

## ALASKA LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION ACT

### § 21.79.010. Purpose

The purpose of this chapter is to protect, subject to certain limitations, the persons specified in AS 21.79.020(a) against failure in the performance of contractual obligations under life insurance and health insurance policies and annuity contracts specified in AS 21.79.020(b) because of the impairment or insolvency of the member insurer that issued the policies or contracts. To provide this protection, an association of insurers is created under AS 21.79.040 to pay benefits and continue coverages as limited by this chapter, and members of the association are subject to assessment to provide funds to carry out the purpose of this chapter.

Amended by Laws 1996, c. 56, § 82, eff. Sept. 9, 1996; Laws 2000, c. 119, § 1, eff. Sept. 4, 2000.

### § 21.79.020. Scope

(a) This chapter applies to a policy and contract specified in (b) of this section and to a person who

(1) except for a nonresident certificate holder under a group policy or contract, is the beneficiary, assignee, or payee of a person described in (2) of this subsection; and

(2) except in the case of an unallocated annuity contract or a structured settlement annuity, is the owner of, or a certificate holder under, the policy or contract, and who

(A) is a resident; or

(B) is not a resident, if the following conditions are satisfied:

(i) the insurer that issued the policy or contract is domiciled in this state;

(ii) the state in which the person resides has an association similar to the association created by this chapter; and

(iii) the person is not eligible for coverage by an association in any other state due to the fact that the insurer was not licensed as required by law in that state.

(b) This chapter applies to a person specified in (a) of this section and to a direct, nongroup life, health, annuity, and supplemental policy or contract, to a certificate under a direct group life, health, annuity, or supplemental policy or contract, and to an unallocated annuity contract issued by a member insurer, except as otherwise limited by this chapter.

(c) This chapter does not apply to

(1) that part of a policy or contract that is not guaranteed by the insurer;

(2) that part of the risk borne by the policy or contract holder;

(3) a policy or contract of reinsurance, unless an assumption certificate has been issued;

(4) that part of a policy or contract to the extent that the rate of interest on which it is based, or the interest rate, crediting rate, or similar factor determined by use of an index or other external reference stated in the policy or contract employed in calculating returns or changes in value,

(A) averaged over the period of four years before the date on which the member insurer becomes an impaired or insolvent insurer under this chapter, whichever occurs first, exceeds the rate of interest determined by subtracting two percentage points from the published monthly average for that same four-year period or for a lesser period if the policy or contract was issued less than four years before the member insurer becomes an impaired or insolvent insurer under this chapter, whichever occurs first; and

(B) on and after the date on which the member insurer becomes an impaired or insolvent insurer under this chapter, whichever occurs first, exceeds the rate of interest determined by subtracting three percentage points from the most recent published monthly average;

(5) a plan or program of an employer, association, or similar entity to provide life, health, or an annuity benefit to an employee or member, to the extent that the plan or program is self-funded or uninsured, including a benefit payable by the employer, association, or similar entity under

(A) a multiple employer welfare arrangement as defined in 29 U.S.C. 1002 (Employee Retirement Income Security Act of 1974);

(B) a minimum premium group insurance plan;

(C) a stop-loss group insurance plan; or

(D) an administrative services only contract;

(6) that part of a policy or contract that provides a dividend or experience rating credit or voting rights, or provides that a fee or allowance be paid to a person, including the policy or contract holder, in connection with the service to or administration of the policy or contract;

(7) a policy or contract issued in this state by a member insurer at a time when it was not licensed or did not have a certificate of authority to issue the policy or contract in this state;

(8) a person who is a payee or beneficiary of a contract holder who is a resident of this state if the payee or beneficiary is provided coverage by the association of another state;

(9) a person covered under (e) of this section if any coverage is provided by the association of another state to that person;

(10) an unallocated annuity contract issued to or in connection with a plan protected under the United States Pension Benefit Guaranty Corporation, regardless of whether the United States Pension Benefit Guaranty Corporation has become liable to make any payments with respect to the benefit plan;

(11) that part of an unallocated annuity contract that is not issued to or in connection with a specific employee, union, or association of natural persons benefit plan or a government lottery;

(12) that part of a policy or contract to the extent that assessments required by AS 21.79.070 with respect to the policy or contract are preempted by law;

(13) an obligation that does not arise under the express written terms of the policy or contract issued by the insurer to the contract owner or policy owner, including, without limitation,

(A) a claim based on marketing materials;

(B) a claim based on a side letter or other document that was issued by the insurer without meeting applicable policy form filing or approval requirements;

(C) a misrepresentation of or regarding policy benefits;

(D) an extra contractual claim; or

(E) a claim for penalties or consequential or incidental damages;

(14) a contractual agreement that establishes the member insurer's obligations to provide a book value accounting guaranty for defined contribution benefit plan participants by reference to a portfolio of assets that is owned by the benefit plan or its trustee, which, in each case, is not an affiliate of the member insurer; or

(15) that part of a policy or contract to the extent the part of the policy or contract provides for interest or other changes in value to be determined by the use of an index or other external reference stated in the policy or contract, but that have not been credited to the policy or contract, or as to which the policy or contract owner's rights are subject to forfeiture, as of the date the member insurer becomes an impaired or insolvent insurer under this chapter, whichever is earlier; if a policy's or contract's interest or changes in value are credited less frequently than annually, then, for purposes of determining the values that have been credited and are not subject to forfeiture under this paragraph, the interest or change in value determined by using the procedures defined in the policy or contract shall be credited as if the contractual date of crediting interest or changing values was the date of impairment or insolvency, whichever is earlier, and will not be subject to forfeiture.

(d) This chapter, except for (a) of this section, applies to an unallocated annuity contract specified under (b) of this section, and shall provide coverage to a person who is the owner of

(1) the unallocated annuity contract if the contract is issued to or in connection with a specific benefit plan whose plan sponsor has its principal place of business in this state; and

(2) an unallocated annuity contract issued to or in connection with a government lottery if the owner is a resident.

(e) This chapter, except for (a) of this section, applies to a structured settlement annuity specified under (b) of this section, and shall provide coverage to a person who is a payee under a structured settlement annuity, or the beneficiary of a payee if the payee is deceased, if the payee is

(1) a resident, regardless of where the contract owner resides; or

(2) not a resident, but only if both of the following conditions exists:

(A) the contract owner of the structured settlement annuity is

(i) a resident; or

(ii) not a resident, but the insurer that issued the structured settlement annuity is domiciled in this state, and the state in which the contract owner resides has an association similar to the association created by this chapter; and

(B) the payee, or the payee's beneficiary, and the contract owner are not eligible for coverage by the association of the state in which the payee or contract owner resides.

