WEST VIRGINIA LEGISLATURE
REGULAR SESSION, 1965

ENROLLED

HOUSE BILL No. 713

(By Mr. Hill)

PASSED March 24, 1965

In Effect Ninety days from Passage

FILED IN THE OFFICE OF
JOE F. BURDETT
SECRETARY OF STATE
THIS DATE 3-10-65
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 policies.

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:

**Article 13. Life Insurance.**

**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 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 nonforefiture benefits available under the policy are not less than the minimum values and benefits required 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, four-a and four-b, 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 guaranteed 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 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 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
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 insur-
ance 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 uni-
form amount with uniform premiums for the whole of
life issued at the same age for the same amount of in-
surance, 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 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 in-
surance varying with duration of the policy, the equiva-
lent uniform amount thereof for the purpose of this subsection shall be deemed to be the uniform 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: Provided, however, That in the case of a policy providing a varying amount of insurance issued on the life of a child under age ten, the equivalent uniform amount may be computed as though the amount of insurance provided by the policy prior to the attainment of age ten were the amount provided by such policy at age ten.

The adjusted premiums for any policy providing term insurance benefits by rider or supplemental policy provision shall be equal to (a) the adjusted premiums for an otherwise similar policy issued at the same age without such term insurance benefits, increased, during the period for which premiums for such term insurance benefits are payable, by (b) the adjusted premiums for
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 subsections four-a and four-b, 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, and such calculations for all policies of industrial insurance shall be made on the basis of the 1941 Standard Industrial Mor-
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 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.

(4a) 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 1958 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 nonfor-
feiture benefits: Provided, That for any category of
ordinary insurance issued on female risks, adjusted premi-
ums 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 calcu-
lating 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 1958
Extended Term Insurance Table: Provided further, That
for insurance issued on a substandard basis, the calcula-
tion 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 June third, one thousand nine hundred fifty-nine,
any company may file with the commissioner a written
notice of its election to comply with the provisions of this
subsection 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.

(4b) In the case of industrial policies issued on or
after the operative date of this subsection four-b as de-
finied herein, all adjusted premiums and present values
referred to in this section shall be calculated on the basis
of the Commissioners 1961 Standard Industrial 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 nonfor-
feiture benefits: Provided, however, That in calculating
the present value of any paid-up term insurance with
accompanying pure endowment, if any, offered as a non-
forfeiture benefit, the rates of mortality assumed may
be not more than those shown in the Commissioners 1961
Industrial Extended Term Insurance Table: Provided
further, That for insurance issued on a substantial basis,
the calculation of any such adjusted premiums and
present values may be based on such other table of mor-
tality as may be specified by the company and approved
by the commissioner.

After the effective date of this amendatory act, any
cOMPANY may file with the commissioner a written no-
TICE of its election to comply with the provisions of this
subsection after a specified date before January first,
nineteen hundred and sixty-eight. 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 re-
spect to the industrial 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, nineteen hundred and sixty-eight.

(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
fractional premiums beyond the last preceding policy anniversary. All values referred to in subsections two, three, four, four-a, and four-b 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, (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-ary 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 adjusted premium, calculated as specified in subsections four, four-a and four-b, is less than the adjusted premium so calculated 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 House.

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 approve this the 10 day of March, 1965.

Governor
Presented to Governor's Office
Mar. 6, 1965
9:55 a.m.