

WEST VIRGINIA LEGISLATURE
REGULAR SESSION, 1974

ENROLLED

Committee Substitute for
SENATE BILL NO. 337

(By Mr. *Nealey and Mr. Poffenberger*)

PASSED _____ 1974

In Effect _____ Passage



FILED IN THE OFFICE
EDGAR F. HEISKELL III
SECRETARY OF STATE

THIS DATE 3-19-74

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ENROLLED

COMMITTEE SUBSTITUTE
FOR

Senate Bill No. 337

(By MR. NEELEY and MR. POFFENBARGER, *original sponsors*)

[Passed March 5, 1974; in effect ninety days from passage.]

AN ACT to amend and reenact section nine, article seven, chapter thirty-three of the code of West Virginia, one thousand nine hundred thirty-one, as amended, relating to the standard valuation law for life insurance policies and annuity contracts; and 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 nine, article seven, chapter thirty-three and 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 7. ASSETS AND LIABILITIES.

§33-7-9. Standard valuation law for life policies.

1 (1) The commissioner shall annually value, or cause
2 to be valued, the reserve liabilities (hereinafter called
3 reserves) for all outstanding life insurance policies and
4 annuity and pure endowment contracts of every life in-
5 surer transacting insurance in this state, except that in the
6 case of an alien insurer such valuation shall be limited to
7 its United States business, and may certify the amount

8 of any such reserves, specifying the mortality table or
9 tables, rate or rates of interest and methods (net level
10 premium method or other) used in the calculation of such
11 reserves.

12 All valuations made by him or by his authority shall
13 be made upon the net premium basis.

14 In every case the standard of valuation employed shall
15 be stated in his annual report.

16 In calculating such reserves, he may use group methods
17 and approximate averages for fractions of a year or other-
18 wise. In lieu of the valuation of the reserves herein
19 required of any foreign or alien insurer, he may accept
20 any valuation made, or caused to be made, by the in-
21 surance supervisory official of any state or other jurisdic-
22 tion when such valuation complies with the minimum
23 standard herein provided and if the official of such state
24 or jurisdiction accepts as sufficient and valid for all legal
25 purposes the certificate of valuation of the commissioner
26 when such certificate states the valuation to have been
27 made in a specified manner according to which the aggre-
28 gate reserves would be at least as large as if they had
29 been computed in the manner prescribed by the law of
30 that state or jurisdiction.

31 Any such insurer which at any time shall have adopted
32 any standard of valuation producing greater aggregate
33 reserves than those calculated according to the minimum
34 standard herein provided may, with the approval of the
35 commissioner, adopt any lower standard of valuation,
36 but not lower than the minimum herein provided.

37 (2) This subsection shall apply to only those policies
38 and contracts issued prior to the original operative date
39 of the Standard Nonforfeiture Law (now section thirty of
40 article thirteen of this chapter). All valuations shall be
41 according to the standard of valuations adopted by the
42 insurer for the obligations to be valued. Any insurer may
43 adopt different standards for obligations of different dates
44 or classes, but if the total value determined by any such
45 standard for the obligation for which it has been adopted
46 shall be less than that determined by the legal minimum
47 standard hereinafter prescribed, or if the insurer adopts

48 no standard, said legal minimum standard shall be
49 used.

50 Except as otherwise provided in subdivision (a) (B) of
51 subsection (3), the legal minimum standard for contracts
52 issued before the first day of January, in the year one
53 thousand nine hundred one, shall be actuaries' or com-
54 bined experience table of mortality with interest at four
55 percent per annum, and for contracts issued on or after
56 said date shall be the "American Experience Table" of
57 mortality with interest at three and one-half percent per
58 annum. Policies issued by insurers doing business in this
59 state may provide for not more than one-year preliminary
60 term insurance: *Provided, however,* That if the premium
61 charged for term insurance under a limited payment life
62 preliminary term policy providing for the payment of
63 all premiums thereof in less than twenty years from the
64 date of the policy, or under an endowment preliminary
65 term policy, exceeds that charged for like insurance under
66 twenty payment life preliminary term policies of the same
67 insurer, the reserve thereon at the end of any year, in-
68 cluding the first, shall not be less than the reserve on a
69 twenty payment life preliminary term policy issued in the
70 same year and at the same age, together with an amount
71 which shall be equivalent to the accumulation of a net
72 level premium sufficient to provide for a pure endowment
73 at the end of the premium payment period, equal to the
74 difference between the value at the end of such period of
75 such a twenty payment life preliminary term policy and
76 a full reserve at such time of such a limited payment life
77 or endowment policy.