(f) In this section, "published monthly average" means the monthly average of corporate bond yields as published by Moody's Investor Service, Inc., or its successor, or, if Moody's corporate bond yield average-monthly average corporates is not published, a substantially similar average established by regulation adopted by the director.

Amended by Laws 1996, c. 56, §§ 83, 84, eff. Sept. 9, 1996; Laws 2000, c. 119, §§ 2 to 4, eff. Sept. 4, 2000.

#### **§ 21.79.025. Liability limits**

(a) The benefits for which the association may become liable may not exceed the lesser of

(1) the contractual obligations for which the insurer is liable or would have been liable if it were not an impaired or insolvent insurer;

(2) with respect to any one life, regardless of the number of policies or contracts,

(A) \$300,000 in life insurance death benefits, but not more than \$100,000 in net cash surrender and net cash withdrawal values for life insurance;

(B) in health insurance benefits,

(i) \$100,000 for coverage not defined as disability insurance long-term care insurance, or basic hospital, medical, and surgical insurance or major medical insurance, including any net cash surrender and net cash withdrawal values;

(ii) \$300,000 for disability insurance as defined in AS 21.12.052 and long-term care insurance as defined in AS 21.53.200;

(iii) \$500,000 for basic hospital, medical, and surgical insurance or major medical insurance;

(C) \$250,000 in the present value of annuity benefits, including net cash surrender and net cash withdrawal values;

(3) with respect to any one contract holder or plan sponsor whose plan owns directly or in trust one or more unallocated annuity contracts not included in (4) of this subsection, \$5,000,000 in unallocated annuity contract benefits, irrespective of the number of contracts held by that contract holder or plan sponsor except that, in the case of one or more unallocated annuity contracts that are

covered under this chapter and that are owned by a trust or other entity for the benefit of two or more plan sponsors, coverage shall be provided by the association if the largest interest in the trust or entity owning the contract is held by a plan sponsor whose principal place of business is in this state; however, the association is not liable to cover more than \$5,000,000 in benefits with respect to an unallocated annuity contract not included in (4) of this subsection;

(4) with respect to an individual participating in a governmental retirement benefit plan established under 26 U.S.C. 401, 26 U.S.C. 403(b), or 26 U.S.C. 457 and covered by an unallocated annuity contract, or to a beneficiary of the individual if the individual is deceased, in the aggregate, \$100,000 in present-value annuity benefits, including net cash surrender and net cash withdrawal values; or

(5) with respect to each payee of a structured settlement annuity, or beneficiary of the payee if the payee is deceased, \$100,000 in present-value annuity benefits in the aggregate, including net cash surrender and net cash withdrawal values, if any.

(b) The limitations imposed under this section are limitations on the benefits for which the association is obligated before taking into account either its subrogation and assignment rights or the extent to which those benefits could be provided out of the assets of an impaired or insolvent insurer attributable to covered policies. The costs of the association's obligations under this chapter may be met by the use of assets attributable to covered policies or reimbursed to the association under its subrogation and assignment rights.

(c) In providing coverage required under AS 21.79.060, the association may not be required to guarantee, assume, reinsure, or perform, or cause to be guaranteed, assumed, reinsured, or performed, the contractual obligations of an insolvent or impaired insurer under a covered policy or contract when the obligations do not materially affect the economic values or economic benefits of the covered policy or contract.

(d) The association may not be required to cover more than

(1) an aggregate of \$300,000 in benefits with respect to any one life under (a)(2), (4), and (5) of this section, except that, with respect to benefits for basic hospital, medical, and surgical insurance or major medical insurance under (a)(2)(B) of this section, the aggregate liability of the association may not exceed \$500,000 for any one individual; or

(2) \$5,000,000 in benefits with respect to one owner or multiple nongroup policies of life insurance, whether the policy owner is an individual, firm, corporation, or other person, and whether the persons insured are officers, managers, employees, or other persons, regardless of the number of policies and contracts held by the owner.

Amended by Laws 1996, c. 56, § 85, eff. Sept. 9, 1996; Laws 2000, c. 119, §§ 5, 6, eff. Sept. 4, 2000; Laws 2011, c. 23, § 87, eff. July 1, 2011.

### **§ 21.79.030. Construction**

(a) This chapter shall be construed to achieve the purposes set out in AS 21.79.010.

(b) This chapter is intended to provide coverage to a person who is a resident of this state and, in special circumstances, to a nonresident. In order to avoid duplicate coverage, if a person who would otherwise receive coverage under this chapter is provided coverage under the law of any other state, the person may not be provided coverage under this chapter. In determining the application of the provisions of this subsection, in situations where a person could be covered by the association of more than one state, whether as an owner, payee, beneficiary, or assignee, this chapter shall be construed in conjunction with other state laws to result in coverage by only one association.

Amended by Laws 2000, c. 119, S§ 7, 8, eff. Sept. 4, 2000.

#### **§ 21.79.040. Association established**

(a) There is established as a nonprofit legal entity the Alaska Life and Health Insurance Guaranty Association. An insurer that issues an insurance policy described in AS 21.79.020(b) shall be a member of the association as a condition of the insurer's authority to transact insurance in this state. The association shall perform its functions under a plan of operation established and approved under AS 21.79.080 and shall exercise its powers through the Board of Governors established under AS 21.79.050. For purposes of administration and assessment, the association shall maintain the following accounts:

(1) the health insurance account; and

(2) the life insurance and annuity account, including the following subaccounts:

(A) life insurance account;

(B) annuity account that must include annuity contracts owned by a governmental retirement benefit plan, or its trustee, qualified under 26 U.S.C. 401, 26 U.S.C. 403(b), or 26 U.S.C. 457 (Internal Revenue Code), but that otherwise excludes unallocated annuities;

(C) unallocated annuity account that must exclude contracts owned by a governmental retirement benefit plan, or its trustee, qualified under 26 U.S.C. 401, 26 U.S.C. 403(b), or 26 U.S.C. 457 (Internal Revenue Code).

(b) The association is under the supervision of the director and is subject to the insurance laws of the state. Except as provided in AS 21.79.110(b), meetings or records of the association may be open to the public upon majority vote of the Board of Governors of the association.

Amended by Laws 1996, c. 56, § 86, eff. Sept. 9, 1996; Laws 2000, c. 119, § 9, eff. Sept. 4, 2000.

