

# **WEST VIRGINIA CODE: §33-13-8**

## **§33-13-8. Loans on policies.**

(a) There shall be a provision that after the policy has a cash surrender value and while no premium is in default beyond the grace period for payment, the insurer will advance, on proper assignment of pledge of the policy and on the sole security thereof, at a specified rate of interest not exceeding eight percent per annum, or seven and four-tenths percent per annum if payable annually in advance, an amount equal to or, at the option of the party entitled thereto, less than the loan value of the policy. The loan value of the policy shall be at least equal to the cash surrender value at the end of the then current policy year: Provided, That the insurer may deduct, either from such loan value or from the proceeds of the loan, any existing indebtedness not already deducted in determining such cash surrender value including any interest then accrued but not due, any unpaid balance of premium for the current policy year, and interest on the loan to the end of the current policy year. The policy may also provide that if interest on any indebtedness is not paid when due it shall then be added to the existing indebtedness and shall bear interest at the same rate, and that if and when the total indebtedness on the policy, including interest due or accrued, equals or exceeds the amount of the loan value thereof, then the policy shall terminate and become void. The policy shall reserve to the insurer the right to defer the granting of a loan, other than for the payment of any premium to the insurer, for six months after application therefor. The policy, at the insurer's option, may provide for automatic premium loan, subject to an election of the party entitled to elect. In any policy issued by conversion of a term insurance policy in force prior to the effective date of this act, the policyholder shall be entitled to a loan at an interest rate in effect on the date of original purchase.

(b) This section shall not apply to term policies nor to term insurance benefits provided by rider or supplemented policy provision.

(c) This section shall not impair the terms and conditions of any policy of life insurance in force prior to the effective date thereof.

(d) As a condition for approval of a policy loan interest rate in excess of six percent per annum, but not in excess of the rate provided in this section, the Insurance Commissioner shall require the insurer to furnish such assurances as he deems necessary that the holders of such policies will benefit through higher dividends or lower premiums or both.