78 The commissioner may vary the standards of interest
79 and mortality in the case of alien insurers and in particu-
80 lar cases of invalid lives and other extra hazards.

81 Reserves for all such policies and contracts may be
82 calculated, at the option of the insurer, according to any
83 standards which produce greater aggregate reserves for
84 all such policies and contracts than the minimum reserves
85 required by this subsection.

86 (3) Except as otherwise provided in subdivision (a)
87 (B) of this subsection, this subsection shall apply to only

88 those policies and contracts issued on or after the original
89 operative date of the Standard Nonforfeiture Law (now
90 section thirty of article thirteen of this chapter).

91 (a) (A) Except as otherwise provided in paragraph (B)
92 of this subdivision, the minimum standard for the valua-
93 tion of all such policies and contracts shall be the com-
94 missioners reserve valuation method defined in subdivi-
95 sion (b), three and one-half percent interest, or in the
96 case of policies and contracts, other than annuity and pure
97 endowment contracts, issued on or after the effective date
98 of this amendatory act of 1974 and prior to the first day of
99 January, nineteen hundred eighty-six, four percent in-
100 terest, and the following tables:

101 (i) For all ordinary policies of life insurance issued on
102 the standard basis, excluding any disability and accidental
103 death benefits in such policies—the Commissioners 1941
104 Standard Ordinary Mortality Table for such policies is-
105 sued prior to the operative date of subsection four-a of
106 section thirty, article thirteen of this chapter, and the
107 Commissioners 1958 Standard Ordinary Mortality Table
108 for such policies issued on or after such operative date:
109 *Provided*, That for any category of such policies issued
110 on female risks all modified net premiums and present
111 values referred to in this section may be calculated accord-
112 ing to an age not more than three years younger than the
113 actual age of the insured.

114 (ii) For all industrial life insurance policies issued on
115 the standard basis, excluding any disability and accidental
116 death benefits in such policies—the 1941 Standard Indus-
117 trial Mortality Table for such policies issued prior to the
118 operative date of subsection four-b of section thirty, article
119 thirteen of this chapter, and the Commissioners 1961
120 Standard Industrial Mortality Table for such policies is-
121 sued on or after such operative date.

122 (iii) For individual annuity and pure endowment con-
123 tracts, excluding any disability and accidental death
124 benefits in such policies—the 1937 Standard Annuity
125 Mortality Table or, at the option of the company, the
126 Annuity Mortality Table for 1949, ultimate, or any modi-
127 fication of either of these tables approved by the commis-
128 sioner.

129 (iv) For group annuity and pure endowment contracts,
130 excluding any disability and accidental death benefits in
131 such policies—the Group Annuity Mortality Table for
132 1951, any modification of such table approved by the
133 commissioner, or, at the option of the company, any of the
134 tables or modification of tables specified for individual
135 annuity and pure endowment contracts.

136 (v) For total permanent disability benefits in or supple-
137 mentary to ordinary policies or contracts—for policies or
138 contracts issued on or after the first day of January, one
139 thousand nine hundred sixty-six, the tables of period two
140 disablement rates and the one thousand nine hundred
141 thirty to one thousand nine hundred fifty termination
142 rates of the one thousand nine hundred fifty-two disability
143 study of the society of actuaries, with due regard to the
144 type of benefit; for policies or contracts issued on or after
145 the first day of January, one thousand nine hundred sixty-
146 one and prior to the first day of January, one thousand
147 nine hundred sixty-six, either such tables or, at the option
148 of the company, the Class (3) Disability Table (1926);
149 and for policies issued prior to the first day of January,
150 one thousand nine hundred sixty-one, the Class (3) Disa-
151 bility Table (1926). Any such table shall, for active lives,
152 be combined with a mortality table permitted for calculat-
153 ing the reserves for life insurance policies.