#### **§ 21.79.050. Board of Governors**

(a) The Board of Governors of the association consists of not less than five nor more than nine representatives of member insurers. The director may appoint two individuals as members of the board to represent the public. Terms of office for board members shall be established in the plan of operation submitted under AS 21.79.080. Member insurers shall select the insurer board members, subject to the approval of the director. A vacancy in a board membership held by an insurer member shall be filled for the unexpired term by a majority vote of the remaining board members, subject to

the approval of the director. A vacancy in a board membership held by a representative of the public shall be filled by the director. A board member who represents the public may not be an officer, director, or employee of an insurer and may not be engaged in the business of insurance.

(b) Before the director approves the selection of an insurer board member, the director shall consider whether all member insurers are fairly represented on the board.

(c) A board member is not entitled to compensation by the association. However, a board member may be reimbursed from the assets of the association for expenses incurred while performing duties as a member of the board.

Amended by Laws 2000, c. 119, §§ 10, 11, eff. Sept. 4, 2000.

### **§ 21.79.060. Powers and duties of the association**

(a) If a member insurer becomes impaired, the association may, with the approval of the director and subject to any conditions imposed by the association that do not impair the contractual obligations of the impaired insurer,

(1) guarantee, assume, reinsure, or provide for the guarantee, assumption, or reinsurance of the policies or contracts of the impaired insurer; or

(2) provide money, pledges, notes, guarantees, or other means that are necessary to act under (1) of this subsection and to assure payment of the contractual obligations of the impaired insurer until those obligations are guaranteed, reinsured, or assumed.

(b) Repealed by Laws 2000, c. 119, § 46, eff. Sept. 4, 2000.

(c) The actions specified in (a) of this section may not be taken unless

(1) the law of the impaired insurer's state of domicile provides that until all payments of or on account of a contractual obligation of the impaired insurer by a guaranty association, along with all expenses and interest on all payments and expenses, have been repaid to the guaranty association or a repayment plan by the impaired insurer has been approved by a guaranty association,

(A) a delinquency proceeding may not be dismissed;

(B) neither the impaired insurer nor its assets may be returned to the control of its shareholders or private management; and

(C) solicitation or acceptance of new business or restoration of a suspended or revoked license may not be permitted; and

(2) if the impaired insurer is a

(A) domestic insurer, the insurer has been placed under an order of rehabilitation by a superior court in this state; or

(B) foreign or alien insurer,

(i) the insurer has been prohibited from soliciting or accepting new business in this state;

(ii) the insurer's certificate of authority has been suspended or revoked in this state; and

(iii) a petition for rehabilitation or liquidation has been filed in a court of competent jurisdiction in the insurer's state of domicile by the insurance commissioner of that state.

(d) If a member insurer becomes insolvent, the association shall, in its discretion and with the approval of the director,

(1) guarantee, assume, reinsure, or provide for the guarantee, assumption, or reinsurance of the covered policies of the insolvent insurer held by residents;

(2) assure payment to residents of the contractual obligations of the insolvent insurer;

(3) provide money, pledges, notes, guarantees, or other means necessary to discharge the association's duties under this subsection; or

(4) with respect only to life and health insurance policies and annuities, provide benefits and coverages required under (e) of this section.

(e) When proceeding under (d)(4) of this section, the association shall, with respect to a life or health insurance policy and an annuity,

(1) assure payment of benefits, other than terms of conversion and renewability, for a premium identical to the premium that would have been payable under a policy of the insolvent insurer for claims incurred with respect to

(A) a group policy, not later than the earlier of the next renewal date under the policy or contract or 45 days, but in no event less than 30 days, after the date on which the association becomes obligated with respect to the policy;

(B) an individual policy or annuity, not later than the earlier of the next renewal date, if any, under the policy or contract or one year, but in no event less than 30 days, from the date on which the association becomes obligated with respect to the policy or contract;

(2) make a diligent effort to provide a known insured, an annuitant, or a group policyholder or contract holder, with respect to a group policy or contract, 30 days' notice of the termination of the benefits provided;

(3) with respect to an individual policy or annuity, make available to each known insured or annuitant, or owner if other than the insured or annuitant, and with respect to an individual formerly insured under a group policy or contract who is not eligible for replacement group coverage, substitute coverage on an individual basis under the provisions of (f) of this section, if the insured had a right under law or the terminated policy or contract to convert coverage to individual coverage, to continue an individual policy or contract in force until a specified age, or for a specific time during which the insurer did not have the unilateral right to make changes in any provision of the policy or contract or had a right only to make changes in premium by class.



(f) With respect to life and health insurance policies, the association

(1) in providing the substitute coverage under (e)(3) of this section, shall either offer to reissue the terminated coverage or to issue an alternate policy;

(2) shall offer alternative or reissued policies without requiring evidence of insurability, and may not provide for any waiting period or exclusion that would not have applied under the terminated policy; and

(3) may reinsure any alternative or reissued policy.

(g) An alternative life or health insurance policy must,

(1) if adopted by the association, be subject to the approval of the director; the association may adopt alternative policies of various types for future issuance without regard to a particular impairment or insolvency;

(2) contain at least the minimum statutory provisions required in this state and provide benefits that may not be unreasonable in relation to the premium charged; the association shall set the premium under a table of rates that it shall adopt; the premium must reflect the amount of insurance to be provided and the age and class of risk of each insured, but may not reflect changes in the health of the insured after the original policy was last underwritten;

(3) if issued by the association, provide coverage of a type similar to that of the policy issued by the impaired or insolvent insurer, as determined by the association.

(h) If the association elects to reissue terminated coverage at a premium rate different from that charged under the terminated policy, the premium shall be set by the association according to the amount of insurance provided and the age and class of risk, and is subject to the approval of the director and the receivership court.

(i) The association's obligations with respect to coverage under a policy of an impaired or insolvent insurer or under any reissue or alternative policy cease on the date the coverage or policy is replaced by another similar policy by the policyholder, the insured, or the association.

(j) When proceeding under (d) of this section with respect to a policy or contract carrying guaranteed minimum interest rates, the association shall assure the payment or crediting of a rate of interest consistent with AS 21.79.020(c)(4).

(k) Nonpayment of a premium within 31 days after the date required under the terms of a guaranteed, assumed, alternative or reissued policy or contract or substitute coverage terminates the obligations of the association under the policy or coverage except with respect to the claims incurred or the net cash surrender value that may be due under the provisions of this chapter.

(l) A premium due for coverage after entry of an order of liquidation of an insolvent insurer belongs to and is payable at the direction of the association, and the association is liable for unearned premiums due to a policy or contract owner arising after the entry of the order.

(m) The protection provided by this chapter does not apply if guaranty protection is provided to residents of this state by the laws of another state or jurisdiction that is the domicile of the impaired or insolvent insurer.

