

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

500.4220 Nonforfeiture and cash surrender values.

Sec. 4220.

(1) In the case of policies issued prior to the operative date of section 4060 (the standard nonforfeiture law), there shall be a provision which in event of default in premium payments, after premiums shall have been paid for 3 years, shall secure to the owner of the policy a stipulated form of insurance, the net value of which shall be at least equal to the reserve at the date of default on the policy and on any dividend additions thereto, specifying the mortality table and rate of interest adopted for computing such reserves less a sum of not more than 2 1/2% of the amount insured by the policy and of any existing dividend additions thereto, and less any existing indebtedness to the company on the policy. Such provision shall stipulate that the policy, after premiums shall have been paid for 5 years, may be surrendered to the company at its home office within 13 weeks, or 3 months, from date of default for a specified cash value at least equal to the sum which would otherwise be available for the purchase of insurance as aforesaid and may stipulate that the company may defer payment for not more than 6 months after application therefor is made. This provision shall not be required in term insurance of 20 years or less.

(2) In the case of policies issued on and after the operative date of section 4060 (the standard nonforfeiture law) there shall be a provision for such nonforfeiture and cash surrender values as are required for industrial insurance by said section 4060.

History: 1956, Act 218, Eff. Jan. 1, 1957

Popular Name: Act 218