WEST VIRGINIA LEGISLATURE
REGULAR SESSION, 1959

ENROLLED
SENATE BILL NO. 204
(By Mr. McKeon)

PASSED March 4, 1959
In Effect 90 days from Passage

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of West Virginia MAR 10 1959
JOE F. BURDETT
SECRETARY OF STATE
ENROLLED

Senate Bill No. 204
(By Mr. Nuckols)

[Passed March 4, 1959; 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 insurance.

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:

Section 30. Standard Nonforfeiture Law.—(1) In the case of policies issued on or after the original operative date of this provision, no policy of life insurance, except as stated in subsection six, shall be delivered or issued for
delivery 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 pay-
ment, the insurer will grant, upon proper request not la-
ter than sixty days after the due date of the premium in
default, a paid-up nonforfeiture benefit on a plan stipu-
lated 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 insurer 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 per-
son 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 insurer 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, together 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 dividends or paid-up additions credited to the policy and that there is no indebtedness to the insurer on the policy;

(f) A statement that the cash surrender values and the paid-up nonforfeiture benefits available under the policy are not less than the minimum values and benefits re-
quired by or pursuant to the insurance law of the state in which the policy is delivered; an explanation of the manner in which the cash surrender values and the paid-up nonforfeiture benefits are altered by the existence of any paid-up additions credited to the policy or any indebtedness to the company on the policy; if a detailed statement of the method of computation of the values and benefits shown in the policy is not stated therein, a statement that such method of computation has been filed with the insurance supervisory official of the state in which the policy is delivered; and a statement of the method to be used in calculating the cash surrender value and paid-up nonforfeiture benefit available under the policy on any policy anniversary beyond the last anniversary for which such values and benefits are consecutively shown in 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 insurer shall reserve the right to defer the payment 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 subsections four and four-a, corresponding to premiums which would have fallen due on and after such anniversary, and (ii) the amount of any indebtedness to the insurer 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 anniversary, of the future guaranted benefits provided for by the policy, including any existing paid-up additions decreased by any indebtedness to the insurer 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 present 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, excluding extra premiums on a substandard policy, 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 guaranted 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 adjusted 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 uniform 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 endowment 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 date of issue as the benefits under the policy.

Except as otherwise provided in subsection four-a, all adjusted premiums and present values referred to in this section shall for all policies of ordinary insurance be calculated on the basis of the Commissioners 1941 Standard Ordinary Mortality Table: Provided, That for any category of ordinary insurance issued on female risks, adjusted premiums and present values may be calculated according to an age not more than three years younger than the actual age of the insured. Such calculations for all policies of industrial insurance shall be made on the basis of the 1941 Standard Industrial Mortality Table. All calculations shall be made on the basis of 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 rate of mortality assumed may be not more than one hundred and thirty per
152 cent of the rates of mortality according to such applicable
153 table: Provided further, That for insurance issued on a
154 substandard basis, the calculation of any such adjusted
155 premiums and present values may be based on such other
156 table of mortality as may be specified by the insurer and
157 approved by the commissioner.

158 (4-a) In the case of ordinary policies issued on or after
159 the operative date of this subsection four-a as defined
160 herein, all adjusted premiums and present values referred
161 to in this section shall be calculated on the basis of the
162 Commissioners 1958 Standard Ordinary Mortality Table
163 and the rate of interest, not exceeding three and one-half
164 per cent per annum, specified in the policy for calculating
165 cash surrender values and paid-up nonforfeiture benefits:
166 Provided, That for any category of ordinary insurance is-
167 sued on female risks, adjusted premiums and present
168 values may be calculated according to an age not more
169 than three years younger than the actual age of the in-
170 sured: Provided, however, That in calculating the present
171 value of any paid-up term insurance with accompanying
172 pure endowment, if any, offered as a nonforfeiture bene-
fit, the rates of mortality assumed may be not more than
those shown in the Commissioners 1958 Extended Term
Insurance Table: *Provided further*, That for insurance is-
 sued on a substandard 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.

After the effective date of this subsection four-a, any
company may file with the commissioner a written notice
of its election to comply with the provisions of this sub-
section after a specified date before January first, one
thousand nine hundred sixty-six. After the filing of
such notice, then upon such specified date (which shall
be the operative date of this subsection for such company),
this subsection shall become operative with respect to the
ordinary policies thereafter issued by such company. If a
company makes no such election, the operative date of
this subsection for such company shall be January first,
one thousand nine hundred sixty-six.

(5) Any cash surrender value and any paid-up nonfor-
fite 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, four and four-a 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 paid 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 or deferred reversionary annuity benefits, (d) as term insurance benefits provided by a rider or supplemental policy provision, to which, if issued as a separate policy, this subsection 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 nonfor-
feiture benefits required by this section, and no such addi-
tional 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-
ary annuity contract, nor to any term policy of uniform
amount, or renewal thereof, of fifteen years or less ex-
piring 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 subsections four
and four-a, is less than the adjusted premium so calcu-
lated on a policy issued at the same age and for the same
initial amount of insurance for a term defined as follows—
for ages at issue fifty and under the term shall be fifteen
years, thereafter, the terms shall decrease one year for
each year of age beyond fifty, nor to any policy for which
shall be delivered outside this state through an agent or
other representative of the insurer 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 Senate.

Takes effect 90 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 10th day of March, 1959.

Governor