

**DISTRICT OF COLUMBIA**  
**OFFICIAL CODE**

**TITLE 31.**  
**INSURANCE AND SECURITIES.**

**CHAPTER 47.**  
**PROVISIONS RELATING TO ALL LIFE INSURANCE**  
**COMPANIES.**

**2001 Edition**

**DISTRICT OF COLUMBIA OFFICIAL CODE**  
**CHAPTER 47. PROVISIONS RELATING TO ALL LIFE**  
**INSURANCE COMPANIES.**

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# CHAPTER 47. PROVISIONS RELATING TO ALL LIFE INSURANCE COMPANIES.

## § 31-4701. VALUATION OF RESERVES BY COMMISSIONER.

(a)(1) The Commissioner shall annually value, or cause to be valued, the reserve liabilities (hereinafter called reserves) for all outstanding life insurance policies and annuity and pure endowment contracts of every life insurance company doing business in the District, except that in the case of an alien company such valuation shall be limited to its insurance transactions in the United States, and may certify the amount of any such reserves, specifying the mortality table or tables, rate or rates of interest and methods (net level premium method or other) used in the calculation of such reserves. All such valuations made by him or by his authority shall be made upon the net premium basis. In calculating such reserves, he may use group methods and approximate averages for fractions of a year or otherwise. In lieu of the valuation of the reserves herein required of any foreign or alien company, he may accept any valuation made, or caused to be made, by the insurance supervisory official of any state or other jurisdiction when such valuation complies with the minimum standard herein provided and if the official of such state or jurisdiction accepts as sufficient and valid for all legal purposes the certificate of valuation of the Commissioner when such certificate states the valuation to have been made in a specified manner according to which the aggregate reserves would be at least as large as if they had been computed in the manner prescribed by the law of that state or jurisdiction.

(2) Any such company which at any time shall have adopted any standard of valuation producing greater aggregate reserves than those calculated according to a minimum standard herein provided may, with the approval of the Commissioner, adopt any lower standard of valuation, but not lower than the minimum herein provided.

(b)(1) This subsection shall apply to only those policies and contracts issued prior to the operative date of § 31-4705.02 (the standard nonforfeiture law).

(2) The legal minimum standard for the valuation of life insurance contracts issued before January 1, 1935, shall be the method and basis of valuation heretofore applied by the Commissioner in the valuation of such contracts, and for life insurance contracts issued on and after said date shall be the 1-year preliminary term method of valuation, except as hereinafter modified, on the basis of the American Experience Table of Mortality with interest at 3 1/2% per annum; provided, that any life company may, at its option, value its insurance contracts issued on and after January 1, 1935, in accordance with their terms on the basis of the American Men Ultimate Table of Mortality with interest not higher than 3 1/2% per annum by the level net premium method or by the modified preliminary term method hereinafter described.

(3) If the premium charged for term insurance under a limited payment life preliminary term policy providing for the payment of all premiums thereon in less than 20 years from date of the policy, or under an endowment preliminary term policy, exceeds that charged for like insurance under 20-payment life preliminary term policies of the same company, the reserve thereon at the end of the year, including the 1st, shall not be less than the reserve on a 20-payment life preliminary term policy issued in the same year and at the same age, together with an amount which shall be equivalent to the accumulation of a net level premium sufficient to provide for a pure endowment at the end of the premium payment period, equal to the difference between the value at the end of such period of such a 20-payment life preliminary term policy and the full net level premium reserve at such time of such a limited payment life or endowment policy. The premium payment period is the period during which premiums are concurrently payable under such 20-payment life preliminary term policy and such limited payment life or endowment policy.

(4) Policies issued on the preliminary term method shall contain a clause specifying that the reserve thereof shall be computed in accordance with modified preliminary term method of valuation provided for herein.

(5) Except as otherwise provided in paragraph (3) of subsection (c) of this section for group annuity and pure endowment contracts, the legal minimum standard for the valuation of annuities issued on and after January 1, 1935, shall be McClintock's Table of Mortality Among Annuitants, with interest at

4% per annum, but annuities deferred 10 or more years and written in connection with life insurance shall be valued on the same basis as that used in computing the consideration or premium therefor, or upon any higher standard at the option of the company.

(6) The legal minimum standard for the valuation of industrial policies issued after January 1, 1935, shall be the American Experience Table of Mortality with interest at 3 1/2% per annum; provided, that any life company may voluntarily value its industrial policies on the basis of the standard industrial mortality table or the substandard industrial mortality table by the level net premium method or in accordance with their terms by the modified preliminary term method hereinbefore described.

(7) The Commissioner may vary the standards of interest and mortality in the case of alien companies as to contracts issued by such companies in countries other than the United States, and in particular cases of invalid lives and other extra hazards.

(8) Reserves for all such policies and contracts may be calculated, at the option of the company, according to any standards which produce greater aggregate reserves for all such policies and contracts than the minimum reserves required by this subsection.

(c)(1) This subsection shall apply to only those policies and contracts issued on or after the operative date of § 31-4705.02 (the standard nonforfeiture law) except as otherwise provided in paragraph (3) of this subsection for group annuity and pure endowment contracts issued prior to such operative date.

(2) Except as otherwise provided in paragraph (3) of this subsection and subsection (d) of this section, the minimum standard for the valuation of all such policies and contracts shall be the Mayor's reserve valuation methods defined in paragraphs (4) and (5) of this subsection and in § 31-4720, 3 1/2% interest per annum, or in the case of policies and contracts, other than annuity and pure endowment contracts, issued on or after the October 13, 1978, 4 1/2% interest per annum, and the following tables:

(A) For all ordinary policies of life insurance issued on the standard basis, excluding any disability and accidental death benefits in such policies, the Commissioners 1941 Standard Ordinary Mortality Table for such policies issued prior to the operative date of paragraph (5) of § 31-4705.02(d), and the Commissioners 1958 Standard Ordinary Mortality Table for category of the policies issued on or after the operative date of the 5th paragraph in § 31-4705.02(d) and before the operative date for the category of policies described in § 31-4705.02(e); provided that for any category of such policies issued on female risks all modified net premiums and present values referred to in this section may be calculated according to an age not more than 6 years younger than the actual age of the insured and for any category of the policies issued on or after the operative date for the category described in § 31-4705.02(e), the Commissioners 1980 Standard Ordinary Mortality Table, or at the election of the company for any 1 or more specified plans of life insurance, the Commissioners 1980 Standard Ordinary Mortality Table with Ten-Year Select Mortality Factors or any ordinary mortality table adopted after 1980 by the National Association of Insurance Commissioners and approved by the Commissioner for determining the minimum standard for valuing the policies;

(B) For all industrial life insurance policies issued on the standard basis, excluding any disability and accidental death benefits in such policies, the 1941 Standard Industrial Mortality Table for such policies issued prior to the operative date of paragraph (6) of subsection (d) of § 31-4705.02, and for such policies issued on or after such operative date; provided, that for any category of such policies issued on female risks and evaluated by either the 1941 Standard Industrial Mortality Table or the Commissioners 1961 Standard Industrial Mortality Table, all modified net premiums and present values referred to in this section may be calculated according to an age not more than 6 years younger than the actual age of the insured, the Commissioners 1961 Standard Industrial Mortality Table or any industrial mortality table adopted after 1980 by the National Association of Insurance Commissioners and approved by the Commissioner for determining the minimum standard for valuing the policies;

(C) For individual annuity and pure endowment contracts, excluding any disability and accidental death benefits in such policies, the 1937 Standard Annuity Mortality Table or, at the option of the company, the Annuity Mortality Table for 1949, Ultimate, or any modification of either of these Tables approved by the Commissioner;

(D) For group annuity and pure endowment contracts, excluding any disability and accidental death benefits in such policies, the Group Annuity Mortality Table for 1951, any modification of such Table approved by the Commissioner, or, at the option of the company, any of the tables or modifications of tables specified for individual annuity and pure endowment contracts;

(E) For total and permanent disability benefits in or supplementary to ordinary policies or contracts, for policies or contracts issued on or after January 1, 1966, the tables of period 2 disablement rates and the 1930 to 1950 termination rates of the 1952 Disability Study of the Society of Actuaries, with due regard to the type of benefit, or any tables of disablement rates and termination rates adopted after 1980 by the National Association of Insurance Commissioners and approved by the Commissioner for determining the minimum standard for valuing the policies; for policies or contracts issued on or after January 1, 1961, and prior to January 1, 1966, either such tables or, at

the option of the company, the Class (3) Disability Table (1926); and for policies issued prior to January 1, 1961, the Class (3) Disability Table (1926). Any such table shall, for active lives, be combined with a mortality table permitted for calculating the reserves for life insurance policies;

(F) For accidental death benefits in or supplementary to policies, for policies issued on or after January 1, 1966, the 1959 Accidental Death Benefits Table or any accidental death benefits table adopted after 1980 by the National Association of Insurance Commissioners and approved by the Commissioner for determining the minimum standards for valuing the policies; for policies issued on or after January 1, 1961, and prior to January 1, 1966, either such table or, at the option of the company, the Intercompany Double Indemnity Mortality Table; and for policies issued prior to January 1, 1961, the Intercompany Double Indemnity Mortality Table. Either table shall be combined with a mortality table permitted for calculating the reserves for life insurance policies; or

(G) For group life insurance, life insurance issued on the substandard basis and other special benefits, such tables as may be approved by the Commissioner.

(3)(A) Except as provided in subsection (d) of this section, the minimum standard for the valuation of all individual annuity and pure endowment contracts issued on or after the operative date of this paragraph and for all annuities and pure endowments purchased on or after such operative date under group annuity and pure endowment contracts shall be the Mayor's reserve valuation methods defined in paragraphs (4) and (5) of this subsection and the following tables and interest rates:

(i) For individual single premium immediate annuity contracts, excluding any disability and accidental death benefits in such contracts, the 1971 Individual Annuity Mortality Table, any individual annuity mortality table adopted after 1980 by the National Association of Insurance Commissioners and approved by the Commissioner for determining the minimum standard for valuing the contracts, or any modification of the tables approved by the Commissioner and 7 1/2% interest per annum;

(ii) For individual annuity and pure endowment contracts, other than single premium immediate annuity contracts, excluding any disability and accidental death benefits in such contracts, the 1971 Individual Annuity Mortality Table, any individual annuity mortality table adopted after 1980 by the National Association of Insurance Commissioners and approved by the Commissioner for determining the minimum standard for valuing the contracts, or any modification of the tables approved by the Commissioner and 5 1/2% interest per annum for single premium deferred annuity and pure endowment contracts and 4 1/2% interest per annum for all other such individual annuity and pure endowment contracts; or

(iii) For all annuities and pure endowments purchased under group annuity and pure endowment contracts, excluding any disability and accidental death benefits purchased under such contracts, the 1971 Group Annuity Mortality Table, any group annuity mortality table adopted after 1980 by the National Association of Insurance Commissioners and approved by the Commissioner for determining the minimum standard for valuing the annuities and the pure endowments, or any modification of the tables approved by the Commissioner and 7 1/2% interest per annum.

(B) After October 13, 1978, any company may file with the Commissioner a written notice of its election to comply with the provisions of this paragraph after a specified date before January 1, 1979, which shall be the operative date of this paragraph for such company, provided, a company may elect a different operative date for individual annuity and pure endowment contracts from that elected for group annuity and pure endowment contracts. If a company makes no such election, the operative date of this paragraph for such company shall be January 1, 1979.

(4)(A) Except as provided in paragraph (5) of this subsection and in § 31-4720, and according to the reserve valuation method, reserves for life insurance and endowment benefits from policies providing uniform amounts of insurance and requiring uniform premium payments shall be the excess of the present value, on the valuation date, of the future guaranteed benefits from the policies over the then present value of any future modified net premiums.

(B) The modified net premiums shall be a uniform percentage of the respective premiums that makes the present value, on the issuance date, of all modified net premiums equal the sum of the then present value of the benefits and the excess of the amount described in sub-subparagraph (i) of this subparagraph over the amount described in sub-subparagraph (ii) of this subparagraph.

(i) Except as provided in subparagraph (C) of this paragraph, a net level annual premium equal to the present value, on issuance date, of the benefits provided after the first policy year, divided by the present value, on issuance date, of an annuity of one per year to be paid on every anniversary of the policy for which a premium becomes due.

(ii) A net 1-year term premium for the benefits provided in the first policy year.

(C) The net level annual premium described in subparagraph (B)(i) of this paragraph shall not exceed the net level annual premium or the 19-year premium whole life plan for insuring the same amount at an age one year higher than the age at issuance in the policy.

(4A)(A) This paragraph governs life insurance policies issued after December 31, 1986, when the policies have the following features:

- (i) The premium for the first year of the life insurance policy exceeds the premium for the second year.
- (ii) The policy does not provide an additional benefit in the first year of the policy for the amount that the 1st-year premium exceeds the premium for the second year.
- (iii) The policy provides an endowment benefit or a cash surrender value that exceeds the difference in the first year and the second year premiums.

(B) Except as provided in § 31-4702, and according to the reserve valuation method on any policy anniversary that takes place no later than the 1st year after a life insurance policy provides an endowment benefit or a cash surrender value that, together, exceeds the difference in the premiums described in subparagraph (A)(i) of this paragraph, the reserve shall be the greater of the following amounts:

- (i) The reserve on the policy anniversary as described in paragraph (4) of this subsection.
- (ii) The reserve on the policy anniversary as described in paragraph (4) of this subsection, but with the amount described in paragraph (4)(B)(i) of this subsection reduced by 15% of the excess first year premium, with present values of benefits and premiums determined without reference to premiums or benefits after the first year after a life insurance policy provides an endowment benefit or a cash surrender value that, together, exceeds the difference in the premiums described in subparagraph (A)(i) of this paragraph, with an assumption that the policy will mature as an endowment on that date; and with the cash surrender value provided on that date regarded as an endowment benefit.

(C) For the comparison described in subparagraph (B) of this paragraph, the mortality and interest bases described in paragraphs (3) and (4) of this subsection and in subsection (d)(2) and (3) of this section shall apply.

(5)(A) This paragraph shall apply to all annuity and pure endowment contracts except those group annuity and pure endowment contracts for which reserves are to be calculated by a method consistent with the principles of paragraph (4) of this subsection.

(B) Reserves according to the Mayor's annuity reserve method for benefits under annuity or pure endowment contracts, excluding any disability and accidental death benefits in such contracts, shall be the greatest of the respective excesses of the present values, at the date of valuation, of the future guaranteed benefits, including guaranteed nonforfeiture benefits, provided for by such contracts at the end of each respective contract year, over the present value, at the date of valuation, of any future valuation consideration derived from future gross considerations, required by the terms of such contract, that become payable prior to the end of such respective contract year. The future guaranteed benefits shall be determined by using the mortality table, if any, and the interest rate, or rates, specified in such contracts for determining guaranteed benefits. The valuation considerations are the portions of the respective gross considerations applied under the terms of such contracts to determine nonforfeiture values.

