

WEST VIRGINIA LEGISLATURE

REGULAR SESSION, 1961



ENROLLED

HOUSE BILL No. 197 ✓

(By Mr. *Boarf*)



PASSED *March 1st* 1961

In Effect *sixty days from* Passage



Filed in Office of the Secretary of State

of West Virginia *March 8, 1961*

JOE F. BURDETT

SECRETARY OF STATE

192

ENROLLED

# House Bill No. 192

(By MR. BOARD)

---

[Passed March 1, 1961; 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  
2 case of policies issued on or after the original operative  
3 date of this provision, no policy of life insurance,  
4 except as stated in subsection six, shall be deliver-  
5 ed or issued for delivery in this state unless it shall  
6 contain in substance the following provisions, or

7 corresponding provisions which in the opinion of the  
8 commissioner are at least as favorable to the de-  
9 faulting or surrendering policyholder:

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

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

23 (c) That a specified paid-up nonforfeiture benefit shall  
24 become effective as specified in the policy unless the per-  
25 son entitled to make such election elects another avail-  
26 able option not later than sixty days after the due date  
27 of the premium in default;

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

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

46 (f) A statement that the cash surrender values and the  
47 paid-up nonforfeiture benefits available under the policy  
48 are not less than the minimum values and benefits re-

49 quired 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 and  
56 benefits shown in the policy is not stated therein a state-  
57 ment that such method of computation has been filed  
58 with the insurance supervisory official of the state in  
59 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 anni-  
63 versary for which such values and benefits are consecu-  
64 tively shown in the policy.

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

68 The insurer shall reserve the right to defer the payment  
69 of any cash surrender value for a period of six months

70 after demand therefor with surrender of the policy.

71 (2) Any cash surrender value available under the  
72 policy in the event of default in a premium payment due  
73 on any policy anniversary, whether or not required by  
74 subsection one, shall be an amount not less than the ex-  
75 cess, if any, of the present value, on such anniversary, of  
76 the future guaranteed benefits which would have been  
77 provided for by the policy, including any existing paid-up  
78 additions, if there had been no default, over the sum of  
79 (i) the then present value of the adjusted premiums as  
80 defined in subsections four and four-a, corresponding to  
81 premiums which would have fallen due on and after  
82 such anniversary, and (ii) the amount of any indebted-  
83 ness to the insurer on the policy. Any cash surrender  
84 value available within thirty days after any policy anni-  
85 versary under any policy paid up by completion of all  
86 premium payments or any policy continued under any  
87 paid-up nonforfeiture benefit, whether or not required  
88 by subsection one, shall be an amount not less than the  
89 present value, on such anniversary, of the future guar-

90 anteed benefits provided for by the policy, including any  
91 existing paid-up additions decreased by any indebtedness  
92 to the insurer on the policy.

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

102 (4) Except as provided in the third paragraph of  
103 this subsection, the adjusted premiums for any policy  
104 shall be calculated on an annual basis and shall be such  
105 uniform percentage of the respective premiums specified  
106 in the policy for each policy year, excluding extra prem-  
107 iums on a substandard policy, that the present value, at  
108 the date of issue of the policy, of all such adjusted prem-  
109 iums shall be equal to the sum of (i) the then present  
110 value of the future guaranteed benefits provided for by

111 the policy; (ii) two percent of the amount of insurance,  
112 if the insurance be uniform in amount, or of the  
113 equivalent uniform amount, as hereinafter defined,  
114 if the amount of insurance varies with duration  
115 of the policy; (iii) forty per cent of the adjusted  
116 premium for the first policy year; (iv) twenty-five  
117 per cent of either the adjusted premium for the first  
118 policy year or the adjusted premium for a whole  
119 life policy of the same uniform or equivalent uni-  
120 form amount with uniform premiums for the whole of  
121 life issued at the same age for the same amount of in-  
122 surance, whichever is less: *Provided, however,* That in  
123 applying the percentages specified in (iii) and (iv)  
124 above, no adjusted premium shall be deemed to exceed  
125 four per cent of the amount of insurance or uniform  
126 amount equivalent thereto. The date of issue of a policy  
127 for the purpose of this subsection shall be the date as of  
128 which the rated age of the insured is determined.

