

existing indebtedness to the insurer on or secured by the policy. Provided, however, that after premiums have been paid for ten full years, the policy may be surrendered to the insurer at its home office, within the period of grace, after the due date of the defaulted premium, for a specified cash value at least equal to the sum which would otherwise be available for the purchase of insurance as aforesaid; and provided, further, that the company may defer payment for not more than six months after the application therefor is made. In the event that such application is not made within the required period, it shall be provided that a stipulated form of insurance shall automatically become effective. This section shall not apply to term insurance of twenty years or less.

416. Prohibited Policy Plans; Tie-in Sales With Life Insurance.

No life insurer shall deliver in this State, as a part of or in combination with any insurance, endowment or annuity contract, any agreement or plan, additional to the rights, dividends, and benefits arising out of any such insurance, endowment, or annuity contract:

(1) Which provides for the accumulation of profits over a period of years and for payment of all or any part of such accumulated profits only to members or policyholders of a designated group or class who continue as members or policyholders until the end of a specified period of years; or

(2) Which provides that on the death of anyone, other than a beneficiary or a person insured thereunder, the owner or beneficiary of the policy shall receive the payment or granting of anything of value; or

(3) Which provides that the whole or any part of the premiums or consideration for the policy, dividends, coupons, reserves, special reserves, or the excess interest therefrom or any funds or money in excess of the normal reserve required to meet the contractual guarantees of the policy, are to be placed or invested in special funds or segregated accounts not involving insurance or life contingency features, and the funds or earnings therefrom divided among those taking the policy, their beneficiaries or assignees; or

(4) Which provides for the sale, solicitation, or delivery of any stock or shares of stock in any company, or provides for a benefit certificate, securities or any special advisory board contract, or other contracts or resolutions of similar nature, or provides for policy dividends bearing a stated relationship to dividends on the stock of any company, as an inducement to or in connection with the sale or acceptance of such policy.

24. GROUP LIFE INSURANCE

417. Group Contracts Must Meet Group Requirements.

(a) No life insurance policy shall be delivered in this State insuring the lives of more than one individual unless to one of the groups as provided for in sections 418 through 424 of this subtitle, and unless in compliance with the other applicable provisions of this subtitle.

(b) Subsection (a) above, shall not apply to life insurance policies: