

WEST VIRGINIA LEGISLATURE

REGULAR SESSION, 1959

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**ENROLLED**

SENATE BILL NO. 204

(By Mr. Nichols)

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PASSED March 4 1959

In Effect 90 days from Passage



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of West Virginia MAR 10 1959  
JOE F. BURDETT  
SECRETARY OF STATE

204

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(By MR. NUCKOLS)

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[Passed March 4, 1959; in effect ninety days from passage.]

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AN ACT to amend and reenact section thirty, article thirteen, chapter thirty-three of the code of West Virginia, one thousand nine hundred thirty-one, as amended, relating to the standard nonforfeiture law for life insurance.

*Be it enacted by the Legislature of West Virginia:*

That section thirty, article thirteen, chapter thirty-three of the code of West Virginia, one thousand nine hundred thirty-one, as amended, be amended and reenacted to read as follows:

Section 30. *Standard Nonforfeiture Law.*—(1) In the  
2 case of policies issued on or after the original operative  
3 date of this provision, no policy of life insurance, except as  
4 stated in subsection six, shall be delivered or issued for

5 delivery in this state unless it shall contain in substance  
6 the following provisions, or corresponding provisions  
7 which in the opinion of the commissioner are at least as  
8 favorable to the defaulting or surrendering policyholder:

9 (a) That, in the event of default in any premium pay-  
10 ment, the insurer will grant, upon proper request not la-  
11 ter than sixty days after the due date of the premium in  
12 default, a paid-up nonforfeiture benefit on a plan stipu-  
13 lated in the policy, effective as of such due date, of such  
14 value as may be hereinafter specified;

15 (b) That, upon surrender of the policy within sixty days  
16 after the due date of any premium payment in default  
17 after premiums have been paid for at least three full years,  
18 the insurer will pay, in lieu of any paid-up nonforfeiture  
19 benefit, a cash surrender value of such amount as may be  
20 hereinafter specified;

21 (c) That a specified paid-up nonforfeiture benefit shall  
22 become effective as specified in the policy unless the per-  
23 son entitled to make such election elects another available  
24 option not later than sixty days after the due date of the  
25 premium in default;

26 (d) That, if the policy shall have become paid-up by  
27 completion of all premium payments or if it is continued  
28 under any paid-up nonforfeiture benefit which became  
29 effective on or after the third policy anniversary the in-  
30 surer will pay, upon surrender of the policy within thirty  
31 days after any policy anniversary, a cash surrender value  
32 of such amount as may be hereinafter specified;

33 (e) A statement of the mortality table and interest rate  
34 used in calculating the cash surrender values and the  
35 paid-up nonforfeiture benefits available under the policy,  
36 together with a table showing the cash surrender value, if  
37 any, and paid-up nonforfeiture benefits, if any, available  
38 under the policy on each policy anniversary either during  
39 the first twenty policy years or during the term of the  
40 policy, whichever is shorter, such values and benefits to  
41 be calculated upon the assumption that there are no divi-  
42 dends or paid-up additions credited to the policy and that  
43 there is no indebtedness to the insurer on the policy;

44 (f) A statement that the cash surrender values and the  
45 paid-up nonforfeiture benefits available under the policy  
46 are not less than the minimum values and benefits re-

47 quired by or pursuant to the insurance law of the state in  
48 which the policy is delivered; an explanation of the man-  
49 ner in which the cash surrender values and the paid-up  
50 nonforfeiture benefits are altered by the existence of any  
51 paid-up additions credited to the policy or any indebted-  
52 ness to the company on the policy; if a detailed statement  
53 of the method of computation of the values and benefits  
54 shown in the policy is not stated therein, a statement that  
55 such method of computation has been filed with the in-  
56 surance supervisory official of the state in which the policy  
57 is delivered; and a statement of the method to be used in  
58 calculating the cash surrender value and paid-up nonfor-  
59 feiture benefit available under the policy on any policy  
60 anniversary beyond the last anniversary for which such  
61 values and benefits are consecutively shown in the policy.

62 Any of the foregoing provisions or portions thereof, not  
63 applicable by reason of the plan of insurance may, to the  
64 extent inapplicable, be omitted from the policy.

65 The insurer shall reserve the right to defer the payment  
66 of any cash surrender value for a period of six months  
67 after demand therefor with surrender of the policy.

