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CHAPTER 15

LIFE INSURANCE

SUBCHAPTER I

GENERAL PROVISIONS

§ 1901. Nature of benefits to be paid

No corporation organized or authorized under the laws of this State to transact life insurance or to pay benefits shall provide in any policy, certificate, contract or agreement issued or made by it for the payment of any insurance, indemnity or benefit in services, goods, wares or merchandise of any kind.

R.S.1954, c. 60, § 160.

§ 1902. Incontestability clause; exceptions

The policy of life insurance together with the application and the medical examination therefor, a copy or photograph of which application without the medical examination shall be indorsed upon or attached to the policy and made a part thereof, shall constitute the entire contract between the parties and shall be incontestable after it shall have been in force during the lifetime of the insured for 2 years from its date, except for nonpayment of premiums and except for violations of the policy relating to the naval or military service in time of war and, at the option of the company, provisions relative to benefits in the event of total and permanent disability and provisions which grant additional insurance specifically against death by accident may be excepted.

R.S.1954, c. 60, § 162.

§ 1903. Holding proceeds of policies in trust

Any life insurance company organized under or created by the laws of this State shall have power to hold the proceeds of any policy issued by it under a trust or other agreement upon such terms and restrictions as to revocation by the policyholder and control by the beneficiaries and with such exemptions from the claims of creditors of beneficiaries other than the policyholder as shall have been agreed to in writing by such company and the policyholder. Such company shall not be required to segregate funds so held but may hold them as a part of its general corporate assets. A foreign or alien company, when authorized by its charter or the laws of its domicile, may exercise any such powers in this State. Nothing contained in this section shall be construed to subject any such company to any other laws or requirements of this State which would not be deemed applicable in the absence of this section.

1963, c. 290.

§ 1904. Certain forms of dividend life insurance prohibited

No life insurance company or association shall deliver or issue for delivery in this State, as a part of or in combination with any insurance, endowment or annuity contract, any agreement or plan, addition to the rights, dividends and benefits arising out of any such insurance, endowment or annuity contract, which provides for the accumulation of funds over a period of years and for payment of all or any part of such accumulated funds only to members or policyholders of a designated group or class who continue as members or policyholders until the end of a specified period of years. Nor shall any such company or association deliver or issue for delivery in this State any individual life insurance policy, which provides that on the death of anyone not specifically named therein the owner or beneficiary of the policy shall receive the payment or granting of anything of value.

1955, c. 248.

SUBCHAPTER II

MINORS

§ 1951. Contracts by or for the benefit of minors

Any person who is not of the full age of 21 years but who is of the age, as determined by the nearest birthday, of not less than 15 years, shall be deemed competent to contract for life insurance upon the life of such minor or upon the life of any person in whom the minor has an insurable interest, for the benefit of such minor or for the benefit of the father, mother, husband, wife, brother or sister, child or children, or any grandparent of such minor, and to exercise and enjoy every right, privilege and benefit which the minor has or to which he may become entitled under any life insurance contract on the life of such minor or person in whom the minor has an insurable interest whether or not such contract was applied for by such minor, subject to the foregoing limitations as to designation of beneficiary.

R.S.1954, c. 60, § 161; 1963, c. 258, § 1.

§ 1952. Validity of discharges for benefits

Any minor domiciled in this State, who shall have attained the age of 18 years, shall be deemed competent to receive, and to give a full acquittance and discharge for a single sum or for periodical payments, not exceeding $1,000 in any one year, payable by a life insurance company under the maturity, death or settlement agreement provisions in effect or elected by such minor under a life insurance policy or annuity contract, provided such policy, contract or agreement shall provide for the payment or payments to such minor and provided that prior to such payment the company has not received written notice of the appointment of a duly qualified guardian of the property of such minor, but no such minor shall be deemed competent to alienate the right to such payment or payments or to anticipate the same. This section shall not be deemed as requiring any insurance company making such payment to determine whether any other insurance company may be effecting a similar payment to the same minor.

1963, c. 258, § 2.