129 In the case of a policy providing an amount of insur-  
130 ance varying with duration of the policy, the equivalent  
131 uniform amount thereof for the purpose of this subsec-

132 tion shall be deemed to be the uniform amount of insur-  
133 ance provided by an otherwise similar policy, contain-  
134 ing the same endowment benefit or benefits, if any, issued  
135 at the same age and for the same term, the amount of  
136 which does not vary with duration and the benefits un-  
137 der which have the same present value at the date of  
138 issue as the benefits under the policy: *Provided, how-*  
139 *ever,* That in the case of a policy providing a varying  
140 amount of insurance issued on the life of a child under  
141 age ten, the equivalent uniform amount may be com-  
142 puted as though the amount of insurance provided by  
143 the policy prior to the attainment of age ten were the  
144 amount provided by such policy at age ten.

145 The adjusted premiums for any policy providing term  
146 insurance benefits by rider or supplemental policy pro-  
147 vision shall be equal to (a) the adjusted premiums for  
148 an otherwise similar policy issued at the same age with-  
149 out such term insurance benefits, increased, during the  
150 period for which premiums for such term insurance  
151 benefits are payable, by (b) the adjusted premiums for  
152 such term insurance, the foregoing items (a) and (b)

153 being calculated separately and as specified in the first  
154 two paragraphs of this subsection except that, for the  
155 purposes of (ii), (iii) and (iv) of the first such para-  
156 graph, the amount of insurance or equivalent uniform  
157 amount of insurance used in the calculation of the ad-  
158 justed premiums referred to in (b) shall be equal to the  
159 excess of the corresponding amount determined for the  
160 entire policy over the amount used in the calculation  
161 of the adjusted premiums in (a).

162 Except as otherwise provided in subsection four-a, all  
163 adjusted premiums and present values referred to in  
164 this section shall for all policies of ordinary insurance  
165 be calculated on the basis of the commissioners one thou-  
166 sand nine hundred and forty-one standard ordinary mor-  
167 tality table: *Provided*, That for any category of ordin-  
168 ary insurance issued on female risks, adjusted premiums  
169 and present values may be calculated according to an age  
170 not more than three years younger than the actual age  
171 of the insured. Such calculations for all policies of in-  
172 dustrial insurance shall be made on the basis of the one  
173 thousand nine hundred forty-one standard industrial

174 mortality table. All calculations shall be made on the  
175 basis of the rate of interest, not exceeding three and one-  
176 half percent per annum, specified in the policy for calcu-  
177 culating cash surrender values and paid-up nonforfeiture  
178 benefits: *Provided*, That in calculating the present value  
179 of any paid-up term insurance with accompanying  
180 pure endowment, if any, offered as a nonforfeiture bene-  
181 fit, the rate of mortality assumed may be not more than  
182 one hundred and thirty per cent of the rates of mortality  
183 according to such applicable table: *Provided further*,  
184 That for insurance issued on a substandard basis, the  
185 the calculation of any such adjusted premiums and pres-  
186 ent values may be based on such other table of mortality  
187 as may be specified by the insurer and approved by the  
188 commissioner.

189 (4-a) In the case of ordinary policies issued on or  
190 after the operative date of this subsection four-a as de-  
191 fined herein, all adjusted premiums and present values  
192 referred to in this section shall be calculated on the basis  
193 of the commissioners one thousand nine hundred  
194 fifty-eight standard ordinary mortality table and the

195 rate of interest, not exceeding three and one-half per cent  
196 per annum, specified in the policy for calculating cash  
197 surrender values and paid-up nonforfeiture benefits:  
198 *Provided*, That for any category of ordinary insurance is-  
199 sued on female risks, adjusted premiums and present val-  
200 ues may be calculated according to an age not more than  
201 three years younger than the actual age of the insured:  
202 *Provided, however*, That in calculating the present value  
203 of any paid-up term insurance with accompanying pure  
204 endowment, if any, offered as a nonforfeiture benefit, the  
205 rates of mortality assumed may be not more than those  
206 shown in the commissioners one thousand nine hundred  
207 fifty-eight extended term insurance table: *Provided*  
208 *further*, That for insurance issued on a substandard basis,  
209 the calculation of any such adjusted premiums and pres-  
210 ent values may be based on such other table of mortality  
211 as may be specified by the company and approved by the  
212 commissioner.

