

SENATE BILL NO. 15

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-NINTH LEGISLATURE - FIRST SESSION

BY SENATOR COGHILL

Introduced: 1/21/15

Referred: Labor and Commerce, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the tax on policy year premiums for life insurance policies; relating
2 to single and group life insurance policies; and relating to other types of insurance
3 policies that insure the life of one or more individuals."

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

5 * **Section 1.** AS 21.09.210(m) is amended to read:

6 (m) The tax imposed under this section for a single or group [AN
7 INDIVIDUAL] life insurance policy or other type of insurance policy that insures
8 the life of one or more individuals shall be computed at the rate of

9 (1) 2.7 percent of policy year premium up to \$100,000; and

10 (2) 0.08 [ONE-TENTH OF ONE] percent of policy year premium
11 exceeding \$100,000.

12 * **Sec. 2.** AS 21.48.100 is amended to read:

13 **Sec. 21.48.100. Provisions required in group contracts.** A policy of group
14 life insurance may not be delivered in this state unless it contains in substance the

1 provisions set out in AS 21.48.110 - 21.48.200 or provisions that, in the opinion of the
 2 director, are more favorable to the persons insured, or at least as favorable to the
 3 persons insured and more favorable to the policyholder; except that

4 (1) AS 21.48.160 - 21.48.200 do not apply to a policy [POLICIES]
 5 issued to a creditor to insure a debtor [DEBTORS] of the creditor;

6 (2) the standard provisions required for a single [INDIVIDUAL] life
 7 insurance policy [POLICIES] do not apply to a group life insurance policy
 8 [POLICIES];

9 (3) if the group life insurance policy is on a plan of insurance other
 10 than the term plan, it must contain a nonforfeiture provision or provisions that, in the
 11 opinion of the director, is or are equitable to the insured persons and to the
 12 policyholder, but nothing in this paragraph may be construed to require that a group
 13 life insurance policy contain [POLICIES CONTAIN] the same nonforfeiture
 14 provisions as are required for a single [INDIVIDUAL] life insurance policy
 15 [POLICIES].

16 * **Sec. 3.** AS 21.53.060(a) is amended to read:

17 (a) In addition to the requirements of AS 21.45, at the time of policy delivery,
 18 a policy summary shall be included with a single [AN INDIVIDUAL] life insurance
 19 policy if the policy or policy rider provides long-term care benefits. In the case of
 20 direct response solicitations, the insurer shall deliver the policy summary upon the
 21 applicant's request but, regardless of request, shall deliver a policy summary not later
 22 than the time of policy delivery. The summary must include

23 (1) an explanation of how the long-term care benefits interact with
 24 other components of the policy, including deductions from death benefits;

25 (2) an illustration of the amount and length of benefits, and guaranteed
 26 lifetime benefits, if any, for each covered person;

27 (3) an explanation of each exclusion, reduction, and limitation on long-
 28 term care benefits;

29 (4) if applicable to the policy type,

30 (A) disclosure of the effects of exercising other rights under the
 31 policy;

1 (B) disclosure of guarantees related to the long-term care costs
2 of insurance charges; and

3 (C) current and projected maximum lifetime benefits; and

4 (5) if the director adopts a regulation that permits but does not require
5 inflation protection, and the policy does not provide for inflation protection, a
6 statement that inflation protection is not available under the policy.

7 * **Sec. 4.** AS 21.53.200(4) is amended to read:

8 (4) "long-term care insurance"

9 (A) means an individual or group insurance policy, including
10 single or group [AND INDIVIDUAL] life insurance and individual or group
11 [OR] annuities, a subscriber's contract, fraternal benefit society certificate, or
12 rider advertised, marketed, offered, or designed to provide coverage for not
13 less than 12 consecutive months for each covered person on an expense
14 incurred, indemnity, prepaid, or other basis, for one or more necessary or
15 medically necessary diagnostic, preventive, therapeutic, rehabilitative,
16 maintenance, or personal care services that are provided in a setting other than
17 an acute care unit of a hospital, and includes a policy or rider that provides for
18 payment of benefits based on cognitive impairment or loss of functional
19 capacity;

20 (B) does not include

21 (i) an insurance policy, subscriber's contract, or
22 fraternal benefit society certificate that is offered primarily to provide
23 basic Medicare supplement coverage, basic hospital expense coverage,
24 basic medical-surgical expense coverage, hospital confinement
25 indemnity coverage, major medical expense coverage, disability
26 insurance and related asset protection coverage, catastrophic coverage,
27 comprehensive coverage, accident only coverage, specified disease or
28 specified accident coverage, or limited benefit health coverage; or

29 (ii) a life insurance policy that accelerates the death
30 benefit specifically for one or more of the qualifying events of terminal
31 illness, medical conditions requiring extraordinary medical

1 intervention, or permanent institutional confinement and that provides
2 the option of a lump-sum payment for that benefit if the benefit and the
3 eligibility for the benefit under the life insurance policy are not
4 conditioned on the receipt of long-term care.

5 * **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to
6 read:

7 **APPLICABILITY.** (a) AS 21.09.210(m), as amended by sec. 1 of this Act, applies to
8 policy year premiums for a calendar year that begins after December 31, 2015.

9 (b) AS 21.48.100, as amended by sec. 2 of this Act, and AS 21.53.060(a), as amended
10 by sec. 3 of this Act, apply to an insurance policy delivered on or after the effective date of
11 this Act.