(6) In no event shall a company's aggregate reserves for all life insurance policies, excluding disability and accidental death benefits, be less than the aggregate reserves calculated according to the method described in paragraph (4) of this subsection, in subsection (e) of this section, in § 31-4720, and in the mortality tables and rates of interest used to calculate nonforfeiture benefits for the policies.

(7) Reserves for any category of policies, contracts, or benefits, as established by the Commissioner, may be calculated, at the option of the company, according to any standards which produce greater aggregate reserves for such category than those calculated according to the minimum standard herein provided, but the rate or rates of interest used for policies and contracts, other than annuity and pure endowment contracts, shall not be higher than the corresponding rate or rates of interest used in calculating any nonforfeiture benefits provided for therein.

(d)(1) The calendar year statutory valuation interest rates shall be the interest rates used to determine the minimum standard for valuing the following:

- (A) Life insurance benefits under § 31-4705.02 and issued no earlier than the operative date for policies under § 31-4705.02(e).
- (B) All annuities and pure endowments purchased under group annuity and pure endowments contracts after December 31, 1983.
- (C) Except as provided in subparagraphs (A) and (B) of this paragraph, all life insurance benefits, individual annuity contracts, and pure endowment contracts issued after December 31, 1983.
- (D) In a calendar year following December 31, 1983, the net increase of amounts held under guaranteed interest contracts.

(2) The calendar year statutory valuation interest rates shall be determined according to the equations

described in this paragraph, and the results from the equations shall be rounded to the nearest 1/4%.

(A) For life insurance, the equation for determining the calendar year statutory valuation interest rates is the following:

$$I = .03 + W (R - .03) + W/2 (R2 - .09).$$

(B) For single premium immediate annuities and for annuity benefits involving life contingencies arising from other annuities with cash settlement options and from guaranteed interest contracts with cash settlement options,

$$I = .03 + W (R - .03)$$

where R/1 is the lesser of R and .09,

R/2 is the greater of R and .09,

R is the reference interest rate described in paragraph (4) of this subsection,

and W is the weighting factor.

(C) Where cash settlement options are valued on an issue year basis, the formula in subparagraph (A) of this paragraph shall apply to annuities and guaranteed interest contracts with guarantee duration exceeding 10 years and the formula in subparagraph (B) of this paragraph shall apply to annuities and guaranteed interest contracts with guarantee duration of 10 years or less.

(D) Where no cash settlement options apply, the formula for single premium immediate annuities stated in subparagraph (B) of this paragraph shall apply.

(E) Where cash settlement options are valued on a change in fund basis, the formula for single premium immediate annuities stated in subparagraph (B) of this paragraph shall apply.

(F)(i) If the calendar year statutory valuation interest rate for life insurance policies for a calendar year differs from the actual interest rate for similar policies issued in the preceding calendar year by less than 1/2%, the calendar year statutory valuation interest rate shall equal the corresponding actual interest rate for the preceding calendar year.

(ii) The calendar year statutory valuation interest rate shall be determined for each calendar year regardless of when § 31-4705.02(e) becomes operative.

(3) The weighting factors in the paragraph (2)(A) and (B) of this subsection equations are as follows:

(A) Weighting factors for life insurance:

Guarantee Duration (Years)	Weighting Factors
10 or less	.50
More than 10, but not more than 20	.45
More than 20	.35

For life insurance, the guarantee duration is the maximum number of years the life insurance can remain in force on a basis guaranteed in the policy or under options to convert to plans of life insurance with premium rates or nonforfeiture values, or both, which are guaranteed in the original policy.

(B) Weighting factor for single premium immediate annuities and for annuity benefits involving life contingencies arising from other annuities with cash settlement options and from guaranteed interest contracts with cash settlement options: .80.

(C) Except as provided in subparagraph (B) of this paragraph, weighting factors for other annuities and for guaranteed interest contracts shall be specified in the following sub-subparagraphs:

(i) For purposes of this subsection, the following plan types apply:

"Plan Type A" means that, unless the company prohibits a withdrawal, the policyholder may withdraw funds with an adjustment to reflect changes in interest rates or asset values since the company received the funds; without adjustment, but in installments for 5 years or more; or as an immediate life annuity.

"Plan Type B" means that, before the interest rate guarantee expires, and unless the company prohibits a withdrawal, the policyholder may withdraw funds with an adjustment to reflect changes in interest rates or asset values since the company received the funds; without the adjustment, but in installments for 5 years or more; or, after the interest rate guarantee ends, in a lump sum without the adjustment or in installments lasting less than 5 years.

"Plan Type C" means that, before the interest rate guarantee expires, the policyholder may withdraw funds in a lump sum or in installments lasting less than 5 years, and either without the withdrawal being adjusted to reflect changes in interest rates or asset values since the company received the funds or with the withdrawal subject only to a fixed surrender charge stipulated in the contract as a percentage of the fund.



(ii) Weighting factors for annuities and guaranteed interest contracts valued on an issue year basis:

Guarantee Duration  (Years)	Weighting Factor for Plan Type		
	A	B	C
5 or less:	.80	.60	.50
More than 5, but not more than 10:	.75	.60	.50
More than 10, but not more than 20:	.65	.50	.45
More than 20:	.45	.35	.35

(iii) For annuities and guaranteed interest contracts valued on a change in fund basis, the factors shown in sub-subparagraph (ii) of this subparagraph increased by:

Plan Type		
A	B	C
.15	.25	.05

(iv) For annuities and guaranteed interest contracts valued on an issue year basis (other than those with no cash settlement options) and which do not guarantee interest on considerations received more than one year after issue or purchase, and for annuities and guaranteed interest contracts valued on a change in fund basis and which do not guarantee interest rates on considerations received more than 12 months beyond the valuation date, the factors shown in sub-subparagraph (ii) of this subparagraph or derived in sub-subparagraph (iii) of this subparagraph increased by:

Plan Type		
A	B	C
.05	.05	.05

(v) Where cash settlement options apply to annuities and guaranteed interest contracts, the guarantee duration is the number of years that the contract guarantees interest rates in excess of the calendar year statutory valuation interest rate for life insurance policies with guarantee duration in excess of 20 years.

(vi) Where no cash settlement options apply to annuities or guaranteed interest contracts, the guarantee duration is the number of years from the issuance or the purchase date that the policy has scheduled the annuity benefits to begin.

(D)(i) A company may elect to value guaranteed interest contracts with cash settlement options and annuities with cash settlement options on either an issue year basis or on a change in fund basis.

(ii) Guaranteed interest contracts with no cash settlement options and other annuities with no cash settlement options must be valued on an issue year basis.

(iii) An issue year basis of valuation refers to a valuation basis where the interest rate used to determine the minimum valuation standard for the annuity or the guaranteed interest contract is the calendar year valuation interest rate for the issuance year or purchase year.

(iv) The change in fund basis of valuation refers to a valuation basis where the interest rate used to determine the minimum valuation standard for each change in the annuity or the guaranteed interest contract fund is the calendar year valuation interest rate for the year that the fund changed.

(4) The reference interest rate referred to in paragraph (2) of this subsection shall be as follows:

(A) For all life insurance, the reference rate shall be the lesser between the average rate during a 36-month period and the average rate during a 12-month period ending June 30 of the calendar year preceding the issuance year.

(B) For single premium immediate annuities and for annuity benefits involving life contingencies arising where cash settlement options apply to other annuities and to guaranteed interest contracts, the reference rate shall be the average rate during a 12-month period ending June 30 of the calendar year of issue or purchase.

(C) Where guarantee duration exceeds 10 years and where cash settlement options for annuities and for guaranteed interest contracts have values based upon the issuance year, the reference rate shall be the least between the average rate during a 36-month period and the average rate during a 12-month period ending June 30 of the calendar year of issue or purchase.

(D) Where guarantee duration does not exceed 10 years and where cash settlement options for annuities and for guaranteed interest contracts have values based upon the issuance year, the reference rate shall be the average rate during a 12-month period ending June 30 of the calendar year of issue or purchase.

(E) For other annuities with no cash settlement options and for guaranteed interest contracts with no cash settlement options, the reference rate shall be the average rate during a 12-month period ending June 30 of the calendar year of issue or purchase.

(F) Where cash settlement options apply to annuities and to guaranteed interest contracts and have values based on a change in the fund, the reference rate shall be the average rate during a 12-month period ending June 30 of the calendar year of the change in the fund.

(5)(A) Moody's Corporate Bond Yield Average -- Monthly Average Corporate published by Moody's Investors Service, Inc., shall set the reference rates described in paragraph (4) of this subsection.

(B) If the National Association of Insurance Commissioners determines that Moody's Investors Service, Inc., is no longer an appropriate source for the reference rate, then an alternative method shall be adopted by the National Association of Insurance Commissioners and approved by the Commissioner.

(e) For life insurance plans which require the company to fix future premium determination according to the then present estimates of future experience, and for life insurance plans or annuities with minimum reserves that cannot be determined by the methods described in subsection (c)(5) and (6) of this section and in § 31-4720, the reserves held under the plan shall:

(1) Be appropriated in relation to the benefits and the pattern of premiums for the plan.

(2) Be computed by a method consistent with the principles of the Standard Valuation Law and according to regulations promulgated by the Commissioner.

(June 19, 1934, 48 Stat. 1156, ch. 672, ch. V, § 1; Feb. 19, 1948, 62 Stat. 27, ch. 66, § 1; June 27, 1960, 74 Stat. 227, Pub. L. 86-530, § 1; Oct. 3, 1962, 76 Stat. 711, Pub. L. 87-738, § 1; Oct. 13, 1978, D.C. Law 2-120, §§ 2, 3, 25 DCR 1519; Mar. 14, 1985, D.C. Law 5-160, § 3(d), 32 DCR 39; May 21, 1997, D.C. Law 11-268, § 10(j), 44 DCR 1730.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 35-501.

1973 Ed., § 35-701.

##### *Legislative History of Laws*

Law 2-120 was introduced in Council and assigned Bill No. 2-304, which was referred to the Committee on Public Services and Consumer Affairs. The Bill was adopted on first and second readings on June 27, 1978, and July 11, 1978, respectively. Signed by the Mayor on August 2, 1978, it was assigned Act No. 2-250 and transmitted to both Houses of Congress for its review.

Law 11-268, the "Department of Insurance and Securities Regulation Establishment Act of 1996," was introduced in Council and assigned Bill No. 11-415, which was referred to the Committee on Consumer and Regulatory Affairs. The Bill was adopted on first and second readings on November 7, 1996, and December 3, 1996, respectively. Signed by the Mayor on December 30, 1996, it was assigned Act No. 11-524 and transmitted to both Houses of Congress for its review. D.C. Law 11-268 became effective on May 21, 1997.

For legislative history of D.C. Law 5-160, see Historical and Statutory Notes following § 31-4725.

##### *Editor's Notes*

References in D.C. Law 5-160 in this section and in § 31-4720 have been translated accurately to reflect the D.C. Code numbering system for § 31-4701(c). It should be noted, however, that the numbering system used by the D.C. Code and the numbering system used by the Organic Law differ markedly.

##### *Change in Government*

This section originated at a time when local government powers were delegated to a Board of Commissioners of the District of Columbia (see Acts Relating to the Establishment of the District of Columbia and its Various Forms of Governmental Organization in Volume 1). Section 401 of Reorganization Plan No. 3 of 1967 (see Reorganization Plans in Volume 1) transferred all of the functions of the Board of Commissioners under this section to a single Commissioner. The District of Columbia Self-Government and Governmental Reorganization Act, 87 Stat. 818, § 711 (D.C. Code, § 1-207.11), abolished the District of Columbia Council and the Office of Commissioner of the District of Columbia. These branches of government were replaced by the Council of the District of Columbia and the Office of Mayor of the District of Columbia, respectively. Accordingly, and also pursuant to § 714(a) of such Act (D.C. Code, § 1-207.14(a)), appropriate changes in terminology were made in this section.

Department of Insurance abolished: The Department of Insurance, including the Superintendent, was abolished and the functions thereof transferred to the Board of Commissioners of the District of Columbia by Reorganization Plan No. 5 of 1952. Reorganization Order No. 43, dated June 23, 1953, as amended, established, under the direction and control of a Commissioner, a Department of Insurance headed by a Superintendent. The Order provided for the organization of the Department, abolished the previously existing Department of Insurance, and provided that all functions and positions of the previous Department would be transferred to the new Department of Insurance, including the duties, powers, and authorities of all officers and employees; and that all personnel, property, records and unexpended balances relating to the functions and positions transferred would also be transferred to the new Department. The executive functions of the Board of Commissioners were transferred to the Commissioner of the District of Columbia by § 401 of Reorganization Plan No. 3 of 1967. The functions of the Superintendent of Insurance were transferred to the Department of Consumer and Regulatory Affairs by Reorganization Plan No. 1 of 1983, effective March 31, 1983. Pursuant to the provisions of D.C. Law 11- 268, the Department of Insurance and Securities Regulation was established and the duties of the Superintendent of Insurance and the Insurance Administration were assumed by the Commissioner of Insurance and Securities, and the Insurance Administration in the Department of Consumer and Regulatory Affairs was abolished.

## **§ 31-4702. COMPANIES ISSUING BOTH PARTICIPATING AND NONPARTICIPATING POLICIES.**

Every life company doing business in the District which issues both participating and nonparticipating policies shall keep the 2 classes of business separate and shall make, and include in the annual statement to be filed with the Commissioner each year, a separate statement of the gains, losses, and expenses properly attributable to each of such classes and also showing the manner in which any general outlay of expenses of the company has been apportioned to each. No such life company shall be permitted to do business in the District unless it makes such a separation of its business. This section shall not apply to paid-up, temporary, or pure endowment insurance issued or granted in exchange for lapsed or returned policies.

(June 19, 1934, 48 Stat. 1157, ch. 672, ch. V, § 2; May 21, 1997, D.C. Law 11-268, § 10(j), 44 DCR 1730.)

### *HISTORICAL AND STATUTORY NOTES*

#### *Prior Codifications*

1981 Ed., § 35-502.

1973 Ed., § 35-702.

#### *Legislative History of Laws*

For legislative history of D.C. Law 11-268, see Historical and Statutory Notes following § 31-4701.

#### *Miscellaneous Notes*

Department of Insurance abolished: See Historical and Statutory Notes following § 31-4701.

## **§ 31-4703. LIFE POLICIES--REQUIRED PROVISIONS.**

(a) No life insurance policy other than industrial insurance, annuities, and pure endowments shall be issued or delivered in the District or shall be issued by a life company organized under District laws after the 1st day of January, 1935, unless the policy has the following features:

(1) A provision that all premiums after the 1st year shall be payable in advance, either at the home office of the company or to an agent of the company, upon delivery of a receipt signed by 1 or more of the officers who shall be designated in the policy.

