



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

Department of Commerce, Community,  
and Economic Development

DIVISION OF INSURANCE

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March 26, 2015

The Honorable Anna MacKinnon, Co-Chair  
Senate Finance Committee  
Alaska State Capitol  
Juneau, Alaska 99801-1182

Dear Senator MacKinnon,

Please see the Division's response to your questions from our conversation on March 20, 2015 and the Committee's questions during the March 23, 2015 SB 15 hearing.

**1. What are "paid up" additions dividends?**

Paid up additions dividends are used to pay for premiums, but the insurance companies do not include those amounts in the premium amount on the annual statement. This is because the insured do not pay for policy maintenance. In order to allow for the dividend deduction in statute (21.09.210(b)), they are required to add back the paid up additions dividends in the premium.

**2. Why are dividend deductions included?**

The dividend deductions section of the spreadsheet is intended to increase the accuracy of tax figures. The state does not receive tax on gross premiums, and so without deduction calculations, any tax figures would be bloated and inaccurate.

**3. Can we provide an expanded spread sheet showing additional years and the premiums collected and taxes associated with those years?**

Yes. The enclosure for this response is a revised spread sheet that includes 2005-2013 and calculates the difference in premium tax collected if SB15 were to be enacted.

**4. Do we know of any national trends with regards to life insurance policies written with a premium amount over \$100,000.00?**

Not at this time, however division research into this question is ongoing.

Sincerely,

A handwritten signature in black ink, appearing to be "Marty Hester".

Marty Hester  
Deputy Director

Enclosure