

HB

101



HOUSE JUDICIARY COMMITTEE

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Rep. Max Gruenberg
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Rep. Lindsey Holmes
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MEMORANDUM

Date: March 20, 2009

To: Representative John Coghill
Chairman House Rules Committee

From: Representative Jay Ramras
Chairman House Judiciary Committee

Re: Referral File HB101

Please accept this memo as the referral file for HB101. Attached are the following documents:

- Sponsor Statement
- CSHB101(JUD) 26-LS0176\C
- Fax to Leg. Legal re: CS
- Sectional HB101(JUD)
- Sponsor Statement version\E
- HB101 26-LS0176\R
- Sectional HB101 version R
- HL&C Fiscal Note
- Letter of Support
- HJUD Report
- HJUD Testifier List

ALASKA STATE HOUSE OF REPRESENTATIVES

**Contact:**

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Room 214

REPRESENTATIVE JOHN COGHILL

Sponsor Statement CS to HB 101 (JUD)

"An Act exempting the full value of life insurance and annuity contracts from levy to satisfy a debt, and amending the description of earnings, income, cash, and other assets relating to garnishment of life insurance proceeds payable upon the death of an insured."

This bill will provide people with better security and planning for their families after they have passed on. This bill exempts the full value of life insurance and annuity contracts from levy or garnishment to satisfy a debt. The bill also includes an applicability section which states that it will apply only to a debt that is created on or after the effective date of the bill.

When fewer employers are offering retirement plans, the state can help offer families the opportunity to better plan for their future. People who are self-employed or working for an employer that does not offer a retirement plan can use annuities as a retirement plan and know that these funds are protected. With the uncertainty of social security, families need to be sure that they can provide for themselves and their survivors.

This bill encourages personal responsibility and protects the future of Alaskan families.

March 18, 2009- CS to HB 101 (JUD)

26-LS0176.P

CS FOR HOUSE BILL NO. 101(JUD)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY THE HOUSE JUDICIARY COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVES COGHILL, Lynn

A BILL
FOR AN ACT ENTITLED

1 **"An Act exempting the full value of life insurance and annuity contracts from levy to**
2 **satisfy a debt, and amending the description of earnings, income, cash, and other assets**
3 **relating to garnishment of life insurance proceeds payable upon the death of an**
4 **insured."**

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

6 *** Section 1.** AS 09.38.015(a) is amended to read:

- 7 (a) An individual is entitled to exemption of the following property:
- 8 (1) a burial plot for the individual and the individual's family;
- 9 (2) health aids reasonably necessary to enable the individual or a
- 10 dependent to work or to sustain health;
- 11 (3) benefits paid or payable for medical, surgical, or hospital care to
- 12 the extent they are or will be used to pay for the care;
- 13 (4) an award under AS 18.67 (Violent Crimes Compensation Board) or
- 14 a crime victim's reparations act of another jurisdiction;

- 1 (5) benefits paid or payable as a longevity bonus under AS 47.45;
 2 (6) compensation or benefits paid or payable and exempt under federal
 3 law;
 4 (7) liquor licenses granted under AS 04;
 5 (8) tuition credit or savings accounts under a higher education savings
 6 account established under AS 14.40.802 or an advance college tuition savings contract
 7 authorized under AS 14.40.809(a);
 8 (9) a permanent fund dividend to the extent allowed under
 9 AS 43.23.065;
 10 (10) [REPEALED
 11 (11)] benefits paid or payable under AS 47.45.301 - 47.45.309;
 12 **(11) unmatured life insurance and annuity contracts owned by the**
 13 **individual.**

14 * Sec. 2. AS 09.38.030(e) is amended to read:

15 (e) The following property, unless exempt without limitation under
 16 AS 09.38.015 or 09.38.017, upon receipt by and while it is in the possession of the
 17 individual, shall be treated as earnings, income, cash, or other liquid assets under this
 18 section:

- 19 (1) benefits paid by reason of disability, illness, or unemployment;
 20 (2) money or property received for alimony or separate maintenance;
 21 (3) proceeds of insurance, a judgment, or a settlement, or other rights
 22 accruing as a result of bodily injury of the individual or of the wrongful death or
 23 bodily injury of another individual of whom the individual was or is a dependent;
 24 (4) proceeds or benefits paid [OR PAYABLE] on the death of an
 25 insured, if the individual was the spouse or a dependent of the insured; and
 26 (5) amounts paid under a stock bonus, pension, profit-sharing, annuity,
 27 or similar plan or contract, providing benefits by reason of age, illness, disability, or
 28 length of service.