SUBCHAPTER III

NONFORFEITURE PROVISIONS

§ 2001. Minimum nonforfeiture values (March 31, 1877)

Every life insurance policy issued after the 31st day of March, 1877, and before the first day of September, 1931, by any company chartered by this State, which may be forfeited for nonpayment of premiums, including all notes given for premiums or loans, or interest thereon, after it has been in force 3 full years, and which does not provide for a surrender value, at least equivalent to the value arising under the terms of this section and section 2002, is nevertheless continued in force to an extent and for a period to be determined as follows: The net value of the policy, when the premium becomes due and is not paid, shall be ascertained according to the combined experience or actuaries' table of mortality, with interest at the rate of 4% a year. From such net value, there shall be deducted the present value of the differences between the future premiums named in the policy, and the future net premiums on said policy, ascertained according to the rates of mortality and interest, in no event to exceed ¼ of said net value, and in ascertaining said net value, when the premium is payable semiannually or quarterly, there shall be deducted from the net value of the policy, assuming net annual premiums, the net premiums for the unpaid semiannual or quarterly installments for that year which shall not be considered an indebtedness, but as forborne premiums. What remains, after deducting any indebtedness to the company on account of the policy or notes held by the company against the insured, which notes shall be canceled, shall be considered as a net single premium of temporary insurance, and the term for which it will insure shall be determined according to the age of the party at the time of the lapse of the policy and the assumptions of mortality and interest;

but if the policy is an endowment, payable at a time certain, or at death if it should previously occur, then, if what remains exceeds the single net premium of temporary insurance for the balance of the endowment term for the full amount of the policy, such excess shall be considered a net single premium for simple endowment, payable only at the same time as the original endowment, and in case the insured survives to that time. The amount thus payable by the company shall be determined according to the age of the party at the time of the lapse of the policy and the assumptions of mortality and interest.

If the death of the insured occurs within the term of temporary insurance covered by the value of the policy as determined in the preceding paragraph, and if no condition of the insurance other than the payment of premiums has been violated by the insured, the company shall pay the amount of the policy, as if there had been no lapse of the premium, anything in the policy to the contrary notwithstanding. Notice of the claim and proof of the death shall be submitted to the company in the manner provided by the terms of the policy within one year after the death. The company may deduct from the amount insured in the policy the amount compounded at 7% a year of the ordinary life premiums at age of issue, that had been forborne at the time of the death, including the whole year's premium in which the death occurs, not exceeding 5 in number; but any such company may issue to a resident of any other state or country a policy conforming to the laws of such state or country, and not subject to this paragraph and the preceding paragraph.

R.S.1954, c. 60, § 130.

§ 2002. —(September 1, 1931)

The legal minimum standard of value for life insurance policies issued on or after the first day of September, 1931, by any life insurance company chartered by this State, shall be the American Experience Table of Mortality with interest at 3½% per year. Any such life insurance company may, at its option, value its insurance policies issued on and after said day, in accordance with their terms on the basis of the American Men Ultimate Table of Mortality with interest not higher than 3½% per year by the level net premium method. Any such life insurance company may voluntarily value its policies, or any class thereof, according to either of the said tables of mortality at a lower rate of interest than that above prescribed, but not lower than 3% per year.

Whenever any policy of life insurance issued on or after September 1, 1931 by any life insurance company chartered by this State, after being in force 3 full years, shall by its terms lapse or become forfeited by the nonpayment of any premium or any note therefor or any loan on such policy or of any interest on such note or loan, the reserve on such policy computed according to the standard of value adopted by said company in accordance with the preceding paragraph, together with the value of any dividend additions upon said policy, after deducting any indebtedness to the company and the sum of $2.51 for each $100 of the face of said policy, shall upon demand not later than 2 months after the date of lapse with surrender of the policy be applied as a surrender value as agreed upon in the policy, provided if no other option expressed in the policy be availed of by the owner thereof, and if the policy itself does not direct what option shall become operative in default of selection by the owner, the same shall be applied to continue the insurance in force at its full amount including any outstanding dividend additions less any outstanding indebtedness on the policy but without future participation and without the right to loans, so long as such surrender value will purchase nonparticipating temporary insurance at net single premium rates by the standard adopted by the company, at the age of the insured at the time of lapse or forfeiture. In case of any endowment policy, if the sum applicable to the purchase of temporary insurance shall be more than sufficient to continue the insurance to the end of the endowment term named in the policy, the excess shall be used to purchase in the same manner pure endowment insurance payable at the end of the endowment term named in the policy on the conditions on which the original policy was issued. Any attempted waiver of the provisions of this paragraph in any application or policy, or otherwise, shall be void. Any value allowed in lieu thereof shall at least equal the net value of the temporary insurance or of the temporary and pure endowment insurance. Anything herein to the contrary notwithstanding, the net single premium rate employed in computing the term of temporary insurance or the amount of pure endowment insurance granted as a nonforfeiture value under any life insurance policy may at the option of the company be based upon a table of mortality showing rates of mortality not greater than 130% of those shown by the American Men Ultimate Table of Mortality instead of the table used in computing the reserve on the policy, or in case of substandard policies not greater than 130% of the rates of mortality shown by the table of mortality approved by the commissioner for computing the reserve on the policy. The term of temporary insurance shall include the period of grace, if any. Any such life insurance company may issue to a resident of any other state or country a policy conforming to the laws of such state or country and not subject to this section.