154 (vi) For accidental death benefits in or supplementary
155 to policies—for policies issued on or after the first day of
156 January, one thousand nine hundred sixty-six, the 1959
157 Accidental Death Benefits Table; for policies issued on or
158 after the first day of January, one thousand nine hundred
159 sixty-one and prior to the first day of January, one thou-
160 sand nine hundred sixty-six, either such table or, at the
161 option of the company, the Inter-Company Double Indem-
162 nity Mortality Table; and for policies issued prior to the
163 first day of January, one thousand nine hundred sixty-
164 one, the Inter-Company Double Indemnity Mortality
165 Table. Either table shall be combined with a mortality
166 table permitted for calculating the reserves for life insur-
167 ance policies.

168 (vii) For group life insurance, life insurance issued on
169 the substandard basis and other special benefits—such
170 tables as may be approved by the commissioner.

171 (B) The minimum standard for the valuation of all
172 individual annuity and pure endowment contracts issued
173 on or after the operative date of this paragraph (B), as
174 defined herein, and for all annuities and pure endowments
175 purchased on or after such operative date under group
176 annuity and pure endowment contracts, shall be the com-
177 missioners reserve valuation method defined in subdivi-
178 sion (b) and the following tables and interest rates:

179 (i) For individual annuity and pure endowment con-
180 tracts issued prior to the first day of January, nineteen
181 hundred eighty-six, excluding any disability and acciden-
182 tal death benefits in such contracts—the 1971 Individual
183 Annuity Mortality Table, or any modification of this table
184 approved by the commissioner, and six percent interest
185 for single premium immediate annuity contracts, and four
186 percent interest for all other individual annuity and pure
187 endowment contracts.

188 (ii) For individual annuity and pure endowment con-
189 tracts issued on or after the first day of January, nineteen
190 hundred eighty-six, excluding any disability and acciden-
191 tal death benefits in such contracts—the 1971 Individual
192 Annuity Mortality Table, or any modification of this
193 table approved by the commissioner, and three and one-
194 half percent interest.

195 (iii) For all annuities and pure endowments purchased
196 prior to the first day of January, nineteen hundred eighty-
197 six under group annuity and pure endowment contracts,
198 excluding any disability and accidental death benefits
199 purchased under such contracts—the 1971 Group Annuity
200 Mortality Table, or any modification of this table ap-
201 proved by the commissioner, and six percent interest.

202 (iv) For all annuities and pure endowments purchased
203 on or after the first day of January, nineteen hundred
204 eight-six under group annuity and pure endowment
205 contracts, excluding any disability and accidental death
206 benefits purchased under such contracts—the 1971 Group
207 Annuity Mortality Table, or any modification of this
208 table approved by the commissioner, and three and one-
209 half percent interest.

210 After the effective date of this amendatory act of 1974,
211 any company may file with the commissioner a written

212 notice of its election to comply with the provisions of this
213 paragraph (B) after a specified date before the first day
214 of January, nineteen hundred and seventy-nine, which
215 shall be the operative date of this paragraph (B) for
216 such company, provided that a company may elect a
217 different operative date for individual annuity and pure
218 endowment contracts from that elected for group annuity
219 and pure endowment contracts. If a company makes no
220 such election, the operative date of this paragraph (B)
221 for such company shall be the first day of January, nine-
222 teen hundred and seventy-nine.

