

NORTH CAROLINA GENERAL ASSEMBLY  
1961 SESSION

CHAPTER 255  
SENATE BILL 125

1 AN ACT TO AMEND CHAPTER 58, ARTICLE 22 RELATING TO RESERVE  
2 VALUATION AND NONFORFEITURE BENEFITS OF LIFE INSURANCE POLICIES.

3  
4 The General Assembly of North Carolina do enact:

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6 **Section 1.** Paragraph (b) of G.S. 58-201.1, as the same appears in the 1960  
7 Replacement Volume 2B, is amended by inserting in line 4 thereof immediately following the  
8 words "doing business in this State," the following:

9 "except that in the case of an alien company, such valuation shall be limited to its United  
10 States business,".

11 **Sec. 2.** Paragraph (c) of G.S. 58-201.1, as the same appears in the 1960  
12 Replacement Volume 2B, is amended by renumbering the present sub-paragraph (6) as  
13 sub-paragraph (7), and by striking out numbered sub-paragraphs (3), (4) and (5) thereof and by  
14 inserting in lieu thereof the following:

15 "(3) For Individual Annuity and Pure Endowment contracts, excluding any  
16 disability and accidental death benefits in such policies — the 1937 Standard  
17 Annuity Mortality Table or, at the option of the company, the Annuity  
18 Mortality Table for 1949, Ultimate, or any modification of either of these  
19 tables approved by the Commissioner.

20 "(4) For Group Annuity and Pure Endowment contracts, excluding any disability  
21 and accidental death benefits in such policies — the Group Annuity  
22 Mortality Table for 1951, any modification of such table approved by the  
23 Commissioner, or, at the option of the company, any of the tables or  
24 modifications of tables specified for Individual Annuity and Pure  
25 Endowment contracts.

26 "(5) For Total and Permanent Disability Benefits in or supplementary to Ordinary  
27 policies or contracts — for policies or contracts issued on or after January 1,  
28 1966, the tables of Period 2 disablement rates and the 1930 to 1950  
29 determination rates of the 1952 Disability Study of the Society of Actuaries,  
30 with due regard to the type of benefit; for policies or contracts issued on or  
31 after January 1, 1961, and prior to January 1, 1966, either such tables or, at  
32 the option of the company, the Class (3) Disability Table (1926); and for  
33 policies issued prior to January 1, 1961, the Class (3) Disability Table  
34 (1926). Any such table shall, for active lives, be combined with a mortality  
35 table permitted for calculating the reserves for life insurance policies.

36 "(6) For Accidental Death benefits in or supplementary to policies — for policies  
37 issued on or after January 1, 1966, the 1959 Accidental Death Benefits  
38 Table; for policies issued on or after January 1, 1961 and prior to January 1,  
39 1966, either such table or, at the option of the company, the Inter-Company  
40 Double Indemnity Mortality Table; and for policies issued prior to January  
41 1, 1961, the Inter-Company Double Indemnity Mortality Table. Either table  
42 shall be combined with a mortality table permitted for calculating the  
43 reserves for life insurance policies."

1           **Sec. 3.** Paragraph (d) of G.S. 58-201.1, as the same appears in the 1960  
2 Replacement Volume 2B, is amended by striking out the period at the end of said paragraph  
3 immediately following the word "Section" and substituting a comma therefor, and by inserting  
4 the following:

5           "except that any extra premiums charged because of impairments or special hazards shall be  
6 disregarded in the determination of modified net premiums."

7           **Sec. 4.** Paragraph (e) of G.S. 58-201.2, as the same appears in the 1960  
8 Replacement Volume 2B, is hereby amended by changing the capital letter "T" at the beginning  
9 of sub-paragraph (1) thereof to a small letter "t", and inserting prior thereto the words "Except  
10 as provided in the third paragraph of this sub-paragraph,", and by inserting between the word  
11 "year" and the word "that" in line 3 of said sub-paragraph (1) the following words:

12                   "excluding any extra premiums charged because of impairments or special  
13 hazards,".

14           **Sec. 5.** Paragraph (e) of G.S. 58-201.2, as the same appears in the 1960  
15 Replacement Volume 2B, is hereby amended by striking out the words "level amount" as the  
16 same appear at three places in sub-paragraph (1) thereof, in lines 18, 22, and 23, and by  
17 inserting in lieu of said words the words "uniform amount"; by striking out the words  
18 "inception of the insurance" appearing on the last line of the second paragraph of said sub-  
19 paragraph (1), and by inserting in lieu thereof the words "date of issue"; and by substituting a  
20 comma for the period at the end of the second paragraph of said sub-paragraph (1) and by  
21 adding the following:

22                   "provided, however, that in the case of a policy providing a varying amount  
23 of insurance issued on the life of a child under age ten, the equivalent  
24 uniform amount may be computed as though the amount of insurance  
25 provided by the policy prior to the attainment of age ten were the amount  
26 provided by such policy at age ten."

27           **Sec. 6.** Paragraph (e) of G.S. 58-201.2, as the same appears in the 1960  
28 Replacement Volume 2B, is amended by inserting at the end of the second paragraph of  
29 sub-paragraph (1) thereof the following new paragraph:

30                   "The adjusted premiums for any policy providing term insurance benefits  
31 by rider or supplemental policy provision shall be equal to (a) the adjusted  
32 premiums for an otherwise similar policy issued at the same age without  
33 such term insurance benefits, increased, during the period for which  
34 premiums for such term insurance benefits are payable, by (b) the adjusted  
35 premiums for such term insurance, the foregoing items (a) and (b) being  
36 calculated separately and as specified in the first two paragraphs of this  
37 Section except that, for the purposes of (ii), (iii) and (iv) of the first such  
38 paragraph, the amount of insurance or equivalent uniform amount of  
39 insurance used in the calculation of the adjusted premiums referred to in (b)  
40 shall be equal to the excess of the corresponding amount determined for the  
41 entire policy over the amount used in the calculation of the adjusted  
42 premiums in (a)."

43           **Sec. 7.** Paragraph (f) of G.S. 58-201.2, as the same appears in 1960 Replacement  
44 Volume 2B, is amended by deleting the word "decreasing" appearing in item (iv) in line 12  
45 thereof immediately preceding the words "term insurance benefits".

46           Paragraph (f) of G.S. 58-201.2 is further amended by re-lettering the present item  
47 (v) appearing in line 14 thereof as item (vi), and by inserting immediately following the word  
48 "apply," at the end of item (iv) in line 14 thereof a new item (v) reading as follows:

49           "(v) as term insurance on the life of a child or on the lives of children provided in a policy  
50 on the life of a parent of the child, if such term insurance expires before the child's age is

1 twenty-six, is uniform in amount after the child's age is one, and has not become paid up by  
2 reason of the death of a parent of the child,".

3 **Sec. 8.** All laws and clauses of laws in conflict with this Act are hereby repealed.

4 **Sec. 9.** This Act shall be in full force and effect on and after its ratification.

5 In the General Assembly read three times and ratified, this the 21st day of April,  
6 1961.