29 * Sec. 3. AS 09.38.025(a) is repealed.

30 * Sec. 4. The uncodified law of the State of Alaska is amended by adding a new section to
 31 read:

1 APPLICABILITY. AS 09.38.015(a), as amended by sec. 1 of this Act, and the repeal
2 of AS 09.38.025(a) by sec. 3 of this Act apply to a debt that is created on or after the effective
3 date of this Act from which an exemption is sought.

ALASKA STATE LEGISLATURE HOUSE JUDICIARY COMMITTEE

Representative Jay Ramras

Chairman

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1292 Sadler Way, Suite 324

Fairbanks, AK 99701



Committee Members:

Representative Nancy Dahlstrom,

Vice-Chairman

Representative John Coghill

Representative Bob Lynn

Representative Carl Gatto

Representative Max Gruenberg

Representative Lindsey Holmes

State Capitol, Room 120

Juneau, Alaska 99801

Fax

To: Dennis Bailey

Leg. Legal

Fax #: (907) 465-2029

Number of pages including cover: 1

From: Jane W. Pierson

Date: March 19, 2009

Re: Please go final on HB101

Dennis,

Today the House Judiciary Committee passed out the CSHB101 version 26-LS0176\p, would you please go final?

Thank you

ALASKA STATE HOUSE OF REPRESENTATIVES



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REPRESENTATIVE JOHN COGHILL

SECTIONAL CS to HB 101 (JUD)

"An Act exempting the full value of life insurance and annuity contract from levy to satisfy a debt, and amending the description of earnings, income, cash, and other assets relating to garnishment of life insurance proceeds payable upon the death of an insured."

Section 1: AS 09.38.015 Property exempt without limitation is amended to read:

- (a) (11) adds unmaturred life insurance and annuity contracts owned by the individual to the list of property exempt without limitation.

Section 2: AS 09.38.030 Exemption of earnings and liquid assets is amended to read:

- (e) (4) proceeds or benefits paid [OR PAYABLE] on the death of an insured, if the individual was the spouse or a dependant of the insured; and

This section clarifies a potential ambiguity regarding trying to garnish someone's death benefit before that person has passed away.

Section 3: AS 09.38.025(a) is repealed because there is no longer any reason to have a section dedicated to the exemption of unmaturred life insurance and annuity contracts since they now fall under the category of property exempt without limitation in AS 09.38.015.

Section 4: is an applicability section that states that this will only apply to a debt that is created on or after the effective date of this Act.

HOUSE BILL NO. 101

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE COGHILL

Introduced: 1/30/09

Referred:

A BILL

FOR AN ACT ENTITLED

1 **"An Act exempting the full value of life insurance and annuity contracts from levy to**
2 **satisfy unsecured debt, and amending the description of earnings, income, cash, and**
3 **other assets relating to garnishment of life insurance proceeds payable upon the death of**
4 **an insured."**

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

6 *** Section 1.** AS 09.38.025(a) is amended to read:

7 (a) Except as provided in this section or AS 09.38.017, an individual is
8 entitled to exemption of unmatured life insurance and annuity contracts owned by the
9 individual. ~~IF THE CONTRACTS HAVE ACCRUED DIVIDENDS AND LOAN~~
10 ~~VALUES AVAILABLE TO THE INDIVIDUAL AGGREGATING MORE THAN~~
11 ~~\$10,000, A CREDITOR MAY OBTAIN A COURT ORDER REQUIRING THE~~
12 ~~INDIVIDUAL DEBTOR TO PAY THE CREDITOR, AND AUTHORIZING THE~~
13 ~~CREDITOR ON THE DEBTOR'S BEHALF TO OBTAIN PAYMENT OF, THE~~
14 ~~AMOUNT OF THE ACCRUED DIVIDENDS AND LOAN VALUES IN EXCESS~~

