

Offered: 4/20/89  
Referred: Labor & Commerce

6-1033E

Original sponsors: Gruenberg and Menard

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

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CS FOR HOUSE BILL NO. 225 (HESS)

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IN THE LEGISLATURE OF THE STATE OF ALASKA

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SIXTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

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

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

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 AS 21.51.120 is repealed and reenacted to read:

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

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

(2) the insurer may, and upon request of the insured shall,  
within 30 working days after receiving a proof of loss statement, pay  
indemnities for hospital, nursing, medical, dental, or surgical  
services directly to the provider of the services; an insurer who pays  
indemnities to an insured, after the insured has given the insurer  
written notice in the proof of loss statement of an election of direct  
payment of indemnities to the provider of the services, shall also pay  
indemnities to the provider of the services; this paragraph does not  
require that services be provided by a particular hospital or person.

(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 covered person shall, within  
12 30 working days after receiving a proof of loss statement, pay indem-  
13 nities under a group 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 covered person after the covered person has given the insurer written  
18 notice in the proof of loss statement of an election of direct payment  
19 of indemnities to the provider of the service, the insurer shall also  
20 pay those indemnities to the provider of the service.

21 \* Sec. 3. AS 21.54.050 is repealed and reenacted to read:

22 Sec. 21.54.050. PAYMENT OF BLANKET DISABILITY POLICY BENEFITS.  
23 All benefits under a blanket disability policy shall be paid to (1)  
24 the person insured; (2) the designated beneficiary or beneficiaries of  
25 the person insured; (3) the estate of the person insured; (4) the  
26 parent, guardian, or other person actually supporting the person  
27 insured, if the person insured is a minor or otherwise not competent  
28 to give a valid release; or (5) the employer, if the entire cost of  
29 the insurance has been paid by the employer. An insurer may, and upon

1 request of the covered person shall, within 30 working days after  
2 receiving a proof of loss statement, pay benefits directly to the  
3 provider of the hospital, nursing, medical, dental, or surgical  
4 services. The policy may not contain a provision requiring that  
5 services be provided by a particular hospital or person. If the  
6 insurer pays indemnities to the insured after the covered person has  
7 given the insurer written notice in the proof of loss statement of an  
8 election of direct payment of indemnities to the provider of the  
9 service, the insurer shall also pay those indemnities to the provider  
10 of the service.

11 \* Sec. 4. AS 21.87.340 is amended to read:

12 Sec. 21.87.340. OTHER PROVISIONS APPLICABLE. In addition to  
13 the provisions contained or referred to previously in this chapter,  
14 the following chapters and provisions of this title also apply with  
15 respect to service corporations to the extent applicable and not in  
16 conflict with the express provisions of this chapter and the reason-  
17 able implications of the express provisions, and for the purposes of  
18 the application the corporations shall be considered to be mutual  
19 "insurers":

- 20 (1) AS 21.03  
21 (2) AS 21.06  
22 (3) AS 21.09, except AS 21.09.090  
23 (4) AS 21.18.010  
24 (5) AS 21.18.030  
25 (6) AS 21.18.040  
26 (7) AS 21.18.120  
27 (8) AS 21.21.321  
28 (9) AS 21.36  
29 (10) AS 21.69.400

- 1 (11) AS 21.69.520  
2 (12) AS 21.69.600, 21.69.620, and 21.69.630  
3 (13) AS 21.78  
4 (14) AS 21.90  
5 (15) AS 21.42.345 - 21.42.365  
6 (16) AS 21.89.040  
7 (17) AS 21.89.060;  
8 (18) AS 21.51.120.

9 \* Sec. 5. This Act applies to policies of disability insurance entered  
10 into or renewed after the effective date of this Act.