

HOUSE BILL NO. 184

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY REPRESENTATIVES COGHILL, Harris

Introduced: 3/10/03

Referred: Labor and Commerce

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to individual deferred annuities; and providing for an effective date."**

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

3 * **Section 1.** AS 21.45.305(c) is amended to read:

4 (c) The minimum values as specified in (d) - (g) and (i) of this section of any
5 paid-up annuity, cash surrender, or death benefits available under an annuity contract
6 shall be based upon minimum nonforfeiture amounts as defined in this section:

7 (1) With respect to contracts providing for flexible considerations, the
8 minimum nonforfeiture amount at any time at or before the commencement of any
9 annuity payments shall be equal to an accumulation up to that time at a rate of interest
10 of **one and one-half percent** [THREE PER CENT] a year of percentages of the net
11 considerations as defined in this paragraph paid before that time, decreased by the sum
12 of (A) any prior withdrawals from or partial surrenders of the contract accumulated at
13 a rate of interest of **one and one-half percent** [THREE PER CENT] a year; and (B)
14 the amount of any indebtedness to the company on the contract, including interest due
15 and accrued, and increased by any existing additional amounts credited by the

1 company to the contract. The net considerations for a given contract year used to
 2 define the minimum nonforfeiture amount shall be an amount not less than zero and
 3 shall be equal to the corresponding gross considerations credited to the contract during
 4 that contract year less an annual contract charge of \$30 and less a collection charge of
 5 \$1.25 per consideration credited to the contract during that contract year. The
 6 percentages of net considerations shall be 65 percent [PER CENT] of the net
 7 consideration for the first contract year and 87 1/2 percent [PER CENT] of the net
 8 considerations for the second and later contract years. Notwithstanding the provisions
 9 of the preceding sentence, the percentage shall be 65 percent [PER CENT] of the
 10 portion of the total net consideration for any renewal contract year which exceeds by
 11 not more than two times the sum of those portions of the net considerations in all prior
 12 contract years for which the percentage was 65 percent [PER CENT].

13 (2) With respect to contracts providing for fixed scheduled
 14 considerations, minimum nonforfeiture amounts shall be calculated on the assumption
 15 that considerations are paid annually in advance and shall be defined as for contracts
 16 with flexible considerations which are paid annually with two exceptions:

17 (A) the portion of the net consideration for the first contract
 18 year to be accumulated shall be the sum of 65 percent [PER CENT] of the net
 19 consideration for the first contract year plus 22 1/2 percent [PER CENT] of
 20 the excess of the net consideration for the first contract year over the lesser of
 21 the net considerations for the second and third contract years;

22 (B) the annual contract charge shall be the lesser of \$30 or 10
 23 percent [PER CENT] of the gross annual consideration.

24 (3) With respect to contracts providing for a single consideration,
 25 minimum nonforfeiture amounts shall be defined as for contracts with flexible
 26 considerations except that the percentage of net consideration used to determine the
 27 minimum nonforfeiture amount shall be equal to 90 percent [PER CENT] and the net
 28 consideration shall be the gross consideration less a contract charge of \$75.

29 * **Sec. 2.** This Act takes effect July 1, 2003.