

# MAINE STATE LEGISLATURE

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N I N E T Y - S E C O N D      L E G I S L A T U R E

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Legislative Document

No. 609

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H. P. 972

House of Representatives, February 8, 1945.

Referred to Committee on Mercantile Affairs and Insurance. Sent up for concurrence and ordered printed.

HARVEY R. PEASE, Clerk.

Presented by Mr. Vickery of Pittsfield.

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STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
FORTY-FIVE

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AN ACT Relating to the Standard Non-Forfeiture Law and the Standard Valuation Law.

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

Sec. 1. R. S., c. 56, § 116, amended. The 1st paragraph of section 116 of chapter 56 of the revised statutes is hereby amended to read as follows:

~~On and after January 1st, 1944~~ In the case of policies issued on or after the operative date of sections 116 to 121, inclusive, as defined in section 121, no policy of life insurance, except as stated in section 121, 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:

Sec. 2. R. S., c. 56, § 121, amended. The last paragraph of section 121 of chapter 56 of the revised statutes is hereby amended to read as follows:

The provisions of sections 116 to 121, inclusive, shall be effective from January 1, ~~1946~~ 1948, and shall be known as the "Standard Non-Forfeiture Law". Prior to such effective date, any company may file with the insurance commissioner a written notice of its election to comply with the pro-

visions of 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, the provisions of sections 116 to 121, inclusive, 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.'

**Sec. 3. R. S., c. 56, § 123, amended.** The 1st paragraph of section 123 of chapter 56 of the revised statutes is hereby amended to read as follows:

'The minimum standard for the valuation of all such policies and contracts issued prior to ~~January 1, 1946~~ **the operative date of the standard non-forfeiture 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 ~~January 1, 1946~~ **the operative date of the standard non-forfeiture law** shall be the commissioners reserve valuation method defined in section 124, 3½% interest, and the following tables.'

**Sec. 4. R. S., c. 56, § 125, amended.** Section 125 of chapter 56 of the revised statutes is hereby amended to read as follows:

'**Sec. 125. 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 ~~January 1, 1946~~ **the operative date of the standard non-forfeiture law**, be less than the aggregate reserves calculated in accordance with the method set forth in section 124 and the mortality table or tables and rate or rates of interest used in calculating non-forfeiture benefits for such policies.'

**Sec. 5. R. S., c. 56, § 126, amended.** Section 126 of chapter 56 of the revised statutes is hereby amended to read as follows:

'**Sec. 126. Calculation of reserves.** Reserves for all policies and contracts issued prior to ~~January 1, 1946~~ **the operative date of the standard non-forfeiture 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 ~~January 1, 1946~~ **the operative date of the standard non-forfeiture 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 herein 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 non-forfeiture benefits provided for therein. Provided, however, that reserves for participating life insurance policies issued on or after ~~January 1, 1946~~ **the operative date of the standard non-forfeiture 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 non-forfeiture benefits in such policies, with the further proviso that if such lower rate differs from the rate used in the calculation of the non-forfeiture benefits by more than  $\frac{1}{2}\%$  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 non-forfeiture 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.'

**Sec. 6. R. S., c. 56, § 127, amended.** Section 127 of chapter 56 of the revised statutes is hereby amended to read as follows:

'**Sec. 127. Deficiency reserve; effective date; title.** 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 non-forfeiture 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 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.

The provisions of sections 122 to 127, inclusive, shall be effective from ~~January 1, 1946~~ **the operative date of the standard non-forfeiture law**, and shall be known as the "Standard Valuation Law."