

WEST VIRGINIA LEGISLATURE

REGULAR SESSION, 1951



ENROLLED

HOUSE BILL No. 235

(By Mr. Meadows)



PASSED March 6, 1951

In Effect ninety days from Passage



235

ENROLLED

House Bill No. 235

(By Mr. MEADOWS)

[Passed March 6, 1951: in effect ninety days from passage.]

AN ACT to amend and reenact section eighteen-a, article three, chapter thirty-three of the code of West Virginia, one thousand nine hundred thirty-one, as amended by chapter seventy-seven, acts of the Legislature, regular session, one thousand nine hundred forty-five, relating to nonforfeiture benefits provided in life insurance policies.

Be it enacted by the Legislature of West Virginia:

That section eighteen-a, article three, chapter thirty-three of the code of West Virginia, one thousand nine hundred thirty-one, as amended by chapter seventy-seven, acts of the Legislature, regular session, one thousand nine hundred forty-five, be amended and reenacted to read as follows:

Section 18-a. *Standard Nonforfeiture Law.*—(1) In the
2 case of policies issued on or after the operative date of
3 this section, as defined in subsection seven, no policy of
4 life insurance, except as stated in subsection six, shall

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

10 (a) That, in the event of default in any premium pay-
11 ment, the company 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 stipu-
14 lated in the policy, effective as of such due date, of such
15 value as may be hereinafter specified;

16 (b) That, upon surrender of the policy within sixty days
17 after the due date of any premium payment in default
18 after premiums have been paid for at least three full
19 years, the company will pay, in lieu of any paid-up non-
20 forfeiture benefit, a cash surrender value of such amount
21 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 available

25 option not later than sixty days after the due date of the
26 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 com-
31 pany will pay, upon surrender of the policy within thirty
32 days after any policy anniversary, a cash surrender value
33 of such amount as may be hereinafter specified;

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

45 (f) A statement of the method to be used in calculating

46 the cash surrender value and the paid-up nonforfeiture
47 benefit available under the policy on any policy anni-
48 versary with an explanation of the manner in which the
49 cash surrender values and the paid-up nonforfeiture bene-
50 fits are altered by the existence of any paid-up additions
51 credited to the policy or any indebtedness to the company
52 on the policy.

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

56 The company shall reserve the right to defer the pay-
57 ment of any cash surrender value for a period of six
58 months after demand therefor with surrender of the
59 policy.

60 (2) Any cash surrender value available under the policy
61 in the event of default in a premium payment due on any
62 policy anniversary, whether or not required by subsection
63 one, shall be an amount not less than the excess, if any,
64 of the present value, on such anniversary, of the future
65 guaranteed benefits which would have been provided for
66 by the policy, including any existing paid-up additions,

67 if there had been no default, over the sum of (i) the then
68 present value of the adjusted premiums as defined in sub-
69 section four, corresponding to premiums which would
70 have fallen due on and after such anniversary, and (ii)
71 the amount of any indebtedness to the company on the
72 policy. Any cash surrender value available within thirty
73 days after any policy anniversary under any policy paid
74 up by completion of all premium payments or any policy
75 continued under any paid-up nonforfeiture benefit,
76 whether or not required by subsection one, shall be an
77 amount not less than the present value, on such anni-
78 versary, of the future guaranteed benefits provided for by
79 the policy, including any existing paid-up additions de-
80 creased by any indebtedness to the company on the
81 policy.

82 (3) Any paid-up nonforfeiture benefit available under
83 the policy in the event of default in a premium payment
84 due on any policy anniversary shall be such that its pres-
85 ent value as of such anniversary shall be at least equal
86 to the cash surrender value then provided for by the
87 policy or, if none is provided for, that cash surrender

88 value which would have been required by this section in
89 the absence of the condition that premiums shall have
90 been paid for at least a specified period.

91 (4) The adjusted premiums for any policy shall be cal-
92 culated on an annual basis and shall be such uniform per-
93 centage of the respective premiums specified in the policy
94 for each policy year that the present value, at the date
95 of issue of the policy, of all such adjusted premiums shall
96 be equal to the sum of (i) the then present value of the
97 future guaranteed benefits provided for by the policy;
98 (ii) two per cent of the amount of insurance, if the insur-
99 ance be uniform in amount, or of the equivalent uniform
100 amount, as hereinafter defined, if the amount of insurance
101 varies with duration of the policy; (iii) forty per cent
102 of the adjusted premium for the first policy year; (iv)
103 twenty-five per cent of either the adjusted premium for
104 the first policy year or the adjusted premium for a whole
105 life policy of the same uniform or equivalent uniform
106 amount with uniform premiums for the whole of life
107 issued at the same age for the same amount of insurance,
108 whichever is less: *Provided, however,* That in applying

109 the percentages specified in (iii) and (iv) above, no ad-
110 justed premium shall be deemed to exceed four per cent
111 of the amount of insurance or level amount equivalent
112 thereto. The date of issue of a policy for the purpose of
113 this subsection shall be the date as of which the rated
114 age of the insured is determined.

