

Common Insurance Terms related to HB 148

Adjuster - a person who investigates claims and recommends settlement options based on estimates of damage and insurance policies held.

Admitted Company - an insurance company licensed to do business in a state(s), domiciled in an alternative state or country.

Annuity - See [AS 21.12.055](#)

Sec. 21.12.055 Annuities and annuity contract defined.

Annuities means all agreements to make periodical payments if the making or continuance of all or some of a series of payments or the amount of a payment is dependent upon the continuance of human life, except payments made under [AS 21.12.040](#). The business of annuities is considered to include additional benefits operating to safeguard the contract from lapse, or to provide a special surrender value, or special benefit, or annuity, in the event of the total and permanent disability of the holder.

Authorized insurer - See AS [21.97.900\(6\)](#)

(6) “authorized insurer” means an insurer authorized by a certificate of authority issued by the director to transact insurance in this state;

Benefit-level exception - means an exception to medical care coverage where a health care insurer applies network health care benefit levels to services received from an out-of-network health care provider or facility.

Casualty coverage - a form of insurance providing coverage for loss, damage, and liability, including but limited to workers compensation and employer’s liability, legal liability, burglary and theft, errors and omissions, fidelity, crime, glass, boiler, various malpractice coverages. See also [AS 21.12.070](#) **Casualty insurance defined.**

Copay - a cost sharing mechanism in group insurance plans where the insured pays a specified dollar amount of incurred medical expenses and the insurer pays the remainder.

Covered person - means a policyholder, subscriber, enrollee, or other individual participating in an insurance policy.

Credit for reinsurance - refers to a statutory accounting procedure that allows a ceding company (insurer) to treat amounts due from reinsurers as assets or reductions from liabilities.

Deductible - portion of the insured loss (in dollars) paid by the policy holder before the insurer starts covering costs.

Depreciation of labor - the reduction in the value of labor costs, similar to how materials depreciate due to age, wear, and tear.

Direct Written Premium - total premiums received by an insurance company without any adjustments for the ceding of any portion of these premiums to the reinsurer.

Disability income - a policy designed to compensate insured individuals for a portion of the income they lose because of a disabling injury or illness.

Common Insurance Terms related to HB 148

Disability insurance - see [AS 21.12.052](#)

Sec. 21.12.052. Disability insurance defined.

Disability insurance is insurance that provides periodic income payments when income is interrupted or terminated because of disability resulting from sickness, injury, or dismemberment, or a combination of sickness, injury, or dismemberment.

Domestic insurer - an insurance company that is domiciled and licensed in the state in which it sells insurance.

Foreign insurers - an insurance company selling policies in a state other than the state in which they are incorporated or domiciled.

Health care insurance - see [AS 21.12.050](#)

Sec. 21.12.050. Health and health care insurance defined.

(a) Health insurance is insurance of human beings (1) against bodily injury, disablement, or death by accident or accidental means; (2) against the resulting expenses of the injury, disablement, or death; (3) against disablement or expense resulting from sickness or childbirth; (4) against expense incurred in prevention of sickness; (5) for dental care; and (6) including every insurance that applies to injury, disablement, or death. Transaction of health insurance includes disability insurance and stop-loss insurance but does not include workers' compensation insurance. Health care insurance described in (b) of this section is a type of health insurance under this subsection.

(b) Health care insurance means that part of health insurance that provides, delivers, arranges for, pays for, or reimburses any of the costs of medical care.

(c) In this section, "stop-loss insurance" means insurance purchased by a self-insured employer to cover benefits the employer incurs in excess of a preset limit.

Health care insurer - see [AS 21.54.500\(16\)](#)

(16) "health care insurer" means a person transacting the business of health care insurance, including an insurance company licensed under [AS 21.09](#), a hospital or medical service corporation licensed under [AS 21.87](#), a fraternal benefit society licensed under [AS 21.84](#), a health maintenance organization licensed under [AS 21.86](#), a multiple employer welfare arrangement, a church plan, and a governmental plan, except for a nonfederal governmental plan that elects to be excluded under 42 U.S.C. 300gg-21(a)(2) (Health Insurance Portability and Accountability Act);

Health care provider - see [AS 21.07.250\(6\)](#)

(6) "health care provider" means a person licensed in this state or another state of the United States to provide medical care services;

Health discount plan - see [AS 21.97.900\(20\)](#)

(20) "health discount plan" means a card, program, device, arrangement, contract, or mechanism that purports to offer discounts or access to discounts on health care services or supplies and that is not insurance or that does not provide coverage for services or benefits regulated under [AS 21.86](#) or [AS 21.87](#);

Common Insurance Terms related to HB 148

Health maintenance organization (HMO) - See [AS 21.86.900\(10\)](#).

(10) “health maintenance organization” means a person that undertakes to provide or arrange for basic health care services to enrollees on a prepaid basis;

Hospital and medical service corporations - see [AS 21.87.330\(2\)-\(3\)](#)

(2) “hospital service corporation” means a service corporation that principally provides hospital services;

(3) “medical service corporation” means a service corporation that principally provides medical or surgical services;

Independent adjuster - freelance contractor paid a fee for adjusting losses on behalf of companies.

