WEST VIRGINIA LEGISLATURE
REGULAR SESSION, 1977

ENROLLED
SENATE BILL NO. 268

(By Mr. Rutledge, President)  8

PASSED  March 30,  1977

In Effect  from  Passage
AN ACT to amend and reenact section eight, article thirteen, chapter thirty-three of the code of West Virginia, one thousand nine hundred thirty-one, as amended, relating to policy loan interest rates on life insurance.

Be it enacted by the Legislature of West Virginia:

That section eight, 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.

§33-13-8. Loans on policies.

1 (a) There shall be a provision that after the policy has a cash surrender value and while no premium is in default beyond the grace period for payment, the insurer will advance, on proper assignment of pledge of the policy and on the sole security thereof, at a specified rate of interest not exceeding eight percent per annum, or seven and four-tenths percent per annum if payable annually in advance, an amount equal to or, at the option of the party entitled thereto, less than the loan value of the policy. The loan value of the policy shall be at least equal to the cash surrender value at the end of the then current policy year: Provided, That the insurer may deduct, either from such loan value or from the proceeds of the loan, any existing indebtedness not already deducted in determining such cash surrender value including any interest then accrued but not due, any unpaid balance of premium for the current policy year, and interest on the loan to the end of the current policy year. The policy
may also provide that if interest on any indebtedness is 
not paid when due it shall then be added to the existing 
indebtedness and shall bear interest at the same rate, 
and that if and when the total indebtedness on the policy, 
including interest due or accrued, equals or exceeds the 
amount of the loan value thereof, then the policy shall 
terminate and become void. The policy shall reserve to 
the insurer the right to defer the granting of a loan, other 
than for the payment of any premium to the insurer, for 
six months after application therefor. The policy, at the 
insurer's option, may provide for automatic premium loan, 
subject to an election of the party entitled to elect. In any 
policy issued by conversion of a term insurance policy in 
force prior to the effective date of this act, the policy-
holder shall be entitled to a loan at an interest rate in 
effect on the date of original purchase.

(b) This section shall not apply to term policies nor 
to term insurance benefits provided by rider or supple-
mented policy provision.

(c) This section shall not impair the terms and condi-
tions of any policy of life insurance in force prior to the 
effective date of this act.

(d) As a condition for approval of a policy loan in-
terest rate in excess of six percent per annum, but not 
in excess of the rate provided in this section, the insur-
ance commissioner shall require the insurer to furnish 
such assurances as he deems necessary that the holders 
of such policies will benefit through higher dividends 
or lower premiums or both.
The Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

James L. Davis
Chairman Senate Committee

Chairman House Committee

Originated in the Senate.

To take 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 is approved this the 11th day of April 1977.

Governor
APPROVED AND SIGNED BY THE GOVERNOR

Date: April 11, 1977
Time: 3:00 p.m.

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