(i) the present midyear value of the promised benefits provided in the certificates of the society in force; and

(ii) the present midyear value of the future net premiums as they are actually collected, not including:

1. any value for the right to make extra assessments; or

2. any amount by which the present midyear value of future net premiums exceeds the present midyear value of promised benefits on individual certificates.

(4) At the option of the society, instead of using the valuation method described in paragraph (3) of this subsection, the valuation may show the net tabular value that:

(i) for certificates issued on or before December 31, 1963, is determined in accordance with the law applicable on or before December 31, 1963; and

(ii) for certificates issued after December 31, 1963, may not be less than the reserves determined according to the Commissioners' reserve valuation method described in subsection (b) of this section.

(5) (i) If the premium charged is less than the tabular net premium according to the basis of valuation used, an additional reserve equal to the present value of the deficiency in the premiums shall be set up and maintained as a liability.

(ii) The reserve liabilities shall be adjusted properly if the midyear or tabular values are not appropriate.

(b) (1) In this subsection, "guaranteed benefits" means future guaranteed life insurance and endowment benefits.

(2) For the life insurance and endowment benefits of a certificate that provides for a uniform amount of insurance and requires the payment of uniform premiums, the reserve according to the Commissioners' reserve valuation method shall be the amount, if any, that the present value, at the date of valuation, of the guaranteed benefits under the certificate exceeds the present value, at the date of valuation, of any future modified net premiums for the certificate, as determined under paragraph (3) of this subsection.

(3) (i) For purposes of this subsection, the modified net premiums for a certificate equal a uniform percentage of the respective contract premiums for the guaranteed benefits under the certificate calculated so that the present value, at the date of issue of the certificate, of the sum of all modified net premiums equals the sum of:

1. the present value, at the date of issue, of the guaranteed benefits under the certificate; and

2. the amount by which the net level annual premium determined under paragraph (3) of this subsection exceeds a net 1–year term premium for the guaranteed benefits provided for in the first certificate year.