

WEST VIRGINIA LEGISLATURE

REGULAR SESSION, 1965



ENROLLED

HOUSE BILL No. 753

(By Mr. Hill)



PASSED March 2, 1965

In Effect Ninety days from Passage



FILED IN THE OFFICE OF
JOE F. BURDETT
SECRETARY OF STATE
THIS DATE 3-10-65

753

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House Bill No. 753
(By MR. HILL)

[Passed March 2, 1965; in effect ninety days from passage.]

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 policies.

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:

Article 13. Life Insurance.

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
4 as stated in subsection six, shall be delivered or issued
5 for delivery in this state unless it shall contain in sub-
6 stance the following provisions, or corresponding provi-
7 sions which in the opinion of the commissioner are at
8 least as favorable to the defaulting or surrendering policy-
9 holder:

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

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

22 (c) That a specified paid-up nonforfeiture benefit shall
23 become effective as specified in the policy unless the per-

24 son entitled to make such election elects another avail-
25 able option not later than sixty days after the due date of
26 the premium in default;

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

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

46 (f) A statement that the cash surrender values and
47 the paid-up nonforefeiture benefits available under the
48 policy are not less than the minimum values and bene-
49 fits required by or pursuant to the insurance law of the
50 state in which the policy is delivered; an explanation of
51 the manner in which the cash surrender values and the
52 paid-up nonforfeiture benefits are altered by the exist-
53 ence of any paid-up additions credited to the policy or
54 any indebtedness to the company on the policy; if a de-
55 tailed statement of the method of computation of the
56 values and benefits shown in the policy is not stated
57 therein a statement that such method of computation has
58 been filed with the insurance supervisory official of the
59 state in which the policy is delivered; and a statement
60 of the method to be used in calculating the cash surren-
61 der value and paid-up nonforfeiture benefit available
62 under the policy on any policy anniversary beyond the
63 last anniversary for which such values and benefits are
64 consecutively shown in the policy.

65 Any of the foregoing provisions or portions thereof,
66 not applicable by reason of the plan of insurance may,

67 to the extent inapplicable, be omitted from the policy.

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

71 (2) Any cash surrender value available under the
72 policy in the event of default in a premium payment due
73 on any policy anniversary, whether or not required by
74 subsection one, shall be an amount not less than the
75 excess, if any, of the present value, on such anniversary,
76 of the future guaranteed benefits which would have been
77 provided for by the policy, including any existing paid-up
78 additions, if there had been no default, over the sum of

79 (i) the then present value of the adjusted premiums as
80 defined in subsections four, four-a and four-b, correspond-
81 ing to premiums which would have fallen due on and
82 after such anniversary, and (ii) the amount of any in-
83 debtedness to the insurer on the policy. Any cash sur-
84 render value available within thirty days after any policy
85 anniversary under any policy paid up by completion of all
86 premium payments or any policy continued under any
87 paid-up nonforfeiture benefit, whether or not required by

88 subsection one, shall be an amount not less than the pres-
89 ent value, on such anniversary, of the future guaranteed
90 benefits provided for by the policy, including any exist-
91 ing paid-up additions decreased by any indebtedness to
92 the insurer on the policy.

93 (3) Any paid-up nonforfeiture benefit available un-
94 der the policy in the event of default in a premium pay-
95 ment due on any policy anniversary shall be such that its
96 present value as of such anniversary shall be at least
97 equal to the cash surrender value then provided for by
98 the policy or, if none is provided for that cash surrender
99 value which would have been required by this section
100 in the absence of the condition that premiums shall have
101 been paid for at least a specific period.

102 (4) Except as provided in the third paragraph of this sub-
103 section, the adjusted premiums for any policy shall be cal-
104 culated on an annual basis and shall be such uniform per-
105 centage of the respective premiums specified in the policy
106 for each policy year, excluding extra premiums on a sub-
107 standard policy, that the present value, at the date of issue
108 of the policy, of all such adjusted premiums shall be equal

109 to the sum of (i) the then present value of the future
110 guaranteed benefits provided for by the policy; (ii) two
111 per cent of the amount of insurance, if the insurance
112 be uniform in amount, or of the equivalent uniform
113 amount, as hereinafter defined, if the amount of insur-
114 ance varies with duration of the policy; (iii) forty per
115 cent of the adjusted premium for the first policy year;
116 (iv) twenty-five per cent of either the adjusted premium
117 for the first policy year or the adjusted premium for a
118 whole life policy of the same uniform or equivalent uni-
119 form amount with uniform premiums for the whole of
120 life issued at the same age for the same amount of in-
121 surance, whichever is less: *Provided, however,* That in
122 applying the percentages specified in (iii) and (iv) above,
123 no adjusted premium shall be deemed to exceed four
124 per cent of the amount of insurance or uniform amount
125 equivalent thereto. The date of issue of a policy for
126 the purpose of this subsection shall be the date as of
127 which the rated age of the insured is determined.