68       (2) Any cash surrender value available under the policy  
69 in the event of default in a premium payment due on any  
70 policy anniversary, whether or not required by subsec-  
71 tion one, shall be an amount not less than the excess, if  
72 any, of the present value, on such anniversary, of the fu-  
73 ture guaranteed benefits which would have been provided  
74 for by the policy, including any existing paid-up additions,  
75 if there had been no default, over the sum of (i) the then  
76 present value of the adjusted premiums as defined in sub-  
77 sections four and four-a, corresponding to premiums  
78 which would have fallen due on and after such anniver-  
79 sary, and (ii) the amount of any indebtedness to the in-  
80 surer on the policy. Any cash surrender value available  
81 within thirty days after any policy anniversary under any  
82 policy paid-up by completion of all premium payments or  
83 any policy continued under any paid-up nonforfeiture  
84 benefit, whether or not required by subsection one, shall  
85 be an amount not less than the present value, on such an-  
86 niversary, of the future guaranteed benefits provided for  
87 by the policy, including any existing paid-up additions  
88 decreased by any indebtedness to the insurer on the policy.

89 (3) Any paid-up nonforfeiture benefit available under  
90 the policy in the event of default in a premium payment  
91 due on any policy anniversary shall be such that its pres-  
92 ent value as of such anniversary shall be at least equal to  
93 the cash surrender value then provided for by the policy  
94 or, if none is provided for, that cash surrender value  
95 which would have been required by this section in the ab-  
96 sence of the condition that premiums shall have been paid  
97 for at least a specified period.

98 (4) The adjusted premiums for any policy shall be cal-  
99 culated on an annual basis and shall be such uniform per-  
100 centage of the respective premiums specified in the policy  
101 for each policy year, excluding extra premiums on a sub-  
102 standard policy, that the present value, at the date of is-  
103 sue of the policy, of all such adjusted premiums shall be  
104 equal to the sum of (i) the then present value of the fu-  
105 ture guaranteed benefits provided for by the policy; (ii)  
106 two per cent of the amount of insurance, if the insurance  
107 be uniform in amount, or of the equivalent uniform  
108 amount, as hereinafter defined, if the amount of insurance  
109 varies with duration of the policy; (iii) forty per cent of

110 the adjusted premium for the first policy year; (iv) twen-  
111 ty-five per cent of either the adjusted premium for the  
112 first policy year or the adjusted premium for a whole life  
113 policy of the same uniform or equivalent uniform amount  
114 with uniform premiums for the whole of life issued at the  
115 same age for the same amount of insurance, whichever  
116 is less: *Provided, however,* That in applying the percent-  
117 ages specified in (iii) and (iv) above, no adjusted pre-  
118 mium shall be deemed to exceed four per cent of the  
119 amount of insurance or level amount equivalent thereto.  
120 The date of issue of a policy for the purpose of this sub-  
121 section shall be the date as of which the rated age of the  
122 insured is determined.

123 In the case of a policy providing an amount of insurance  
124 varying with duration of the policy, the equivalent uni-  
125 form amount thereof for the purpose of this subsection  
126 shall be deemed to be the level amount of insurance pro-  
127 vided by an otherwise similar policy, containing the same  
128 endowment benefit or benefits, if any, issued at the same  
129 age and for the same term, the amount of which does not  
130 vary with duration and the benefits under which have the



131 same present value at the date of issue as the benefits  
132 under the policy.

133 Except as otherwise provided in subsection four-a, all  
134 adjusted premiums and present values referred to in this  
135 section shall for all policies of ordinary insurance be cal-  
136 culated on the basis of the Commissioners 1941 Standard  
137 Ordinary Mortality Table: *Provided*, That for any cate-  
138 gory of ordinary insurance issued on female risks, ad-  
139 justed premiums and present values may be calculated  
140 according to an age not more than three years younger  
141 than the actual age of the insured. Such calculations for  
142 all policies of industrial insurance shall be made on the  
143 basis of the 1941 Standard Industrial Mortality Table. All  
144 calculations shall be made on the basis of the rate of in-  
145 terest, not exceeding three and one-half per cent per an-  
146 num, specified in the policy for calculating cash surrender  
147 values and paid-up nonforfeiture benefits: *Provided*, That  
148 in calculating the present value of any paid-up term in-  
149 surance with accompanying pure endowment, if any, of-  
150 fered as a nonforfeiture benefit, the rate of mortality as-  
151 sumed may be not more than one hundred and thirty per

152 cent of the rates of mortality according to such applicable  
153 table: *Provided further*, That for insurance issued on a  
154 substandard basis, the calculation of any such adjusted  
155 premiums and present values may be based on such other  
156 table of mortality as may be specified by the insurer and  
157 approved by the commissioner.