(n) In carrying out its duties under (a), (c), and (d) of this section, the association may impose a permanent policy or contract lien under a guarantee, assumption, or reinsurance agreement if the policy or contract lien is approved by a court and the association finds that

(1) the amount that may be assessed under this chapter is less than the amount needed to assure full and prompt performance of the insolvent insurer's contractual obligations; or

(2) the economic or financial condition that affects member insurers is sufficiently adverse that the imposition of a policy or contract lien is in the public interest.

(o) Before taking action under (a)--(e) of this section, the association may request the superior court to impose an injunction against the payment of a cash value and policy loan, or the exercise of another right to withdraw funds held in connection with a policy or contract, in addition to a contractual provision for deferral of a cash or policy loan value. In addition, if the receivership court imposes an injunction on payment of cash values or policy loans or on any other right to withdraw funds of an impaired or insolvent insurer held in conjunction with a policy or contract, the association may defer payment of cash values, policy loans, or other rights for the period of the injunction, except for claims covered by the association to be paid as required by a hardship procedure established by the liquidator or rehabilitator and approved by the receivership court.

(p) If the association fails to take action under (a)--(e) of this section within a reasonable period of time after a member insurer becomes insolvent, the director shall assume the powers of the association under (a)--(e) of this section.

(q) If requested by the director, the association may assist and advise the director concerning rehabilitation, payment of claims, continuance of coverage, or the performance of other contractual obligations of an impaired or insolvent insurer.

(r) The association is entitled to appear or intervene in a court or agency proceeding in this state involving an impaired or insolvent insurer that the association is or may be obligated to or involving a person or property against which the association may have rights. The standing conferred by this subsection extends to all matters germane to the powers and duties of the association, including proposals to reinsure or guarantee a covered policy of the impaired or insolvent insurer and the determination of a covered policy and a contractual obligation. The association also has the right to appear or intervene before a court or agency in another state in a proceeding involving an impaired or insolvent insurer that the association is or may be obligated to or involving a person or property against which the association may have rights.

(s) A person who receives benefits under this chapter is considered to have assigned the rights under, and any cause of action against a person for losses arising under, resulting from, or otherwise relating to, the covered policy to the association to the extent of the benefits received under this chapter, whether the benefits are payment of or on account of contractual obligations, continuations of coverage, or provisions of substitute or alternative coverage. The association may require an assignment to the association of those rights by the payees, policy or contract owner, beneficiary, insured, or annuitant before a person receives the rights or benefits conferred by this chapter. The priority of the association's subrogation right to the assets of the insolvent insurer is the

same as the priority of the person entitled to benefits under this chapter. In addition to the rights described in this subsection, the association has common law rights of subrogation and any other equitable or legal remedy that would have been available to the impaired or insolvent insurer or owner, beneficiary, or payee of a policy with respect to the policy. These rights include, in the case of a structured settlement annuity, the rights of the owner, beneficiary, or payee of the annuity, to the extent of benefits received under this chapter, against a person originally or by succession responsible for the losses arising from the personal injury relating to the annuity or annuity payment, except for a person responsible solely by reason of being an assignee in respect to a qualified assignment under 26 U.S.C. 130 (Internal Revenue Code). If the provisions of this subsection are invalid with respect to a person or claim, the amount payable by the association with respect to the related coverage obligation shall be reduced by the amount realized by another person from the person or claim covered by the association. If the association has provided benefits with respect to a covered obligation and a person recovers amounts to which the association has rights as described in this subsection, the person recovering the amounts shall pay to the association the portion of the recovery attributable to the policy covered by the association.

(t) In addition to the rights and powers otherwise established in this chapter, the association may

(1) enter into contracts that are necessary or proper to carry out the provisions of this chapter;

(2) sue or be sued, and take legal action necessary or proper for recovery of an unpaid assessment under AS 21.79.070 or settlement of a claim or potential claim;

(3) borrow money to carry out the purposes of this chapter; notes or other evidence of indebtedness of the association not in default are legal investments for domestic insurers and may be carried as admitted assets;

(4) employ or retain those persons necessary to handle the financial transactions of the association and other functions under this chapter;

(5) negotiate and contract with a liquidator, rehabilitator, conservator, or ancillary receiver to carry out the powers and duties of the association;

(6) exercise, for the purposes of this chapter and to the extent approved by the director, the powers of a domestic life or health insurer; however, the association may not issue insurance policies or annuity contracts other than those issued to perform the contractual obligations of an impaired or insolvent insurer;

(7) take legal action to prevent the payment of improper claims;

(8) join an organization of one or more other state associations with similar purposes;

(9) determine, using reasonable business judgment, the means by which the association is to provide the benefits of this chapter in an economical and efficient manner;

(10) request information from a person seeking coverage from the association in order to determine the obligations of the association under this chapter; a person receiving a request under this paragraph shall promptly comply with the request;

(11) request information from a member insurer in order to aid in the exercise of a power under this section; a member insurer receiving a request under this paragraph shall promptly comply with the request; and

(12) perform all other acts necessary or proper to implement this chapter.

(u) At any time within one year after the date on which the association becomes responsible for the obligations of a member insurer, the association may elect to succeed to the rights and obligations of the member insurer that accrue on or after that date and that relate to contracts covered, in whole or in part, by the association, under one or more indemnity reinsurance agreements entered into by the member insurer as a ceding insurer and selected by the association. However, the association may not exercise an election with respect to a reinsurance agreement if the receiver, rehabilitator, or liquidator of the member insurer has previously and expressly disaffirmed the reinsurance agreement. The election shall be made by a notice to the receiver, rehabilitator, or liquidator and to the affected reinsurer. If the association makes an election, the following paragraphs apply with respect to the agreement selected by the association:

(1) the association is responsible for all unpaid premiums due under the agreement for periods both before and after the coverage date, and shall be responsible for the performance of all other obligations to be performed after the coverage date in each case that relates to contracts covered, in whole or in part, by the association; the association may, through reasonable allocation methods, charge contracts covered in part by the association for the costs for reinsurance in excess of the obligations of the association;

(2) the association is entitled to any amounts payable by the reinsurer under the agreement with respect to losses or events that occur in periods after the coverage date and that related to the contracts covered by the association, in whole or in part, except that, upon receipt of any amounts, the association shall pay to the beneficiary under the policy or contract on account of which the amounts were paid a portion of the amount equal to the amount received by the association less

(A) the benefits paid by the association on account of the policy or contract; and

(B) the retention of the impaired or insolvent member insurer applicable to the loss or event;

(3) within 30 days after the association's election, the association and each indemnity reinsurer shall calculate the net balance due to or from the association under each reinsurance agreement as of the date of the association's election; the calculation shall give full credit to all items paid by either the member insurer, its receiver, rehabilitator, or liquidator, or the indemnity reinsurer during the period between the coverage date and the date of the association's election; either the association or the indemnity reinsurer shall pay the net balance due the other within five days of the completion of the calculation described in this paragraph; if the receiver, rehabilitator, or liquidator has received any amounts due to the association under (2) of this subsection, the receiver, rehabilitator, or liquidator shall remit the same to the association as promptly as practicable; and

(4) if the association, within 60 days of the election, pays the premiums due for periods both before and after the coverage date that relate to the contracts covered by the association, in whole or in part, the reinsurer may not terminate the reinsurance agreement to the extent the agreement relates to contracts covered by the association, in whole or in part, and may not set off any unpaid premium due for the periods before the coverage date against amounts due to the association.

