

**CS FOR HOUSE BILL NO. 490(FIN)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 5/6/98

Referred: Rules

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to insurance premium taxes and to insurance taxes, licenses, or  
2 fees imposed by another state or country; and providing for an effective date."

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

4 \* **Section 1.** AS 09.38.025(b) is amended to read:

5 (b) A judgment creditor or other claimant of an insurer may not levy upon any  
6 of the assets or securities held in this state as a deposit for the protection of the  
7 insurer's policyholders or policyholders and creditors. [DEPOSITS UNDER  
8 AS 21.09.270 MAY BE LEVIED UPON IF PROVIDED IN THE ORDER OF THE  
9 DIRECTOR OF INSURANCE, DEPARTMENT OF COMMERCE AND ECONOMIC  
10 DEVELOPMENT, UNDER WHICH THE DEPOSIT IS MADE.]

11 \* **Sec. 2.** AS 21.09.210(b) is amended to read:

12 (b) Each insurer, and each formerly authorized insurer with respect to  
13 premiums received while an authorized insurer in this state, shall pay a tax on the total  
14 direct premium income received during the year ending on the preceding December 31

1 and paid for the insurance of property or risks resident or located in the state, other  
 2 than wet marine and transportation insurance, after deducting from the total direct  
 3 premium income the applicable cancellations, returned premiums, the unabsorbed  
 4 portion of any deposit premium, all policy dividends, unabsorbed premiums refunded  
 5 to policyholders, refunds, savings, savings coupons, and other similar returns paid or  
 6 credited to policyholders with respect to their policies. **Deductions** [NO  
 7 DEDUCTIONS] may **not** be made of cash surrender value of policies. Considerations  
 8 received on annuity contracts are not included in the direct premium income and are  
 9 not subject to tax. The tax shall be paid to the director at least annually but not more  
 10 often than once each quarter on the dates specified by the director. The method of  
 11 payment must be by the electronic or other payment method specified by the director.  
 12 **Except as provided under (n) of this section, the** [THE] tax is computed at the rate  
 13 of

14 (1) for domestic and foreign insurers, except hospital and medical  
 15 service corporations, 2.7 percent;

16 (2) for hospital and medical service corporations, six percent of their  
 17 gross premiums less claims paid.

18 \* **Sec. 3.** AS 21.09.210 is amended by adding a new subsection to read:

19 (n) The tax imposed under this section shall be computed at the rate of

20 (1) one-tenth of a percent for a policy of life insurance with a policy  
 21 year premium that equals or exceeds \$100,000; and

22 (2) 2.7 percent for a policy of life insurance with a policy year  
 23 premium below \$100,000.

24 \* **Sec. 4.** AS 21.24.020 is amended to read:

25 **Sec. 21.24.020. Purpose of deposit.** The deposits shall be held for purposes  
 26 as follows:

27 (1) deposits made in this state under AS 21.09.090 shall be held for the  
 28 purpose stated in that section;

29 (2) a deposit made in this state by a domestic insurer transacting  
 30 insurance in another state, province, or country, in accordance with the laws of the  
 31 other state, province, or country, shall be held for the protection of all creditors or for

1 the other purpose or purposes that may be specified under those laws [;

2 (3) DEPOSITS REQUIRED UNDER AS 21.09.270 SHALL BE HELD  
3 FOR THE PURPOSES REQUIRED BY THE RETALIATORY LAW, AND  
4 SPECIFIED IN THE DIRECTOR'S ORDER REQUIRING THE DEPOSIT TO BE  
5 MADE].

6 \* **Sec. 5.** AS 21.24.130(a) is amended to read:

7 (a) Each deposit made in this state by an insurer under this title, including  
8 assets and securities held in another state under custodial arrangements permitted by  
9 AS 21.24.040(c), shall be held for as long as there is any outstanding liability of the  
10 insurer as to which the deposit was required. [EACH DEPOSIT REQUIRED UNDER  
11 AS 21.09.270 SHALL BE HELD FOR SO LONG AS THE BASIS OF THE  
12 RETALIATION EXISTS.]

13 \* **Sec. 6.** AS 21.09.270 and AS 21.24.030(c) are repealed.

14 \* **Sec. 7.** This Act takes effect immediately under AS 01.10.070(c).