158 (4-a) In the case of ordinary policies issued on or after  
159 the operative date of this subsection four-a as defined  
160 herein, all adjusted premiums and present values referred  
161 to in this section shall be calculated on the basis of the  
162 Commissioners 1958 Standard Ordinary Mortality Table  
163 and the rate of interest, not exceeding three and one-half  
164 per cent per annum, specified in the policy for calculating  
165 cash surrender values and paid-up nonforfeiture benefits:  
166 *Provided*, That for any category of ordinary insurance is-  
167 sued on female risks, adjusted premiums and present  
168 values may be calculated according to an age not more  
169 than three years younger than the actual age of the in-  
170 sured: *Provided, however*, That in calculating the present  
171 value of any paid-up term insurance with accompanying  
172 pure endowment, if any, offered as a nonforfeiture bene-

173 fit, the rates of mortality assumed may be not more than  
174 those shown in the Commissioners 1958 Extended Term  
175 Insurance Table: *Provided further*, That for insurance is-  
176 sued on a substandard basis, the calculation of any such  
177 adjusted premiums and present values may be based on  
178 such other table of mortality as may be specified by the  
179 company and approved by the commissioner.

180 After the effective date of this subsection four-a, any  
181 company may file with the commissioner a written notice  
182 of its election to comply with the provisions of this sub-  
183 section after a specified date before January first, one  
184 thousand nine hundred sixty-six. After the filing of  
185 such notice, then upon such specified date (which shall  
186 be the operative date of this subsection for such company),  
187 this subsection shall become operative with respect to the  
188 ordinary policies thereafter issued by such company. If a  
189 company makes no such election, the operative date of  
190 this subsection for such company shall be January first,  
191 one thousand nine hundred sixty-six.

192 (5) Any cash surrender value and any paid-up nonfor-  
193 feiture benefit, available under the policy in the event of

194 default in a premium payment due at any time other than  
195 on the policy anniversary, shall be calculated with allow-  
196 ance for the lapse of time and the payment of fractional  
197 premiums beyond the last preceding policy anniversary.  
198 All values referred to in subsections two, three, four and  
199 four-a may be calculated upon the assumption that any  
200 death benefit is payable at the end of the policy year of  
201 death. The net value of any paid-up additions, other than  
202 paid-up term additions, shall be not less than the divi-  
203 dends paid to provide such additions. Notwithstanding  
204 the provisions of subsection two, additional benefits pay-  
205 able (a) in the event of death or dismemberment by acci-  
206 dent or accidental means, (b) in the event of total and  
207 permanent disability, (c) as reversionary or deferred  
208 reversionary annuity benefits, (d) as term insurance ben-  
209 efits provided by a rider or supplemental policy provision,  
210 to which, if issued as a separate policy, this subsection  
211 would not apply and (e) as other policy benefits addi-  
212 tional to life insurance and endowment benefits, and pre-  
213 miums for all such additional benefits, shall be disre-  
214 garded in ascertaining cash surrender values and nonfor-

215 feiture benefits required by this section, and no such addi-  
216 tional benefits shall be required to be included in any  
217 paid-up nonforfeiture benefits.

218 (6) This section shall not apply to any reinsurance,  
219 group insurance, pure endowment, annuity or reversion-  
220 ary annuity contract, nor to any term policy of uniform  
221 amount, or renewal thereof, of fifteen years or less ex-  
222 piring before age sixty-six, for which uniform premiums  
223 are payable during the entire term of the policy, nor to  
224 any term policy of decreasing amount on which each ad-  
225 justed premium, calculated as specified in subsections four  
226 and four-a, is less than the adjusted premium so calcu-  
227 lated on a policy issued at the same age and for the same  
228 initial amount of insurance for a term defined as follows—  
229 for ages at issue fifty and under the term shall be fifteen  
230 years, thereafter, the terms shall decrease one year for  
231 each year of age beyond fifty, nor to any policy for which  
232 shall be delivered outside this state through an agent or  
233 other representative of the insurer issuing the policy.

The Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

*W. Jasper*  
Chairman Senate Committee

*J. F. Stem*  
Chairman House Committee

Originated in the Senate.

Takes effect *90 days from* passage.

*H. Meyer*  
Clerk of the Senate

*C. Blankenship*  
Clerk of the House of Delegates

*Ralph Bean*  
President of the Senate

*W. R. Pauley*  
Speaker House of Delegates

The within *approved* this the *10<sup>th</sup>* day of *March*, 1959.

*Seip Underwood*  
Governor

