

# MAINE STATE LEGISLATURE

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# EIGHTY-FIFTH LEGISLATURE

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**Legislative Document**

**No. 50**

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H. P. 123                      House of Representatives, Jan. 22, 1931.  
Referred to Committee on Mercantile Affairs and Insurance  
and 500 copies ordered printed. Sent up for concurrence.

CLYDE R. CHAPMAN, Clerk.

Presented by Mr. Burkett of Portland.

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## STATE OF MAINE

IN THE YEAR OF OUR LORD ONE THOUSAND NINE  
HUNDRED AND THIRTY-ONE

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### AN ACT Relating to Life Insurance Policies.

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Be it enacted by the People of the State of Maine, as follows:

Section 1. Section 133 of Chapter 60 of the Revised Statutes of Maine, 1930 is amended by

(a) inserting after the words and figures "March 31, 1877" in the first line thereof, the words and figures 'and before September 1, 1931';

(b) inserting after the words "thirty-first day of March, eighteen hundred seventy-seven" in the fifth line thereof, the words 'and before the first day of September, nineteen hundred thirty-one'; and

(c) adding to the end of said section the following paragraph:

'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; provided, however, that 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; provided also, that the company may deduct from the amount insured

in the policy the amount compounded at seven per cent a year of the ordinary life premiums at age of issue, that had been foreborne at the time of the death, including the whole year's premium in which the death occurs, not exceeding five 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 and the preceding paragraph.'

Sect. 2. Section 134 of Chapter 60 of the Revised Statutes of Maine, 1930, is hereby repealed and in place thereof the following is hereby enacted as Section 134 of said Chapter 60, viz:

'Sect. 134. The legal minimum standard of value for life insurance policies issued on or after the first day of September, nineteen hundred and thirty-one, by any life insurance company chartered by this state, shall be the American Experience Table of Mortality with interest at three and one-half per centum per annum; provided, however, that 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 three and one-half per centum per annum 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 or mortality at a lower rate of interest than that above prescribed, but not lower than three per centum per annum.

Whenever any policy of life insurance issued on or after September first, nineteen hundred and thirty-one, by any life insurance company chartered by this state, after being in force three 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 of this section, together with the value of any dividend additions upon said policy, after deducting any indebtedness to the company and the sum of two and fifty-one hundredths dollars for each one hundred dollars of the face of said policy, shall upon demand not later than two months after the date of lapse with surrender of the policy

be applied as a surrender value as agreed upon in the policy, provided that 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, provided 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, and provided further that any attempted waiver of the provisions of this paragraph in any application, policy or otherwise, shall be void, and provided further that 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 herein provided for. 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 one hundred and thirty per centum 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 one hundred and thirty per centum of the rates of mortality shown by the table of mortality approved by the insurance commissioner for computing the reserve on the policy. The term of temporary insurance herein provided for shall include the period of grace, if any. But 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.'