

1 IN THE SENATE

BY SENATOR COOPER

2 SENATE BILL NO. 59

3 IN THE LEGISLATURE OF THE TERRITORY OF ALASKA

4 TWENTY-THIRD SESSION

5 A BILL

6 For an Act entitled: "An Act requiring life insurance companies
7 to invest an amount equal to 40 per cent
8 of the legal reserves on policies in force
9 in Alaska."

10 BE IT ENACTED BY THE LEGISLATURE OF THE TERRITORY OF ALASKA:

11 Section 1. Chapter 1 of Title 42, ACLA 1949, is hereby
12 amended by adding thereto the following new section, designated
13 as Section 42-1-29, to read as follows:

14 Section 42-1-29. INVESTMENTS IN THE TERRITORY. Each
15 life insurance company now engaged, or that may hereafter
16 engage in transacting the business of life insurance in
17 Alaska, shall, as a condition of its right to transact such
18 business in Alaska, invest, and keep invested in Alaska
19 securities and Alaska real estate, as hereinafter provided,
20 a sum of money equal to at least forty (40%) per cent of
21 the aggregate amount of the legal reserve required by the
22 laws of the state of its domicile, to be maintained on ac-
23 count of its policies of insurance in force written upon the
24 lives of the citizens of Alaska, which reserve is hereafter
25 denominated as its "Alaska Reserves". Such reserves must
26 be invested in Alaska on or before the 1st day of April,
27 1958, and the 1st day of April of each year thereafter, as
28 shown by their annual statement to the Insurance Commissioner
29 of Alaska. And each such company, securing a Certificate of

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1 Qualification to do business in Alaska, shall be deemed to
2 have accepted such Certificate subject to all the conditions
3 and requirements of this Act.

4 Sec. 2. ALASKA SECURITIES. The term "Alaska Securities",
5 as used in this Act, shall be held to include all bonds of the
6 Territory of Alaska; bonds or interest-bearing warrants of any
7 city, town, school district, Territorial educational institution,
8 or any municipality or subdivision which is now or may hereafter
9 be constituted or organized and authorized to issue such bonds or
10 warrants under the laws of the Territory of Alaska; notes or
11 bonds secured by mortgage or trust deed upon real estate situated
12 in Alaska and insured or guaranteed in whole or in part, by the
13 United States, or any agency or instrumentality thereof, together
14 with any bonds, debentures or other evidences of indebtedness of
15 the United States or any agency or instrumentality thereof, or
16 the Territory of Alaska or any agency or instrumentality thereof,
17 received and retained in whole or partial settlement of any such
18 insurance or guarantee; the cash deposits in regularly estab-
19 lished national or Territorial banks or trust companies in the
20 Territory of Alaska on the basis of average monthly balances
21 throughout the calendar year; promissory notes and obligations,
22 the payment of which is secured by a mortgage, deed or trust, or
23 other valid lien upon unencumbered real estate situated in Alaska,
24 the title to which real estate is valid and the market value of
25 which is forty (40%) per cent more than the amount loaned thereon,
26 exclusive of building unless such buildings are insured against
27 fire and kept insured in some company authorized to transact
28 business in the Territory of Alaska, and the policy or policies
29 transferred to the company taking such mortgage or lien; or upon

1 first liens upon leasehold estates in real property and improve-
2 ments situated thereon, the title to which is valid, and the
3 leasehold has not less than thirty (30) years to run before
4 expiration; Provided, that the duration of any loan upon such
5 leasehold estates shall not exceed a period of ten (10) years.
6 If any part of the value of such real estate is a building, such
7 buildings shall be insured against fire and kept insured for at
8 least fifty (50%) per cent of the value thereof in some company
9 authorized to transact business in the Territory of Alaska and
10 the policy or policies shall be transferred to the company taking
11 such mortgage or liens.

12 The term "Alaska Securities", as used in this Act, shall also
13 be held to include first lien notes or first mortgage bonds of
14 any solvent corporation incorporated under the laws of the Terri-
15 tory of Alaska and doing business in Alaska, and which has paid,
16 out of its actual earnings, dividends of at least five (5%) per
17 cent per annum on the par value of all its par value stock out-
18 standing and on the sale value of all of its no par value stock
19 outstanding for a period of at least five (5) years next preced-
20 ing the date of such investment, and which has not at any time
21 defaulted in the payment of interest on any of its obligations,
22 any such investment in the bonds of any one such corporation not
23 to exceed five (5%) per cent of the admitted assets of the insur-
24 ance company making the investment; obligations secured collater-
25 ally by the aforesaid bonds, warrants, notes, cash deposits and
26 liens; and loans made to policyholders on the sole security of the
27 reserve values of their policies. The investments required by
28 this Act may be made by the purchase of a building site, and in
29 the erection thereon of an office building, or in the purchase,

1 at its reasonable market value, of such office building already
2 constructed and the ground upon which the same is located in any
3 city or town of the Territory of Alaska. And "Alaska Securities"
4 shall be held to include every character of investment author-
5 ized by the terms of this Section; Provided, that the foregoing
6 restrictions as to the value of the real estate loans shall not
7 be applied to loans if the entire amount of indebtedness is insured
8 or guaranteed in any manner by the United States, or by the
9 Territory of Alaska, or by any agency or instrumentality of either
10 of them, or if not wholly so insured or guaranteed, the difference
11 between the entire amount of the indebtedness and that portion
12 thereof insured or guaranteed by the United States, or by the
13 Territory of Alaska, or by any agency or instrumentality of
14 either of them would not exceed the amount of loan permissible
15 under the said restrictions.

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