115 In the case of a policy providing an amount of insurance
116 varying with duration of the policy, the equivalent level
117 amount thereof for the purpose of this subsection shall
118 be deemed to be the level amount of insurance provided
119 by an otherwise similar policy, containing the same en-
120 dowment benefit or benefits, if any, issued at the same
121 age and for the same term, the amount of which does not
122 vary with duration and the benefits under which have the
123 same present value at the inception of the insurance as
124 the benefits under the policy.

125 All adjusted premiums and present values referred to
126 in this section shall be calculated on the basis of the
127 commissioners one thousand nine hundred forty-one
128 standard ordinary mortality table for ordinary insurance
129 and the one thousand nine hundred forty-one standard

130 industrial mortality table for industrial insurance and the
131 rate of interest, not exceeding three and one-half per cent
132 per annum, specified in the policy for calculating cash sur-
133 render values and paid-up nonforfeiture benefits: *Pro-*
134 *vided*, That in calculating the present value of any paid-
135 up term insurance with accompanying pure endowment,
136 if any, offered as a nonforfeiture benefit, the rates of
137 mortality assumed may be not more than one hundred
138 and thirty per cent of the rates of mortality according
139 to such applicable table: *Provided further*, That for in-
140 surance issued on a sub-standard basis, the calculation of
141 any such adjusted premiums and present values may be
142 based on such other table of mortality as may be specified
143 by the company and approved by the commissioner.

144 (5) Any cash surrender value and any paid-up non-
145 forfeiture benefit, available under the policy in the event
146 of default in a premium payment due at any time other
147 than on the policy anniversary, shall be calculated with
148 allowance for the lapse of time and the payment of frac-
149 tional premiums beyond the last preceding policy anni-
150 versary. All values referred to in subsections two, three

151 and four may be calculated upon the assumption that
152 any death benefit is payable at the end of the policy year
153 of death. The net value of any paid-up additions, other
154 than paid-up term additions, shall be not less than the
155 dividends used to provide such additions. Notwithstand-
156 ing the provisions of subsection two, additional benefits
157 payable (a) in the event of death or dismemberment by
158 accident or accidental means, (b) in the event of total
159 and permanent disability, (c) as reversionary annuity
160 or deferred reversionary annuity benefits, (d) as decreas-
161 ing term insurance benefits provided by a rider or sup-
162 plemental policy provision to which, if issued as a separate
163 policy, this section would not apply and (e) as other
164 policy benefits additional to life insurance and endowment
165 benefits, and premiums for all such additional benefits,
166 shall be disregarded in ascertaining cash surrender values
167 and nonforfeiture benefits required by this section, and
168 no such additional benefits shall be required to be included
169 in any paid-up nonforfeiture benefits.

170 (6) This section shall not apply to any reinsurance,
171 group insurance, pure endowment, annuity or reversion-

172 any annuity contract, nor to any term policy of uniform
173 amount, or renewal thereof, of fifteen years or less
174 expiring before age sixty-six, for which uniform premiums
175 are payable during the entire term of the policy, nor to
176 any term policy of decreasing amount on which each ad-
177 justed premium, calculated as specified in subsection four,
178 is less than the adjusted premium so calculated, on such
179 fifteen year term policy issued at the same age and for
180 the same initial amount of insurance, nor to any policy
181 which shall be delivered outside this state through an
182 agent or other representative of the company issuing the
183 policy.

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

Robert C. Byrd
Chairman Senate Committee

James M. Prop
Chairman House Committee

Originated in the House of Delegates

Takes effect *ninety days from* passage.

Howard M. Thayer
Clerk of the Senate

J. R. Clift
Clerk of the House of Delegates

W. B. Harrison
President of the Senate

W. E. Dean
Speaker House of Delegates

The within *approved* this the *16th* day of *March*, 1951.

Chas. S. Patterson
Governor



1951 in the Office of the Secretary of State
of West Virginia
MAR 16 1951
D. PITT O'BRIEN,
SECRETARY OF STATE