



LAWS OF ALASKA

1968

Source

HB 699

Chapter No.

180

AN ACT

Relating to establishment of separate accounts by life insurance companies; and providing for an effective date.

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

* Section 1. AS 21.42 is amended by adding a new section to read:

Sec. 21.42.370. SEPARATE ACCOUNTS. (a) A domestic life insurance company may, after adoption of a resolution by its board of directors, establish one or more separate accounts, and may allocate to them the amounts paid to the company which are to be applied under the terms of an individual or group contract to provide annuity benefits, which may also provide other incidental benefits payable in fixed or in variable dollar amounts or in both.

(b) Notwithstanding any other provision of law, a domestic life insurance company which establishes one or more separate accounts as provided in (a) of this section may provide to the holders of interests in a separate account voting rights with respect to the management of that separate account and the investment of its assets, may establish for the separate account a committee, board or other body, the members of which (1) may be elected solely by holders having voting rights, and (2) may or may not be otherwise affiliated with the life insurance company, and may provide for compliance with any applicable state and federal law in order that contracts assigned to separate accounts may be lawfully sold or offered for sale. If so provided in the applicable contract, the assets in a separate account may not be chargeable with liabilities arising out of any other business of the company.

(c) When the reserve liability of a life insurance company with regard to (1) benefits guaranteed as to amount and duration, and (2) funds guaranteed as to principal

amount or stated rate of interest is maintained in a separate account, a portion of the assets of the separate account at least equal to the reserve liability shall be invested in accordance with the law governing the investments of life insurance companies. All other amounts allocated to and accumulations on each account may be invested and reinvested in any class of investments which may be authorized in the contract without regard to requirements or limitations prescribed by the law governing the investments of life insurance companies. The investments in the separate account or accounts may not be taken into account in applying the investment limitations applicable to other investments of the company.

(d) The income, gains and losses, realized or unrealized, on each account shall be credited to or charged against the amounts allocated to the account in accordance with the contract, without regard to other income, gains or losses of the company.

(e) The portion of the assets of a separate account at least equal to the reserve liability of the life insurance company with regard to the guaranteed benefits and funds referred to in (c) of this section shall be valued in accordance with the rules otherwise applicable to the assets of the life insurance company. All other assets allocated to a separate account shall be valued at their market value on the date of valuation, or if there is no readily available market, then in accordance with the terms of the contract.

(f) If the contract provides for payment of benefits in variable amounts, it shall contain a statement of the essential features of the procedure to be followed by the company in determining the dollar amount of the variable benefits. The contract, including a group contract, and any certificate issued under it, shall state that the dollar amount may decrease or increase and shall contain on its first page a statement that the benefits under the contract are on a variable basis.

(g) No domestic life insurance company, and no other life insurance company admitted to transact business in this state, shall be authorized to deliver in this state a contract providing benefits in variable amounts until the company has satisfied the director of insurance that its condition or methods of operation in connection with the issuance of the contracts will not render its operation hazardous to the public or its policyholders in this state. In determining the qualification of a company requesting authority to deliver contracts in this state, the director shall consider, among other things,

(1) the history and financial condition of the company;

(2) the character, responsibility and general fitness of the officers and directors of the company; and

(3) in the case of a company other than a domestic company, whether the statutes and regulations of the jurisdiction of its incorporation provide a degree of protection to policyholders and the public which is substantially equal to that provided by and the rules and regulations issued under this section.

(h) A life insurance company, whether domestic, foreign or alien, which issues variable annuity contracts and which is a subsidiary of, or affiliated through common management or ownership with, a life insurance company authorized to do business in this state shall be considered to have met the provisions of this section if either it or the life insurance company meets the requirements of this section.

(i) Except as provided in this section, all pertinent provisions of the insurance laws of this state apply to separate accounts and contracts relating to separate accounts.

(j) Notwithstanding any other provisions of law, the director of insurance has the sole authority to regulate the issuance and sale of contracts under this section and to issue reasonable rules and regulations necessary to carry out the purposes and provisions of this section including the licensing of agents. The contracts and the sale of contracts are not subject to the Alaska Securities Act (AS 45.55.010 - 45.55.270) or to regulation by the administrator of that Act.

* Sec. 2. This Act takes effect on the day after its passage and approval or on the day it becomes law without approval.