

Introduced: 3/17/89  
Referred: Health, Education &  
Social Services and Labor &  
Commerce

6-1033A

1 IN THE HOUSE

BY GRUENBERG AND MENARD

2

HOUSE BILL NO. 225

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to payment of disability insurance  
7 claims."

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

9 \* Section 1. AS 21.51.120 is repealed and reenacted to read:

10 Sec. 21.51.120. PAYMENT OF CLAIMS. (a) A disability policy  
11 delivered or issued for delivery must contain the following provi-  
12 sions:

13 (1) indemnity for loss of life shall be paid according to  
14 the beneficiary designation and payment provisions contained in the  
15 policy that are effective at the time of payment; if a beneficiary has  
16 not been designated, indemnity shall be paid to the estate of the  
17 insured; accrued indemnities unpaid at the insured's death shall be  
18 paid to either the beneficiary or the estate, at the option of the  
19 insurer; all other indemnities shall be paid to the insured;

20 (2) the insurer may, and upon request of the insured shall,  
21 within 30 days after receiving a complete and final billing, pay  
22 indemnities for hospital, medical, dental, or surgical services  
23 directly to the provider of the services; an insurer who pays indemni-  
24 ties to an insured, after the insured has given the insurer written  
25 notice of an election of direct payment of indemnities to the provider  
26 of the services, shall also pay indemnities to the provider of the  
27 services; this paragraph does not require that services be provided by  
28 a particular hospital or person.

29 (b) A disability policy delivered or issued for delivery may, at

1 the option of the insurer, require that an indemnity in an amount not  
2 to exceed \$1,000 that is payable to the estate of the insured, an  
3 insured or beneficiary who is a minor, or an insured who is not compe-  
4 tent to give a valid release, be paid to a relative by blood or mar-  
5 riage, or a beneficiary that the insured determines is equitably  
6 entitled to the payment. A good faith payment by the insurer under  
7 this subsection fully discharges the insurer to the extent of the  
8 payment.

9 \* Sec. 2. AS 21.54.020 is repealed and reenacted to read:

10 Sec. 21.54.020. DIRECT PAYMENT OF HOSPITAL, MEDICAL SERVICES.  
11 An insurer may, and upon request of the insured shall, within 30 days  
12 after receiving a complete and final billing, pay indemnities under a  
13 group or blanket disability policy directly to the provider of the  
14 hospital, nursing, medical, dental, or surgical services. The policy  
15 may not contain a provision requiring that services be provided by a  
16 particular hospital or person. If the insurer pays indemnities to the  
17 insured after the insured has given the insurer written notice of an  
18 election of direct payment of indemnities to the provider of the  
19 service, the insurer shall also pay those indemnities to the provider  
20 of the service.

21 \* Sec. 3. This Act applies to policies of disability insurance entered  
22 into or renewed after the effective date of this Act.