R.S.1954, c. 60, § 131.

§ 2003. Nonforfeiture provisions

In the case of policies issued on or after the operative date of sections 2003 to 2008, as defined in section 2008, no policy of life insurance, except as stated in section 2008, shall be issued or delivered 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:

1. Paid-up nonforfeiture benefit. That, in the event of default in any premium payment, the company will grant, upon proper request not later than 60 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.

2. Cash surrender value. That, upon surrender of the policy within 60 days after the due date of any premium payment in default after premiums have been paid for at least 3 full years in the case of ordinary insurance or 5 full years in the case of industrial insurance, the company will pay, in lieu of any paid-up nonforfeiture benefit, a cash surrender value of such amount as may be hereinafter specified.

3. Effective date of benefit. 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 60 days after the due date of the premium in default.

4. Cash surrender value if policy paid up. 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 3rd policy anniversary in the case of ordinary insurance or the 5th policy anniversary in the case of industrial insurance, the company will pay, upon surrender of the policy within 30 days after any policy anniversary, a cash surrender value of such amount as may be hereinafter specified.

5. **Mortality table and interest rate used.** 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 benefit, if any, available under the policy on each policy anniversary either during the first 20 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 company on the policy.

6. **Method used in computing value and benefit.** 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 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.

1961, c. 202, § 1.

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 company shall reserve the right to defer the payment of any cash surrender value for a period of 6 months after demand therefor with surrender of the policy.

R.S.1954, c. 60, § 132; 1961, c. 202, § 1.

§ 2004. Cash surrender value

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 section 2003, 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:

1. **Present value of adjusted premiums.** The then present value of the adjusted premiums as defined in section 2006, corresponding to premiums which would have fallen due on and after such anniversary, and

2. **Amount of indebtedness.** The amount of any indebtedness to the company on the policy. Any cash surrender value available within 30 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 section 2003, 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 company on the policy.

R.S.1954, c. 60, § 133.

§ 2005. Paid-up nonforfeiture benefits

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 sections 2003 to 2008 in the absence of the condition that premiums shall have been paid for at least a specified period.

R.S.1954, c. 60, § 134.

§ 2006. Adjusted premiums

1. **How calculated.** Except as provided in the 4th 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 any extra premiums because of impairments or special hazards, that the present value, at the date of issue of the policy, of all such adjusted premiums shall be equal to the sum of:

A. The then present value of the future guaranteed benefits provided for by the policy;

B. 2% of the amount of insurance, if the insurance be uniform in amount, or the equivalent uniform amount, as hereinafter defined, if the amount of insurance varies with duration of the policy;

C. 40% of the adjusted premium for the first policy year;

D. 25% 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 life issued at the same age for the same amount of insurance, whichever is less.

In applying the percentages specified in paragraphs C and D, no adjusted premium shall be deemed to exceed 4% of the amount of insurance or uniform amount equivalent thereto. The date of issue of a policy for the purpose of this section 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 section 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 that in the case of a policy providing a varying amount of insurance issued on the life of a child under age 10, the equivalent uniform amount may be computed as though the amount of insurance provided by the policy prior to the attainment of age 10 were the amount provided by such policy at age 10.

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 3 paragraphs of this subsection except that, for the purposes of paragraphs B, C and D, 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 2 and 3, all adjusted premiums and present values referred to in sections 2003 to 2008 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 3 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 Mortality Table. All calculations shall be made on the basis of the rate of interest, not exceeding 3½% per year, specified in the policy for calculating cash surrender values and paid-up nonforfeiture benefits. 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 not be more than 130% of the rates of mortality according to such applicable table. 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.

1959, c. 118, § 1; 1961, c. 202, § 2; 1963, c. 119, § 1.

