

PRESENT VALUE OF ANY EXISTING PAID-UP ADDITIONS LESS ANY INDEBTEDNESS TO THE INSURER ON THE POLICY BY MORE THAN 0.2% OF:

(1) THE AMOUNT OF INSURANCE IF THE INSURANCE IS A UNIFORM AMOUNT; OR

(2) THE AVERAGE AMOUNT OF INSURANCE AT THE BEGINNING OF EACH OF THE FIRST 10 POLICY YEARS.

(C) BASIC CASH VALUE.

THE BASIC CASH VALUE ON ANY ANNIVERSARY EQUALS THE REMAINDER OF:

(1) THE PRESENT VALUE OF THE FUTURE GUARANTEED BENEFITS, CALCULATED AS OF THE ANNIVERSARY, THAT WOULD HAVE BEEN PROVIDED BY THE POLICY, EXCLUDING ANY EXISTING PAID-UP ADDITIONS AND BEFORE THE DEDUCTION OF ANY INDEBTEDNESS TO THE INSURER ON THE POLICY; LESS

(2) THE PRESENT VALUE OF THE NONFORFEITURE FACTORS, CALCULATED UNDER SUBSECTION (E) OF THIS SECTION, CORRESPONDING TO THE PREMIUMS THAT WOULD HAVE FALLEN DUE ON OR AFTER THE ANNIVERSARY.

(D) EFFECT OF SUPPLEMENTAL BENEFITS.

THE EFFECTS ON THE BASIC CASH VALUE OF SUPPLEMENTAL LIFE INSURANCE, ANNUITY BENEFITS, OR FAMILY COVERAGE AS DESCRIBED UNDER THE APPLICABLE PROVISIONS OF §§ 16-305, 16-307, AND 16-308(B) OF THIS SUBTITLE SHALL BE THE SAME AS THE EFFECTS ON CASH SURRENDER VALUES UNDER THOSE APPLICABLE PROVISIONS.

(E) NONFORFEITURE FACTOR.

(1) THE NONFORFEITURE FACTOR FOR EACH POLICY YEAR SHALL BE EQUAL TO THE PERCENTAGE OF THE ADJUSTED PREMIUM FOR THAT POLICY YEAR CALCULATED IN ACCORDANCE WITH THE APPLICABLE PROVISIONS OF § 16-307, § 16-308(B), OR § 16-309 OF THIS SUBTITLE.

(2) EXCEPT AS REQUIRED UNDER PARAGRAPH (4) OF THIS SUBSECTION, THE PERCENTAGE OF THE ADJUSTED PREMIUM SHALL BE THE SAME PERCENTAGE FOR EACH POLICY YEAR BETWEEN:

(I) THE SECOND POLICY ANNIVERSARY; AND

(II) THE LATER OF:

1. THE FIFTH POLICY ANNIVERSARY; OR

2. THE FIRST POLICY ANNIVERSARY WHEN THERE IS A CASH SURRENDER VALUE AVAILABLE UNDER THE POLICY, EXCLUDING ANY PAID-UP ADDITIONS BUT INCLUDING ANY INDEBTEDNESS ON THE POLICY, OF AT LEAST 0.2% OF THE AMOUNT OF INSURANCE IF THE INSURANCE IS A UNIFORM AMOUNT OR OF THE AVERAGE AMOUNT OF INSURANCE AT THE BEGINNING OF EACH OF THE FIRST 10 POLICY YEARS.