(2)(A) A provision that the insured is entitled to a grace period of at least 30 days or of 1 month within which the payment of any premiums after the 1st year may be made, subject at the option of the company to an interest charge not in excess of 6 per centum per year for the number of days of grace elapsing before the payment of the premium.

(B) A provision that, if the policy becomes a claim during the grace period before overdue or deferred premiums of the current policy year are paid, the amount of the premiums, with interest on any overdue premiums, may be deducted from any settlement payable under the policy.

(C) A provision that grace shall begin on the premium-paying date stated in the policy.

(3)(A)(i) Except as provided in subparagraphs (B) and (C) of this paragraph, a provision that the policy shall constitute the entire contract between the parties and shall be incontestable after it has been in force during the lifetime of the insured for at least 2 years from its date, except for nonpayment of

premiums and except for violations of the conditions of the policy relating to naval or military service during a war, and at the option of the company, provisions relative to benefits when total and permanent disability occurs and provisions granting additional insurance specifically against death by accident may also be excepted.

(ii) All statements made by the insured shall, in the absence of fraud, be considered representations and not warranties.

(iii) No statements by the insured shall be used in defense of a claim under the policy unless the statements are in a written application and a copy of the statements are endorsed upon or attached to the policy when issued.

(B) A provision that nothing in this paragraph applies to applications for reinstatement.

(C) A provision that a reinstated policy shall be contestable for fraud or for misrepresenting material facts for as long a period as provided by the original policy.

(4) A provision that if the company discovers before the final settlement that the age of the insured (or the age of the beneficiary, if considered in determining the premium) has been wrongly stated, the amount payable under the policy shall be the amount the premium would have purchased had the correct age been stated, according to the company's rate at date of issue.

(5)(A)(i) A provision that the policy shall participate in the surplus of the company and that any policy containing provisions for participation at the end of the 1st policy year and afterwards may also provide that each dividend shall be paid subject to the payment of premium for the next year.

(ii) A provision that the insured under any annual dividend policy shall have the right each year to receive dividends from the participation paid in cash.

(iii) A provision that if the policy provides other dividend options, the policy shall explain which options shall be effective if the insured does not elect any of the other options by the end of the grace period allowed for paying the premium.

(B) A provision that the requirements described in subparagraph (A) of this paragraph shall not apply to any form of paid-up insurance, temporary insurance, or pure endowment insurance issued or granted in exchange for lapsed or surrendered policies and shall not apply to nonparticipating policies.

(6)(A)(i) Except as provided in subparagraphs (A)(iv), (v), and (B) of this paragraph, a provision that, after the policy has been in force for 3 full years, the company will loan to the insured, while the policy is in force, on proper assignment or pledge of the policy and on the sole security of the policy and at a specified interest rate, a sum equal to or, at the option of the insured, less than the amount required by § 31-4705.02.

(ii) A provision that the company will deduct from the loan value any indebtedness not already deducted when determining the value and any unpaid balance on premiums for the current policy year.

(iii) A provision that the company may collect, in advance, interest on the loan to the end of the current policy year.

(iv) The provisions described in subparagraph (A)(i) through (iii) of this paragraph shall not be required in term insurance, temporary insurance, or pure endowment insurance issued or granted in exchange for lapsed or surrendered policies. The policy may further provide that if the interest on the loan is not paid when due, it shall be added to the existing loan and shall bear interest at the same rate.

(v) The specified interest rate mentioned in subparagraph (A)(i) of this paragraph shall not apply to policies issued after March 14, 1985.

(B) Policies issued after March 14, 1985, shall include a provision describing the policy loan interest rates to be 1 of the following:

(i) Not more than 8% per year.

(ii) An adjustable maximum interest rate established by the company under subparagraph (C) of this paragraph.

(C) The interest rate described in paragraph (6)(B)(ii) of this subsection shall be in a policy which describes how frequently the company determines the rates, and the rates shall not exceed the higher of the following:

(i) The published monthly average for the calendar month ending 2 months before the company determines the interest rate; or

(ii) The sum of 1 per centum per year and the rate used by the company when computing the cash surrender value during the applicable period.

(D) For policies issued after March 14, 1985, which contain an interest rate determined pursuant to

subparagraph (B)(ii) of this paragraph, the following provisions shall be included in the policy:

- (i) The maximum interest rate shall be determined at least once every 12 months, at regular intervals, but not more frequently than once every 3 months.
- (ii) The interest rate being charged may be increased when the rate-determination standards described in subparagraph (C) of this paragraph indicate at least a 1/2% per year increase in the maximum rate.
- (iii) The interest rate being charged shall be decreased when the rate-determination standards described in subparagraph (C) of this paragraph require at least a 1/2% per year decrease in the maximum rate.

(E) Except as provided in subparagraph (E)(v) of this paragraph and for policies issued after March 14, 1985, policies shall include a provision that the company shall notify, in the following manner, a policyholder who borrows under the policy:

- (i) When the company makes a cash loan, a written notice of the initial interest rate.
- (ii) When the company makes a premium loan, a written notice, within a reasonable time after the loan, of the initial interest rate.
- (iii) When the company plans to increase the interest rate, a written notice within a reasonable time before the rate increase of the change in the rate.
- (iv) Every notice described in this subparagraph shall describe how frequently the company, under subparagraph (C) of this paragraph, reevaluates the rates and also shall describe, under subparagraph (B) of this paragraph, the rates either as no more than 8% per year or as an adjustable rate under subparagraph (C) of this paragraph.
- (v) Except as provided in subparagraph (E)(iii) of this paragraph, notice shall not be required for premium loans added to an original premium loan described in subparagraph (E)(ii) of this paragraph.

(F) The loan value of the policy shall be determined according to § 31- 4705.04, but no policy shall terminate in a policy year as the sole result of change in the interest rate and the life insurer shall maintain coverage until the time at which it would otherwise have terminated if there had been no increase during that policy year.

(G) For purposes of subparagraphs (B) through (G) of this paragraph:

- (i) The term "published monthly average" means Moody's Corporate Bond Yield Average -- Monthly Average Corporates published by Moody's Investors Service, Inc., or any successor thereto; or in the event that Moody's Corporate Bond Yield Average -- Monthly Average Corporates is no longer published, a substantially similar average, established by regulation issued by the Commissioner.
- (ii) The rate of interest on policy loans permitted under this subsection also includes the interest rate charged on reinstatement of policy loans for the period during and after any lapse of a policy.
- (iii) The term "policy loan" also includes any premium loan made under a policy to pay 1 or more premiums that were not paid to the life insurer as they fell due.
- (iv) The term "policyholder" includes the owner of the policy or the person designated to pay premiums as shown on the records of the life insurer.
- (v) The term "policy" also includes certificates issued by a fraternal benefit society and annuity contracts which provide for policy loans.

(H) No other provision of law shall apply to policy loan interest rates unless made specifically applicable to such rates.

(I) The provisions of subparagraphs (B) through (H) of this paragraph shall not apply to any insurance contract issued before March 14, 1985, unless the policyholder agrees in writing to the application of such provisions.

(7) A provision for nonforfeiture benefits and cash surrender values according to the requirements of § 31-4705.01 or § 31-4705.02.

(8) A provision specifying the options, if any, to which the policyholder is entitled in the event of default in a premium payment.

(9) A table showing in figures the loan values and the options available under the policy each year upon default in premium payments, during at least the first 20 years of the policy or during the premium paying period if less than 20 years.

(10) A provision that if in event of default in premium payments the value of the policy shall have been applied to the purchase of other insurance as provided for in this section, and if such insurance shall be in force and the original policy shall not have been surrendered to the company and cancelled, the

policy may be reinstated within 3 years from such default, upon evidence of insurability satisfactory to the company and payment of arrears of premiums and the payment or reinstatement of any other indebtedness to the company upon said policy, with interest on said premium at the rate of not exceeding 6% per annum payable annually, and that such reinstated policy shall be contestable, on account of suicide, fraud, or misrepresentation of material facts pertaining to the reinstatement, for the same period after reinstatement as provided in the policy with respect to the original issue. The rate of interest on policy loans permitted under this subsection also includes the interest rate charged on reinstatement policy loans for the period during and after any lapse of the policy.

(11) A provision that, when a policy shall become a claim by death of the insured, settlement shall be made upon receipt of due proof of death.

(12) A table showing the amount of installments, if any, in which the policy may provide its proceeds may be payable.

(13) Title on the face and on the back of the policy briefly describing its form.

(b) Any of the foregoing provisions or portions thereof not applicable to single premium or nonparticipating or term policies shall, to that extent, not be incorporated therein; and any such policy may be issued or delivered in the District which in the opinion of the Commissioner contains provisions on any 1 or more of the several foregoing requirements more favorable to the policyholder than hereinbefore required. The provisions of this section shall not apply to policies of reinsurance, or to policies issued or granted in exchange for lapsed or surrendered policies, or to group insurance.

(June 19, 1934, 48 Stat. 1158, ch. 672, ch. V, § 3; Feb. 19, 1948, 62 Stat. 30, ch. 66, § 2; Oct. 13, 1978, D.C. Law 2-120, § 4, 25 DCR 1519, Mar. 14, 1985, D.C. Law 5-160, § 3(e), 32 DCR 39; Feb. 24, 1987, D.C. Law 6-192, § 25(a)-(d), 33 DCR 7836; May 21, 1997, D.C. Law 11-268, § 10(j), 44 DCR 1730.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 35-503.

1973 Ed., § 35-703.

##### *Legislative History of Laws*

For legislative history of D.C. Law 2-120, see Historical and Statutory Notes following § 31-4701.

For legislative history of D.C. Law 5-160, see Historical and Statutory Notes following § 31-4725.

Law 6-192, the "Technical Amendments Act of 1986," was introduced in Council and assigned Bill No. 6-544, which was referred to the Committee of the Whole. The Bill was adopted on first and second readings on November 5, 1986, and November 18, 1986, respectively. Signed by the Mayor on December 10, 1986, it was assigned Act No. 6-246 and transmitted to both Houses of Congress for its review.

For legislative history of D.C. Law 11-268, see Historical and Statutory Notes following § 31-4701.

## **§ 31-4704. LIFE POLICIES--PROHIBITED PROVISIONS.**

No policy of life insurance other than industrial insurance, annuities, and pure endowments, with or without return of premiums or of premiums and interest, shall be issued or delivered in the District or be issued by a life company organized under the laws of the District after the 1st day of January 1935 if it contains any of the following provisions:

(1) A provision limiting the time within which any action at law or in equity may be commenced to less than 3 years after the cause of action shall accrue;

(2) A provision by which the policy shall purport to be issued or take effect more than 6 months before the original application for the insurance was made;

(3) Except for provisions relating to misstatement of age, suicide, aviation, and military or naval service in time of war, a provision for any mode of settlement at maturity, after the expiration of the contestable period of the policy, of less value than the amount insured on the face of the policy plus dividend additions, if any, less any indebtedness to the company on or secured by the policy, and less any premium that may, by the terms of the policy, be deducted. This paragraph shall not apply to any nonforfeiture provision;

(4) A provision for forfeiture of the policy for failure to repay any loan on the policy, or to pay interest on such loan, while the total indebtedness on the policy, including interest, is less than the loan value thereof;

(5) A provision to the effect that the agent soliciting the insurance is the agent of the person insured under said policy, or making the acts or representations of such agent binding upon the person so insured under said policy;

(6) A provision permitting the payment of funeral benefits in merchandise or services, or permitting the payment of any benefits other than in lawful money of the United States; or

(7) A provision permitting either contracting to pay, or the payment of, funeral, burial, and other expenses to any designated undertaker or undertaking establishment, or to any particular tradesman or business man, so as to deprive the persons entitled by law to dispose of the body of a deceased, or in any way to control such persons in procuring and purchasing said supplies and services in the open market with the advantage of competition.

(June 19, 1934, 48 Stat. 1161, ch. 672, ch. V, § 4; Feb. 19, 1948, 62 Stat. 30, ch. 66, § 3.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 35-504.

1973 Ed., § 35-704.

### **§ 31-4705. ANNUITY AND PURE ENDOWMENT CONTRACTS; FORMS TO BE FILED AND APPROVED; REQUIRED PROVISIONS; APPLICATIONS, RIDERS AND ENDORSEMENTS.**

(a) On and after January 1, 1935, no annuity or pure endowment contract shall be issued or delivered in the District unless and until a copy of the form thereof has been filed with the Commissioner and formally approved by him.

(b) Except in the case of a reversionary annuity, otherwise called a "survivorship annuity," or an annuity contracted by an employer in behalf of his employees, no annuity or pure endowment contract shall be so issued or delivered in this District unless it contains, in substance, the following provisions:

(1) A provision that there shall be a period of grace, either of 30 days or of 1 month, within which any stipulated payment to the company falling due after the 1st year may be made, subject, at the option of the company, to an interest charge thereon at a rate to be specified in the contract, but not exceeding 6 per centum per annum for the number of days of grace elapsing before such payment, during which period of grace the contract shall continue in full force; but in case a claim arises under the contract on account of death during the said period of grace before the overdue payment to the company or the deferred payments of the current contract year, if any, are made, the amount of such payments, with interest on any overdue payments, may be deducted from any amount payable under the contract in settlement;

(2) If statements, other than those relating to age and identity, are required, as a condition of issuing the contract, a provision that the contract shall be incontestable after it has been in force during the lifetime of the person or each of the persons as to whom such statements are required, for a period of 2 years from its date of issue, except where stipulated payments to the company have not been made, and except for violation of the conditions of the contract relating to military or naval service in time of war, and at the option of the company, provisions relative to benefits in the event of total and permanent disability and provisions which grant insurance specifically against death by accident may also be excepted;

(3) A provision that such contract shall constitute the entire contract between the parties, but if the company desires to make the application a part of the contract it may do so, provided a copy of such application shall be endorsed upon or attached to such contract, when issued, and in such case such contract shall contain a provision that it, together with the application therefor, shall constitute the entire contract between the parties;

(4)(A) A provision that if the age of the person or persons upon whose life or lives the contract is based, or of any of them, has been misstated, the amount payable under the contract shall be such as the stipulated payments to the company would have purchased at the correct age or ages; or

(B) Any overpayment or overpayments by the company, on account of misstatement of age, shall with interest thereon at a rate to be specified in the contract, but not exceeding 6 per centum per annum, be charged against the current or next-succeeding payment or payments to be made by the company under the contract;

(5) If the contract is participating, a provision that the divisible surplus shall be apportioned annually and dividends shall be payable in cash or shall be applicable to any stipulated payment or payments to the company under the contract;

(6) A provision specifying the options available in the event of cessation of payment of considerations under the contract. In the case of contracts issued on or after the operative date of § 31-4705.03 (the standard nonforfeiture law for individual deferred annuities), such options shall be in accordance with § 31-4705.03. In the case of contracts issued prior to the operative date of § 31-4705.03, such option shall provide that if the contract, after having been in force for 3 full years, shall, by its terms, lapse or

become forfeited because any stipulated payment to the company shall not have been made, the reserve on such contract, computed according to the standard adopted by said company in accordance with this chapter, shall, after deducting one fifth of the said entire reserve, and any indebtedness to the company under the contract, be applied as a net single payment, according to said standard, for the purchase of a paid-up annuity or pure endowment contract, which may be nonparticipating and which shall be payable by the company under the same terms and conditions, except as to amount, as the original contract. For contracts issued prior to the operative date of § 31-4705.03, a company may provide, in lieu of such paid-up values, for a paid-up annuity or pure endowment contract in an amount bearing the same proportion to the original annuity or pure endowment contract as the number of stipulated payments which shall have been made to the company shall bear to the total number of stipulated payments required to be made to the company under the contract, and if there be any indebtedness to the company under the contract, the amount of such paid-up annuity or pure endowment shall be reduced by an amount bearing the same proportion to such paid-up annuity or pure endowment as such indebtedness bears to the reserve on such paid-up annuity or pure endowment, computed according to the standard adopted by said company in accordance with this chapter; and

(7) A provision that the contract may be reinstated at any time within 1 year from the date of default in making stipulated payments to the company, provided that all overdue stipulated payments and any indebtedness to the company on the contract shall be made or paid, with interest thereon at a rate to be specified in the contract, but not exceeding 6% per annum, payable annually. In cases where applicable a company may also include a requirement of evidence of insurability satisfactory to the company.

