

THE INSURANCE CODE OF 1956 (EXCERPT)
Act 218 of 1956

500.4047 Profit sharing, charter or founders and coupon policies; definitions; prohibitions, violations.

Sec. 4047.

(1) As used in this section, "profit sharing policy" means any life insurance policy which by its terms represents that the policyholder will receive preferential treatment in the distribution of earnings or surplus of the insurance company with special advantages not available to persons holding other types of policies.

(2) "Charter policy" or "founders policy" means any life insurance policy which by its terms expressly provides that the policyholder will receive some preferential or discriminatory advantage or benefit not available to persons who purchase insurance from the company at future dates or under other circumstances.

(3) "Coupon policy" means any life insurance policy which includes a series of coupons payable at a specified future date if the insured person is living.

(4) A "series of pure endowments" means any provision in a life insurance policy providing for a series of predetermined benefits maturing at specified dates if the insured is then living, any one of which series of benefits is less than the gross annual policy premium.

(5) No profit sharing, charter, founders or coupon policy or policy containing a series of pure endowments shall be issued or delivered in this state after the effective date of this section. Policies in force prior to the effective date shall not be affected.

(6) No sales material or oral presentations may be used if they represent a life insurance policy to be a profit sharing, charter, founders or coupon policy or a policy containing a series of pure endowments. Any violation hereof shall also constitute a violation of section 2064.

History: Add. 1969, Act 246, Eff. Jan. 1, 1971

Popular Name: Act 218