

EACH CONTRACT ALSO SHALL CONTAIN A PROVISION THAT IF THE INSURER MAKES OR HAS MADE AN OVERPAYMENT BECAUSE OF A MISSTATEMENT OF AGE OR SEX, THE AMOUNT OF THE OVERPAYMENT, WITH INTEREST AT A RATE SPECIFIED IN THE CONTRACT BUT NOT EXCEEDING 6% PER YEAR, MAY BE CHARGED AGAINST THE CURRENT OR NEXT PAYMENT OR PAYMENTS TO BE MADE BY THE INSURER UNDER THE CONTRACT.

REVISOR'S NOTE: This section is new language derived without substantive change from former Art. 48A, § 406.

In subsection (a) of this section, the references to an "individual" or "individuals" are substituted for the former references to a "person" or "persons" because only individuals, and not the other entities included in the defined term "person", have lifetimes subject to annuity and pure endowment contracts.

Defined terms: "Annuity contract" § 1-101  
"Insurer" § 1-101

#### 16-406. DIVIDENDS.

##### (A) IN GENERAL.

(1) EACH PARTICIPATING ANNUITY CONTRACT AND EACH PARTICIPATING PURE ENDOWMENT CONTRACT SHALL CONTAIN A PROVISION THAT:

(I) EACH YEAR THE INSURER SHALL DETERMINE AND APPORTION ANY DIVISIBLE SURPLUS UNDER THE CONTRACT THAT WILL ACCRUE ON THE CONTRACT ANNIVERSARY OR OTHER DIVIDEND DATE SPECIFIED IN THE CONTRACT; AND

(II) THE DIVIDENDS ARISING FROM THE APPORTIONMENT SHALL BE CREDITED EACH YEAR BEGINNING NOT LATER THAN THE END OF THE THIRD CONTRACT YEAR.

(2) THE PAYMENT OF ANY DIVIDEND PAYABLE ON OR AFTER THE END OF THE THIRD CONTRACT YEAR MAY NOT BE MADE CONTINGENT ON THE PAYMENT OF ANY CONSIDERATION DUE ON OR AFTER THE DATE WHEN THE DIVIDEND BECOMES PAYABLE.

##### (B) PAYMENT OPTIONS.

(1) EACH CONTRACT SHALL CONTAIN A PROVISION THAT THE PARTY ENTITLED TO THE DIVIDEND MAY ELECT TO HAVE THE DIVIDEND PAID IN CASH OR APPLIED TO THE PAYMENT OF ANY CONSIDERATION THEN DUE.

(2) EACH CONTRACT SHALL CONTAIN A PROVISION THAT A SPECIFIED OPTION BECOMES EFFECTIVE UNLESS THE PARTY ENTITLED TO THE DIVIDEND NOTIFIES THE INSURER IN WRITING OF ELECTION OF A DIFFERENT OPTION WITHIN 30 DAYS AFTER THE DATE ON WHICH THE DIVIDEND IS PAYABLE.

##### (C) DEFERRED ANNUITY CONTRACTS.