(v) In the event the association transfers its obligations to another insurer, and if the association and the other insurer agree, the other insurer shall succeed to the rights and obligations of the association under (u) of this section, effective as of the date agreed upon by the association and the other insurer. The other insurer shall succeed regardless of whether the association has made the election referred to in (u) of this section if (1) the indemnity reinsurance agreement automatically terminates former reinsurance unless the indemnity reinsurer and the other insurer agree to the contrary, and (2) the obligations described in (u)(2) of this section no longer apply on and after the date the indemnity reinsurance agreement is transferred to the third-party insurer. This subsection does not apply if the association has previously expressly determined in writing that it will not exercise the election referred to in (u) of this section.

(w) The provisions of this section apply notwithstanding any other provisions of law or any provisions of an affected reinsurance agreement that provide for or require a payment of reinsurance proceeds, on account of losses or events that occur in periods after the coverage date, to the receiver, liquidator, or rehabilitator of the insolvent member insurer. The receiver, liquidator, or rehabilitator remains entitled to any amounts payable by the reinsurer under the reinsurance agreement with respect to losses or events that occur in periods before the coverage date, subject to applicable setoff provisions.

(x) Except as otherwise expressly provided in this section, nothing in this section alters or modifies the terms and conditions of indemnity reinsurance agreements of an insolvent member insurer. Nothing in this section

(1) abrogates or limits the right of a reinsurer to claim that the reinsurer is entitled to rescind a reinsurance agreement; or

(2) gives a policy owner or beneficiary an independent cause of action against an indemnity reinsurer that is not otherwise established in the indemnity reinsurance agreement.

(y) When the association has arranged or offered to provide the benefits of this chapter to a covered person under a plan or arrangement that fulfills the association's obligations under this chapter, the covered person is not entitled to benefits from the association in addition to or other than those provided under the plan or arrangement.

(z) In carrying out its duties in connection with guaranteeing, assuming, or reinsuring a policy or contract, the association may, subject to approval of the receivership court, issue substitute coverage for a policy or contract that provides an interest rate, crediting rate, or similar factor determined by use of an index or other external reference stated in the policy or contract employed in calculating returns or changes in value by issuing an alternative policy or contract under the following provisions:

(1) in place of the index or other external reference provided for in the original policy or contract, the alternative policy or contract provides for

(A) a fixed interest rate;

(B) payment of dividends with minimum guarantees; or

(C) a different method for calculating interest or changes in value;

(2) there is no requirement for evidence of insurability, waiting period, or other exclusion that would not have applied under the replaced policy or contract; and

(3) the alternative policy or contract is substantially similar to the replaced policy or contract in all other material terms.

Amended by Laws 1996, c. 56, §§ 87 to 92, eff. Sept. 9, 1996; Laws 2000, c. 119, §§ 12 to 24, 46, eff. Sept. 4, 2000.

### **§ 21.79.070. Assessments**

(a) For the purpose of providing funds necessary to carry out the powers and duties of the association, the Board of Governors shall assess the member insurers, separately for each account, at a time and for an amount that the board finds necessary. Assessments are due not less than 30 days after prior written notice to the member insurers and accrue interest at 10 percent a year from the date payment is due.

(b) There shall be two assessments as follows:

(1) class A assessments shall be authorized and called for the purpose of meeting administrative and legal costs and other expenses and examinations conducted under the authority of AS 21.79.060; class A assessments may be authorized and called whether or not related to a particular impaired or insolvent insurer;

(2) class B assessments shall be authorized and called only as necessary to carry out the powers and duties of the association with regard to an impaired or an insolvent insurer.

(c) The amount of a class A assessment shall be determined by the board and may be made on a pro rata or non pro rata basis. If a pro rata assessment is made, the board may provide that it be credited against future class B assessments. A non pro rata assessment may not exceed \$250 per member insurer in a calendar year. The amount of a class B assessment shall be allocated for assessment purposes among the accounts under an allocation formula that may be based on the premiums or reserves of the impaired or insolvent insurer or by another standard determined by the board in its sole discretion as being fair and reasonable under the circumstances.

(d) Class B assessments shall be based on the premiums received on business in this state by each assessed member insurer on policies or contracts covered by each account in proportion to the premiums received on business in this state by all assessed member insurers during the three calendar years preceding the year in which the insolvency or impairment occurred.

(e) The association may abate or defer, in whole or in part, the assessment of a member insurer if, in the opinion of the board, a payment of the assessment would endanger the ability of the member insurer to fulfill its contractual obligations. The amount by which an assessment against a member insurer is abated or deferred may be assessed against the other member insurers in a manner consistent with the basis for assessments set forth in (c) of this section. Once the conditions that caused a deferral are removed or rectified, the member insurer shall pay all assessments that were deferred under a repayment plan approved by the association.

(f) Except as provided in this subsection, the total of all assessments on a member insurer for each subaccount of the life and annuity account and for the health account may not in any one calendar year exceed two percent of the insurer's average annual premiums received in this state on policies or contracts covered by the account or subaccount during the three calendar years preceding the year in which the insurer became an impaired or insolvent insurer. If two or more assessments are authorized in one calendar year with respect to insurers that become impaired or insolvent in different calendar years, the average annual premiums for purposes of the aggregate assessment percentage limitation imposed under this subsection shall be limited to the highest of the average annual premiums during the preceding three calendar years for the applicable subaccount or account as calculated under this section. If the maximum assessment, together with the other assets of the association in an account, does not provide in any one year in either account an amount sufficient to carry out the responsibilities of the association, the necessary additional funds shall be assessed as soon as permitted by this chapter.

(g) The board may provide in the plan of operation a method of allocating funds among claims, whether relating to one or more impaired or insolvent insurers, when the maximum assessment will be insufficient to cover anticipated claims.

