

No. 252

AN ACT

Amending the act of May 17, 1921 (P. L. 682), entitled "An act relating to insurance; amending, revising, and consolidating the law providing for the incorporation of insurance companies, and the regulation, supervision, and protection of home and foreign insurance companies, Lloyds associations, reciprocal and interinsurance exchanges, and fire insurance rating bureaus, and the regulation and supervision of insurance carried by such companies, associations, and exchanges, including insurance carried by the State Workmen's Insurance Fund; providing penalties; and repealing existing laws," changing provisions relating to non-forfeiture benefits and cash surrender values required in life insurance policies, and providing for an age set-back in certain cases.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

The Insurance Company Law of 1921.

Section 1. Subsection (d) of section 410 A, act of May 17, 1921 (P. L. 682), known as "The Insurance Company Law of 1921," added May 1, 1945 (P. L. 334) and amended July 19, 1951 (P. L. 1100), is amended to read:

Subsection (d), section 410 A, act of May 17, 1921, P. L. 682, added May 1, 1945, P. L. 334, and amended July 19, 1951, P. L. 1100, further amended.

Section 410 A. Standard Non-Forfeiture Law.—

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(d) (1) 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 charge 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 (i) the then present value of the future guaranteed benefits provided for by the policy; (ii) two per cent of the amount of insurance, if the insurance be uniform in amount, or of the equivalent uniform amount, as hereinafter defined, if the amount of insurance varies with duration of the policy; (iii) forty per cent of the adjusted premium for the first policy year; (iv) twenty-five per cent 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 of life issued at the same age for the same amount of insurance whichever is less: Provided, however, That in applying the percentages specified in (iii) and (iv) above, no adjusted premium shall be deemed to exceed four per cent (4%) of the amount of insurance or level amount equivalent thereto. The date of issue of a policy for the purpose of this subsection 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 subsection shall be deemed to be the level 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, however, That in the case of a policy providing a varying amount of insurance issued on the life of a child under ten, the equivalent uniform amount may be computed as though the amount of insurance provided by the policy prior to the attainment of age ten were the amount provided by such policy at age ten.

[All] *Except as otherwise provided in paragraph (2) of this subsection, all adjusted premiums and present values referred to in this section shall, for all policies of ordinary insurance, be calculated on the basis of the Commissioners 1941 Standard Ordinary Mortality Table [for ordinary insurance and] : 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 three years younger than the actual age of the insured. Such calculations for all policies of industrial insurance shall be made on the basis of the 1941 Standard Industrial Mortality Table [for industrial insurance and]. All calculations shall be made on the basis of the rate of interest not exceeding three and one-half per centum (3½%) per annum, specified on the policy for calculating cash surrender values and paid-up non-forfeiture benefits: Provided, however, That in calculating the present value of any paid-up term insurance with accompanying pure endowment, if any, offered as a non-forfeiture benefit, the rates of mortality assumed may be not more than one hundred and thirty per centum (130%) of the rates of mortality according to such applicable table: Provided further, That for insurance issued on a [substantial] 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 Insurance Commissioner.*

(2) In the case of ordinary policies issued on or after the operative date of this paragraph (2) as defined herein, all adjusted premiums and present values referred to in this section shall be calculated on the basis of the Commissioners 1958 Standard Ordinary Mortality Table and the rate of interest not exceeding three and one-half per centum (3½%) per annum, specified in the policy

for calculating cash surrender values and paid-up non-forfeiture 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 three years younger than the actual age of the insured: And provided further, That in calculating the present value of any paid-up term insurance with accompanying pure endowment, if any, offered as a non-forfeiture benefit, the rates of mortality assumed may be not more than those shown in the Commissioners 1958 Extended Term Insurance Table, and that 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 Insurance Commissioner.

After the effective date of this amending act, any company may file with the Insurance Commissioner a written notice of its election to comply with the provisions of this paragraph (2) after a specified date before January 1, 1966. If a company files such notice, then upon such specified date (which shall be the operative date of this paragraph (2) for such company), this paragraph (2) 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 paragraph (2) for such company shall be January 1, 1966.

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Section 2. This act shall take effect immediately.

Act effective immediately.

APPROVED—The 14th day of August, A. D. 1959.

DAVID L. LAWRENCE

No. 253

AN ACT

Amending the act of May 17, 1921 (P. L. 789), entitled, as amended, "An act relating to insurance; establishing an insurance department; and amending, revising, and consolidating the law relating to the licensing, qualification, regulation, examination, suspension, and dissolution of insurance companies, Lloyds associations, reciprocal and inter-insurance exchanges, and certain societies and orders, the examination and regulation of fire insurance rating bureaus, and the licensing and regulation of insurance agents and brokers; the service of legal process upon foreign insurance companies, associations or exchanges; providing penalties; and repealing existing laws," further regulating the computation of the reserve liability of life insurance companies.