



LAWS OF ALASKA

1980

Source

CSSB 155

Chapter No.

69

AN ACT

Relating to the 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:

THE ACT FOLLOWS ON PAGE 1, LINE 10

UNDERLINED MATERIAL INDICATES TEXT THAT IS BEING ADDED TO THE LAW AND BRACKETED MATERIAL IN CAPITAL LETTERS INDICATES DELETIONS FROM THE LAW; COMPLETELY NEW TEXT OR MATERIAL REPEALED AND RE-ENACTED IS IDENTIFIED IN THE INTRODUCTORY LINE OF EACH BILL SECTION.

Approved by the Governor: June 12, 1980
Actual Effective Date: June 13, 1980

AN ACT

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

* Section 1. AS 21.42.370 is repealed and re-enacted to read:

Sec. 21.42.370. SEPARATE ACCOUNTS. (a) A domestic life insurance company may establish one or more separate accounts, and may allocate to an account amounts, including proceeds applied under optional methods of settlement or under dividend options, to provide for life insurance or annuities and benefits incidental to the account, payable in fixed or variable amounts or both.

(b) The income, gains and losses, realized or unrealized, from assets allocated to a separate account shall be credited to or charged against the account, without regard to other income, gains or losses of the company.

(c) Except as may be provided for reserves for guaranteed benefits and funds referred to in (d) of this section, amounts allocated to a separate account and accumulations to it may be invested and reinvested in securities eligible for investment for life insurance companies without regard to quantitative investment limitations prescribed by law for life insurance companies. The investments from separate accounts may not be considered in applying the investment limitations otherwise applicable to the investments of the company.

(d) Reserves for benefits guaranteed as to dollar amount and

Chapter 69

1 duration and for funds guaranteed as to principal amount or stated rate
2 of interest may not be maintained in a separate account, unless approved
3 by the director and in accordance with conditions as to investments and
4 other matters that he prescribes. In imposing conditions, the director
5 shall take into consideration the guaranteed nature of the benefits
6 provided.

7 (e) Unless otherwise approved by the director,

8 (1) assets allocated to a separate account shall be valued at
9 their market value on the date of valuation, or if there is no readily
10 available market, then as provided under the terms of the contract or
11 the rules or other written agreement applicable to a separate account;
12 and

13 (2) the portion of the assets of a separate account equal to
14 the company's reserve liability for the guaranteed benefits and funds
15 referred to in (d) of this section shall be valued under the rules
16 applicable to the valuation of the company's other assets.

17 (f) Amounts allocated to a separate account as provided in this
18 section shall be owned by the company, and the company may not be, nor
19 hold itself out to be, a trustee for those amounts. If the applicable
20 contracts so provide, that portion of the assets of a separate account
21 equal to the reserves and other contract liabilities of that account may
22 not be chargeable with liabilities arising out of any other business the
23 company may conduct.

24 (g) No sale, exchange or other transfer of assets may be made by a
25 company among its separate accounts or between other investment accounts
26 and one or more of its separate accounts, unless, in the case of a
27 transfer into a separate account, the transfer is made solely to estab-
28 lish the account or to support the operation of the contracts of the
29 separate account to which the transfer is made, and unless the transfer,

whether into or from a separate account, is made (1) by a transfer of cash, or (2) by a transfer of securities having a readily determinable market value, unless the transfer of securities is approved by the director. The director may approve other transfers among these accounts if, in his opinion, the transfers would be equitable.

(h) To the extent the company considers it necessary in order to comply with applicable federal or state laws, the company may give persons having an interest in a separate account, including a separate account which is a management investment company or a unit investment trust, appropriate voting and other rights and may adopt special procedures for the conduct of the business of the account which include special rights and procedures relating to investment policy, investment advisory services, selection of independent public accountants, and the selection of a committee, the members of which need not be otherwise affiliated with the company, to manage the business of the account.

