amended by adding a new section to read:

31 **Sec. 21.36.115. Prohibited advertising practices.** An insurer, insurance

1 producer, or representative of an insurer or producer may not

2 (1) offer or provide insurance as an incentive for purchasing another
3 policy; or

4 (2) use in an advertisement the words "free," "no cost," or similar
5 language that suggests that the insurance coverage is free or provided at no cost to the
6 consumer.

7 * **Sec. 5.** AS 21.36.120(a) is amended to read:

8 (a) A property, casualty, or surety insurer or its employee or representative [,]
9 or **an insurance producer** [AN AGENT, OR SOLICITOR] may not pay, allow, give,
10 or offer to pay, allow, or give, directly or indirectly, as an inducement to insurance or
11 after insurance has been effected, a rebate, discount, abatement, credit, or reduction of
12 the premium named in the policy of insurance, or a special favor or advantage in the
13 dividends or other benefits to accrue thereon, or any valuable consideration or
14 inducement, not specified in the policy, except to the extent provided for in an
15 applicable filing with the director as provided by law.

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

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

22 * **Sec. 7.** Section 6 of this Act takes effect immediately under AS 01.10.070(c).

23 * **Sec. 8.** Except as provided in sec. 7 of this Act, this Act takes effect January 1, 2026.