223 (b) Reserves according to the commissioners reserve
224 valuation method, for the life insurance and endowment
225 benefits of policies providing for a uniform amount of
226 insurance and requiring the payment of uniform pre-
227 miums shall be the excess, if any, of the present value,
228 at the date of valuation, of such future guaranteed bene-
229 fits provided for by such policies, over the then present
230 value of any future modified net premium therefor. The
231 modified net premiums for any such policy shall be such
232 uniform percentage of the respective contract premiums
233 for such benefits that the present value, at the date of
234 issue of the policy of all such modified net premiums shall
235 be equal to the sum of the then present value of such
236 benefits provided for by the policy and the excess of (A)
237 over (B), as follows:

238 (A) A net level annual premium equal to the present
239 value, at the date of issue, of such benefits provided for
240 after the first policy year, divided by the present value,
241 at the date of issue, of an annuity of one per annum pay-
242 able on the first and each subsequent anniversary of
243 such policy on which the premium falls due: *Provided,*
244 *however,* That such net level annual premium shall not
245 exceed the net level annual premium on the nineteen-
246 year premium whole life plan for insurance of the same
247 amount at an age one year higher than the age at issue
248 of such policy.

249 (B) A net one-year term premium for such benefits
250 provided for in the first policy year.

251 Reserves according to the commissioners reserve valu-
252 ation method for (i) life insurance policies providing for

253 a varying amount of insurance or requiring the payment
254 of varying premiums, (ii) annuity and pure endowment
255 contract (iii) disability and accidental death benefits in
256 all policies and contracts, and (iv) all other benefits,
257 except life insurance and endowment benefits in life insur-
258 ance policies, shall be calculated by a method consistent
259 with the principles of this subdivision (b), except that
260 any extra premiums charged because of impairments or
261 special hazards shall be disregarded in the determination
262 of modified net premiums.

263 (c) In no event shall an insurer's aggregate reserves for
264 all life insurance policies, excluding disability and acci-
265 dental death benefits, be less than the aggregate reserves
266 calculated in accordance with the method set forth in
267 subdivision (b) and the mortality table or tables and
268 rate or rates of interest used in calculating nonforfeiture
269 benefits for such policies.

270 (d) Reserves for any category of policies, contracts or
271 benefits as established by the commissioner may be calcu-
272 lated, at the option of the insurer, according to any stand-
273 ards which produce greater aggregate reserves for such
274 category than those calculated according to the minimum
275 standard herein provided, but the rate or rates of interest
276 used shall not be higher than the corresponding rate or
277 rates of interest used in calculating any nonforfeiture
278 benefits provided for therein: *Provided, however,* That
279 reserves for participating life insurance policies may, with
280 the consent of the commissioner, be calculated according
281 to a rate of interest lower than the rate of interest used
282 in calculating the nonforfeiture benefits in such policies,
283 with the further proviso that if such lower rate differs
284 from the rate used in the calculation of the nonforfeiture
285 benefits by more than one-half percent the insurer issuing
286 such policies shall file with the commissioner a plan pro-
287 viding for such equitable increases, if any, in the cash
288 surrender values and nonforfeiture benefits in such poli-
289 cies as the commissioner shall approve.

290 (e) If the gross premium charged by any life insurer
291 on any policy or contract is less than the net premium for
292 the policy or contract according to the mortality table,
293 rate of interest and method used in calculating the re-

294 serve thereon, there shall be maintained on such policy
 295 or contracts a deficiency reserve in addition to all other
 296 reserves required by law. For each such policy or con-
 297 tract the deficiency reserve shall be the present value,
 298 according to such standard, of an annuity of the difference
 299 between such net premium and the premium charged for
 300 such policy or contract, running for the remainder of the
 301 premium-paying period.

ARTICLE 13. LIFE INSURANCE.

§33-13-30. Standard nonforfeiture law.