2. **After January 1, 1966.** In the case of ordinary policies issued on or after the operative date of this subsection, all adjusted premiums and present values referred to in sections 2003 to 2008 shall be calculated on the basis of the Commissioners 1958 Standard Ordinary Mortality Table and the rate of interest, not exceeding 3½% per year, 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 3 years younger than the actual age of the insured. 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 1958 Extended Term Insurance Table. 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 September 12, 1959, any company may file with the commissioner a written notice of its election to comply with this subsection after a specified date before January 1, 1966. 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 1, 1966.

1959, c. 118, § 1.

3. **Industrial policies.** In the case of industrial policies issued on or after the operative date of this subsection, all adjusted premiums and present values referred to in sections 2003 to 2008 shall be calculated on the basis of the Commissioners 1961 Standard Industrial Mortality Table and the rate of interest, not exceeding $3\frac{1}{2}\%$ per year, specified in the policy for calculating cash surrender values and paid-up nonforfeiture benefits. 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 not be more than those shown in the Commissioners 1961 Industrial Extended Term Insurance Table. 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 September 21, 1963, any company may file with the commissioner a written notice of its election to comply with this subsection after a specified date before January 1, 1968. 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 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 1, 1968. (1963, c. 119, § 2.)

R.S.1954, c. 60, § 135; 1959, c. 118, § 1; 1961, c. 202, § 2; 1963, c. 119, §§ 1, 2.

§ 2007. Calculation of cash surrender value of certain policies on default

Any cash surrender value and any paid-up nonforfeiture 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 sections 2004 to 2006 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 used to provide such additions. Notwithstanding section 2004, additional benefits payable:

1. **Death or accident.** In the event of death or dismemberment by accident or accidental means;

2. **Total disability.** In the event of total and permanent disability;

3. **Reversionary annuity.** As reversionary annuity or deferred reversionary annuity benefits;

4. **Term insurance benefits.** As term insurance benefits provided by a rider or supplemental policy provision to which, if issued as a separate policy, sections 2003 to 2008 would not apply;

1961, c. 202, § 3.

5. **Child term insurance benefits.** 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 26; 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

1961, c. 202, § 3.

6. **Other policy benefits.** As other policy benefits additional to life insurance and endowment benefits,

1961, c. 202, § 3.

and premiums for all such additional benefits, shall be disregarded in ascertaining cash surrender values and nonforfeiture benefits required by sections 2003 to 2008, and no such additional benefits shall be required to be included in any paid-up nonforfeiture benefits.

R.S.1954, c. 60, § 136; 1961, c. 202, § 3.

§ 2008. Exceptions; title

Sections 2003 to 2008 shall not apply to any reinsurance, group insurance, pure endowment, annuity or reversionary annuity contract, nor to any term policy of uniform amount, or renewal thereof, of 15 years or less expiring before age 66, 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 section 2006, is less than the adjusted premium so calculated, on such 15-year term policy issued at the same age and for the same initial amount of insurance, nor to any policy which shall be delivered outside this State through an agent or other representative of the company issuing the policy.

Sections 2003 to 2008 shall be known as the "Standard Nonforfeiture Law." Any company may file with the commissioner a written notice of its election to comply with such sections after a specified date before January 1, 1948. After the filing of such notice, then upon such specified date, which shall be the operative date for such company, sections 2003 to 2008 shall become operative with respect to the policies thereafter issued by such company. If a company makes no such election, the operative date for such company shall be January 1, 1948.

R.S.1954, c. 60, § 137.

SUBCHAPTER IV

VALUATION

§ 2051. Short title

Sections 2051 to 2057 shall be known as the "Standard Valuation Law".

R.S.1954, c. 60, § 143.

§ 2052. Calculation of reserve liabilities

The commissioner shall annually value, or cause to be valued, the reserved liabilities, hereinafter called reserves, for all outstanding life insurance policies and annuity and pure endowment contracts of every life insurance company doing business in this

State, except that in the case of an alien company, such valuation shall be limited to its United States business, and may certify the amount of any such reserves, specifying the mortality table or tables, rate or rates of interest and methods, net level premium method or other, used in the calculation of such reserves. In calculating such reserves, he may use group methods and approximate averages for fractions of a year or otherwise. In lieu of the valuation of the reserves required of any foreign or alien company, he may accept any valuation made, or caused to be made, by the insurance supervisory official of any state or other jurisdiction when such valuation complies with the minimum standard herein provided and if the official of such state or jurisdiction accepts as sufficient and valid for all legal purposes the certificate of valuation of the commissioner when such certificate states the valuation to have been made in a specified manner according to which the aggregate reserves would be at least as large as if they had been computed in the manner prescribed by the law of that state or jurisdiction.

