

WEST VIRGINIA LEGISLATURE

REGULAR SESSION, 1977



ENROLLED

SENATE BILL NO. 268

(By Mr. Gruchter, As President & Mr. Neely)



PASSED March 30, 1977

In Effect unity days from Passage

ENROLLED

Senate Bill No. 268

(By MR. BROTHERTON, MR. PRESIDENT, and MR. NEELEY)

[Passed March 30, 1977; in effect ninety days 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
2 a cash surrender value and while no premium is in de-
3 fault beyond the grace period for payment, the insurer
4 will advance, on proper assignment of pledge of the policy
5 and on the sole security thereof, at a specified rate of
6 interest not exceeding eight percent per annum, or
7 seven and four-tenths percent per annum if payable an-
8 nually in advance, an amount equal to or, at the option
9 of the party entitled thereto, less than the loan value of
10 the policy. The loan value of the policy shall be at least
11 equal to the cash surrender value at the end of the then
12 current policy year: *Provided*, That the insurer may
13 deduct, either from such loan value or from the proceeds
14 of the loan, any existing indebtedness not already deducted
15 in determining such cash surrender value including any
16 interest then accrued but not due, any unpaid balance of
17 premium for the current policy year, and interest on the
18 loan to the end of the current policy year. The policy

19 may also provide that if interest on any indebtedness is
20 not paid when due it shall then be added to the existing
21 indebtedness and shall bear interest at the same rate,
22 and that if and when the total indebtedness on the policy,
23 including interest due or accrued, equals or exceeds the
24 amount of the loan value thereof, then the policy shall
25 terminate and become void. The policy shall reserve to
26 the insurer the right to defer the granting of a loan, other
27 than for the payment of any premium to the insurer, for
28 six months after application therefor. The policy, at the
29 insurer's option, may provide for automatic premium loan,
30 subject to an election of the party entitled to elect. In any
31 policy issued by conversion of a term insurance policy in
32 force prior to the effective date of this act, the policy-
33 holder shall be entitled to a loan at an interest rate in
34 effect on the date of original purchase.

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

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

41 (d) As a condition for approval of a policy loan in-
42 terest rate in excess of six percent per annum, but not
43 in excess of the rate provided in this section, the insur-
44 ance commissioner shall require the insurer to furnish
45 such assurances as he deems necessary that the holders
46 of such policies will benefit through higher dividends
47 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

Lawrence C. Christensen
Chairman House Committee

Originated in the Senate.

To take effect ninety days from passage.

J. DeLeon Jr
Clerk of the Senate

C. Blankenship
Clerk of the House of Delegates

W. T. Borthwick Jr
President of the Senate

Donald L. Kopp
Speaker House of Delegates

The within *is approved* this the *11*

day of *April* 1977.

John P. Rhyll
Governor



APPROVED AND SIGNED BY THE GOVERNOR

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

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