1 (1) In the case of policies issued on or after
 2 the original operative date of this provision, no
 3 policy of life insurance, except as stated in sub-
 4 section six, shall be delivered or issued for de-
 5 livery in this state unless it shall contain in
 6 substance the following provisions, or correspond-
 7 ing provisions which in the opinion of the com-
 8 missioner are at least as favorable to the de-
 9 faulting or surrendering policyholder:

10 (a) That, in the event of default in any premium pay-
 11 ment, 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, of
 15 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
 26 of 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 con-
 29 tinued under any paid-up nonforfeiture benefit which

30 became effective on or after the third policy anniversary
31 the insurer 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 on
45 the policy;

46 (f) A statement that the cash surrender values and
47 the paid-up nonforfeiture benefits available under the
48 policy are not less than the minimum values and benefits
49 required by or pursuant to the insurance law of the state
50 in which the policy is delivered; an explanation of the
51 manner in which the cash surrender values and the paid-
52 up nonforfeiture benefits are altered by the existence of
53 any paid-up additions credited to the policy or any in-
54 debtedness to the company on the policy; if a detailed
55 statement of the method of computation of the values
56 and benefits shown in the policy is not stated therein
57 a statement that such method of computation has been
58 filed with the insurance supervisory official of the state
59 in which the policy is delivered; and a statement of the
60 method to be used in calculating the cash surrender value
61 and paid-up nonforfeiture benefit available under the
62 policy on any policy anniversary beyond the last an-
63 niversary for which such values and benefits are con-
64 secutively 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 pay-
69 ment of any cash surrender value for a period of six

70 months after demand therefor with surrender of the
71 policy.

72 (2) Any cash surrender value available under the
73 policy in the event of default in a premium payment due
74 on any policy anniversary, whether or not required by
75 subsection one, shall be an amount not less than the
76 excess, if any, of the present value, on such anniversary,
77 of the future guaranteed benefits which would have been
78 provided for by the policy, including any existing paid-
79 up additions, if there had been no default, over the sum
80 of (i) the then present value of the adjusted premiums
81 as defined in subsections four, four-a and four-b, cor-
82 responding to premiums which would have fallen due on
83 and after such anniversary, and (ii) the amount of any
84 indebtedness to the insurer on the policy. Any cash
85 surrender value available within thirty days after any
86 policy anniversary under any policy paid up by com-
87 pletion of all premium payments or any policy con-
88 tinued under any paid-up nonforfeiture benefit, whether
89 or not required by subsection one, shall be an amount
90 not less than the present value, on such anniversary, of
91 the future guaranteed benefits provided for by the
92 policy, including any existing paid-up additions decreased
93 by any indebtedness to the insurer on the policy.

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

104 (4) Except as provided in the third paragraph of this
105 subsection, the adjusted premiums for any policy shall
106 be calculated on an annual basis and shall be such
107 uniform percentage of the respective premiums speci-
108 fied in the policy for each policy year, excluding extra
109 premiums on a substandard policy, that the present
110 value, at the date of issue of the policy, of all such ad-

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

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

148 The adjusted premiums for any policy providing term
149 insurance benefits by rider or supplemental policy pro-
150 vision shall be equal to (a) the adjusted premiums for
151 an otherwise similar policy issued at the same age with-

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152 out such term insurance benefits, increased, during the
153 period for which premiums for such term insurance
154 benefits are payable, by (b) the adjusted premiums for
155 such term insurance, the foregoing items (a) and (b)
156 being calculated separately and as specified in the first
157 two paragraphs of this subsection except that, for the
158 purposes of (ii), (iii) and (iv) of the first such paragraph,
159 the amount of insurance or equivalent uniform amount
160 of insurance used in the calculation of the adjusted pre-
161 miums referred to in (b) shall be equal to the excess of
162 the corresponding amount determined for the entire
163 policy over the amount used in the calculation of the
164 adjusted premiums in (a).

