

**§2533-A. Additional provisions for policies issued after January 1, 1987**

1. This section, in addition to all other applicable sections of the Standard Nonforfeiture Law for Life Insurance, applies to all policies issued on or after January 1, 1987. Any cash surrender value available under the policy in the event of default in a premium payment due on any policy anniversary must be in an amount that does not differ by more than 2/10ths of 1% of either the amount of insurance, if the insurance be uniform in amount, or the average amount of insurance at the beginning of each of the first 10 policy years, from the sum of:

A. The greater of zero and the basic cash value specified in subsection 2; and [RR 1993, c. 1, §60 (COR).]

B. The present value of any existing paid-up additions less the amount of any indebtedness to the company under the policy. [PL 1983, c. 346, §16 (NEW).]  
[RR 1993, c. 1, §60 (COR).]

2. The basic cash value is equal to the present value, on that anniversary, of the future guaranteed benefits that would have been provided for by the policy, excluding any existing paid-up additions and before deduction of any indebtedness to the insurer, if there had been no default, less the then present value of the nonforfeiture factors, as defined in subsection 3, corresponding to premiums that would have fallen due on and after that anniversary, except that the effects on the basic cash value of supplemental life insurance or annuity benefits or of family coverage, as described in section 2530 or 2532, whichever is applicable, must be the same as are the effects specified in section 2530 or 2532, whichever is applicable on the cash surrender values defined in that section.  
[RR 1993, c. 1, §60 (COR).]

3. The nonforfeiture factor for each policy year must be an amount equal to a percentage of the adjusted premium for the policy year, as defined in section 2532 or 2532-A, whichever is applicable. Except as is required by subsection 4, that percentage:

A. Must be the same percentage for each policy year between the 2nd policy anniversary and the later of the 5th policy anniversary and the first policy anniversary at which there is available under the policy a cash surrender value in an amount, before including any paid-up additions and before deducting any indebtedness, of at least 2/10ths of 1% of either the amount of insurance, if the insurance be uniform in amount, or the average amount of insurance at the beginning of each of the first 10 policy years; and [PL 1983, c. 346, §16 (NEW).]

B. Must be such that no percentage after the later of the 2 policy anniversaries, specified in paragraph A, may apply to fewer than 5 consecutive policy years. [PL 1983, c. 346, §16 (NEW).]  
[RR 1993, c. 1, §60 (COR).]

4. No basic cash value may be less than the value that would be obtained if the adjusted premiums for the policy, as defined in section 2532 or 2532-A, whichever is applicable, were substituted for the nonforfeiture factors in the calculation of the basic cash value.  
[RR 1993, c. 1, §60 (COR).]

5. All adjusted premiums and present values referred to in this section are for a particular policy calculated on the same mortality and interest bases as are used in demonstrating the policy's compliance with the other sections of the Standard Nonforfeiture Law for Life Insurance. The cash surrender values referred to in this section must include any endowment benefits provided for by the policy.  
[RR 1993, c. 1, §60 (COR).]

6. Any cash surrender value available other than in the event of default in a premium payment due on a policy anniversary, and the amount of any paid-up nonforfeiture benefit available under the policy in the event of default in a premium payment must be determined in manners consistent with the manners specified for determining the analogous minimum amounts in sections 2529 to 2532-A and

section 2533. The amounts of any cash surrender values and of any paid-up nonforfeiture benefits granted in connection with additional benefits such as those listed in section 2533, subsections 1 to 6, must conform with the principles of this section.

[RR 1993, c. 1, §60 (COR).]

#### SECTION HISTORY

PL 1983, c. 346, §16 (NEW). RR 1993, c. 1, §60 (COR).

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