128 In the case of a policy providing an amount of in-
129 surance varying with duration of the policy, the equiva-

130 lent uniform amount thereof for the purpose of this
131 subsection shall be deemed to be the uniform amount
132 of insurance provided by an otherwise similar policy,
133 containing the same endowment benefit or benefits, if
134 any, issued at the same age and for the same term, the
135 amount of which does not vary with duration and the
136 benefits under which have the same present value at the
137 date of issue as the benefits under the policy: *Provided,*
138 *however,* That in the case of a policy providing a varying
139 amount of insurance issued on the life of a child under
140 age ten, the equivalent uniform amount may be com-
141 puted as though the amount of insurance provided by
142 the policy prior to the attainment of age ten were the
143 amount provided by such policy at age ten.

144 The adjusted premiums for any policy providing term
145 insurance benefits by rider or supplemental policy pro-
146 vision shall be equal to (a) the adjusted premiums for
147 an otherwise similar policy issued at the same age with-
148 out such term insurance benefits, increased, during the
149 period for which premiums for such term insurance
150 benefits are payable, by (b) the adjusted premiums for

151 such term insurance, the foregoing items (a) and (b)
152 being calculated separately and as specified in the first
153 two paragraphs of this subsection except that, for the
154 purposes of (ii), (iii) and (iv) of the first such para-
155 graph, the amount of insurance or equivalent uniform
156 amount of insurance used in the calculation of the ad-
157 justed premiums referred to in (b) shall be equal to
158 the excess of the corresponding amount determined for
159 the entire policy over the amount used in the calculation
160 of the adjusted premiums in (a).

161 Except as otherwise provided in subsections four-a
162 and four-b, all adjusted premiums and present values
163 referred to in this section shall for all policies of ordinary
164 insurance be calculated on the basis of the Commissioners
165 1941 Standard Ordinary Mortality Table: *Provided*, That
166 for any category of ordinary insurance issued on female
167 risks, adjusted premiums and present values may be
168 calculated according to an age not more than three years
169 younger than the actual age of the insured, and such cal-
170 culations for all policies of industrial insurance shall be
171 made on the basis of the 1941 Standard Industrial Mor-

172 tality Table. All calculations shall be made on the basis
173 of the rate of interest, not exceeding three and one-half
174 per cent per annum, specified in the policy for calculating
175 cash surrender values and paid-up nonforfeiture benefits:
176 *Provided*, That in calculating the present value of any
177 paid-up term insurance with accompanying pure endow-
178 ment, if any, offered as a nonforfeiture benefit, the rate of
179 mortality assumed may be not more than one hundred
180 and thirty per cent of the rates of mortality according
181 to such applicable table: *Provided, further*, That for in-
182 surance issued on a substandard basis, the calculation of
183 any such adjusted premiums and present values may be
184 based on such other table of mortality as may be speci-
185 fied by the insurer and approved by the commissioner.

186 (4a) In the case of ordinary policies issued on or
187 after the operative date of this subsection four-a as de-
188 fined herein, all adjusted premiums and present values
189 referred to in this section shall be calculated on the basis
190 of the Commissioners 1958 Standard Ordinary Mortality
191 Table and the rate of interest, not exceeding three and
192 one half per cent per annum, specified in the policy for

193 calculating cash surrender values and paid-up nonfor-
194 feiture benefits: *Provided*, That for any category of
195 ordinary insurance issued on female risks, adjusted premi-
196 ums and present values may be calculated according to an
197 age not more than three years younger than the actual
198 age of the insured: *Provided, however*, That in calcu-
199 lating the present value of any paid-up term insurance
200 with accompanying pure endowment, if any, offered as
201 a nonforfeiture benefit, the rates of mortality assumed may
202 be not more than those shown in the Commissioners 1958
203 Extended Term Insurance Table: *Provided further*, That
204 for insurance issued on a substandard basis, the calcula-
205 tion of any such adjusted premiums and present values
206 may be based on such other table of mortality as may be
207 specified by the company and approved by the commissioner.

208 After June third, one thousand nine hundred fifty-nine,
209 any company may file with the commissioner a written
210 notice of its election to comply with the provisions of this
211 subsection after a specified date before January first, one
212 thousand nine hundred sixty-six. After the filing of such
213 notice, then upon such specified date (which shall be

214 the operative date of this subsection for such company),
215 this subsection shall become operative with respect to the
216 ordinary policies thereafter issued by such company. If
217 a company makes no such election, the operative date
218 of this subsection for such company shall be January first,
219 one thousand nine hundred sixty-six.

