

§2543. Nonforfeiture provisions

1. In the case of contracts issued on or after January 1, 1980, no contract of annuity, except as stated in section 2542, shall be delivered in this State unless it contains in substance the following provisions, or corresponding provisions which in the opinion of the superintendent are at least as favorable to the contract holder, upon cessation of payment of considerations under the contract:

A. Upon cessation of payment of considerations under a contract, the insurer will grant a paid-up annuity benefit on a plan stipulated in the contract of such value as is specified in sections 2545 to 2548 and section 2550; [PL 1979, c. 442, §4 (NEW).]

B. If a contract provides for a lump sum settlement at maturity, or at any other time, upon surrender of the contract at or prior to the commencement of any annuity payments, the insurer will pay in lieu of any paid-up annuity benefit a cash surrender benefit of such amount as is specified in sections 2545 to 2548 and section 2550. The insurer shall reserve the right to defer the payment of the cash surrender benefit for a period of 6 months after demand therefor with surrender of the contract; [PL 1979, c. 442, §4 (NEW).]

C. A statement of the mortality table, if any, and interest rates used in calculating any minimum paid-up annuity, cash surrender or death benefits that are guaranteed under the contract, together with sufficient information to determine the amounts of the benefits; and [PL 1979, c. 442, §4 (NEW).]

D. A statement that any paid-up annuity, cash surrender or death benefits that may be available under the contract are not less than the minimum benefits required by any statute of the state in which the contract is delivered and an explanation of the manner in which the benefits are altered by the existence of any additional amounts credited by the insurer to the contract, any indebtedness to the insurer on the contract or any prior withdrawals from or partial surrenders of the contract. [PL 1979, c. 442, §4 (NEW).]

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2. Notwithstanding the requirements of sections 2541 to 2551, any deferred annuity contract may provide that if no considerations have been received under a contract for a period of 2 full years and the portion of the paid-up annuity benefit at maturity on the plan stipulated in the contract arising from considerations paid prior to that period would be less than \$20 monthly, the insurer may at its option terminate the contract by payment in cash of the then present value of that portion of the paid-up annuity benefit, calculated on the basis of the mortality table, if any, and interest rate specified in the contract for determining the paid-up annuity benefit, and by that payment shall be relieved of any further obligation under that contract.

[PL 1979, c. 442, §4 (NEW).]

SECTION HISTORY

PL 1979, c. 442, §4 (NEW).

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