(c) No contract for a reversionary annuity shall be so issued or delivered unless it contains in substance the following provisions:

(1) Paragraphs (1), (2), (3) and (5) of subsection (b) of this section, except that under paragraph (1) of subsection (b) of this section, the company may, at its option, provide for an equitable reduction of the amount of the annuity payments in settlement of any overdue or deferred payments, in lieu of providing for a deduction of such payments from any amount payable upon a settlement under the contract;

(2) A provision that, if the age of any of the persons upon whose lives the contract is based has been misstated, the amount payable under the contract shall be such as the stipulated payments to the company would have purchased at the correct ages; and

(3) A provision that the contract may be reinstated at any time within 3 years from the date of default in making stipulated payments to the company, upon production of evidence of insurability satisfactory to the company, provided that all overdue payments and any indebtedness to the company on the contract shall be made or paid, with interest thereon at a rate to be specified in the contract, but not exceeding 6 per centum per annum, payable annually.

(d) Any of the foregoing provisions or portions thereof not applicable to nonparticipating contracts nor to contracts for which a single stipulated payment to the company is made shall, to that extent, not be incorporated therein; and any such contract may be issued or delivered in this District, which, in the opinion of the Commissioner, contains provisions on any 1 or more of the several foregoing requirements, more favorable to the holder of the contract than hereinbefore required.

(e) Nothing herein contained shall be construed to prevent a life company, which issues life insurance on a participating basis, from issuing annuities, reversionary annuities, or pure endowments on a nonparticipating basis.

(f) Any such contract or any application, endorsement, or rider form used in connection therewith, issued in violation of this section, shall, nevertheless, be held valid, but shall be construed as provided in this section and when any provision in such contract, application, endorsement, or rider is in conflict with any provision of this section or with any other statutory provision, the rights, duties, and obligations of the company, of the holder of the contract and of the beneficiary or annuitant thereunder shall be governed by the provisions of this section.

(g) The provisions of this section shall not apply to contracts of reinsurance nor to contracts for deferred annuities or reversionary annuities included in life insurance policies.

(h) For the purposes of this section, application forms, rider forms, and endorsement forms for use in connection with any such contract, excepting riders or endorsements relating to the manner of distribution of benefits or to the reservation of rights and benefits under any such contract, and used at the request of the individual holders of such contracts, shall be deemed to be parts of such contract and shall require the approval of the Commissioner. No rider and no endorsement, except as stated above, shall be attached to or printed or stamped upon any such contract issued or delivered in the District until the form of such rider or endorsement has been filed with the Commissioner and formally approved by him.

(June 19, 1934, 48 Stat. 1161, ch. 672, ch. V, § 5; Oct. 13, 1978, D.C. Law 2-120, § 5, 25 DCR 1519; May 21, 1997, D.C. Law 11-268, § 10(j), 44 DCR 1730.)



*Prior Codifications*

1981 Ed., § 35-505.

1973 Ed., § 35-705.

*Legislative History of Laws*

For legislative history of D.C. Law 2-120, see Historical and Statutory Notes following § 31-4701.

For legislative history of D.C. Law 11-268, see Historical and Statutory Notes following § 31-47501.

*References in Text*

The "operative date of § 31-4705.03," referred to throughout paragraph (b)(6) of this section, is prescribed by § (9)(b) of D.C. Law 2-120.

*Miscellaneous Notes*

Department of Insurance abolished: See Historical and Statutory Notes following § 31-4701.

## **§ 31-4705.01. NONFORFEITURE BENEFITS AND CASH SURRENDER VALUES.**

(a) This section shall apply only to policies of life insurance issued prior to the operative date of § 31-4705.02 (the standard nonforfeiture law).

(b) The nonforfeiture benefits referred to in paragraph (7) of subsection (a) of § 31-4703 shall be available to the insured in event of default in premium payments, after premiums shall have been paid for 3 years, and shall be a stipulated form of insurance, effective from the due date of the defaulted premium, the net value of which shall be at least equal to the reserve at the date of default on the policy and on dividend additions thereto, if any, exclusive of the reserve on account of return premium insurance and on total and permanent disability and additional accidental death benefits (the policy to specify the mortality table and rate of interest adopted for computing such reserve), less a specified percentage (not more than 2 1/2) of the amount insured by the policy and of existing dividend additions thereto, if any, and less any existing indebtedness to the company on or secured by the policy; provided, that a company may, in lieu of the provision herein permitted for the deduction from the reserve of a sum not more than 2 1/2% of the amount insured by the policy, and of any dividend additions thereto, insert in the policy a provision that one fifth of said reserve may be deducted, or may provide therein that a deduction may be made of said 2 1/2% or one fifth of said reserve, at the option of the company; provided further, that the policy may be surrendered to the company at its home office within 1 month of the due date of 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 6 months after the application therefor is made. A provision may also be inserted in the policy that in event of default in a premium payment before such benefit becomes available, the reserve on any dividend additions then in force may at the option of the company be paid in cash or applied as a net premium to the purchase of paid-up term insurance for any amount not in excess of the face of the original policy. This section shall not apply to term insurance of 20 years or less. The net single premium rate employed in computing the term of temporary insurance or the amount of pure endowment insurance granted as a nonforfeiture value under any life insurance policy may at the option of the company be based upon a table of mortality showing rates of mortality not greater than 130 per centum of those shown by the American Men Ultimate Table of Mortality instead of the table used in computing the reserve on the policy, or in case of substandard policies not greater than 130 per centum of the rates of mortality shown by the table of mortality approved by the Commissioner for computing the reserve on the policy, anything herein to the contrary notwithstanding.

(June 19, 1934, ch. 672, ch. V, § 5a; Feb. 19, 1948, 62 Stat. 30, ch. 66, § 4; May 21, 1997, D.C. Law 11-268, § 10(j), 44 DCR 1730.)

*HISTORICAL AND STATUTORY NOTES*

*Prior Codifications*

1981 Ed., § 35-506.

1973 Ed., § 35-705a.

*Legislative History of Laws*

For legislative history of D.C. Law 11-268, see Historical and Statutory Notes following § 31-4701.

*References in Text*

The "operative date of § 31-4705.02," referred to in subsection (a) of this section, was prescribed by § 2 of the Act of October 3, 1962, 76 Stat. 712, Pub. L. 87-738, and was formerly codified as § 35-507(g) [1981

Ed.]. Section 35-507 [§ 31-4705.02, 2001 Ed.] was rewritten effective March 14, 1985, and no longer contains the "operative date" language.

*Miscellaneous Notes*

Department of Insurance abolished: See Historical and Statutory Notes following § 31-4701.

## **§ 31-4705.02. STANDARD NONFORFEITURE LAW--IN GENERAL.**

(a)(1) Except as provided in subsections (i) and (j) of this section and for policies issued after the operative date of this section, no life insurance policy shall be issued or delivered in the District of Columbia unless it contains the following provisions or corresponding provisions which the Commissioner considers at least as favorable to the defaulting or surrendering policyholder as the following provisions;

(A)(i) If the insured defaults on a premium payment after premiums have been paid 1 full year for ordinary insurance or 3 full years for industrial insurance, the company shall grant, upon proper request no later than 60 days after the premium became due, a paid-up nonforfeiture benefit on a plan stipulated in the policy, and the paid-up nonforfeiture benefit shall be effective when the premiums became due.

(ii) The company may substitute for the nonforfeiture benefit described in subparagraph (A)(i) of this paragraph an actuarially equal alternative paid-up nonforfeiture benefit which provides a greater amount or longer period of death benefits or a greater amount or earlier payment of endowment benefits.

(B) If the insured defaults on a premium payment after ordinary insurance premiums have been paid for 3 full years or industrial insurance premiums have been paid for 5 full years and surrenders the policy within 60 days after the premiums became due, the company shall pay a cash surrender value instead of paying a paid-up nonforfeiture benefit.

(C) A specified paid-up nonforfeiture benefit shall become effective unless the person entitled to make an election chooses another available option no later than 60 days after the defaulted premium became due.

(D) If all premium payments become paid or if the company continues the policy under a paid-up nonforfeiture benefit which became effective after the eve of the 3rd policy anniversary for ordinary insurance or after the eve of the 5th policy anniversary for industrial insurance, and if the insured surrenders the policy within 30 days after any policy anniversary, the company will pay a cash surrender value.

(E)(i) For policies creating upon the guaranteed bases unscheduled changes in benefits or premiums or having an option for changes in benefits or premiums other than a change to a new policy, the policy shall describe or show the mortality table, the interest rate, and the method used to calculate cash surrender values and paid-up nonforfeiture benefits available under the policy.

(ii) For all other policies, the policy shall show the mortality table and the interest rate used to calculate the cash surrender values and the paid-up nonforfeiture benefits available under the policy, together with a table showing the cash surrender value and paid-up nonforfeiture benefit available under the policy on each anniversary either during the first 20 policy years or during the term of the policy, whichever is shorter, and with the values and benefits calculated upon the assumption that there are no dividends or paid-up additions credited to the policy and that there is no indebtedness to the company on the policy.

(F)(i) The policy shall provide a brief and general statement of the method to be used in calculating the cash surrender value and the paid-up nonforfeiture benefit available on any policy anniversary after the last anniversary treated in the policy according to the manner described in subparagraph (E)(ii) of this paragraph.

(ii) The brief statement shall explain how paid-up additions and indebtedness on the policy changes the cash surrender values and the paid-up nonforfeiture benefits.

(2) Any subsection (a) provision that does not apply to the plan of insurance in a policy may be omitted from the policy to the extent that the provision does not apply.

(3) The company shall reserve the right to defer the payment of any cash surrender value until 6 months after payment has been demanded and until the insured has surrendered the policy.

(b)(1) Any cash surrender value available under subsection (a) of this section after a default on a premium due on a policy anniversary shall be at least the excess of the present value, on the anniversary, of the future guaranteed benefits which would have been provided by the policy and any existing paid-up additions, had there been no default, over the sum of the following:

(A) The then present value of the adjusted premiums described in subsections (d) and (e) of this section, corresponding to premiums which would have become due after the eve of the anniversary.

(B) The amount of any indebtedness to the company on the policy.

(2) For any policy issued after the operative date of subsection (e) of this section and which provides supplemental life insurance or annuity benefits at the option of the insured and for an additional premium by rider or by supplemental policy provision, the cash surrender value referred to in subsection (b)(1) of this section shall be at least the sum of the cash surrender value for an otherwise similar policy issued at the same age without the rider or the supplemental policy provision and the cash surrender value for a policy which provides only the benefits otherwise provided by the rider or the supplemental provision.

(3) For any family policy issued after the operative date of subsection (e) of this section and which defines a "primary insured" and provides term insurance on the life of the spouse of the primary insured for a period that shall expire before the spouse becomes 71, the cash surrender value referred to in subsection (b)(1) of this section shall be at least the sum of the cash surrender for an otherwise similar policy issued at the same age without the term insurance on the life of the spouse and the cash surrender value for a policy which provides only the benefits otherwise provided by the term insurance on the life of the spouse.

(4) Any cash surrender value available within 30 days after any policy anniversary on a policy paid up by completion of all premium payments or a policy continued under a paid-up nonforfeiture benefit shall be at least the present value, on the anniversary, of the future guaranteed benefits provided by the policy and any existing paid-up additions, decreased by any indebtedness to the company on the policy.

(c) Any paid-up nonforfeiture benefit available under a policy referred to in subsection (a) of this section after a default in a premium payment due on a policy anniversary shall be in a sufficient amount for the present value on the anniversary to be at least equal to the cash surrender value then provided by the policy or, if none is provided, the cash surrender value that would have been required by this section in the absence of the condition that premiums shall be paid for at least a specified period.

(d)(1) This subsection shall not apply to policies issued after the operative date of subsection (e) of this section.

(2) Except as provided in paragraphs (2), (3), and (8) of this subsection, the adjusted premiums for any policy referred to in subsection (a) of this section shall be calculated on an annual basis and shall be a uniform percentage of the premiums for each policy year, excluding any extra premiums charged because of impairments or special hazards, and the adjusted premiums shall equal the sum of:

(A) The value, on the issuance date, of the future guaranteed benefits provided by the policy.

(B) Two per centum of the amount of insurance for uniform amounts of insurance or an equal amount for amounts of insurance that vary with the duration of the policy.

(C) Forty per centum of the adjusted premium for the 1st policy year.

(D) Twenty-five per centum of either the adjusted premium for the 1st policy year or the adjusted premium for a whole life policy of the same or equal uniform amount, with uniform premiums for the whole of life issued at the same age for the same amount of insurance, whichever is less.

(3) For the percentages described in paragraph (2)(C) and (D) of this subsection, no adjusted premium shall exceed 4% of the amount of insurance.

(4)(A) For a policy providing an amount of insurance varying with the duration of the policy, the equal uniform amount shall be the uniform amount of insurance provided by an otherwise similar policy that contained the same endowment benefits issued at the same age for the same term, with the benefits not varying with the duration of the policy and with the benefits valued the same on the date of issue as the benefits under the policy.

(B) For a policy providing a varying amount of insurance issued on the life of a child under age 10, the equal uniform amount may be computed as though the amount of insurance provided by the policy before the child became 10 was the amount of insurance provided at age 10.

(5)(A) The adjusted premiums for any policy providing term insurance benefits by rider or supplemental policy provision shall equal the sum of the following:

(i) The adjusted premiums for an otherwise similar policy issued at the same age without the term insurance benefits.

(ii) For the period when premiums for the term insurance benefits become payable, the adjusted premiums for the term insurance.

(B) Except as provided in subparagraph (C) of this paragraph, the equation in subparagraph (A) of this paragraph shall be calculated separately and according to paragraphs (1), (2), and (3) of this subsection.

(C) For paragraph (2)(B), (C), and (D) of this subsection, the amount of insurance or equal uniform amount of insurance used to calculate the adjusted premiums referred to in subparagraph (A)(ii) of

this paragraph shall equal the excess of the corresponding amount determined for the entire policy over the amount used to calculate the adjusted premiums described in subparagraph (A)(i) of this paragraph.

(6)(A) Except as provided in subsections (d) and (e) of this section, paragraph (5)(B) and (C) of this subsection, and paragraph (8) of this subsection, all adjusted premiums and present values for ordinary insurance policies shall be calculated on the basis of the Commissioners 1941 Standard Ordinary Mortality Table.

(B) For ordinary insurance issued on female risks, adjusted premiums and present values may be calculated according to an age no more than 3 years younger than the actual age of the insured, and the calculations for all policies of industrial insurance shall be made on the basis of the 1941 Standard Industrial Mortality Table.

(C)(i) All calculations shall be made on the basis of the rate of interest, not exceeding 3 1/2% per year, specified in the policy for calculating cash surrender values and paid-up nonforfeiture benefits.

(ii) In calculating the present value of any paid-up term insurance with accompanying pure endowment offered as a nonforfeiture benefit, the rates of mortality assumed shall not exceed 130% of the rates of mortality according to the applicable table.

(iii) For insurance issued on a substandard basis, the calculation of any adjusted premiums and present values may be based on another mortality table specified by the company and approved by the Commissioner.

(7)(A)(i) Except as provided in subparagraphs (B), (C), (D), and (E) of this paragraph and paragraph (8) of this subsection and for ordinary policies issued after the operative date of this paragraph, the adjusted premiums and present values shall be calculated on the basis of the Commissioners 1958 Standard Ordinary Mortality Table and the interest rate for calculating cash surrender values and paid-up nonforfeiture benefits shall be specified in the policy.

(ii) Except as provided in sub-subparagraph (iii) of this subparagraph, the interest rate shall not exceed 3 1/2% per year.

(iii) An interest not exceeding 5 1/2% per year may be used for policies issued after October 12, 1978.

(B) For ordinary insurance issued on female risks, adjusted premiums and present values may be calculated according to an age no more than 6 years younger than the actual age of the insured.

(C) In calculating the present value of a paid-up term insurance with pure endowment offered as a nonforfeiture benefit, the rates of mortality assumed may be no more than the rates in the Commissioners 1958 Extended Term Insurance Table.

(D) For insurance issued on a substandard basis, the calculation of adjusted premiums and present values may be based on another mortality table specified by the company and approved by the Commissioner.

(E)(i) After June 27, 1960, a company may file with the Commissioner a written notice of the company's election to comply with this paragraph after a specified date before January 1, 1966.

(ii) After filing the notice, then, on the specified date, this paragraph shall become operative for ordinary policies issued by the company.

(iii) If a company makes no election, then the operative date of the paragraph for the company shall be January 1, 1966.

(8)(A)(i) Except as provided in subparagraphs (B), (C), (D), and (E) of this paragraph and for industrial policies issued after the operative date of this paragraph, adjusted premiums and present values shall be calculated on the basis of the Commissioners 1961 Standard Industrial Mortality Table and the interest rate for calculating cash surrender values and paid-up nonforfeiture benefits shall be specified in the policy.

(ii) Except as provided in subparagraph (A)(iii) of this paragraph, the interest rate shall not exceed 3 1/2% per year.

(iii) An interest rate not exceeding 5 1/2% per year may be used for policies issued after October 12, 1978.

(B) For individual insurance issued on female risks, adjusted premiums and present values may be calculated according to an age no more than 6 years younger than the actual age of the insured.

(C) In calculating the present value of any paid-up term insurance with pure endowment offered as a nonforfeiture benefit, the rates of mortality assumed shall be no more than the rates in the Commissioners 1961 Industrial Extended Term Insurance Table.

(D) For insurance issued on a substandard basis, the calculation of adjusted premiums and present values may be based on another mortality table specified by the company and approved

by the Commissioner.

(E)(i) After October 3, 1962, a company may file with the Commissioner a written notice of the company's election to comply with this paragraph after a specified date before January 1, 1968.

(ii) After filing the notice, then, on the specified date, this paragraph shall become operative for the industrial policies issued by the company.

(iii) If a company makes no election, the operative date of this paragraph for the company shall be January 1, 1968.

(e)(1) This subsection shall apply to all policies issued after the operative date of this subsection.

(2) Except as provided in paragraph (7) of this subsection, the adjusted premiums for a policy shall be calculated on an annual basis and shall be the uniform percentage of the policy premiums for each policy year.

(3) The adjusted premium shall exclude amounts payable as extra premiums to cover impairments or special hazards and shall also exclude a uniform annual contract charge or policy fee described in the policy statement of the method used to calculate the cash surrender values and paid-up nonforfeiture benefits.

(4) The present value, on the issuance date, of all adjusted premiums shall be equal to the sum of the following:

(A) The then present value of the future guaranteed benefits provided for by the policy.

(B) One per centum of either the amount of insurance for uniform amounts of insurance or the average amount of insurance at the beginning of each of the first 10 policy years.

(C) One hundred twenty-five per centum of the nonforfeiture net level premium.

(5) For the percentage described in paragraph (4)(C) of this subsection, no nonforfeiture net level premium shall be considered in excess of 4% of either the amount of insurance for uniform amounts of insurance or the average amount of insurance at the beginning of each of the first 10 policy years.

(6) The policy shall issue when the rated age of the insured is determined.

(7) The nonforfeiture net level premium shall be equal to the present value, at the issuance date of the guaranteed benefits provided by the policy divided by the present value, on the issuance date, of an annuity of 1 per year payable when the policy issues and on each anniversary when a premium becomes due.

(8) For policies which create in a guaranteed basis unscheduled changes in benefits or premiums or which provide an option for changes in benefits or premiums other than a change to a new policy, the adjusted premiums and present value shall initially be calculated on the assumption that future benefits and premiums do not change from benefits and premiums established when the policy issues.

(9) When the benefits or premiums change, the future adjusted premiums, the nonforfeiture net level, and the present values shall be recalculated on the assumption that future benefits and premiums do not change from the benefits and premiums established by the change.

(10) Except as provided by paragraph (15) of this subsection, the recalculated future adjusted premiums for the policy shall be the uniform percentage of the future premiums for each policy.

(11) The recalculated future premiums shall exclude amounts payable as extra premiums to cover impairments and special hazards and shall also exclude a uniform annual contract charge or policy fee described on the policy in a statement of the method used to calculate the cash surrender values and paid-up nonforfeiture benefits.

(12) At the time of the change to new benefits or premiums, the present value of all the future adjusted premiums shall equal the excess of the sum described in subparagraph (A) of this paragraph over the amount described in subparagraph (B) of this paragraph.

(A) The then present value of the future guaranteed benefits provided by the policy and the additional expense allowance.

(B) The then cash surrender value or present value of paid-up nonforfeiture benefit under the policy.

(13) At the time of the change to the new benefits or premiums, the additional expense allowance shall be the sum of the following:

(A) One per centum of the difference, if positive, between the average amount of insurance at the beginning of each of the first 10 policy years after the change and the average amount of insurance before the change at the beginning of each of the first 10 years after the most recent previous change or, if there has been no previous change, the issuance date.

(B) One hundred twenty-five per centum of the increase in the nonforfeiture net level premium.

(14) The recalculated nonforfeiture net level premium shall equal the result obtained by dividing the equation described in subparagraph (A) of this paragraph with the amount described in subparagraph

(B) of this paragraph.

(A) This amount equals the sum of the following:

- (i) The nonforfeiture net level premium before the change multiplied by the present value of an annuity of 1 per year payable, after the change, on each anniversary of the policy where a premium would have fallen due had the change not occurred.
- (ii) The present value of the increase in future guaranteed benefits provided by the policy.

(B) This amount equals the present value of an annuity of 1 per year payable, after the change, on each anniversary of the policy where a premium falls due.

(15) For a policy issued on a substandard basis which provides reduced graded amounts of insurance so that, in each policy year, the policy has the same tabular mortality cost as an otherwise similar policy issued on the standard basis which provides higher uniform amounts of insurance, adjusted premiums and present values for the substandard policy may be calculated as if they were issued to provide the higher uniform amounts of insurance on the standard basis.

(16)(A)(i) Except as provided in subparagraphs (B) through (H) of this paragraph, adjusted premiums and present values shall for all policies of ordinary insurance be calculated on the basis of the Commissioners 1980 Standard Ordinary Mortality Table or, at the election of the company for any specified plans of life insurance, the Commissioners 1980 Standard Ordinary Mortality Table with Ten-Year Select Mortality Factors.

(ii) Adjusted premiums and present values shall for all policies of industrial insurance be calculated on the basis of the Commissioners 1961 Standard Industrial Mortality Table.

(iii) Adjusted premiums and present values shall for all policies issued in a particular calendar year be calculated on the basis of a rate of interest not exceeding the nonforfeiture interest rate for policies issued in the calendar year.

(B) At the option of the company, calculations for all policies issued in a particular calendar year may be made on the basis of an interest rate not exceeding the nonforfeiture interest rate for policies issued in the immediately preceding calendar year.

(C) Under any paid-up nonforfeiture benefit, including any paid-up dividend additions, any cash surrender value available shall be calculated on the basis of the mortality table and the interest rate used to determine the amount of the paid-up nonforfeiture benefit and the paid-up dividend additions.

(D) A company may calculate the guaranteed paid-up nonforfeiture benefit including any paid-up additions under the policy on the basis of an interest rate no lower than the rate specified in the policy for calculating cash surrender values.

(E) In calculating the present value of a paid-up term insurance with pure endowment offered as a nonforfeiture benefit, the rates of mortality assumed shall be no more than the rates in the Commissioners 1980 Extended Term Insurance Table for ordinary insurance policies and no more than the Commissioners 1961 Industrial Extended Term Insurance Table for industrial insurance policies.

(F) For insurance issued on a substandard basis, the calculation of any adjusted premiums and present values may be based on appropriate modifications of the tables described in subparagraph (E) of this paragraph.

(G) Any ordinary mortality tables adopted after 1980 by the National Association of Insurance Commissioners and by the Commissioner for determining the minimum nonforfeiture standard may be substituted for the Commissioners 1980 Standard Ordinary Mortality Table with or without Ten-Year Select Mortality Factors or for the Commissioners 1980 Extended Term Insurance Table.

(H) Any industrial mortality tables adopted after 1980 by the National Association of Insurance Commissioners and approved by the Commissioner for determining the minimum nonforfeiture standard may be substituted for the Commissioners 1961 Standard Industrial Mortality Table or the Commissioners 1961 Industrial Extended Term Insurance Table.

(17) The nonforfeiture interest rate for a policy issued in a particular calendar year shall be equal to 125% of the calendar year statutory valuation interest rate for the policy, as described in § 31-4701, rounded to the nearest 1/4%.

(18) Any refiling of nonforfeiture values or their methods of computation for a previously approved policy form which involves only a change in the interest rate or mortality table used to compute nonforfeiture values shall not require refiling of other provisions of the policy form.

(19)(A) After March 14, 1985, a company may file with the Commissioner a written notice of the company's election to comply with this subsection after a specified date before January 1, 1989, which shall be the operative date of this subsection for the category of insurance for the company.

(B) If a company makes no election for a category of insurance, the operative date for the category

of insurance issued by the company shall be January 1, 1989.

(f) For life insurance with future premiums determined by the insurance company based on estimates of future experience or for life insurance with minimum values that cannot be determined according to subsections (a) through (e) of this section, the following requirements shall be complied with:

- (1) The Commissioner shall be satisfied that the benefits are substantially as favorable to policyholders and insureds as the benefits required by subsections (a) through (e) of this section.
- (2) The Commissioner shall be satisfied that the benefits and the pattern of premiums do not mislead prospective policyholders or insureds.
- (3) The cash surrender values and paid-up nonforfeiture benefits shall not be less than the minimum values and benefits required by this section.

(g)(1) Any cash surrender value and any paid-up nonforfeiture benefit, available after a default in the payment of a premium due other than on the policy anniversary, shall be calculated with allowance for the lapse of time and the payment of fractional premiums beyond the last preceding policy anniversary.

- (2) All values described in subsections (b) through (f) of this section may be calculated upon the assumption that any death benefit is payable at the end of the policy or contract year of death.
- (3) Besides paid-up term additions, the net value of paid-up additions shall be at least the amounts used to provide the additions.
- (4)(A) Notwithstanding subsection (b) of this section, additional benefits payable under the following conditions shall be disregarded in ascertaining cash surrender values and nonforfeiture benefits under this section:
  - (i) For death or dismemberment by accident.
  - (ii) For total and permanent disability.
  - (iii) Reversionary annuity or deferred reversionary annuity benefits.
  - (iv) Term insurance benefits provided by a rider or by a supplementary policy provision which if issued as a separate policy would not be under this section.
  - (v) Term insurance on the lives of children under a policy on the life of a parent of the children if the term insurance expires before a child's age is 26, if the term insurance is uniform in amount after a child's age is 1, and if the term insurance has not been paid up because of the parent's death.
  - (vi) Other policy benefits in addition to life insurance, endowment benefits, and premiums for the additional benefits.
- (B) No additional benefits described in paragraph (4)(A) of this subsection shall be required in paid-up nonforfeiture benefits.

(h)(1) This subsection shall apply to policies issued after December 31, 1986.

(2) For uniform amounts of insurance, a cash surrender value available after a default on a premium due on a policy anniversary shall not differ by more than 1/5 of 1% of the amount of insurance from the sum of the following:

- (A) Either zero or the basic cash value, whichever is greater.
- (B) The present value of existing paid-up additions exceeding policy indebtedness to the company.

(3) For insurance amounts not treated in paragraph (2) of this subsection, a cash surrender value available after a default on a premium due on a policy anniversary shall not differ by more than 1/5 of 1% of the average insurance amounts at the beginning of the first 10 policy years from the sum of the following:

- (A) Either zero or the basic cash value, whichever is greater.
- (B) The present value of existing paid-up additions exceeding policy indebtedness to the company.

(4)(A) Except as provided in subparagraphs (B) and (C) of this paragraph, the basic cash value shall equal the present value at the policy anniversary of the future guaranteed benefits exceeding the present value on nonforfeiture factors corresponding with premiums due after the eve of the anniversary.

(B) The future guaranteed benefits used to determine the basic cash value excludes existing paid-up additions and, where there has been no default in premium payments, would be computed without deducting indebtedness to the company.

(C) The basic cash value for supplemental life insurance, annuity benefits, or family coverage shall not be affected differently than cash surrender values described in subsections (b) and (d) of this section.

(5)(A) The nonforfeiture factor for a policy year shall be a percentage of the adjusted premium for the

policy year.

