

before that date have long been set and neither the minimum reserves required nor the reserves established by insurers for these policies and contracts are subject to further change (with the exception of possible reduction, under certain circumstances, of reserves with the Commissioner's approval under § 5-301(d) of the Insurance Article). The Insurance Article Review Committee decided that in view of its limited and diminishing applicability, the former provision should not be revised in the Insurance Article. However, as policies and contracts issued before the operative date of the Maryland Standard Nonforfeiture Law for Life Insurance remain in effect, the former provision clearly is not obsolete at this time. Therefore, the provision is transferred to the Session Laws.

The only changes are in style.

[415.] 2.

(a) This section shall apply only to policies of industrial life insurance issued prior to the operative date of [§ 414 (Standard Nonforfeiture Law) of this subtitle] THE MARYLAND STANDARD NONFORFEITURE LAW FOR LIFE INSURANCE.

(b) A nonforfeiture benefit shall be available to the insured in event of default in premium payments, after premiums shall have been paid for five full years, and shall be a stipulated form of insurance effective from the due date of the defaulted premium, the net value of which stipulated form of insurance shall not be less than the reserve on the policy at the end of the last completed quarter of the policy year for which premiums have been paid, and on dividend additions thereto, if any, exclusive of any reserve on total and permanent disability and additional accidental death benefits (the policy to specify the mortality table, rate of interest and method of valuation adopted for computing such reserve, if other than the net level-premium method), less a specified maximum percentage (not more than two and one-half) of the maximum amount insured by the policy and of existing dividend additions thereto, if any, and less any 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.

REVISOR'S NOTE: This section formerly was Art. 48A, § 415.

Former Art. 48A, § 415 governed nonforfeiture benefits under industrial life insurance policies issued for terms longer than 20 years before the operative date of the Maryland Standard Nonforfeiture Law for Life Insurance. Because of its limited and diminishing applicability, it is transferred to the Session Laws.

The only changes are in style.