(h) If the maximum assessment for a subaccount of the life and annuity account in any one year does not provide an amount sufficient to carry out the responsibilities of the association, the board shall, as provided under (d) of this section, access all subaccounts of the life and annuity account for the necessary additional amount, subject to the assessment limit provided in (f) of this section.

(i) Assessments for funds to meet the requirements of the association with respect to an impaired or insolvent insurer may not be authorized or called until necessary to implement the purposes of this chapter. Classification of assessments under (b) of this section and computation of assessments under this section shall be made with a reasonable degree of accuracy, recognizing that exact determinations may not always be possible. The association shall notify each member insurer of its anticipated pro rata share of an authorized assessment not yet called within 180 days after the assessment is authorized.

(j) The board may, by an equitable method as established in the plan of operation, refund to member insurers, in proportion to the contribution of each insurer to that account, the amount by which the assets of the account exceed the amount the board finds is necessary to carry out during the coming year the obligations of the association with regard to that account, including assets accruing from assignment, subrogation, net realized gains, and income from investments. A reasonable amount may be retained in any account to provide funds for the continuing expenses of the association and for future losses claims.

(k) A member insurer may, in determining its premium rates and policy owner dividends as to any kind of insurance within the scope of this chapter, consider the amount reasonably necessary to meet its assessment obligations under this chapter.

(l) A member insurer that wishes to protest all or part of an assessment shall pay when due the full amount of the assessment as set out in the notice provided by the association. The payment shall be available to meet association obligations during the pendency of the protest or any subsequent appeal. If a payment is made under protest, payment must be accompanied by a statement in writing that the payment is made under protest and setting out a brief statement of the grounds for the protest. Within 60 days following the payment of an assessment under protest by a member insurer, the association shall notify the member insurer in writing of its determination with

respect to the protest unless the association notifies the member insurer that additional time is required to resolve the issues raised by the protest. Within 30 days after a final decision has been made, the association shall notify the protesting member insurer in writing of that final decision. Within 60 days of receipt of notice of the final decision, the protesting member insurer may appeal that final action to the director. In the alternative to rendering a final decision with respect to a protest based on a question regarding the assessment base, the association may refer protests to the director for a final decision with or without recommendation from the association. If a protest or appeal on an assessment is upheld, the amount paid in error or excess shall be returned to the member company. Interest on a refund due a protesting member shall be paid at the rate actually earned by the association.

Amended by Laws 1996, c. 56, § 93, eff. Sept. 9, 1996; Laws 2000, c. 119, §§ 25 to 31, eff. Sept. 4, 2000.

### **§ 21.79.080. Plan of operation**

(a) The association shall submit to the director a plan of operation and any amendments to assure the fair, reasonable, and equitable administration of the association. The plan of operation and any amendments take effect on the written approval of the plan by the director or 30 days after receipt by the director if not disapproved by the director.

(b) If the association fails to submit suitable amendments to the plan, the director shall, after notice and hearing, adopt regulations to implement this chapter. These regulations remain in effect until amended or repealed by the director.

(c) A member insurer shall comply with the plan of operation. The plan of operation must

(1) establish procedures for handling assets of the association;

(2) establish the amount and method of reimbursing members of the board under AS 21.79.050(c);

(3) establish regular places and times for meetings of the board in the state; the board may conduct meetings telephonically;

(4) establish procedures for keeping records of all financial transactions of the association, its agents, and the board;

(5) establish terms of office for members of the board, and establish procedures for the selection of the members of the board and for the director's approval of the members selected;

(6) establish additional procedures for assessments under AS 21.79.070; and

(7) contain additional provisions necessary or proper for the association to exercise its powers and duties.

(d) The plan of operation may delegate the powers and duties of the association, other than those under AS 21.79.060(t)(3) and 21.79.070, to a corporation or other organization performing functions similar to those of the association, or its equivalent, in two or more states. The association



shall reimburse the corporation or organization for a payment made for the association and for performing a function of the association. A delegation under this subsection takes effect only with the approval of the board and the director.

Amended by Laws 2000, c. 119, §§ 32 to 34, eff. Sept. 4, 2000.

#### **§ 21.79.090. Powers and duties of the director**

(a) Upon request of the board, the director shall provide the association with a statement of the premiums in the appropriate states for each member insurer.

(b) The director may

(1) after notice and hearing as provided in AS 21.06.180 - 21.06.230, suspend or revoke the certificate of authority to transact insurance in this state of a member insurer that fails to pay an assessment when due or fails to comply with the plan of operation;

(2) levy a penalty on a member insurer that fails to comply with the plan of operation; or

(3) levy a penalty on a member insurer that fails to pay an assessment when due; if the unpaid assessment is more than \$2,000, the penalty may not exceed five percent of the unpaid assessment per month or be less than \$100 per month; if the unpaid assessment is \$2,000 or less, the penalty is \$100 per month.

(c) An action of the board or the association may be appealed to the director by a member insurer if the appeal is taken within 30 days after the date the notice of the action is mailed. Final action or order of the director may be reviewed by the superior court.

(d) The liquidator, rehabilitator, or conservator of an impaired insurer may notify all interested persons of the effect of this chapter.

#### **§ 21.79.100. Prevention of insolvencies**

(a) The director shall notify, by mail, the commissioner, director, or superintendent of insurance of the other states, territories of the United States, and the District of Columbia within 30 days after the date on which the following actions are taken against a member insurer:

(1) revocation of a license;

(2) suspension of a license; or

(3) a formal order that a member insurer restrict its premium writing, obtain additional contributions to surplus, withdraw from the state, reinsure all or any part of its business, or increase capital, surplus, or any other account for the security of policyholders or creditors.

(b) The director shall report to the board if an action set out in (a) of this section is taken or a report is received from a state insurance regulator that similar action has been taken in another state.

The report to the board must contain all significant details of the action taken or the report received from another insurance regulator.

(c) The director shall report to the board if there is reasonable cause to believe, during or after an examination of a member insurer, that the company may be impaired or insolvent.

(d) The director shall furnish the board with the NAIC Insurance Regulatory Information System (IRIS) ratios and a listing of companies not included in the ratios developed by the NAIC, and the board may use that information to carry out its duties and responsibilities under this section. The information shall be kept confidential by the board until it is made public by the director.

(e) The director may seek the board's advice and recommendations concerning the financial condition of member insurers and insurers who apply for admission to transact insurance business in the state.

(f) The board may

(1) make reports and recommendations to the director relating to the solvency, liquidation, rehabilitation, or conservation of a member insurer or the solvency of insurers who apply to transact insurance business in the state; the director and the board shall keep the reports and recommendations confidential;

(2) notify the director of any information that indicates that a member insurer may be impaired or insolvent.

