

Introduced: 2/6/79
Referred: Commerce

1 IN THE SENATE

BY THE COMMERCE COMMITTEE

2 SENATE BILL NO. 111

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to life insurance policy loans."

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

8 * Section 1. AS 21.45.080(a) is amended to read:

9 (a) There shall be a provision that after three full years' pre-
10 miums have been paid and after the policy has a cash surrender value and
11 while no premium is in default beyond the grace period for payment, the
12 insurer will advance, on proper assignment or pledge of the policy and
13 on the sole security of the policy, at a specified rate of interest not
14 exceeding eight [SIX] per cent a year, an amount equal to or, at the
15 option of the party entitled to it, less than the loan value of the
16 policy. The loan value of the policy shall be at least equal to the
17 cash surrender value at the end of the then current policy year, except
18 that the insurer may deduct, either from the loan value or from the
19 proceeds of the loan, an existing indebtedness not already deducted in
20 determining the cash surrender value including interest then accrued but
21 not due, the unpaid balance of the premium for the current policy year,
22 and interest on the loan to the end of the current policy year. The
23 policy may also provide that if interest on an indebtedness is not paid
24 when due it shall then be added to the existing indebtedness and shall
25 bear interest at the same rate, and that if and when the total indebted-
26 ness on the policy, including interest due or accrued, equals or exceeds
27 the amount of the loan value of the policy, the policy shall terminate
28 and become void. The policy shall reserve to the insurer the right to
29 defer the granting of a loan, other than for the payment of a premium to

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the insurer, for six months after the date of the loan application. The policy at the insurer's option, may provide for automatic premium loan, subject to an election of the party entitled to elect.

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