

Introduced: 2/13/79
Referred: Commerce

1 IN THE SENATE

BY THE COMMERCE COMMITTEE
BY REQUEST

2 SENATE BILL NO. 155

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 the establishment of separate
7 accounts by life insurance companies; and providing for
8 an effective date."

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

10 * Section 1. AS 21.42.370 is repealed and re-enacted to read:

11 Sec. 21.42.370. SEPARATE ACCOUNTS. (a) A domestic life insurance
12 company may establish one or more separate accounts, and may allocate to
13 an account amounts, including proceeds applied under optional methods of
14 settlement or under dividend options, to provide for life insurance or
15 annuities and benefits incidental to the account, payable in fixed or
16 variable amounts or both.

17 (b) The income, gains and losses, realized or unrealized, from
18 assets allocated to a separate account shall be credited to or charged
19 against the account, without regard to other income, gains or losses of
20 the company.

21 (c) Except as may be provided for reserves for guaranteed benefits
22 and funds referred to in (d) of this section, amounts allocated to a
23 separate account and accumulations to it may be invested and reinvested,
24 without regard to quantitative investment limitations prescribed by law
25 for life insurance companies, in securities eligible for investment for
26 life insurance companies, in securities exempted from regulation in AS
27 45.55.140 of the Alaska Securities Act, in securities registered by the
28 department, and other securities as the director may approve by adoption
29 of regulations. The investments from separate accounts may not be

1 considered in applying the investment limitations otherwise applicable
2 to the investments of the company.

3 (d) Reserves for benefits guaranteed as to dollar amount and
4 duration and for funds guaranteed as to principal amount or stated rate
5 of interest may not be maintained in a separate account, unless approved
6 by the director and in accordance with conditions as to investments and
7 other matters that he prescribes. In imposing conditions, the director
8 shall take into consideration the guaranteed nature of the benefits
9 provided.

10 (e) Unless otherwise approved by the director,

11 (1) assets allocated to a separate account shall be valued at
12 their market value on the date of valuation, or if there is no readily
13 available market, then as provided under the terms of the contract or
14 the rules or other written agreement applicable to a separate account;
15 and

16 (2) the portion of the assets of a separate account equal to
17 the company's reserve liability for the guaranteed benefits and funds
18 referred to in (d) of this section shall be valued under the rules
19 applicable to the valuation of the company's other assets.

20 (f) Amounts allocated to a separate account as provided in this
21 section shall be owned by the company, and the company may not be, nor
22 hold itself out to be, a trustee for those amounts. If the applicable
23 contracts so provide, that portion of the assets of a separate account
24 equal to the reserves and other contract liabilities of that account may
25 not be chargeable with liabilities arising out of any other business the
26 company may conduct.

27 (g) No sale, exchange or other transfer of assets may be made by a
28 company among its separate accounts or between other investment accounts
29 and one or more of its separate accounts, unless, in the case of a

1 transfer into a separate account, the transfer is made solely to estab-
2 lish the account or to support the operation of the contracts of the
3 separate account to which the transfer is made, and unless the transfer,
4 whether into or from a separate account, is made (1) by a transfer of
5 cash, or (2) by a transfer of securities having a readily determinable
6 market value, unless the transfer of securities is approved by the
7 director. The director may approve other transfers among these accounts
8 if, in his opinion, the transfers would be equitable.

9 (h) To the extent the company considers it necessary to comply
10 with applicable federal or state laws, the company may give persons
11 having an interest in a separate account, including a separate account
12 which is a management investment company or a unit investment trust,
13 appropriate voting and other rights and may adopt special procedures for
14 the conduct of the business of the account which include special rights
15 and procedures relating to investment policy, investment advisory ser-
16 vices, selection of independent public accountants, and the selection of
17 a committee, the members of which need not be otherwise affiliated with
18 the company, to manage the business of the account.

19 (i) A contract providing benefits payable in variable amounts
20 delivered or issued for delivery in this state shall contain a statement
21 of the essential features of the procedures to be followed by the in-
22 surance company in determining the dollar amount of the variable bene-
23 fits. A contract under which the benefits vary to reflect investment
24 experience, including a group contract and certificate in evidence of
25 variable benefits issued under it, shall state that the dollar benefit
26 amount will vary and shall contain on its first page a statement that
27 the benefits under it are on a variable basis.

28 (j) A company may not deliver or issue for delivery in this state
29 variable contracts unless it is licensed or organized to undertake a

1 life insurance or annuity business in this state. The director may
2 review the company's financial condition or method of operation for the
3 issuance of contracts payable in variable amounts. If a review is
4 conducted by the director, he shall determine whether the company's
5 operation is hazardous to the public or its policyholders in this state.
6 During the review the director shall consider (1) the history and finan-
7 cial condition of the company; (2) the character, responsibility and
8 fitness of the officers and directors of the company; and (3) the laws
9 and regulations under which the company is authorized in the state of
10 domicile to issue variable contracts. If the company is a subsidiary of
11 an admitted life insurance company, or affiliated with an admitted
12 company through common management or ownership, the director may con-
13 sider that the company meets the provisions of this subsection if either
14 it or the parent or the affiliated company meets the requirements of
15 this subsection. If the company fails to meet the requirements con-
16 tained in this subsection, the director may suspend the certificate of
17 authority of the company until the requirements are met or may prohibit
18 the further issuance of variable contracts.

19 (k) The director has sole authority to regulate the issuance and
20 sale of variable contracts, to examine and license agents to sell vari-
21 able contracts, and to issue whatever regulations he may consider
22 appropriate to carry out the purposes and provisions of this section.
23 Variable contracts and the sale of these contracts are not subject to
24 the Alaska Securities Act (AS 45.55.010 - 45.55.270) or to regulation by
25 the administrator of that Act.

26 (1) Except for AS 21.45.030, 21.45.080, 21.45.110, 21.45.180,
27 21.45.230, 21.45.240, 21.45.290, 21.45.300, AS 21.48.110, and except as
28 otherwise provided in this section, the provisions of this title apply
29 to separate accounts and contracts relating to them. Any individual

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variable life insurance contract, delivered or issued for delivery in this state shall contain a grace provision appropriate to that contract. The reserve liability for variable contracts shall be established in accordance with actuarial procedures, acceptable to the director, that recognize the variable nature of the benefits provided and any mortality guarantees.

* Sec. 2. AS 21.21.320 is repealed.

* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-070(c).