Life insurance - See [AS 21.12.040](#) Life insurance defined

Sec. 21.12.040. Life insurance defined.

Life insurance is insurance on human lives. The transaction of life insurance includes also the granting of endowment benefits, additional benefits for death or dismemberment by accident or accidental means, additional benefits for the insured's disability, and optional modes of settlement of proceeds of life insurance. Transaction of life insurance does not include workers' compensation insurance.

Lines of authority - a subject area of insurance that an insurance producer can sell

Medical care - See [AS 21.97.900\(31\)](#)

(31) “medical care” means amounts paid for

(A) diagnosis, care, mitigation, treatment, or prevention of disease, or amounts paid for the purpose of affecting any structure or function of the body;

(B) transportation primarily for and essential to medical care described in (A) of this paragraph; and

(C) insurance covering medical care described in (A) and (B) of this paragraph;

National Association of Insurance Commissioners (NAIC) - a 150+ year old organization that provides expertise, data, and analysis for insurance commissioners/directors to effectively regulate the insurance industry and protect consumers. Memberships includes the 50 states, District of Columbia, and five U.S. territories.

Non-network provider - a health care provider who has not entered into an agreement with a health care insurer to provide services for supplies to a patient covered by a health care insurance policy; sometimes referred to as a non-participating provider. Also referred to as an out-of-network provider or a non-participating provider.

Personal lines – property and casualty insurance policies that protect families and individuals against financial losses like property damage, as opposed to commercial or business-related risks.

Common Insurance Terms related to HB 148

Pharmacy benefits manager – see [AS 21.27.955\(9\)](#)

(9) “pharmacy benefits manager” means a person that contracts with a pharmacy on behalf of an insurer to process claims or pay pharmacies for prescription drugs or medical devices and supplies or provide network management for pharmacies;

Policy – see [AS 21.97.900\(34\)](#)

(34) “policy” means the written contract of or written agreement for or effecting insurance, by whatever name called, and includes all clauses, riders, endorsements, and papers attached to it and a part of it; for a group, trust, association, or similar entity, “policy” also means a certificate or other evidence of insurance that establishes the written contract of or written agreement for or effecting insurance for an insured or other beneficiary of the entity;

Policyholders - a person who owns an insurance policy, also referred to as a policy holder

Premium - Money charged for the insurance coverage reflecting expectation of loss.

Prior authorization - means the process used by a health care insurer to determine the medical necessity or medical appropriateness of covered medical care before the medical care is provided.

Producer - an individual who sells, services, or negotiates insurance policies either on behalf of a company or independently.

Property coverage – see [AS 21.12.060](#)

Sec. 21.12.060. Property insurance defined.

Property insurance is insurance on real or personal property of every kind and of every interest therein, whether on land, water, or in the air, against loss or damage from any and all hazard or cause, and against loss consequential upon the loss or damage, other than noncontractual legal liability for loss or damage. Property insurance does not include title insurance as defined in [AS 21.66.480](#).

Surplus lines broker – see [AS 21.97.900\(42\)](#)

(42) “surplus lines broker” means a person licensed under [AS 21.27](#) to place insurance in this state or relative to a subject resident, located, or to be performed in this state with eligible surplus lines insurers under [AS 21.34](#);

Surplus lines insurance – see [AS 21.97.900 \(43\)](#)

(43) “surplus lines insurance” means any insurance in this state or relative to a subject resident, located, or to be performed in this state that is permitted under [AS 21.34](#) to be placed through a surplus lines broker licensed under [AS 21.27](#) with nonadmitted insurers eligible to accept insurance other than reinsurance, wet marine and transportation insurance, insurance independently procured, life insurance, and an annuity contract;

Common Insurance Terms related to HB 148

Third-party administrator – see AS [21.97.900\(44\)](#)

(44) “third-party administrator” means a person who, for residents of this state, or for residents of another jurisdiction from a place of business in this state, performs administrative functions including claims administration and payment, marketing administrative functions, premium accounting, premium billing, coverage verification, underwriting authority, or certificate issuance in connection with life insurance, annuities, health insurance, or the provision of coverage for the cost of medical care;

Utilization review - see [AS 21.07.250\(14\)](#)

(14) "utilization review" means a set of techniques designed to monitor the use of, or evaluate the clinical necessity, appropriateness, efficacy, or efficiency of, health care services, procedures, or settings; techniques may include ambulatory review, prospective review, second opinion certification, concurrent review, case management, discharge planning, or retrospective review.

Wet marine and transportation insurance ([AS 21.12.090\(b\)](#) and Sec 33)

- **Wet marine** is wet and includes boats, vessels, things that float.
- **Inland marine** is not wet, not on the water (unless an item is in transport), and includes coverage not offered under a traditional property policy. Examples include heavy equipment, snowmachines, drones, and jewelry or artwork in a home not covered by the homeowner’s policy.
- The full definition for marine, wet marine, and transportation is found in AS 21.12.090.