

HB563

# HOUSE COMMITTEE REPORT

(11)

Date Referred: April 24, 1992

FURTHER REFERRALS:

Date of Committee Action: 5/4/92

The FINANCE Committee considered:

HB 563

HOUSE BILL NO. 563

DISABILITY INSURANCE RATE APPROVAL

"An Act relating to approval of disability insurance rates."

**RECOMMENDATIONS:**

be replaced with \_\_\_\_\_  the same title

have attached amendments(s)  a new title

do pass

do not pass

no recommendations

individual recommendations

additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) \_\_\_\_\_

APPROVES PREVIOUS: (Dept/Date) \_\_\_\_\_


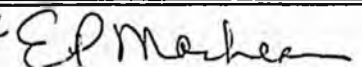
fiscal impact \_\_\_\_\_

fiscal note(s) \_\_\_\_\_

zero fiscal note \_\_\_\_\_

zero fiscal note(s) DCED 4/8/92

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Mike Navarre</i>	✓	<i>EP Macher</i> Macher		✓	
<i>Mark Boyer</i> Boyer	X	<del>Mark Boyer</del>			
<i>Ken Brown</i> Brown	✓	<i>Ken Sharp</i> Sharp		✓	
<i>Robert Phillips</i> Phillips	✓	<i>Robert Phillips</i> Phillips		✓	
<i>William Lanson</i> Lanson	✓	<i>William Lanson</i> Lanson		X	

 *NAVARRE*  *EP Macher*  
 CHAIRMAN'S SIGNATURE *Macher*

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

Bill Version: HB 563  
(H) Publish Date: 4-8-92

Revision Date: 3/18/92 Department Affected: Commerce & Economic Dev.  
Title: Approval of Disability BRU: Insurance  
Insurance Rates Component: Operations  
Sponsor: Rules Committee  
Requestor: Health Resources & Access Task Force  
COMPONENT SERIAL NO. 0 3 5 4

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE FUND SOURCE:	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER FUND SOURCE:						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

Estimate of current year impact: \_\_\_\_\_

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Joan Brown, Administrative Officer Phone: 465-2597  
Division: Insurance Date: 4/6/92  
Approved by Commissioner: Glenn A. Olds  
Agency: Commerce & Economic Development Date: 4.6.92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legis. Ofc., & Impacted Agency(ies).

Rev 10/7/91

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COMMITTEE COPY

FN to Commerce

## HOUSE BILL NO. 563

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE RULES COMMITTEE BY REQUEST OF THE HEALTH RESOURCES AND ACCESS TASK FORCE

Introduced: 3/18/92

Referred: Health, Education &amp; Social Services, Labor &amp; Commerce, Finance

## A BILL

## FOR AN ACT ENTITLED

1 "An Act relating to approval of disability insurance rates."

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

3 \* Section 1. AS 21.39.020 is amended to read:

4           Sec. 21.39.020. APPLICABILITY. (a) This chapter applies to all forms of disability  
5           insurance and to casualty insurance, including fidelity, surety, and guaranty bonds, to all forms  
6           of fire, marine, and inland marine insurance, and to a combination of any of them, or risks or  
7           operations in this state. Inland marine insurance includes insurance defined by statute, or by  
8           interpretation of statute, or if not defined or interpreted, by ruling of the director, or as  
9           established by general custom of the business, as inland marine insurance.

10           (b) This chapter does not apply to

- 11                   (1) reinsurance, other than joint reinsurance to the extent stated in AS 21.39.110;  
12                   (2) [DISABILITY INSURANCE;  
13                   (3)] insurance of vessels or craft, their cargoes, marine builders' risks, marine  
14           protection and indemnity, or other risks commonly insured under marine, as distinguished from

1 inland marine insurance policies;  
2 (3) [(4)] insurance against loss of or damage to aircraft or against liability, other  
3 than workers' compensation and employer's liability, arising out of the ownership, maintenance,  
4 or use of aircraft; or, to insurance of hulls of aircraft, including their accessories and equipment.

# Alaska State Legislature

Health Resources & Access Task Force  
State Capitol • Juneau, AK 99801-1182  
(907) 465-2933 • (907) 465-3234 Fax



SPONSOR STATEMENT HB 563  
by  
Rep. Johnny Ellis, Co-Chair

House Bill 563 provides the Division of Insurance with the authority to approve or disapprove insurance rates for all health insurers. Currently, the Division has health insurance rate review authority for hospital and medical service corporations, the largest is Blue Cross of Washington and Alaska. This legislation would provide the Division with the same authority for all health or disability insurers.

This legislation requires that health insurance rates be subject to approval before they can be used in Alaska. It also establishes standards for those rates including that:

- the rates shall not be excessive;
- the rates shall not be inadequate; and,
- the rates shall not be unfairly discriminatory.

This legislation will enable the Division to establish a statistical systems which will enhance Alaska's knowledge of the health insurance market.

According to the Division of Insurance, 41 jurisdictions have some form of rate authority over disability insurance. The extent of their authority varies significantly. Some of these jurisdictions have authority over groups, some only over small groups, and some over individual plans. Alaska is one of ten jurisdictions that does not have rate review authority over for-profit health insurers.

On numerous occasions, the Health Resources and Access Task Force was frustrated by the lack of information on health insurance sold in Alaska as well as changes in that market. As the proportion of Alaskans without health care coverage increases, it is prudent for the state to have a better understanding of the price of health insurance, its availability and component parts, and health insurance market forces.

Recognizing that most states do have the authority to review health insurance rates; that there are relatively few insurers providing health insurance plans in Alaska; and that the health insurance market has been volatile in recent years, the Health Resources and Access Task Force "supported the concept of providing the state director of insurance the authority to review and approve or disapprove rates filed by all health insurers, both non-profit and commercial, proposing to sell group and/or individual insurance in Alaska" (Final Recommendations to the Governor and Seventeenth Alaska State Legislature, March 14, 1992).

## HEALTH INSURANCE RATE FILING REQUIREMENTS IN THE STATES

STATE	CITATION	FILING REQUIREMENT				WAITING PERIOD	HEALTH INSURANCE TO WHICH REQUIREMENT APPLIES
		Prior Approval	File & Use	Use & File	No Provision		
Alabama					*		
Alaska					*		
Arizona	Reg. 4-14-607		*				Individual
Arkansas	§ 23-79-109	*				30 days	Individual
California	§ 10290		*			30 days	All
Colorado	§ 10-8-102		*			30 days	All
Connecticut	§ 38a-481		*			30 days	All
Delaware	§ 3333, § 2504		*			90 days	All incl Med Supp
D C	§ 35-517		*			30 days	All
Florida	Reg. 4-58		*				All
Georgia					*		
Hawaii					*		
Idaho	§ 41-2136		*				Individual
Illinois	I.C. § 9355		*				All
Indiana	§ 27-8-5-1		*				All
Iowa	Reg. 191-36.9		*				Individual incl Med Supp
Kansas	§ 40-2215		*			30 days	Individual
Kentucky	§§ 304.17.380-383	*					Individual
Louisiana	R.S. 22:211		*				All
Maine	24-A § 2736		*			60 days	Individual incl Med Supp, LTC
Maryland	Reg. 9:30:44.02		*			90 days	All
Massachusetts	Ch. 175 § 108		*			30 days	All
Michigan	§ 500.3474		*				Individual
Minnesota	§ 62A.02		*			60 days	All
Mississippi	Reg. LA&H 73-4		*				All
Missouri					*		
Montana					*		
Nebraska	§ 44-710		*				All
Nevada	§ 689A.360		*				Individual
New Hampshire	§ 415:1		*			30 days	All
New Jersey	Reg. 11:4-18.1		*				Individual

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STATE	CITATION	FILING REQUIREMENT				WAITING PERIOD	HEALTH INSURANCE TO WHICH REQUIREMENT APPLIES
		Prior Approval	File & Use	Use & File	No Provision		
New Mexico	§ 59A-18-19	*					All
New York	§ 3216		*				Individual
North Carolina	§ 58-51-95 & 85		*			90 days	All
North Dakota	§ 26.1-30-19	*				60 days	All
Ohio	§ 3929.021		*			30 days	All
Oklahoma	Tit. 96 § 4402		*				Individual
Oregon					*		
Pennsylvania	§ 40-39-101	*					All
Rhode Island	Reg. XXIII Part XI	*					All
South Carolina	§ 38-71-310	*				90 days	Individual
South Dakota					*		
Tennessee	§ 56-26-102		*				All except experience rated
Texas	Art. 3.42		*				Individual
Utah	Reg. R540-85		*				Individual
Vermont	Title 8 § 4062		*			30 days	All
Virginia	§ 38.2-316		*				All
Washington					*		
West Virginia					*		
Wisconsin	§ 625.13			*		30 days	Individual
Wyoming	§ 26-18-135		*				Individual

Source: National Association of Insurance Commissioners 2/91