(B) Except as provided in paragraph (6) of this subsection, the adjusted premium percentage shall comply with the following:

(i) Except as provided in subparagraph (B)(ii) of this paragraph, the percentage cannot change during policy years between the 2nd policy anniversary and the 5th policy anniversary.

(ii) Unless the 5th anniversary precedes an anniversary when a cash surrender value without paid-up additions and without indebtedness deductions equal at least 1/5 of 1% of the amount described in subparagraph (iii) of this paragraph, the percentage cannot change during policy years between the 2nd anniversary and an anniversary with a cash surrender value, without the additions and the deductions, equaling at least 1/5 of 1% of the subparagraph (iii) amount.

(iii) The average amount of insurance at the beginning of the first 10 policy years.

(iv) After the latest anniversary referred to in subparagraph (B)(ii) of this paragraph, or the 5th policy anniversary if later, no percentage may apply to fewer than 5 consecutive policy years.

(6) The basic cash value shall exceed the amount that would result in the paragraph (4) formula by replacing the nonforfeiture factors with adjusted premiums.

(7)(A) Adjusted premiums and present values shall be calculated on the mortality and interest rate bases permitted by the Life Insurance Amendments Reform Act of 1984.

(B) The cash surrender values all include endowment benefits under the policy.

(8)(A) Except for a defaulted premium due on a policy anniversary, a cash surrender value and a paid-up nonforfeiture benefit arising from a premium default shall be determined consistently with subsections (a) through (g) of this section.

(B) The cash surrender values and the paid up nonforfeiture benefits granted with additional benefits shall conform with this subsection.

(i)(1) After February 19, 1948, a company, in writing, may inform the Commissioner of the company's election to comply with this section after an expressly selected date before January 1, 1950.

(2) After filing the notice described in paragraph (1) of this subsection, this section shall govern the policies and the contracts issued by the company after the date.

(3) Except as provided in paragraph (4) of this subsection and if a company does not choose a date, then, beginning January 1, 1950, this section shall govern the company.

(4) Subsection (d)(6) and (7) of this section and subsection (e) of this section expressly establish dates when those provisions govern a company.

(j)(1) This section shall not apply to the following:

(A) Reinsurance.

(B) Group insurance.

(C) Pure endowment.

(D) Annuity or reversionary annuity contract.

(E) Uniform amounts of term policy, with no guaranteed nonforfeiture or endowment benefits and with no renewal of guaranteed nonforfeiture or endowment benefits, for a term that lasts no more than 20 years and that expires before the insured becomes age 71, and with premiums payable throughout the policy term.

(F) Decreasing amounts of term policy with no guaranteed nonforfeiture or endowment benefits, with adjusted premiums under subsections (d) and (e) of this section exceeded by adjusted premiums for uniform amounts of term policy, for a term that lasts no more than 20 years and that expires before the insured becomes age 71, and for a policy issued at the same age and for the same initial amount of insurance as originally provided by the policy.

(G) A policy with guaranteed nonforfeiture or endowment benefits with no cash value or present value of a paid-up nonforfeiture benefit at the beginning of a policy year exceeding 2 1/2% of the amount of insurance at the beginning of the policy year.

(H) A policy delivered outside the District of Columbia by an agent of the company.

(2) For this section, the expiration age for joint term life insurance shall be the age of the oldest life when the insurance expires.

(June 19, 1934, ch. 672, ch. V, § 5b; Feb. 19, 1948, 62 Stat. 30, ch. 66, § 4; June 27, 1960, 74 Stat. 228, Pub. L. 86-530, § 2; Oct. 3, 1962, 76 Stat. 712, Pub. L. 87-738, § 2; Oct. 13, 1978, D.C. Law 2-120, §§ 6 to 8, 25 DCR 1519; Mar. 14, 1985, D.C. Law 5-160, § 3(f), 32 DCR 39; Feb. 24, 1987, D.C. Law 6-192, § 25(e)-(g), 33 DCR 7836; May 21, 1997, D.C. Law 11-268, § 10(j), 44 DCR 1730; Mar. 24, 1998, D.C. Law 12-81, § 23(a), 45 DCR 745.)



*Prior Codifications*

1981 Ed., § 35-507.

1973 Ed., § 35-705b.

*Legislative History of Laws*

For legislative history of D.C. Law 2-120, see Historical and Statutory Notes following § 31-4701.

For legislative history of D.C. Law 5-160, see Historical and Statutory Notes following § 31-4725.

For legislative history of D.C. Law 6-192, see Historical and Statutory Notes following § 31-4703.

For legislative history of D.C. Law 11-268, see Historical and Statutory Notes following § 31-4701.

Law 12-81, the "Technical Amendments Act of 1998," was introduced in Council and assigned Bill No. 12-408, which was referred to the Committee of the Whole. The Bill was adopted on first and second readings on November 4, 1997, and December 4, 1997, respectively. Signed by the Mayor on December 22, 1997, it was assigned Act No. 12-246 and transmitted to both Houses of Congress for its review. D.C. Law 12-81 became effective on March 24, 1998.

*References in Text*

"The Life Insurance Amendments Reform Act of 1984," referred to in subparagraph (A) of paragraph (7) of subsection (h), is D.C. Law 5-160, codified primarily within Chapters 43, 44, and 47 of Title 31.

### **§ 31-4705.03. STANDARD NONFORFEITURE LAW--INDIVIDUAL DEFERRED ANNUITIES.**

(a) This section shall not apply to any reinsurance, group annuity purchased under a retirement plan or plan of deferred compensation established or maintained by an employer (including a partnership or sole proprietorship) or by an employee organization, or by both, other than a plan providing individual retirement accounts of individual retirement annuities under § 408 of the Internal Revenue Code of 1954 (88 Stat. 959; § 408 of Title 26, United States Code), as now or hereafter amended, premium deposit fund, variable contract, immediate annuity, any deferred annuity contract after annuity payments have commenced, or reversionary annuity, nor to any contract which shall be delivered outside the District of Columbia through an agent or other representative of the company issuing the contract.

(b)(1) In the case of contracts issued on or after the operative date of this section as defined in subsection (k) of this section, no contract of annuity, except as stated in subsection (a) of this section, shall be delivered or issued for delivery in the District of Columbia unless it contains in substance the following provisions, or corresponding provisions which in the opinion of the Commissioner are at least as favorable to the contract holder:

(A) That upon cessation of payment of considerations under a contract, the company will grant a paid-up annuity benefit on a plan stipulated in the contract of such value as is specified in subsections (d), (e), (f), (g), and (i) of this section;

(B) If a contract provides for a lump-sum settlement at maturity, or at any other time, that upon surrender of the contract at or prior to the commencement of any annuity payments, the company will pay in lieu of any paid-up annuity benefit as cash surrender benefit of such amount as is specified in subsections (d), (e), (g), and (i) of this section. The company shall reserve the right to defer the payment of such cash surrender benefit for a period of 6 months after demand therefor with surrender of the contract;

(C) A statement of the mortality table, if any, and interest rates used in calculating any minimum paid-up annuity, cash surrender or death benefits that are guaranteed under the contract, together with sufficient information to determine the amounts of such benefits; and

(D) A brief and general statement of the method to be used in calculating any paid-up annuity, cash surrender or death benefits that may be available under the contract and an explanation of the manner in which such benefits are altered by the existence of any additional amounts credited by the company to the contract, any indebtedness to the company on the contract or any prior withdrawals from or partial surrenders of the contract.

(2) Notwithstanding the requirements of this section, any deferred annuity contract may provide that if no considerations have been received under a contract for a period of 2 full years and the portion of the paid-up annuity benefit at maturity on the plan stipulated in the contract arising from considerations paid prior to such period would be less than \$20 monthly, the company may at its option terminate such contract by payment in cash of the then present value of such portion of the paid-up annuity benefit, calculated on the basis of the mortality table, if any, and interest rate specified in the contract for determining the paid-up annuity benefit, and by such payment shall be relieved of any further

obligation under such contract.

(c) The minimum values as specified in subsections (d), (e), (f), (g), and (i) of this section of any paid-up annuity, cash surrender or death benefits available under an annuity contract shall be based upon minimum nonforfeiture amounts as defined in this subsection:

(1)(A) With respect to contracts providing for flexible considerations, the minimum nonforfeiture amount at any time at or prior to the commencement of any annuity payments shall be equal to an accumulation up to such time at a rate of interest of 1.5% per year of percentages of the net considerations (as hereinafter defined) paid prior to such time, decreased by the sum of:

(i) Any prior withdrawals from or partial surrender of the contract accumulated at a rate of interest of 1.5% per year; and

(ii) The amount of any indebtedness to the company on the contract, including interest due and accrued; and increased by any existing additional amounts credited by the company to the contract;

(A-i) Notwithstanding the interest rate of 1.5% per year used to calculate the minimum nonforfeiture amount under subparagraph (A) of this paragraph, the Mayor shall issue regulations which shall set forth the computation of the interest rate used to determine the minimum nonforfeiture amount. The regulations shall apply to any contract issued on or after the effective date of the regulations.

(B) The net considerations for a given contract year used to define the minimum nonforfeiture amount shall be an amount not less than 0 and shall be equal to the corresponding gross considerations credited to the contract during that contract year less an annual contract charge of \$30 and less a collection charge of \$1.25 per consideration credited to the contract during that contract year. The percentages of net considerations shall be 65% of the net consideration for the 1st contract year and 87 1/2% of the net considerations for the 2nd and later contract years. Notwithstanding the provisions of the preceding sentence, the percentage shall be 65% of the portion of the total net consideration for any renewal contract year which exceeds by not more than 2 times the sum of those portions of the net considerations in all prior contract years for which the percentage was 65%;

(2) With respect to contracts providing for fixed scheduled considerations, minimum nonforfeiture amounts shall be calculated on the assumption that considerations are paid annually in advance and shall be defined as for contracts with flexible considerations which are paid annually with 2 exceptions:

(A) The portion of the net consideration for the 1st contract year to be accumulated shall be the sum of 65% of the net consideration for the 1st contract year plus 22 1/2% of the excess of the net consideration for the 1st contract year over the lesser of the net considerations for the 2nd and 3rd contract years; and

(B) The annual contract charge shall be the lesser of \$30 or 10% of the gross annual consideration;

(3) With respect to contracts providing for a single consideration, minimum nonforfeiture amounts shall be defined as for contracts with flexible considerations except that the percentage of net consideration used to determine the minimum nonforfeiture amount shall be equal to 90% and the net consideration shall be the gross consideration less a contract charge of \$75.

(d) Any paid-up annuity benefit available under a contract shall be such that its present value on the date annuity payments are to commence is at least equal to the minimum nonforfeiture amount on that date. Such present value shall be computed using the mortality table, if any, and the interest rate specified in the contract for determining the minimum paid-up annuity benefits guaranteed in the contract.

(e) For contracts which provide cash surrender benefits, such cash surrender benefits available prior to maturity shall not be less than the present value as of the date of surrender of that portion of the maturity value of the paid-up annuity benefit which would be provided under the contract at maturity arising from considerations paid prior to the time of cash surrender reduced by the amount appropriate to reflect any prior withdrawals from or partial surrenders of the contract, such present value being calculated on the basis of an interest rate not more than 1 percent higher than the interest rate specified in the contract for accumulating the net considerations to determine such maturity value, decreased by the amount of any indebtedness to the company on the contract, including interest due and accrued, and increased by any existing additional amounts credited by the company to the contract. In no event shall any cash surrender benefit be less than the minimum nonforfeiture amount at that time. The death benefit under such contracts shall be at least equal to the cash surrender benefit.

(f) For contracts which do not provide cash surrender benefits, the present value of any paid-up annuity benefit available as a nonforfeiture option at any time prior to maturity shall not be less than the present value of that portion of the maturity value of the paid-up annuity benefit provided under the contract arising from considerations paid prior to the time the contract is surrendered in exchange for, or changed to, a deferred paid-up annuity, such present value being calculated for the period prior to the maturity date on the basis of the interest rate specified in the contract for accumulating the net considerations to determine such maturity value, and increased by any existing additional amounts credited by the company to the contract. For contracts which do not provide any death benefits prior to the commencement of any annuity

payments, such present values shall be calculated on the basis of such interest rate and the mortality table specified in the contract for determining the maturity value of the paid-up annuity benefit. However, in no event shall the present value of the paid-up annuity benefit be less than the minimum nonforfeiture amount at the time.

(g) For the purpose of determining the benefits calculated under subsections (e) and (f) of this section, in the case of annuity contracts under which an election may be made to have annuity payments commence at optional maturity dates, the maturity date shall be deemed to be the latest date for which election shall be permitted by the contract, but shall not be deemed to be later than the anniversary of the contract next following the annuitant's 70th birthday or the 10th anniversary of the contract, whichever is later.

(h) Any contract which does not provide cash surrender benefits or does not provide death benefits at least equal to the minimum nonforfeiture amount prior to the commencement of any annuity payments shall include a statement in a prominent place in the contract that such benefits are not provided.

(i) Any paid-up annuity, cash surrender or death benefits available at any time, other than on the contract anniversary under any contract with fixed scheduled considerations, shall be calculated with allowance for the lapse of time and the payment of any scheduled considerations beyond the beginning of the contract year in which cessation of payment of considerations under the contract occurs.

(j) For any contract which provides, within the same contract by rider or supplemental contract provision, both annuity benefits and life insurance benefits that are in excess of the greater of cash surrender benefits or a return of the gross considerations with interest, the minimum nonforfeiture benefits shall be equal to the sum of the minimum nonforfeiture benefits for the annuity portion and the minimum nonforfeiture benefits, if any, for the life insurance portion computed as if each portion were a separate contract. Notwithstanding the provisions of subsections (d), (e), (f), (g), and (i) of this section, additional benefits payable: (1) in the event of total and permanent disability; (2) as reversionary annuity or deferred reversionary annuity benefits; or (3) as other policy benefits additional to life insurance, endowment and annuity benefits; and considerations for all such additional benefits, shall be disregarded in ascertaining the minimum nonforfeiture amounts, paid-up annuity, cash surrender and death benefits that may be required by this section. The inclusion of such additional benefits shall not be required in any paid-up benefits, unless such additional benefits separately would require minimum nonforfeiture amounts, paid-up annuity, cash surrender and death benefits.

(k) After October 13, 1978, any company may file with the Commissioner a written notice of its election to comply with the provisions of this section after a specified date which is no more than 2 years after such effective date. After the filing of such notice, then upon such specified date, which shall be the operative date of this section for such company, this section shall become operative with respect to annuity contracts thereafter issued by such company. If a company makes no such election, the operative date of this section for such company shall be 2 years after October 13, 1978.

