WEST VIRGINIA LEGISLATURE
REGULAR SESSION, 1951

ENROLLED

HOUSE BILL No. 235

(By Mr. Meadows)

PASSED March 6, 1951

In Effect ninety days from Passage
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[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 case of policies issued on or after the operative date of this section, as defined in subsection seven, no policy of life insurance, except as stated in subsection six, shall
be issued or delivered in this state unless it shall contain in substance the following provisions, or corresponding provisions which in the opinion of the commissioner are at least as favorable to the defaulting or surrendering policyholder:

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

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

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

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

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

(f) A statement of the method to be used in calculating
the cash surrender value and the paid-up nonforfeiture
benefit available under the policy on any policy anni-
versary with an explanation of the manner in which the
cash surrender values and the paid-up nonforfeiture bene-
fits are altered by the existence of any paid-up additions
credited to the policy or any indebtedness to the company
on the policy.

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

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

(2) Any cash surrender value available under the policy
in the event of default in a premium payment due on any
policy anniversary, whether or not required by subsection
one, shall be an amount not less than the excess, if any,
of the present value, on such anniversary, of the future
guaranteed benefits which would have been provided for
by the policy, including any existing paid-up additions,
if there had been no default, over the sum of (i) the then
present value of the adjusted premiums as defined in sub-
section four, corresponding to premiums which would
have fallen due on and after such anniversary, and (ii)
the amount of any indebtedness to the company on the
policy. Any cash surrender value available within thirty
days after any policy anniversary under any policy paid
up by completion of all premium payments or any policy
continued under any paid-up nonforfeiture benefit,
whether or not required by subsection one, shall be an
amount not less than the present value, on such anni-
versary, of the future guaranteed benefits provided for by
the policy, including any existing paid-up additions de-
creased by any indebtedness to the company on the
policy.
(3) Any paid-up nonforfeiture benefit available under
the policy in the event of default in a premium payment
due on any policy anniversary shall be such that its pres-
ent value as of such anniversary shall be at least equal
to the cash surrender value then provided for by the
policy or, if none is provided for, that cash surrender
value which would have been required by this section in the absence of the condition that premiums shall have been paid for at least a specified period.

(4) The adjusted premiums for any policy shall be calculated on an annual basis and shall be such uniform percentage of the respective premiums specified in the policy for each policy year that the present value, at the date of issue of the policy, of all such adjusted premiums shall be equal to the sum of (i) the then present value of the future guaranteed benefits provided for by the policy; (ii) two per cent of the amount of insurance, if the insurance be uniform in amount, or of the equivalent uniform amount, as hereinafter defined, if the amount of insurance varies with duration of the policy; (iii) forty per cent of the adjusted premium for the first policy year; (iv) twenty-five per cent of either the adjusted premium for the first policy year or the adjusted premium for a whole life policy of the same uniform or equivalent uniform amount with uniform premiums for the whole of life issued at the same age for the same amount of insurance, whichever is less: Provided, however, That in applying
the percentages specified in (iii) and (iv) above, no ad-
justed premium shall be deemed to exceed four per cent
of the amount of insurance or level amount equivalent
thereto. The date of issue of a policy for the purpose of
this subsection shall be the date as of which the rated
age of the insured is determined.
In the case of a policy providing an amount of insurance
varying with duration of the policy, the equivalent level
amount thereof for the purpose of this subsection shall
be deemed to be the level amount of insurance provided
by an otherwise similar policy, containing the same en-
dowment benefit or benefits, if any, issued at the same
age and for the same term, the amount of which does not
vary with duration and the benefits under which have the
same present value at the inception of the insurance as
the benefits under the policy.
All adjusted premiums and present values referred to
in this section shall be calculated on the basis of the
commissioners one thousand nine hundred forty-one
standard ordinary mortality table for ordinary insurance
and the one thousand nine hundred forty-one standard
industrial mortality table for industrial insurance and the rate of interest, not exceeding three and one-half per cent per annum, specified in the policy for calculating cash surrender values and paid-up nonforfeiture benefits: Provided, That in calculating the present value of any paid-up term insurance with accompanying pure endowment, if any, offered as a nonforfeiture benefit, the rates of mortality assumed may be not more than one hundred and thirty per cent of the rates of mortality according to such applicable table: Provided further, That for insurance issued on a sub-standard basis, the calculation of any such adjusted premiums and present values may be based on such other table of mortality as may be specified by the company and approved by the commissioner.

(5) Any cash surrender value and any paid-up nonforfeiture benefit, available under the policy in the event of default in a premium payment due at any time other than on the policy anniversary, shall be calculated with allowance for the lapse of time and the payment of fractional premiums beyond the last preceding policy anniversary. All values referred to in subsections two, three
and four may be calculated upon the assumption that any death benefit is payable at the end of the policy year of death. The net value of any paid-up additions, other than paid-up term additions, shall be not less than the dividends used to provide such additions. Notwithstanding the provisions of subsection two, additional benefits payable (a) in the event of death or dismemberment by accident or accidental means, (b) in the event of total and permanent disability, (c) as reversionary annuity or deferred reversionary annuity benefits, (d) as decreasing term insurance benefits provided by a rider or supplemental policy provision to which, if issued as a separate policy, this section would not apply and (e) as other policy benefits additional to life insurance and endowment benefits, and premiums for all such additional benefits, shall be disregarded in ascertaining cash surrender values and nonforfeiture benefits required by this section, and no such additional benefits shall be required to be included in any paid-up nonforfeiture benefits.

(6) This section shall not apply to any reinsurance, group insurance, pure endowment, annuity or reversion-
any annuity contract, nor to any term policy of uniform
amount, or renewal thereof, of fifteen years or less
expiring before age sixty-six, for which uniform premiums
are payable during the entire term of the policy, nor to
any term policy of decreasing amount on which each ad-
justed premium, calculated as specified in subsection four,
is less than the adjusted premium so calculated, on such
fifteen year term policy issued at the same age and for
the same initial amount of insurance, nor to any policy
which shall be delivered outside this state through an
agent or other representative of the company issuing the
policy.
The Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

Chairman Senate Committee

Chairman House Committee

Originated in the House of Delegates

Takes effect ninety days from passage.

Clerk of the Senate

Clerk of the House of Delegates

President of the Senate

Speaker House of Delegates

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

Governor

Notary stamp with MAR 16 1951 at West Virginia D. Pitt O'Brien, Secretary of State