(g) Repealed by Laws 2000, c. 119, § 46, eff. Sept. 4, 2000.

(h) The board may make recommendations to the director for detecting and preventing insurer insolvencies.

(i) Repealed by Laws 2000, c. 119, § 46, eff. Sept. 4, 2000.

Amended by Laws 2000, c. 119, §§ 35, 46, eff. Sept. 4, 2000.

### **§ 21.79.110. Miscellaneous provisions**

(a) This chapter does not reduce the liability for unpaid assessments of an insured of an impaired or insolvent insurer operating under an insurance policy with assessment liability.

(b) The association shall keep records of meetings relating to its activities. Records of meetings may only be made public under AS 21.79.040(b)

(1) after the termination of a liquidation, rehabilitation, or conservation proceeding that involves the impaired or insolvent insurer;

(2) after the insurer is no longer impaired or insolvent; or

(3) upon the order of a court of competent jurisdiction.

(c) The association is considered to be a creditor of the impaired or insolvent insurer to the extent of assets attributable to covered policies that are reduced by an amount to which the association is entitled under AS 21.79.060(s). Assets of the impaired or insolvent insurer that are attributable to covered policies shall be used to continue all covered policies and pay all contractual obligations of the impaired or insolvent insurer as required by this chapter. Assets attributable to covered policies include those assets that should have been established as reserves for the covered policies. These assets are determined by multiplying the total assets of the impaired or insolvent insurer by a fraction, the numerator of which is the amount that should have been established as reserves for the covered policies of the impaired or insolvent insurer, and the denominator of which is the amount that should have been established as reserves for all policies of insurance issued in all states by that insurer. As a creditor of the impaired or insolvent insurer, the association and other similar entities in other states are entitled to receive a disbursement of assets out of the marshaled assets as a credit against contractual obligations under this chapter from time to time as the assets become available. If the liquidator has not, within 120 days of the date of a final determination of insolvency of an insurer by the court, made an application to the court for the approval of a proposal to disburse assets, the association may make application to the court for the approval of the association's proposal to disburse assets.

(d) Before the termination of a liquidation, rehabilitation, or conservation proceeding, the court may consider the contributions of the respective parties, including the association, the shareholders and policyholders of the impaired or insolvent insurer, and any other party with a bona fide interest, in distributing the ownership rights of the impaired or insolvent insurer. The court shall consider the welfare of policyholders of the continuing or successor insurers. A distribution to stockholders of an impaired or insolvent insurer may not be made until the total amount of valid claims of the association for money spent in carrying out its powers and duties under AS 21.79.060, with respect to the insurer, has been fully recovered by the association.

(e) The receiver appointed under an order for liquidation or rehabilitation of a domestic insurer may recover the amount distributed, other than stock dividends paid by the insurer on its capital stock, to a controlling affiliate, as defined in AS 21.22.200, during the five years preceding the petition for liquidation or rehabilitation. However, if the insurer shows that, when paid, the distribution was lawful and reasonable, and that the distribution might adversely affect the ability of the insurer to fulfill the insurer's contractual obligations, the receiver may not recover the amount distributed to the controlling affiliate. The following provisions apply to recovery of amounts distributed:

(1) a controlling affiliate of the insurer at the time the distribution was paid is liable for a distribution received; a controlling affiliate at the time the distribution was declared is liable for a distribution that would have been received if the distribution had been paid at that time; if two or more persons are liable with respect to the same distribution, they are jointly and severally liable;

(2) if an affiliate liable under (1) of this subsection is insolvent, all its controlling affiliates at the time the dividend was paid are jointly and severally liable for any amount that is not recovered from the insolvent affiliate;

(3) the amount needed to pay the contractual obligations of the insolvent insurer that exceeds the available assets of the insolvent insurer is the greatest amount that may be recovered under this subsection.

(f) A deposit in this state, held by law or required by the director for the benefit of creditors, including policy owners, not turned over to the domiciliary liquidator upon the entry of a final order of

liquidation or order approving a rehabilitation plan of an insurer domiciled in this state or in a reciprocal state shall be promptly paid to the association. The association

(1) is entitled to retain a portion of any amount paid to it equal to the percentage determined by dividing the aggregate amount of policy owners' claims related to that insolvency for which the association has provided statutory benefits by the aggregate amount of all policy owners' claims in this state related to that insolvency; and

(2) shall remit to the domiciliary receiver the amount paid to the association and retained under (1) of this subsection; any amount paid to the association not retained by it under (1) of this subsection shall be treated as a distribution of state assets under AS 21.78.294 or a similar provision of the state of domicile of the impaired or insolvent insurer.

(g) The association may not be required to give an appeal bond in an appeal of a civil action arising under this chapter.

Amended by Laws 2000, c. 119, §§ 36 to 38, eff. Sept. 4, 2000.

#### **§ 21.79.120. Examination of the association, annual report**

The association may be examined by the director. The board shall submit to the director, not later than July 1 of each year, a certified financial report for the preceding calendar year in a form approved by the director and a report of its activities during the preceding calendar year. Nothing in AS 21.79.110(b) limits the duty of the association to report under this section. Upon request, the association shall provide a copy of the report to a member insurer.

Amended by Laws 2000, c. 119, § 39, eff. Sept. 4, 2000.

#### **§ 21.79.130. Tax exemption**

The association is exempt from payment of all fees and taxes levied by the state or its political subdivisions, other than real property taxes.

#### **§ 21.79.140. Civil immunity**

The association and its agents and employees, members of the Board of Governors, member insurers, and agents and employees of member insurers, and the director and the director's representatives are not civilly liable for an action or omission in performing duties under this chapter. In this section, "duties" includes participation in an organization of one or more state associations of life or health insurers.

Amended by Laws 2000, c. 119, § 40, eff. Sept. 4, 2000.

#### **§ 21.79.150. Stay of proceeding enforcing judgment**

Proceedings involving an insolvent insurer shall be stayed at least 60 days after the date of a final order of liquidation, rehabilitation, or conservation in order to allow the association to exercise a power or duty authorized under this chapter. If a default judgment is entered against an insolvent insurer, the association may apply to have the judgment set aside or may defend against the action on its merits.

Amended by Laws 2000, c. 119, § 41, eff. Sept. 4, 2000.