1 OF \$10,000 OR THE AMOUNT OF THE CREDITOR'S CLAIM, WHICHEVER IS
2 LESS.]

3 * Sec. 2. AS 09.38.030(e) is amended to read:

4 (e) The following property, unless exempt without limitation under
5 AS 09.38.015 or 09.38.017, upon receipt by and while it is in the possession of the
6 individual, shall be treated as earnings, income, cash, or other liquid assets under this
7 section:

8 (1) benefits paid by reason of disability, illness, or unemployment;

9 (2) money or property received for alimony or separate maintenance;

10 (3) proceeds of insurance, a judgment, or a settlement, or other rights
11 accruing as a result of bodily injury of the individual or of the wrongful death or
12 bodily injury of another individual of whom the individual was or is a dependent;

13 (4) proceeds or benefits paid [OR PAYABLE] on the death of an
14 insured, if the individual was the spouse or a dependent of the insured; and

15 (5) amounts paid under a stock bonus, pension, profit-sharing, annuity,
16 or similar plan or contract, providing benefits by reason of age, illness, disability, or
17 length of service.

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REPRESENTATIVE JOHN COGHILL

SECTIONAL CS to HB 101

"An Act exempting the full value of life insurance and annuity contract from levy to satisfy a debt, and amending the description of earnings, income, cash, and other assets relating to garnishment of life insurance proceeds payable upon the death of an insured."

The change in the title makes the debt term broader so as to include other circumstances, besides unsecured debt, in which exemptions apply.

Section 1: AS 09.38.025 Exemption of unmatured life insurance and annuity contracts is amended to read:

- (a) Except as provided in this section or AS 09.38.017, an individual is entitled to exemption of unmatured life insurance and annuity contracts owned by the individual. [IF THE CONTRACTS HAVE ACCRUED DIVIDENDS AND LOAN VALUES AVAILABLE TO THE INDIVIDUAL AGGREGATING MORE THAN \$10,000, A CREDITOR MAY OBTAIN A COURT ORDER REQUIRING THE INDIVIDUAL DEBTOR TO PAY THE CREDITOR, AND AUTHORIZING THE CREDITOR ON THE DEBTOR'S BEHALF TO OBTAIN THE PAYMENT OF, THE AMOUNT OF THE ACCRUED DIVIDENDS AND LOAN VALUES IN EXCESS OF \$10,000 OR THE AMOUNT OF THE CREDITOR'S CLAIM, WHICHEVER IS LESS.]

Section 2: AS 09.38.030 Exemption of earnings and liquid assets is amended to read:

- (e) The following property, unless exempt without limitation under AS 09.38.015 or 09.38.017, upon receipt by and while it is in the possession of the individual, shall be treated as earnings, income, cash, or other liquid assets under this section:
- (4) proceeds or benefits paid [OR PAYABLE] on the death of an insured, if the individual was the spouse or a dependant of the insured; and

January 30, 2009- HB 101

26-LS0176/E

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: HB 101
() Publish Date: 2/18/2009

Identifier (file name): HB 101 26-LS0176\R Dept. Affected: _____
Title: Exemptions: Life Insurance Annuities RDU: _____
Sponsor: Representative Coghill Component: _____
Requester: House Labor & Commerce Committee Component Number: _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING		0.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES ()								
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
TOTAL		0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2009) cost: _____

POSITIONS

Full-time								
Part-time								
Temporary								

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Konrad Jackson, Committee Aide Phone 907-465-2693
Division: House Labor & Commerce Date/Time 02/18/2009 5:30pm
Approved by: Representative Kurt Olson Date 2/18/2009
Chair, Labor & Commerce Committee



A L A S K A

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Nathan McKay
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Attn: The Alaska Legislature;

03/12/2009

RE; House Bill 101

Dear Madams and Sirs,

NAIFA-Alaska supports House Bill 101.

In order for Alaskan's to protect their families, and to plan for retirements, we feel House Bill 101 is extremely important. We feel the safe passage of this Bill is a positive step in this security.

This protection IS already available in numerous other states. We would like to have this protection for Alaska's families as well.

We appreciate your support of this Bill. Thank you!!

Regards,

Kent S Kallander, LUTCF
NAIFA-Alaska President

