

No. 91

AN ACT

SB 637

Amending the act of May 17, 1921 (P.L.682, No.284), 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 inter-insurance 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," increasing the interest rate for computation of minimum non-forfeiture benefits and cash surrender values required in life insurance policies.

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

Section 1. Paragraphs (2) and (3) of subsection (d) of section 410A, act of May 17, 1921 (P.L.682, No.284), known as "The Insurance Company Law of 1921," amended January 25, 1966 (1965 P.L.1570, No.551), are amended to read:

Section 410A. Standard Non-Forfeiture Law.—

* * *

(d) * * *

(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 (3-1/2%) per annum,] specified in the policy for calculating cash surrender values and paid-up non-forfeiture benefits: *Provided, That such rate of interest shall not exceed three and one-half per centum (3 1/2%) per annum except that a rate of interest not exceeding four per centum (4%) per annum may be used for policies issued on or after the effective date of this amending act of 1976 and prior to January 1, 1986:* *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 August 14, 1959, 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.

(3) In the case of industrial policies issued on or after the operative date of this paragraph (3) as defined herein, all adjusted premiums and present values referred to in this section, shall be calculated on the basis of the Commissioners 1961 Standard Industrial Mortality Table and the rate of interest [not exceeding three and one-half per centum (3-1/2%) per annum,] specified in the policy, for calculating cash surrender values and paid-up non-forfeiture benefits: *Provided, That such rate of interest shall not exceed three and one-half per centum (3 1/2%) per annum except that a rate of interest not exceeding four per centum (4%) per annum may be used for policies issued on or after the effective date of this amending act of 1976 and prior to January 1, 1986:* Provided, 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 1961 Industrial 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] *January 25, 1966*, any company may file with the Insurance Commissioner, a written notice of its election to comply with the provisions of this paragraph (3) after a specified date before January 1, 1970. If a company files such notice, then upon such specified date (which shall be the operative date of this paragraph (3) for such company), this paragraph (3) 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 paragraph (3) for such company shall be January 1, 1970.

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Section 2. This act shall take effect immediately.

APPROVED—The 23rd day of June, A. D. 1976.

MILTON J. SHAPP