213 After the effective date of this subsection four-a, any  
214 company may file with the commissioner a written notice  
215 of its election to comply with the provisions of this sub-

216 section after a specified date before January first, one  
217 thousand nine hundred sixty-six. After the filing of  
218 such notice, then upon such specified date (which shall  
219 be the operative date of this subsection for such com-  
220 pany), this subsection shall become operative with  
221 respect to the ordinary policies thereafter issued by such  
222 company. If a company makes no such election, the op-  
223 erative date of this subsection for such company shall be  
224 January first, one thousand nine hundred sixty-six.

225 (5) Any cash surrender value and any paid-up non-  
226 forfeiture benefit, available under the policy in the event  
227 of default in a premium payment due at any time other  
228 than on the policy anniversary, shall be calculated with  
229 allowance for the lapse of time and the payment of frac-  
230 tional premiums beyond the last preceding policy anniver-  
231 sary. All values referred to in subsections two, three, four  
232 and four-a may be calculated upon the assumption that  
233 any death benefit is payable at the end of the policy year  
234 of death. The net value of any paid-up additions, other  
235 than paid-up term additions, shall be not less than the div-  
236 idends paid to provide such addition. Notwithstanding the pro-

237 visions of subsection two, additional benefits payable (a)  
238 in the event of death or dismemberment by accident or ac-  
239 cidental means, (b) in the event of total and permanent  
240 disability, (c) as reversionary or deferred reversionary  
241 annuity benefits, (d) as term insurance benefits provided  
242 by a rider or supplemental policy provision to which, if  
243 issued as a separate policy, this subsection would not ap-  
244 ply, (e) as term insurance on the life of a child or on the  
245 lives of children provided in a policy on the life of a par-  
246 ent of the child, if such term insurance expires before the  
247 child's age is twenty-six, is uniform in amount after the  
248 child's age is one, and has not become paid-up by reason  
249 of the death of a parent of the child, and (f) as other  
250 policy benefits additional to life insurance and endow-  
251 ment benefits, and premiums for all such additional bene-  
252 fits, shall be disregarded in ascertaining cash surrender  
253 values and nonforfeiture benefits required by this sec-  
254 tion, and no such additional benefits shall be required to  
255 be included in any paid-up nonforfeiture benefits.

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

*On*  
*Enrollment*  
*by*  
*OSP*

258 any annuity contract, nor to any term policy of uniform  
259 amount, or renewal thereof, of fifteen years or less ex-  
260 piring before age sixty-six, for which uniform premiums  
261 are payable during the entire term of the policy, nor to  
262 any term policy of decreasing amount on which each ad-  
263 justed premium, calculated as specified in subsections  
264 four and four-a, is less than the adjusted premium so cal-  
265 culated on a policy issued at the same age and for the  
266 same initial amount of insurance for a term defined as  
267 follows—for ages at issue fifty and under the term shall  
268 be fifteen years, thereafter, the terms shall decrease one  
269 year for each year of age beyond fifty, nor to any policy  
270 for which shall be delivered outside this state through  
271 an agent or other representative of the insurer issuing  
272 the policy.

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

James Davis, Jr.  
Chairman Senate Committee

Mrs. H. H. Withrow  
Chairman House Committee

Originated in the House.

Takes effect virtually from passage.

Thomas Dye  
Clerk of the Senate

Ch Blankenship  
Clerk of the House of Delegates

Howard Hanson  
President of the Senate

Julius W. Singleton Jr.  
Speaker House of Delegates

The within approved this the eight  
day of March, 1961.

W. W. Bann  
Governor

