

Alaska State Legislature



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House Approves Annuity Adjustment **Rate Change Provides Consumer Security and Corporate Relief**

(JUNEAU) – The Alaska House of Representatives unanimously approved House Bill 184 by a vote of 38 to zero on Monday. Sponsored by Majority Leader Rep. John Coghill Jr. (R-North Pole), HB 184 revises the guaranteed minimum interest rates that are regulated by the Alaska Division of Insurance under Alaska insurance statutes. The interest rates determine minimum values that holders of a fixed annuity product must receive when they stop payment and seek to collect on the plan.

When the Standard Nonforfeiture Law was adopted in 1977, the minimum rate for annuities was three percent. HB 184 keeps the interest rate for the minimum forfeiture values between one and three percent. The rate changes in relation to market interest rates, which have declined over the years. Without a dynamic floor, insurers have difficulty guaranteeing these products during times of financial change.

“The change reflects the current economic trends and the corresponding drop in market interest rates,” Coghill said. “At the same time, it continues to guarantee that annuity consumers will at least receive a minimum return on their purchase, even in these challenging economic times.”

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Broadcasters note: Comments are available on the Majority Actuality Line 1-800-478-6540 or on the Majority webpage at www.akrepublicans.org