165 Except as otherwise provided in subsection four-a and
166 four-b, all adjusted premiums and present values re-
167 ferred to in this section shall for all policies of ordinary
168 insurance be calculated on the basis of the Commis-
169 sioners 1941 Standard Ordinary Mortality Table: *Pro-*
170 *vided*, That for any category of ordinary insurance is-
171 sued on female risks, adjusted premiums and present
172 values may be calculated according to an age not more
173 than three years younger than the actual age of the
174 insured, and such calculations for all policies of in-
175 dustrial insurance shall be made on the basis of the
176 1941 Standard Industrial Mortality Table. All calcula-
177 tions shall be made on the basis of the rate of interest,
178 not exceeding three and one-half percent per annum,
179 specified in the policy for calculating cash surrender
180 values and paid-up nonforfeiture benefits: *Provided*, That
181 in calculating the present value of any paid-up term in-
182 surance with accompanying pure endowment, if any,
183 offered as a nonforfeiture benefit, the rate of mortality
184 assumed may be not more than one hundred and thirty
185 percent of the rates of mortality according to such ap-
186 plicable table: *Provided further*, That for insurance is-
187 sued on a substandard basis, the calculation of any
188 such adjusted premiums and present values may be
189 based on such other table of mortality as may be spec-
190 ified by the insurer and approved by the commis-
191 sioner.

192 (4a) In the case of ordinary policies issued on or

193 after the operative date of this subsection four-a as
194 defined herein, all adjusted premiums and present values
195 referred to in this section shall be calculated on the
196 basis of the Commissioners 1958 Standard Ordinary Mor-
197 tality Table and the rate of interest not exceeding
198 three and one-half percent per annum specified in
199 the policy for calculating cash surrender values and
200 paid-up nonforfeiture benefits provided that such rate
201 of interest shall not exceed three and one-half per-
202 cent per annum except that a rate of interest not ex-
203 ceeding four percent per annum may be used for policies
204 issued on or after the effective date of this amendatory
205 act of 1974 and prior to the first day of January, one
206 thousand nine hundred eighty-six: *Provided*, That for
207 any category of ordinary insurance issued on female
208 risks, adjusted premiums and present values may be
209 calculated according to an age not more than three years
210 younger than the actual age of the insured: *Provided*,
211 *however*, That in calculating the present value of any
212 paid-up term insurance with accompanying pure en-
213 dowment, if any, offered as a nonforfeiture benefit, the
214 rates of mortality assumed may be not more than those
215 shown in the Commissioners 1958 Extended Term In-
216 surance Table: *Provided, further*, That for insurance is-
217 sued on a substandard basis, the calculation of any
218 such adjusted premiums and present values may be
219 based on such other table of mortality as may be spec-
220 ified by the company and approved by the commis-
221 sioner.

222 After the third day of June, one thousand nine hundred
223 fifty-nine, any company may file with the commissioner
224 a written notice of its election to comply with the pro-
225 visions of this subsection after a specified date before
226 the first day of January, one thousand nine hundred
227 sixty-six. After the filing of such notice, then upon such
228 specified date (which shall be the operative date of this
229 subsection for such company), this subsection shall be-
230 come operative with respect to the ordinary policies
231 thereafter issued by such company. If a company makes
232 no such election, the operative date of this subsection for

233 such company shall be the first day of January, one
234 thousand nine hundred sixty-six.

235 (4b) In the case of industrial policies issued on or
236 after the operative date of this subsection four-b as de-
237 fined herein, all adjusted premiums and present values
238 referred to in this section shall be calculated on the
239 basis of the Commissioners 1961 Standard Industrial
240 Mortality Table and the rate of interest not exceed-
241 ing three and one-half percent per annum specified
242 in the policy for calculating cash surrender values and
243 paid-up nonforfeiture benefits provided that such rate
244 of interest shall not exceed three and one-half percent
245 per annum except that a rate of interest not exceeding
246 four percent per annum may be used for policies is-
247 sued on or after the effective date of this amendatory
248 act of 1974 and prior to the first day of January, nine-
249 teen hundred eighty-six: *Provided, however,* That in
250 calculating the present value of any paid-up term in-
251 surance with accompanying pure endowment, if any,
252 offered as a nonforfeiture benefit, the rates of mor-
253 tality assumed may be not more than those shown in
254 the Commissioners 1961 Industrial Extended Term In-
255 surance Table: *Provided further,* That for insurance is-
256 sued on a substandard basis, the calculation of any such
257 adjusted premiums and present values may be based
258 on such other table of mortality as may be specified by
259 the company and approved by the commissioner.

