WEST VIRGINIA LEGISLATURE
REGULAR SESSION, 1961

ENROLLED

HOUSE BILL No. 197
(By Mr. Joe F. Burdett)

PASSED March 10, 1961

In Effect ninety days from passage

Filed in Office of the Secretary of State
of West Virginia March 8, 1961

JOE F. BURDETT
SECRETARY OF STATE
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 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 payment, the insurer 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 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 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 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 guar-
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anteed benefits provided for by the policy, including any
eexisting paid-up additions decreased by any indebtedness
to the insurer on the policy.

(3) Any paid-up nonfeiture 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 specific period.

(4) Except as provided in the third paragraph of
this subsection, 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 prem-
iums on a substandard policy, that the present value, at
the date of issue of the policy, of all such adjusted prem-
iums shall be equal to the sum of (i) the then present
value of the future guaranteed benefits provided for by
the policy; (ii) two percent 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 percent of the adjusted premium for the first policy year; (iv) twenty-five percent 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 percent of the amount of insurance or uniform 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 subsec-
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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
146 The adjusted premiums for any policy providing term
147 insurance benefits by rider or supplemental policy pro-
148 vision shall be equal to (a) the adjusted premiums for
149 an otherwise similar policy issued at the same age with-
150 out such term insurance benefits, increased, during the
151 period for which premiums for such term insurance
152 benefits are payable, by (b) the adjusted premiums for
153 such term insurance, the foregoing items (a) and (b)
being calculated separately and as specified in the first two paragraphs of this subsection except that, for the purposes of (ii), (iii) and (iv) of the first such paragraph, the amount of insurance or equivalent uniform amount of insurance used in the calculation of the adjusted premiums referred to in (b) shall be equal to the excess of the corresponding amount determined for the entire policy over the amount used in the calculation of the adjusted premiums in (a).

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 one thousand nine hundred and forty-one 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 one thousand nine hundred forty-one standard industrial
mortality table. All calculations shall be made on the basis of the rate of interest, not exceeding three and one-half percent 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 cent of the rates of mortality according to such applicable table: Provided further, That for insurance issued 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 insurer and approved by the commissioner.

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

Provided, however, 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 those shown in the commissioners one thousand nine hundred fifty-eight extended term insurance table: Provided further, That for insurance issued 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 com-
pany), this subsection shall become operative with
respect to the ordinary policies thereafter issued by such
company. If a company makes no such election, the op-
erative 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 non-
forfeiture 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 frac-
tional premiums beyond the last preceding policy anniver-
sary. 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 div-
idends paid to provide such addition. Notwithstanding the pro-
visions 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, (e) as term insurance on the life of a child or on the lives of children provided in a policy on the life of a parent of the child, if such term insurance expires before the child's age is twenty-six, is uniform in amount after the child's age is one, and has not become paid-up by reason of the death of a parent of the child, and (f) 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-
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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.

Chairman Senate Committee

Chairman House Committee

Originated in the House.

Takes effect sixtieth day 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 eighth day of March, 1961.

Governor