**§ 21.79.160. Prohibited Advertisement of Insurance Sales; Required Notice.**

(a) A person, including an insurer, agent, or affiliate of an insurer, may not make, publish, disseminate, circulate, or place before the public, or cause, directly or indirectly, to be made, published, disseminated, circulated, or placed before the public, in any newspaper, magazine, or other publication, or in the form of a notice, circular, pamphlet, letter, or poster, or over any radio station or television station, or in any other way, an advertisement, announcement, or statement, written or oral, that uses the existence of the association for the purpose of sales, solicitation, or inducement to purchase any form of insurance covered by the association. However, this section does not apply to the association or any other entity that does not sell or solicit insurance.

(b) The association shall prepare a summary document describing the general purposes and current limitations of this chapter and complying with (c) of this section. This document shall be submitted to the director for approval. Beginning 60 days after the date on which the director approves the document, an insurer may not deliver a policy or contract to a policy or contract owner unless the summary document is delivered to the policy or contract owner at the time of delivery of the policy or contract. The document shall also be available upon request by a policy owner. The distribution, delivery, contents, or interpretation of this document does not guarantee that either the policy or the contract, or the owner of the policy or contract, is covered in the event of the impairment or insolvency of a member insurer. The description document shall be revised by the association as amendments to this chapter may require. Failure to receive this document does not give the policy owner, contract owner, certificate holder, or insured any greater rights than those stated in this chapter.

(c) The document prepared under (b) of this section must contain a clear and conspicuous disclaimer on its face. The director shall establish the form and content of the disclaimer. The disclaimer must

(1) state the name and address of the association and the division of insurance;

(2) prominently warn the policy or contract owner that the association may not cover the policy or, if coverage is available, that the policy will be subject to substantial limitations and exclusions and conditioned on continued residence in this state;

(3) state the types of policies for which guaranty funds will provide coverage;

(4) state that the insurer and its agents are prohibited by law from using the existence of the association for the purpose of sales, solicitation, or inducement to purchase any form of insurance;

(5) state that the policy or contract owner should not rely on coverage under the association when selecting an insurer;

(6) explain rights available and procedures for filing a complaint to allege a violation of a provision of this chapter; and

(7) provide other information as required by the director, including sources for information about the financial condition of insurers if the information is not proprietary and is subject by law to disclosure.

(d) A member insurer shall retain evidence of compliance with (b) of this section for so long as the policy or contract for which the notice is given remains in effect.

Amended by Laws 2000, c. 119, § 42, eff. Sept. 4, 2000.

### **§ 21.79.900. Definitions**

In this chapter,

(1) “account” means an account created under AS 21.79.040;

(2) “association” means the Alaska Life and Health Insurance Guaranty Association;

(3) “authorized assessment” means an assessment approved by a resolution by the board that will be called immediately or in the future from member insurers for a specified amount;

(4) “board” means the Board of Governors of the Alaska Life and Health Insurance Guaranty Association;

(5) “called” means that a notice has been issued by the association to member insurers requiring that an authorized assessment be paid within the time set out in the notice;

(6) “contractual obligation” means an obligation under a policy, contract, or certificate under a group policy or contract, or a portion of one;

(7) “covered policy” means a policy or contract described in AS 21.79.020(a) and (b);

(8) “impaired insurer” means a member insurer that is not an insolvent insurer and that is placed under an order of rehabilitation or conservation by a court of competent jurisdiction;

(9) “insolvent insurer” means a member insurer that is placed under an order of liquidation by a court of competent jurisdiction with a finding of insolvency;

(10) “member insurer” means an insurer licensed to transact insurance in the state that issues a policy described in AS 21.79.020(a) and (b), or a subscriber contract providing benefits described in AS 21.87.120(a)(2)--(4) or 21.87.130(a)(2) and (3), and includes an insurer whose license or certificate of authority in this state may have been suspended, revoked, not renewed, or voluntarily withdrawn; “member insurer” does not include

(A) a health maintenance organization licensed under AS 21.86;

(B) a fraternal benefit society licensed under AS 21.84;

(C) a mandatory state pooling plan;

(D) a mutual assessment company or an entity that operates on an assessment basis;

(E) an insurance exchange licensed under AS 21.75;

(F) a hospital or medical service organization licensed under AS 21.87;

(G) an organization that has a license or certificate limited to the issuance of charitable gift annuities; or

(H) an entity similar to one described under (A)--(G) of this paragraph;

(11) "NAIC" means the National Association of Insurance Commissioners;

(12) "owner," in relation to a policy or contract,

(A) means the person who is identified as the legal owner under the terms of the policy or contract, or who is otherwise vested with legal title to the policy or contract through a valid assignment completed under the terms of the policy or contract and who is properly recorded as the owner on the records of the insurer;

(B) does not include a person with a mere beneficial interest in a policy or contract;

(13) "plan sponsor" means, in the case of a benefit plan established or maintained by

(A) a single employer, the employer;

(B) an employee organization, the employee organization; or

(C) two or more employers or jointly by one or more employers and one or more employee organizations, the association, committee, joint board of trustees, or other group of representatives of the parties who establish or maintain the benefit plan;

(14) "premium" means the amount received on a covered policy or contract less a premium, consideration, and deposit returned, and less a dividend and experience credit; "premium" does not include an amount charged for an assessment or an amount received for a policy or contract or for the portions of a policy or contract for which coverage is not provided under AS 21.79.020(b) and (c);

(15) "receivership court" means the court in the insolvent or impaired insurer's state having jurisdiction over the conservation, rehabilitation, or liquidation of the insurer;

(16) "resident" means a person to whom a contractual obligation is owed under this chapter and who resides in this state on the date of entry of a court order that determines a member insurer to be an impaired or insolvent insurer, whichever occurs first; a person may be a resident of only one state, which, in the case of a person other than a natural person, shall be the principal place of business;

(17) “state” means a state of the United States, the District of Columbia, Puerto Rico, or a United States possession, territory, or protectorate;

(18) “structured settlement annuity” means an annuity purchased in order to fund periodic payments for a plaintiff or other claimant in payment for or with respect to personal injury suffered by the plaintiff or other claimant;

(19) “supplemental contract” means an agreement entered into for the distribution of policy or contract benefits;

(20) “unallocated annuity contract” means an annuity contract or group annuity certificate that is not issued to and owned by an individual, except to the extent of annuity benefits guaranteed to an individual by an insurer under the contract or certificate.

Amended by Laws 1995, c. 62, § 102, eff. July 1, 1995; Laws 1996, c. 56, §§ 94, 95, eff. Sept. 9, 1996; Laws 2000, c. 119, §§ 43 to 45, eff. Sept. 4, 2000.

#### **§ 21.79.990. Short title**

This chapter may be cited as the Alaska Life and Health Insurance Guaranty Association Act.

Amended by Laws 1996, c. 56, § 96, eff. Sept. 9, 1996.