(June 19, 1934, ch. 672, ch. V, § 5c as added Oct. 13, 1978, D.C. Law 2-120, § 9(b), 25 DCR 1519; May 21, 1997, D.C. Law 11-268, § 10, 44 DCR 1730; Mar. 24, 1998, D.C. Law 12-81, § 23(b), 45 DCR 745; Feb. 6, 2004, D.C. Law 15-63, § 2, 50 DCR 9301; Apr. 13, 2005, D.C. Law 15-354, § 48, 52 DCR 2638; Mar. 2, 2007, D.C. Law 16-191, § 48(c), 53 DCR 6794.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 35-508.

1973 Ed., § 35-705c.

##### *Effect of Amendments*

D.C. Law 15-63, in subsec. (c)(1), substituted "1.5% per year" for "3% per annum" throughout subpar. (A), and added subpar. (A-1).

D.C. Law 15-354, in subsec. (c)(1)(A)(A-i), substituted "(A-I) Notwithstanding" for "(A-1) Notwithstanding".

D.C. Law 16-191, in subsec. (c)(1)(A-i), validated a previously made technical correction.

##### *Temporary Amendments of Section*

For temporary (225 day) amendment of section, see § 2 of Standard Valuation and Nonforfeiture Temporary Amendment Act of 2002 (D.C. Law 14-278, April 2, 2003, law notification 50 DCR 3377).

##### *Emergency Act Amendments*

For temporary (90 day) amendment of section, see § 2 of Standard Valuation and Nonforfeiture Emergency Amendment Act of 2002 (D.C. Act 14-565, December 23, 2002, 50 DCR 287).

For temporary (90 day) amendment of section, see § 2 of Standard Valuation and Nonforfeiture Congressional Review Emergency Amendment Act of 2003 (D.C. Act 15-37, March 24, 2003, 50 DCR 2772).

For temporary (90 day) amendment of section, see § 2 of Standard Valuation and Nonforfeiture Emergency

Amendment Act of 2003 (D.C. Act 15-204, October 24, 2003, 50 DCR 9842).

For temporary (90 day) amendment of section, see § 2 of Standard Valuation Congressional Review Emergency Amendment Act of 2004 (D.C. Act 15-355, February 19, 2004, 51 DCR 2322).

#### *Legislative History of Laws*

For legislative history of D.C. Law 2-120, see Historical and Statutory Notes following § 31-4701.

For legislative history of D.C. Law 11-268, see Historical and Statutory Notes following § 31-4701.

For legislative history of D.C. Law 12-81, see Historical and Statutory Notes following § 31-4705.02.

Law 15-63, the "Standard Valuation and Nonforfeiture Amendment Act of 2003", was introduced in Council and assigned Bill No. 15-17, which was referred to Committee on Consumer and Regulatory Affairs. The Bill was adopted on first and second readings on July 8, 2003, and October 7, 2003, respectively. Signed by the Mayor on October 24, 2003, it was assigned Act No. 15-181 and transmitted to both Houses of Congress for its review. D.C. Law 15-63 became effective on February 6, 2004.

For Law 15-354, see notes following § 31-101.

For Law 16-191, see notes following § 31-1131.02.

#### *References in Text*

Section 408 of the Internal Revenue Code of 1954, referred to in subsection (a) has been retained under the Internal Revenue Code of 1986.

### **§ 31-4705.04. LOAN PROVISIONS IN POLICIES.**

(a) In the case of ordinary policies issued prior to the operative date of § 31-4705.02 (the standard nonforfeiture law) the loan value referred to in paragraph (6) of subsection (a) of § 31-4703 shall be the reserve at the end of the current policy year on the policy and on the dividend additions thereto, if any, exclusive of the reserve on account of return premium insurance and of total and permanent disability and additional accidental death benefits, less a sum not more than 2 1/2% of the amount insured by the policy and of any dividend additions thereto (the policy to specify the mortality table and rate of interest adopted for computing such reserve). The policy may provide that such loan may be deferred for not exceeding 6 months after the application therefor is made. A company may, in lieu of the provision hereinabove permitted for the deduction from a loan on the policy of a sum not more than 2 1/2% of the amount insured by the policy and of any dividend additions thereto, insert in the policy a provision that one fifth of the said reserve may be deducted in case of a loan under the policy, or may provide therein that the deduction may be the said 2 1/2% or the one fifth of the said reserve at the option of the company.

(b) In the case of ordinary policies issued on or after the operative date of § 31-4705.02 (the standard nonforfeiture law) the loan value referred to in paragraph (6) of subsection (a) of § 31-4703 shall be the cash surrender value at the end of the current policy year as required by § 31-4705.02. The company shall reserve the right to defer such loan, except when made to pay premiums, for 6 months after application therefor is made.

(June 19, 1934, ch. 672, ch. V, § 5c; Feb. 19, 1948, 62 Stat. 30, ch. 66, § 4; redesignated § 5d Oct. 13, 1978, D.C. Law 2-120, § 9, 25 DCR 1519.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 35-509.

1973 Ed., § 35-705d.

##### *Legislative History of Laws*

For legislative history of D.C. Law 2-120, see Historical and Statutory Notes following § 31-4701.

##### *References in Text*

The "operative date of § 31-4705.02," referred to in subsections (a) and (b) of this section, was prescribed by § 2 of the Act of October 13, 1962, 76 Stat. 712, Pub. L. 87-738, which was formerly codified as § 35-507(g) [1981 Ed.]. Section 35-507 [§ 31-4705.02, 2001 Ed.] was rewritten effective March 14, 1985, and no longer contains the "operative date" language.

### **§ 31-4706. EXTENSION OF TIME FOR PAYMENT OF PREMIUMS.**

A life company may enter into subsequent agreements in writing with the insured, which need not be attached to the policy, to extend the time for the payment of any premium, or part thereof, upon condition

that failure to comply with the terms of such agreement shall lapse the policy, as provided in said agreement or in the policy. Subject to such lien as may be created to secure any indebtedness contracted by the insured, in consideration of such extension, said agreement shall not impair any right existing under the policy.

(June 19, 1934, 48 Stat. 1164, ch. 672, ch. V, § 6.)

*HISTORICAL AND STATUTORY NOTES*

*Prior Codifications*

1981 Ed., § 35-510.

1973 Ed., § 35-706.

**§ 31-4707. ASCERTAINMENT OF LOAN INDEBTEDNESS.**

In ascertaining the indebtedness due upon policy or premium loans the interest, if not paid when due, shall be added to the principal of such loans and shall bear interest at the rate specified in the note or loan agreement.

(June 19, 1934, 48 Stat. 1164, ch. 672, ch. V, § 7.)

*HISTORICAL AND STATUTORY NOTES*

*Prior Codifications*

1981 Ed., § 35-511.

1973 Ed., § 35-707.

**§ 31-4708. FILING AND APPROVAL OF LIFE POLICY FORMS.**

A policy of life insurance shall not be issued or delivered in the District until the form of the same has been filed with the Commissioner, nor if the Commissioner gives written notice, within 30 days of such filing, to the company proposing to issue it, showing wherein the form of such policy does not comply with the requirements of the laws of the District, provided that such action of the Commissioner shall be subject to review by a court of competent jurisdiction.

(June 19, 1934, 48 Stat. 1164, ch. 672, ch. V, § 8; May 21, 1997, D.C. Law 11-268, § 10, 44 DCR 1730; Mar. 24, 1998, D.C. Law 12-81, § 23(c), 45 DCR 745.)

*HISTORICAL AND STATUTORY NOTES*

*Prior Codifications*

1981 Ed., § 35-512.

1973 Ed., § 35-708.

*Legislative History of Laws*

For legislative history of D.C. Law 12-81, see Historical and Statutory Notes following § 31-4705.02.

**§ 31-4709. POLICY PROVISIONS REQUIRED BY FOREIGN GOVERNMENT ENTITIES.**

The policies of a life company, not organized under the laws of the District, may contain any provisions prescribed by the laws of the state, territory, district, or country, under which the company is organized. The policies of a life company, organized under the laws of the District, may, when issued or delivered in any state, territory, district, or country, contain any provisions required by the laws of the state, territory, district, or country in which the same are issued or delivered, anything in this subdivision to the contrary notwithstanding.

(June 14, 1934, 48 Stat. 1164, ch. 672, ch. V, § 9.)

*HISTORICAL AND STATUTORY NOTES*

*Prior Codifications*

1981 Ed., § 35-513.

1973 Ed., § 35-709.

## **§ 31-4710. GROUP POLICIES--GENERAL REQUIREMENTS.[REPEALED]**

(June 19, 1934, 48 Stat. 1164, ch. 672, ch. V, § 10; July 2, 1940, 54 Stat. 726, ch. 518; July 12, 1950, 64 Stat. 330, ch. 457, § 1; July 5, 1960, 74 Stat. 315, 316, Pub. L. 86-579, §§ 1-5; Sept. 14, 1961, 75 Stat. 519, Pub. L. 87-249, § 1; Oct. 23, 1962, 76 Stat. 1131, Pub. L. 87-855, §§ 1, 2; Sept. 20, 1966, 80 Stat. 821, Pub. L. 89-594, § 1; Aug. 14, 1973, 87 Stat. 304, Pub. L. 93-89, title III, § 301; Feb. 23, 1980, D.C. Law 3-52, § 3, 27 DCR 26; Dec. 10, 1981, D.C. Law 4-55, § 2, 28 DCR 4649; May 10, 1989, D.C. Law 7-231, § 43, 36 DCR 492; Feb. 5, 1994, D.C. Law 10-68, § 31, 40 DCR 6311; Nov. 13, 2003, D.C. Law 15-39, § 2302(a), 50 DCR 5668.)

### *HISTORICAL AND STATUTORY NOTES*

#### *Prior Codifications*

1981 Ed., § 35-514.

1973 Ed., § 35-710.

#### *Effect of Amendments*

D.C. Law 15-39 repealed this section.

#### *Emergency Act Amendments*

For temporary (90 day) repeal of section, see § 2202(a) of Fiscal Year 2004 Budget Support Emergency Act of 2003 (D.C. Act 15-105, June 20, 2003, 50 DCR 5613).

For temporary (90 day) repeal of section, see § 2202(a) of Fiscal Year 2004 Budget Support Congressional Review Emergency Act of 2003 (D.C. Act 15-149, September 22, 2003, 50 DCR 8360).

#### *Legislative History of Laws*

Law 3-52, the "District of Columbia Insurance Act Amendments of 1979," was introduced in Council and assigned Bill No. 3-53, which was referred to the Committee on Public Services and Consumer Affairs. The Bill was adopted on first and second readings on November 20, 1979, and December 4, 1979, respectively. Signed by the Mayor on December 21, 1979, it was assigned Act No. 3-142 and transmitted to both Houses of Congress for its review.

Law 4-55, the "Credit Union Life Insurance Ceiling Amendment Act of 1981," was introduced in Council and assigned Bill No. 4-291, which was referred to the Committee on Finance and Revenue. The Bill was adopted on first and second readings on September 15, 1981, and September 29, 1981, respectively. Signed by the Mayor on October 19, 1981, it was assigned Act No. 4-96 and transmitted to both Houses of Congress for its review.

Law 7-231, the "Technical Amendments Act of 1988," was introduced in Council and assigned Bill No. 7-586, which was referred to the Committee of the Whole. The Bill was adopted on first and second readings on November 29, 1988 and December 13, 1988, respectively. Signed by the Mayor on January 6, 1989, it was assigned Act No. 7-285 and transmitted to both Houses of Congress for its review.

Law 10-68, the "Technical Amendments Act of 1993," was introduced in Council and assigned Bill No. 10-166, which was referred to the Committee of the Whole. The Bill was adopted on first and second readings on June 29, 1993, and July 13, 1993, respectively. Signed by the Mayor on August 23, 1993, it was assigned Act No. 10-107 and transmitted to both Houses of Congress for its review. D.C. Law 10-68 became effective on February 5, 1994.

Law 15-39, the "Fiscal Year 2004 Budget Support Act of 2003", was introduced in Council and assigned Bill No. 15-218, which was referred to Committee on Whole. The Bill was adopted on first and second readings on May 6, 2003, and June 3, 2003, respectively. Signed by the Mayor on June 20, 2003, it was assigned Act No. 15-106 and transmitted to both Houses of Congress for its review. D.C. Law 15-39 became effective on November 13, 2003.

#### *Change in Government*

This section originated at a time when local government powers were delegated to a Board of Commissioners of the District of Columbia (see Acts Relating to the Establishment of the District of Columbia and its Various Forms of Governmental Organization in Volume 1). Section 401 of Reorganization Plan No. 3 of 1967 (see Reorganization Plans in Volume 1) transferred all of the functions of the Board of Commissioners under this section to a single Commissioner. The District of Columbia Self-Government and Governmental Reorganization Act, 87 Stat. 818, § 711 (D.C. Code, § 1-207.11), abolished the District of Columbia Council and the Office of Commissioner of the District of Columbia. These branches of government were replaced by the Council of the District of Columbia and the Office of Mayor of the District of Columbia, respectively. Accordingly, and also pursuant to § 714(a) of such Act (D.C. Code, § 1-207.14(a)), appropriate changes in terminology were made in this section.

