

Introduced: 3/22/68  
Referred: Commerce

1 IN THE HOUSE

BY THE COMMERCE COMMITTEE

2 HOUSE BILL NO. 699

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to establishment of separate accounts  
7 by life insurance companies; and providing for an  
8 effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 \* Section 1. AS 21.42 is amended by adding a new section to read:

11 Sec. 21.42.370. SEPARATE ACCOUNTS. (a) A domestic life insurance  
12 company may, after adoption of a resolution by its board of directors,  
13 establish one or more separate accounts, and may allocate to them the  
14 amounts paid to the company which are to be applied under the terms of  
15 an individual or group contract to provide annuity benefits, which may  
16 also provide other incidental benefits payable in fixed or in variable  
17 dollar amounts or in both.

18 (b) Notwithstanding any other provision of law, a domestic life  
19 insurance company which establishes one or more separate accounts as  
20 provided in (a) of this section may provide to the holders of interests  
21 in a separate account voting rights with respect to the management of  
22 that separate account and the investment of its assets, may establish  
23 for the separate account a committee, board or other body, the members  
24 of which (1) may be elected solely by holders having voting rights,  
25 and (2) may or may not be otherwise affiliated with the life insurance  
26 company, and may provide for compliance with any applicable state and  
27 federal law in order that contracts assigned to separate accounts may  
28 be lawfully sold or offered for sale. If so provided in the applicable  
29 contract, the assets in a separate account shall not be chargeable with

1 liabilities arising out of any other business of the company.

2 (c) When the reserve liability of a life insurance company with  
3 regard to (1) benefits guaranteed as to amount and duration, and (2)  
4 funds guaranteed as to principal amount or stated rate of interest is  
5 maintained in a separate account, a portion of the assets of the sepa-  
6 rate account at least equal to the reserve liability shall be invested  
7 in accordance with the law governing the investments of life insurance  
8 companies. All other amounts allocated to and accumulations on each  
9 account may be invested and reinvested in any class of investments  
10 which may be authorized in the contract without regard to requirements  
11 or limitations prescribed by the law governing the investments of life  
12 insurance companies. The investments in the separate account or ac-  
13 counts shall not be taken into account in applying the investment  
14 limitations applicable to other investments of the company.

15 (d) The income, gains and losses, realized or unrealized, on each  
16 account shall be credited to or charged against the amounts allocated  
17 to the account in accordance with the contract, without regard to other  
18 income, gains or losses of the company.

19 (e) The portion of the assets of a separate account at least equal  
20 to the reserve liability of the life insurance company with regard to  
21 the guaranteed benefits and funds referred to in (c) of this section  
22 shall be valued in accordance with the rules otherwise applicable to  
23 the assets of the life insurance company. All other assets allocated  
24 to a separate account shall be valued at their market value on the date  
25 of valuation, or if there is no readily available market, then in  
26 accordance with the terms of the contract.

27 (f) If the contract provides for payment of benefits in variable  
28 amounts, it shall contain a statement of the essential features of the  
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1 procedure to be followed by the company in determining the dollar amount  
2 of the variable benefits. The contract, including a group contract, and  
3 any certificate issued under it, shall state that the dollar amount may  
4 decrease or increase and shall contain on its first page a statement  
5 that the benefits under the contract are on a variable basis.

6 (g) No domestic life insurance company, and no other life insur-  
7 ance company admitted to transact business in this state, shall be  
8 authorized to deliver in this state a contract providing benefits in  
9 variable amounts until the company has satisfied the director of insur-  
10 ance that its condition or methods of operation in connection with the  
11 issuance of the contracts will not render its operation hazardous to the  
12 public or its policyholders in this state. In determining the qualifi-  
13 cation of a company requesting authority to deliver contracts in this  
14 state, the director shall consider, among other things:

15 (1) the history and financial condition of the company;

16 (2) the character, responsibility and general fitness of the  
17 officers and directors of the company; and

18 (3) in the case of a company other than a domestic company,  
19 whether the statutes and regulations of the jurisdiction of its incor-  
20 poration provide a degree of protection to policyholders and the public  
21 which is substantially equal to that provided by and the rules and  
22 regulations issued under this section.

23 (h) A life insurance company, whether domestic, foreign or alien,  
24 which issues variable annuity contracts and which is a subsidiary of  
25 (or affiliated through common management or ownership with) a life  
26 insurance company authorized to do business in this state shall be con-  
27 sidered to have met the provisions of this section if either it or the  
28 life insurance company meets the requirements of this section.

29 (i) Except as provided in this section, all pertinent provisions

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of the insurance laws of this state apply to separate accounts and contracts relating to separate accounts.

(j) Notwithstanding any other provisions of law, the director of insurance has the sole authority to regulate the issuance and sale of contracts under this section and to issue reasonable rules and regulations necessary to carry out the purposes and provisions of this section including the licensing of agents. The contracts and the sale of contracts are not subject to the Alaska Securities Act (AS 45.55.010 - 45.55.270) or to regulation by the administrator of that Act.

\* Sec. 2. This Act takes effect on the day after its passage and approval or on the day it becomes law without approval.