R.S.1954, c. 60, § 138; 1961, c. 202, § 4.

§ 2053. Minimum standards

The minimum standard for the valuation of all such policies and contracts issued prior to the operative date of the Standard Nonforfeiture Law shall be that provided by the laws in effect immediately prior to such date. The minimum standard for the valuation of all such policies and contracts issued on or after the operative date of the Standard Nonforfeiture Law shall be the commissioners reserve valuation method defined in section 2054, 3½% interest, and the following tables:

1. **Standard Ordinary Mortality Table.** For all ordinary policies of life insurance issued on the standard basis, excluding any disability and accidental death benefits in such policies, —the Commissioners 1941 Standard Ordinary Mortality Table for such policies issued prior to the operative date of section 2006, subsection 2 of the Standard Nonforfeiture Law, as amended, and the Commissioners 1958 Standard Ordinary Mortality Table for such policies issued on or after such operative date; provided that for any category of such policies issued on female risks all modified net premiums and present values referred to in sections 2051 to 2057 may be calculated according to an age not more than 3 years younger than the actual age of the insured.

1959, c. 118, § 2.

2. **Standard Industrial Mortality Table.** For all Industrial life insurance policies issued on the standard basis, excluding any disability and accidental death benefits in such policies,—the 1941 Standard Industrial Mortality Table for such policies issued prior to the operative date of section 2006, subsection 3 of the Standard Nonforfeiture Law, as amended, and the Commissioners 1961 Standard Industrial Mortality Table for such policies issued on or after such operative date.

1963, c. 119, § 3.

3. **Standard Annuity Mortality Table or Annuity Mortality Table.** For individual annuity and pure endowment contracts, excluding any disability and accidental death benefits in such policies—the 1937 Standard Annuity Mortality Table or, at the option of the company, the Annuity Mortality Table for 1949, Ultimate, or any modification of either of these tables approved by the commissioner.

1961, c. 202, § 5.

4. **Group Annuity Mortality Table.** For group annuity and pure endowment contracts, excluding any disability and accidental death benefits in such policies—the Group Annuity Mortality Table for 1951, any modification of such table approved by the commissioner, or, at the option of the company, any of the tables or modifications of tables specified for individual annuity and pure endowment contracts.

1961, c. 202, § 5.

5. **Class (3) Disability Table.** For total and permanent disability benefits in or supplementary to ordinary policies or contracts—for policies or contracts issued on or after January 1, 1966, the tables of Period 2 disablement rates and the 1930 to 1950 termination rates of the 1952 Disability Study of the Society of Actuaries, with due regard to the type of benefit; for policies or contracts issued on or after January 1, 1961 and prior to January 1, 1966, either such tables or, at the option of the company, the Class (3) Disability Table (1926); and for policies issued prior to January 1, 1961, the Class (3) Disability Table (1926). Any such table shall, for active lives, be combined with a mortality table permitted for calculating the reserves for life insurance policies.

1961, c. 202, § 5.

6. **Inter-Company Double Indemnity Mortality Table.** For accidental death benefits in or supplementary to policies—for policies issued on or after January 1, 1966, the 1959 Accidental

Death Benefits Table; for policies issued on or after January 1, 1961 and prior to January 1, 1966, either such table or, at the option of the company, the Inter-Company Double Indemnity Mortality Table; and for policies issued prior to January 1, 1961, the Inter-Company Double Indemnity Mortality Table. Either table shall be combined with a mortality table permitted for calculating the reserves for life insurance policies.

1961, c. 202, § 5.

7. **Group Life Insurance Tables.** For group life insurance, life insurance issued on the substandard basis and other special benefits—such table as may be approved by the commissioner. (1961, c. 202, § 5.)

R.S.1954, c. 60, § 139; 1959, c. 118, § 2; 1961, c. 202, § 5; 1963, c. 119, § 3.

§ 2054. Commissioner's reserve valuation method defined

Reserves according to the commissioners reserve valuation method, for the life insurance and endowment benefits of policies providing for a uniform amount of insurance and requiring the payment of uniform premiums shall be the excess, if any, of the present value, at the date of valuation, of such future guaranteed benefits provided for by such policies, over the then present value of any future modified net premiums therefor. The modified net premiums for any such policy shall be such uniform percentage of the respective contract premiums for such benefits that the present value, at the date of issue of the policy, of all such modified net premiums shall be equal to the sum of the then present value of such benefits provided for by the policy and the excess of 1 over 2, as follows:

1. **Net level annual premium.** A net level annual premium equal to the present value, at the date of issue, of such benefits provided for after the first policy year, divided by the present value, at the date of issue, of an annuity of one per year payable on the first and each subsequent anniversary of such policy on which a premium falls due. Such net level annual premium shall not exceed the net level annual premium on the 19-year premium whole life plan for insurance of the same amount at an age one year higher than the age at issue of such policy.