(i) A contract providing benefits payable in variable amounts delivered or issued for delivery in this state shall contain a statement of the essential features of the procedures to be followed by the insurance company in determining the dollar amount of the variable benefits. A contract under which the benefits vary to reflect investment experience, including a group contract and certificate in evidence of variable benefits issued under it, shall state that the dollar benefit amount will vary and shall contain on its first page a statement that the benefits under it are on a variable basis.

(j) A company may not deliver or issue for delivery in this state variable contracts unless it is licensed or organized to undertake a life insurance or annuity business in this state. The director may review the company's financial condition or method of operation for the issuance of contracts payable in variable amounts. If a review is

Chapter 69

1 conducted by the director, he shall determine whether the company's
2 operation is hazardous to the public or its policyholders in this state.
3 During the review the director shall consider (1) the history and finan-
4 cial condition of the company; (2) the character, responsibility and
5 fitness of the officers and directors of the company; and (3) the laws
6 and regulations under which the company is authorized in the state of
7 domicile to issue variable contracts. If the company is a subsidiary of
8 an admitted life insurance company, or affiliated with an admitted
9 company through common management or ownership, the director may con-
10 sider that the company meets the provisions of this subsection if either
11 it or the parent or the affiliated company meets the requirements of
12 this subsection. If the company fails to meet the requirements con-
13 tained in this subsection, the director may suspend the certificate of
14 authority of the company until the requirements are met or may prohibit
15 the further issuance of variable contracts.

16 (k) The director has sole authority to regulate the issuance and
17 sale of variable contracts, to examine and license agents to sell vari-
18 able contracts, and to issue whatever regulations he may consider
19 appropriate to carry out the purposes and provisions of this section.

20 (1) Except for AS 21.45.030, 21.45.080, 21.45.110, 21.45.180,
21 21.45.230, 21.45.240, 21.45.290, 21.45.300, AS 21.48.110, and except as
22 otherwise provided in this section, the provisions of this title apply
23 to separate accounts and contracts relating to them. An individual
24 variable life insurance contract delivered or issued for delivery in the
25 state must contain grace reinstatement and nonforfeiture provisions
26 appropriate to that contract. An individual variable annuity contract
27 delivered or issued for delivery in the state must contain grace and
28 reinstatement provisions appropriate for that contract. A group
29 variable life insurance contract delivered or issued for delivery in the

state must contain a grace provision appropriate for that contract. The reserve liability for variable contracts shall be established in accordance with actuarial procedures, acceptable to the director, that recognize the variable nature of the benefits provided and any mortality guarantees.

* Sec. 2. AS 45.55.130(12) is amended to read:

(12) "security" means a note; stock; treasury stock; bond; debenture; evidence of indebtedness; certificate of interest or participation in any profit-sharing agreement; collateral-trust certificates; preorganization certificate or subscription; transferable share; investment contract; voting-trust certificate; certificate of deposit for a security; a certificate of interest or participation in an oil, gas, or mining title or lease or in payments out of production under the title or lease or in any sale of or indenture or bond or contract for the conveyance of land or any interest in land; an option on a contract for the future delivery of agricultural or mineral commodities or any other commodity offered or sold to the public and not regulated by the Commodity Futures Trading Commission; however, the contract or option is not subject to the provisions of AS 45.55.070 if it is sold or purchased on the floor of a bona fide exchange or board of trade and offered or sold to the public by a broker-dealer or agent registered under this chapter; investment of money or money's worth including goods furnished or services performed in the risk capital of a venture with the expectation of some benefit to the investor where the investor has no direct control over the investment or policy decision of the venture; or, in general, any interest or instrument commonly known as a "security," or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing; "security" does not

Chapter 69

1 include an insurance or endowment policy or annuity contract under which
2 an insurance company promises to pay a fixed or variable sum of money
3 either in a lump sum or periodically for life or for some other speci-
4 fied period;

5 * Sec. 3. AS 21.21.320 is repealed.

6 * Sec. 4. This Act takes effect immediately in accordance with AS 01.10.-
7 070(c).