220 (4b) In the case of industrial policies issued on or
221 after the operative date of this subsection four-b as de-
222 fined herein, all adjusted premiums and present values
223 referred to in this section shall be calculated on the basis
224 of the Commissioners 1961 Standard Industrial Mortality
225 Table and the rate of interest, not exceeding three and
226 one-half per cent per annum, specified in the policy for
227 calculating cash surrender values and paid-up nonfor-
228 feiture benefits: *Provided, however,* That in calculating
229 the present value of any paid-up term insurance with
230 accompanying pure endowment, if any, offered as a non-
231 forfeiture benefit, the rates of mortality assumed may
232 be not more than those shown in the Commissioners 1961
233 Industrial Extended Term Insurance Table: *Provided*
234 *further,* That for insurance issued on a substantial basis,

235 the calculation of any such adjusted premiums and
236 present values may be based on such other table of mor-
237 tality as may be specified by the company and approved
238 by the commissioner.

239 After the effective date of this amendatory act, any
240 company may file with the commissioner a written no-
241 tice of its election to comply with the provisions of this
242 subsection after a specified date before January first,
243 nineteen hundred and sixty-eight. After the filing of
244 such notice, then upon such specified date (which shall
245 be the operative date of this subsection for such com-
246 pany), this subsection shall become operative with re-
247 spect to the industrial policies thereafter issued by such
248 company. If a company makes no such election, the
249 operative date of this subsection for such company shall
250 be January first, nineteen hundred and sixty-eight.

251 (5) Any cash surrender value and any paid-up non-
252 forfeiture benefit, available under the policy in the event
253 of default in a premium payment due at any time other
254 than on the policy anniversary, shall be calculated with
255 allowance for the lapse of time and the payment of

256 fractional premiums beyond the last preceding policy
257 anniversary. All values referred to in subsections two,
258 three, four, four-a, and four-b may be calculated upon
259 the assumption that any death benefit is payable at the
260 end of the policy year of death. The net value of any
261 paid-up additions, other than paid-up term additions, shall
262 be not less than the dividends paid to provide such addi-
263 tions. Notwithstanding the provisions of subsection two,
264 additional benefits payable (a) in the event of death or
265 dismemberment by accident or accidental means, (b) in
266 the event of total and permanent disability, (c) as re-
267 versionary or deferred reversionary annuity benefits,
268 (d) as term insurance benefits provided by a rider or
269 supplemental policy provision to which, if issued as a
270 separate policy, this subsection would not apply, (e) as
271 term insurance on the life of a child or on the lives of
272 children provided in a policy on the life of a parent of
273 the child, if such term insurance expires before the child's
274 age is twenty-six, is uniform in amount after the child's
275 age is one, and has not become paid up by reason of the
276 death of a parent of the child, and (f) as other policy
277 benefits additional to life insurance and endowment

278 benefits, and premiums for all such additional benefits,
279 shall be disregarded in ascertaining cash surrender values
280 and nonforfeiture benefits required by this section, and
281 no such additional benefits shall be required to be in-
282 cluded in any paid-up nonforfeiture benefits.

283 (6) This section shall not apply to any reinsurance,
284 group insurance, pure endowment, annuity or reversion-
285 ary annuity contract, nor to any term policy of uniform
286 amount, or renewal thereof, of fifteen years or less ex-
287 piring before age sixty-six, for which uniform premiums
288 are payable during the entire term of the policy, nor to
289 any term policy of decreasing amount on which each
290 adjusted premium, calculated as specified in subsections
291 four, four-a and four-b, is less than the adjusted premium
292 so calculated on a policy issued at the same age and for
293 the same initial amount of insurance for a term defined
294 as follows—for ages at issue fifty and under, the term
295 shall be fifteen years, thereafter, the terms shall decrease
296 one year for each year of age beyond fifty, nor to any
297 policy for which shall be delivered outside this state
298 through an agent or other representative of the insurer
299 issuing the policy.

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

Roy Parker
Chairman Senate Committee

James W. Loop
Chairman House Committee

Originated in the House.

Takes effect ninety days from passage.

Howard Keegan
Clerk of the Senate

A Blankenship
Clerk of the House of Delegates

Howard Wilson
President of the Senate

H. Laban Tolante
Speaker House of Delegates

The within *approved* this the *10*
day of *March*, 1965.

Huett O. Smith
Governor



Presented to Governor's Office

Apr. 6, 1965

9:55 a.m.