260 After the thirty-first day of May, one thousand nine
261 hundred sixty-five, any company may file with the com-
262 missioner a written notice of its election to comply with
263 the provisions of this subsection after a specified date
264 before the first day of January, one thousand nine
265 hundred sixty-eight. After the filing of such notice, then
266 upon such specified date (which shall be the operative
267 date of this subsection for such company), this subsec-
268 tion shall become operative with respect to the industrial
269 policies thereafter issued by such company. If a com-
270 pany makes no such election, the operative date of
271 this subsection for such company shall be the first day
272 of January, one thousand nine hundred sixty-eight.

273 (5) Any cash surrender value and any paid-up non-

274 forfeiture benefit, available under the policy in the event
275 of default in a premium payment due at any time other
276 than on the policy anniversary, shall be calculated with
277 allowance for the lapse of time and the payment of
278 fractional premiums beyond the last preceding policy
279 anniversary. All values referred to in subsections two,
280 three, four, four-a, and four-b may be calculated upon
281 the assumption that any death benefit is payable at the
282 end of the policy year of death. The net value of any
283 paid-up additions, other than paid-up term additions,
284 shall be not less than the dividends paid to provide such
285 additions. Notwithstanding the provisions of subsection
286 two, additional benefits payable (a) in the event of
287 death or dismemberment by accident or accidental means,
288 (b) in the event of total and permanent disability, (c)
289 as reversionary or deferred reversionary annuity benefits,
290 (d) as term insurance benefits provided by a rider or
291 supplemental policy provision to which, if issued as a
292 separate policy, this subsection would not apply, (e) as
293 term insurance on the life of a child or on the lives
294 of children provided in a policy on the life of a parent
295 of the child, if such term insurance expires before the
296 child's age is twenty-six, is uniform in amount after
297 the child's age is one, and has not become paid up by
298 reason of the death of a parent of the child, and (f) as
299 other policy benefits additional to life insurance and
300 endowment benefits, and premiums for all such addi-
301 tional benefits, shall be disregarded in ascertaining cash
302 surrender values and nonforfeiture benefits required by
303 this section, and no such additional benefits shall be
304 required to be included in any paid-up nonforfeiture
305 benefits.

306 (6) This section shall not apply to any reinsurance,
307 group insurance, pure endowment, annuity or reversion-
308 ary annuity contract, nor to any term policy of uniform
309 amount, or renewal thereof, of fifteen years or less ex-
310 piring before age sixty-six, for which uniform premiums
311 are payable during the entire term of the policy, nor
312 to any term policy of decreasing amount on which each
313 adjusted premium, calculated as specified in subsections
314 four, four-a and four-b, is less than the adjusted pre-

315 mium so calculated on a policy issued at the same age
316 and for the same initial amount of insurance for a term
317 defined as follows—for ages at issue fifty and under,
318 the term shall be fifteen years, thereafter, the terms
319 shall decrease one year for each year of age beyond
320 fifty, nor to any policy which shall be delivered out-
321 side this state through an agent or other representative
322 of the insurer issuing the policy.

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

H. Darrel Deley
Chairman Senate Committee

Clarence B. Christman
Chairman House Committee

Originated in the Senate.

In effect ninety days from passage.

Harold W. Carson
Clerk of the Senate

C. A. Blankenship
Clerk of the House of Delegates

H. D. Brotherton, Jr.
President of the Senate

Lewis J. Mans
Speaker House of Delegates

The within approved this the 18th
day of March, 1974.

Arch A. Shaw, Jr.
Governor

PRESENTED TO THE
GOVERNOR

date 3/8/74

time 11:47 a.m.