2. **Net one-year term premium.** A net one-year term premium for such benefits provided for in the first policy year.

Reserves according to the commissioner's reserve valuation method for:

A. Life insurance policies providing for a varying amount of insurance or requiring the payment of varying premiums,

B. Annuity and pure endowment contracts,

C. Disability and accidental death benefits in all policies and contracts, and

D. All other benefits, except life insurance and endowment benefits in life insurance policies,

shall be calculated by a method consistent with the principles of the preceding paragraph, except that any extra premiums charged because of impairments or special hazards shall be disregarded in the determination of modified net premiums.

R.S.1954, c. 60, § 140; 1961, c. 202, § 6.

§ 2055. Amount of aggregate reserves

In no event shall a company's aggregate reserves for all life insurance policies, excluding disability and accidental death benefits, issued on or after the operative date of the Standard Nonforfeiture Law, be less than the aggregate reserves calculated in accordance with the method set forth in section 2054 and the mortality table or tables and rate or rates of interest used in calculating nonforfeiture benefits for such policies.

R.S.1954, c. 60, § 141.

§ 2056. Calculation of reserves

Reserves for all policies and contracts issued prior to the operative date of the Standard Nonforfeiture Law may be calculated, at the option of the company, according to any standards which produce greater aggregate reserves for all such policies and contracts than the minimum reserves required by the laws in effect immediately prior to such date.

Reserves for any category of policies, contracts or benefits as established by the commissioner, issued on or after the operative date of the Standard Nonforfeiture Law, may be calculated, at the option of the company, according to any standards which produce greater aggregate reserves for such category than those calculated according to the minimum standard provided, but the rate or rates of interest used shall not be higher than the corresponding rate or rates of interest used in calculating any nonforfeiture benefits provided for therein. Reserves for participating life insurance policies issued on or after the operative date of the Standard Nonforfeiture Law may, with the consent of the commissioner, be calculated according to a rate of interest lower than the rate of interest used in calculating the nonforfeiture benefits in such policies, with the further proviso that if such lower rate differs from the rate used in the calculation of the nonforfeiture benefits by more than ½% the company issuing such policies shall file with the commissioner a plan providing for such equitable increases, if any, in the cash surrender values and nonforfeiture benefits in such policies as the commissioner shall approve.

Any such company which at any time shall have adopted any standard of valuation producing greater aggregate reserves than those calculated according to the minimum standard herein provided may, with the approval of the commissioner, adopt any lower standard of valuation, but not lower than the minimum herein provided.

R.S.1954, c. 60, § 142.

§ 2057. Deficiency reserve

If the gross premium charged by any life insurance company on any policy or contract issued on or after the operative date of the Standard Nonforfeiture Law is less than the net premium for the policy or contract according to the mortality table, rate of interest and method used in calculating the reserve thereon, there shall be maintained on such policy or contract a deficiency reserve in addition to all other reserves required by law. For each such policy or contract the deficiency reserve shall be the present value, according to such standard, of an annuity of the difference between such net premium and the premium charged for such policy or contract, running for the remainder of the premium-paying period.

R.S.1954, c. 60, § 143.

§ 2058. Bonds valued on principles of amortization

All bonds or other evidences of debt having a fixed term and rate, held by a life insurance company authorized to do business in this State, may, if amply secured and not in default as to principal and interest, be valued upon the principles of amortization. The commissioner shall have full discretion in determining the method of calculating values according to the foregoing principles, and the values found by him in accordance with such method shall be final and binding. Any such corporation may return such bonds or other evidences of debt at their market value or book value, but in no event at an aggregate value exceeding the aggregate of the values calculated according to the foregoing principles.

R.S.1954, c. 60, § 144.

§ 2059. Reinsurance of risks

No life insurance company organized or incorporated under the laws of this State shall reinsure its risks except by permission of the commissioner, but nothing in this Title shall be construed to prevent any life insurance company from reinsuring a fractional part, not exceeding ½ of any individual risk.

R.S.1954, c. 60, § 145.