#### *Miscellaneous Notes*

Short title of title XXIII of Law 15-39: Section 2301 of D.C. Law 15-39 provided that title XXIII of the act may be

## **§ 31-4711. GROUP POLICIES--REQUIRED PROVISIONS.**

No policy of group life insurance shall be delivered in the District unless it contains in substance the following provisions, or provisions which in the opinion of the Commissioner are more favorable to the persons insured, or at least as favorable to the persons insured and more favorable to the policyholder; provided, however: (1) that the standard provisions required for individual life insurance policies shall not apply to group life insurance policies; (2) that if the group life insurance policy is on a plan of insurance other than the term plan, it shall contain a nonforfeiture provision or provisions which in the opinion of the Commissioner is or are equitable to the insured persons and to the policyholder, but nothing herein shall be construed to require that group life insurance policies contain the same nonforfeiture provisions as are required for individual life insurance policies; and (3) that subject to the terms of the policy any person insured under a group life insurance contract, whether issued before or after August 14, 1973, may make to any person, other than his employer, an absolute or collateral assignment of any or all the rights and benefits conferred on him by any provision of such policy or by law, including specifically, but not by way of limitation, any right to designate a beneficiary or beneficiaries thereunder and any right to have an individual policy issued upon termination either of employment or of said policy of group life insurance; but nothing herein shall be construed to have prohibited an insured from making an assignment of all or any part of his rights and privileges under the policy before August 14, 1973, and, subject to the terms of the policy, an assignment by an insured before or after August 14, 1973, is valid for the purposes of vesting in the assignee all rights and privileges so assigned, but without prejudice to the insurer on account of any payment it may make or individual policy it may issue prior to receipt of notice of the assignment:

(1) A provision that the policyholder is entitled to a grace period of 31 days for the payment of any premium due except the first, during which grace period the death benefit coverage shall continue in force, unless the policyholder shall have given the insurer written notice of discontinuance in advance of the date of discontinuance and in accordance with the terms of the policy. The policy may provide that the policyholder shall be liable to the insurer for the payment of a pro rata premium for the time the policy was in force during such grace period;

(2) A provision that the validity of the policy shall not be contested, except for nonpayment of premiums, after it has been in force for 2 years from its date of issue; and that no statement made by any person insured under the policy relating to his insurability shall be used in contesting the validity of the insurance with respect to which such statement was made after such insurance has been in force prior to the contest for a period of 2 years during such person's lifetime nor unless it is contained in a written instrument signed by him;

(3) A provision that a copy of the application, if any, of the policyholder shall be attached to the policy when issued, that all statements made by the policyholder or by the persons insured shall be deemed representations and not warranties, and that no statement made by any person insured shall be used in any contest unless a copy of the instrument containing the statement is or has been furnished to such person or to his beneficiary;

(4) A provision setting forth the conditions, if any, under which the insurer reserves the right to require a person eligible for insurance to furnish evidence of individual insurability satisfactory to the insurer as a condition to part or all of his coverage;

(5) A provision specifying an equitable adjustment of premiums or of benefits or of both to be made in the event the age of a person insured has been misstated, such provision to contain a clear statement of the method of adjustment to be used;

(6) A provision that any sum becoming due by reason of the death of the person insured shall be payable to the beneficiary designated by the person insured, subject to the provisions of the policy in the event there is no designated beneficiary as to all or any part of such sum living at the death of the person insured, and subject to any right reserved by the insurer in the policy and set forth in the certificate to pay at its option a part of such sum not exceeding \$250 to any person appearing to the insurer to be equitably entitled thereto by reason of having incurred funeral or other expenses incident to the last illness or death of the person insured;

(7) A provision that the insurer will issue to the policyholder for delivery to each person insured an individual certificate setting forth a statement as to the insurance protection to which he is entitled, to whom the insurance benefits are payable, and the rights and conditions set forth in paragraphs (8), (9), and (10) of this section;

(8) A provision that if the insurance, or any portion of it, on a person covered under the policy ceases because of termination of employment or of membership in the class or classes eligible for coverage under the policy, such person shall be entitled to have issued to him by the insurer, without evidence of insurability, an individual policy of life insurance without disability or other supplementary benefits, provided application for the individual policy shall be made, and the 1st premium paid to the insurer, within 31 days after such termination: And provided further, that:

(A) The individual policy shall, at the option of such person, be on any 1 of the forms, except term insurance, then customarily issued by the insurer at the age and for the amount applied for;

(B) The individual policy shall be in an amount not in excess of the amount of life insurance which ceases because of such termination, provided that any amount of insurance which shall have matured on or before the date of such termination as an endowment payable to the person insured, whether in 1 sum or in installments or in the form of an annuity, shall not, for the purposes of this provision, be included in the amount which is considered to cease because of such termination; and

(C) The premium on the individual policy shall be at the insurer's then customary rate applicable to the form and amount of the individual policy, to the class of risk to which such person then belongs, and to his age attained on the effective date of the individual policy;

(9) A provision that if the group policy terminates or is amended so as to terminate the insurance of any class of insured persons, every person insured thereunder at the date of such termination whose insurance terminates and who has been so insured for at least 5 years prior to such termination date shall be entitled to have issued to him by the insurer an individual policy of life insurance, subject to the same conditions and limitations as are provided by paragraph (8) of this section, except that the group policy may provide that the amount of such individual policy shall not exceed the smaller of:

(A) The amount of the person's life insurance protection ceasing because of the termination or amendment of the group policy, less the amount of any life insurance for which he is or becomes eligible under any group policy issued or reinstated by the same or another insurer within 31 days after such termination; and

(B) \$2,000; and

(10) A provision that if a person insured under the group policy dies during the period within which he would have been entitled to have an individual policy issued to him in accordance with subparagraph (8) or (9) of this section and before such an individual policy shall have become effective, the amount of life insurance which he would have been entitled to have issued to him under such individual policy shall be payable as a claim under the group policy, whether or not application for the individual policy or the payment of the 1st premium therefor has been made.

(June 19, 1934, 48 Stat. 1165, ch. 672, ch. V, § 11; July 2, 1940, 54 Stat. 726, ch. 518; July 12, 1950, 64 Stat. 333, ch. 457, § 2; Oct. 3, 1962, 76 Stat. 715, Pub. L. 87-740, § 1; Aug. 14, 1973, 87 Stat. 304, Pub. L. 93-89, title III, § 302; May 21, 1997, D.C. Law 11-268, § 10(j), 44 DCR 1730; Nov. 13, 2003, D.C. Law 15-39, § 2302(b), 50 DCR 5668.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 35-515.

1973 Ed., § 35-711.

##### *Effect of Amendments*

D.C. Law 15-39, in the introductory paragraph, substituted "(1) that the standard provisions required for individual life insurance policies shall not apply to group life insurance policies; (2) that if the group life insurance policy is on a plan of insurance other than the term plan, it shall contain a nonforfeiture provision or provisions which in the opinion of the Commissioner is or are equitable to the insured persons and to the policyholder, but nothing herein shall be construed to require that group life insurance policies contain the same nonforfeiture provisions as are required for individual life insurance policies; and (3)" for "(1) that subparagraphs (6) to (10) of this section, inclusive, shall not apply to policies issued to a creditor to insure debtors of such creditor, or to policies issued pursuant to paragraph (8) of § 31-4710; (2) that the standard provisions required for individual life insurance policies shall not apply to group life insurance policies; (3) that if the group life insurance policy is on a plan of insurance other than the term plan, it shall contain a nonforfeiture provision or provisions which in the opinion of the Commissioner is or are equitable to the insured persons and to the policyholder, but nothing herein shall be construed to require that group life insurance policies contain the same nonforfeiture provisions as are required for individual life insurance policies; and (4)".

##### *Emergency Act Amendments*

For temporary (90 day) amendment of section, see § 2202(b) of Fiscal Year 2004 Budget Support Emergency Act of 2003 (D.C. Act 15-105, June 20, 2003, 50 DCR 5613).

For temporary (90 day) amendment of section, see § 2202(b) of Fiscal Year 2004 Budget Support Congressional Review Emergency Act of 2003 (D.C. Act 15-149, September 22, 2003, 50 DCR 8360).

##### *Legislative History of Laws*

For legislative history of D.C. Law 11-268, see Historical and Statutory Notes following § 31-4701.



For Law 15-39, see notes following § 31-4710.

*Miscellaneous Notes*

Department of Insurance abolished: See Historical and Statutory Notes following § 31-4701.

### **§ 31-4711.01. GROUP POLICIES--RIGHT TO, AND NOTICE OF, ISSUANCE OF INDIVIDUAL POLICY.**

(a) If any individual insured under a group life insurance policy hereafter delivered in the District becomes entitled under the terms of such policy to have an individual policy of life insurance issued to him without evidence of insurability, subject to making of application and payment of the 1st premium within the period specified in such policy, and if such individual is not given notice of the existence of such right at least 15 days prior to the expiration date of such period, then, in such event, the individual shall have an additional period within which to exercise such right, but nothing herein contained shall be construed to continue any insurance beyond the period provided in such policy. This additional period shall expire 15 days next after the individual is given such notice but in no event shall such additional period extend beyond 60 days next after the expiration date of the period provided in such policy. Written notice presented to the individual or mailed by the policyholder to the last known address of the individual or mailed by the insurer to the last known address of the individual as furnished by the policyholder shall constitute notice for the purpose of this subsection.

(b) Except as provided in this chapter it shall be unlawful to make a contract of life insurance for a group in the District.

(June 19, 1934, ch. 672, ch. V, § 11(a), as added July 12, 1950, 64 Stat. 333, ch. 457, § 2.)

*HISTORICAL AND STATUTORY NOTES*

*Prior Codifications*

1981 Ed., § 35-516.

1973 Ed., § 35-711a.

### **§ 31-4712. ACCIDENT AND SICKNESS POLICIES.**

(a) *Filing requirements.* -- No policy of insurance against loss resulting from sickness or from bodily injury or death by accident, or both, shall be issued or delivered to any person in the District by any company organized under this or any other law of the District, or, if a foreign or alien company, authorized to do business in the District, including, but not limited to, all Health Maintenance Organizations, Group Hospitalization and Medical Services, Inc., all life insurance companies licensed to do business in the District, and all for-profit as well as nonprofit health insurers issuing or delivering expense incurred accident and sickness health insurance policies and certificates, until a copy of the form thereof, and of the classification of risks and the premium rates appertaining thereto, have been filed with the Commissioner; nor shall it be so issued or delivered until the expiration of 30 days after it has been so filed, unless the Commissioner shall sooner give his written approval thereto. If the Commissioner shall give written notice to the company which has filed such form that it does not comply with the requirements of law, specifying the reasons for his opinion, it shall be unlawful thereafter for any such insurer to issue any policy in such form. Rates filed with respect to a policy or certificate subject to the Reasonable Health Insurance Ratemaking Reform Act of 2010 [Chapters 30A, 31C, and 33A of this title] shall also comply with the provisions of such act.

(b) *Form.* -- (1) No policy of accident and sickness insurance shall be delivered or issued for delivery to any person in the District unless:

(A) The entire money and other considerations therefor are expressed therein;

(B) The time at which the insurance takes effect and terminates is expressed therein;

(C) It purports to insure only 1 person, except that a policy may insure, originally or by subsequent amendment, upon the application of an adult member of a family who shall be deemed the policyholder, any 2 or more eligible members of that family, including spouse, domestic partner, dependent children or any children under a specified age which shall not exceed 19 years and any other person dependent upon the policyholder;

(D) The style, arrangement, and overall appearance of the policy give no undue prominence to any portion of the text, and unless every printed portion of the text of the policy and of any endorsements or attached papers is plainly printed in lightfaced type of a style in general use, the size of which shall be uniform and not less than 10-point with a lowercase unspaced alphabet length not less than 120-point (the text shall include all printed matter except the name and address of the insurer, name or title of the policy, the brief description, if any, and captions and subcaptions);

(E) The exceptions and reductions of indemnity are set forth in the policy and, except those which are set forth in subsection (c) of this section, are printed, at the insurer's option, either included with the benefit provision to which they apply, or under an appropriate caption such as "EXCEPTIONS," or "EXCEPTIONS AND REDUCTIONS"; provided, that, if an exception or reduction specifically applies only to a particular benefit of the policy, a statement of such exception or reduction shall be included with the benefit provision to which it applies;

(F) Each such form, including riders and endorsements, shall be identified by a former number in the lower left-hand corner of the 1st page thereof;

(G) It contains no provision purporting to make any portion of the charter, rules, constitution, or bylaws of the insurer a part of the policy unless such portion is set forth in full in the policy, except in the case of the incorporation of, or reference to, a statement of rates or classification of risks, or short-rate table filed with the Commissioner;

(H) It contains no provision which would restrict access to psychologists or optometrists. When a policy relating to health insurance requires payment or reimbursement for services which may be performed by a duly licensed psychologist or optometrist, any person covered by the policy shall be free to select and have direct access to such psychologist or optometrist without supervision or referral by a practitioner of the healing art and shall be entitled, under the policy, to have payment or reimbursement made for services performed;

(I) For a policy issued or renewed after April 15, 1995, it contains a provision covering a minor grandchild, niece, or nephew of an employee of the District of Columbia if the minor grandchild, niece, or nephew is under the primary care of the insured, and if the legal guardian of the minor grandchild, niece, or nephew, if other than the insured, is not covered by an accident or sickness policy. For the purposes of this paragraph, the term "primary care" means that the insured provides food, clothing, and shelter, on a regular and continuous basis, for the minor grandchild, niece, or nephew during the time that the District of Columbia public schools are in regular session; and

(J) For a policy issued or renewed after April 15, 1996, it contains a provision covering a minor grandchild, niece, or nephew under the primary care of the insured, and if the legal guardian of the minor grandchild, niece, or nephew, if other than the insured, is not covered by an accident or sickness policy. For the purposes of this paragraph, the term "primary care" means that the insured provides food, clothing, and shelter, on a regular and continuous basis, for the minor grandchild, niece, or nephew during the time that the District of Columbia public schools are in regular session.

(2) If any policy is issued by an insurer domiciled in the District for delivery to a person residing in another jurisdiction, and if the official having responsibility for the administration of the insurance laws of such other jurisdiction shall have advised the Commissioner that any such policy is not subject to approval or disapproval by such official, the Commissioner may by ruling require that such policy meet the standards set forth in paragraph (1) of this subsection and in subsection (c) of this section.

*(c) Provisions. --*

(1) *Required provisions.* -- Except as provided in paragraph (3) of this subsection each such policy delivered or issued for delivery to any person in the District shall contain the provisions specified in this paragraph in the words in which the same appear in this paragraph; provided, however, that the insurer may, at its option, substitute for one or more of such provisions corresponding provisions of different wording approved by the Commissioner which are in each instance not less favorable in any respect to the insured or the beneficiary. Such provisions shall be preceded individually by the caption appearing in this paragraph or, at the option of the insurer, by such appropriate individual or group captions or subcaptions as the Commissioner may approve:

(A) A provision as follows:

"ENTIRE CONTRACT; CHANGES: This policy, including the endorsements and the attached papers, if any, constitutes the entire contract of insurance. No change in this policy shall be valid until approved by an executive officer of the insurer and unless such approval be endorsed hereon or attached hereto. No agent has authority to change this policy or to waive any of its provisions."

(B)(i) A provision as follows:

"TIME LIMIT ON CERTAIN DEFENSES: After 3 years from the date of issue of this policy no misstatements, except fraudulent misstatements, made by the applicant in the application for such policy shall be used to void the policy or to deny a claim for loss incurred or disability (as defined in the policy) commencing after the expiration of such 3-year period."

(ii) (The foregoing policy provision shall not be so construed as to affect any legal requirement for avoidance of a policy or denial of a claim during such initial 3-year period, nor to limit the application of subparagraphs (A), (B), (C), (D), and (E) of paragraph (2) of this subsection in the event of misstatement with respect to age or occupation or other insurance.)

(iii) A policy which the insured has the right to continue in force subject to its terms by the timely

payment of premium until at least age 50 or in the case of a policy issued after age 44, for at least 5 years from its date of issue; may contain in lieu of the foregoing the following provision (from which the clause in parentheses may be omitted at the insurer's option) under the caption "INCONTESTABLE."

"After this policy has been in force for a period of 3 years during the lifetime of the insured (excluding any period during which the insured has a disability), it shall become incontestable as to the statements contained in the application."

"No claim for loss incurred or disability (as defined in the policy) commencing after 3 years from the date of issue of this policy shall be reduced or denied on the ground that a disease or physical condition not excluded from coverage by name or specific description effective on the date of loss had existed prior to the effective date of coverage of this policy."

(C)(i) A provision as follows:

"GRACE PERIOD: A grace period of ... (insert a number not less than '7' for weekly premium policies, '10' for monthly premium policies, and '31' for all other policies) days will be granted for the payment of each premium falling due after the 1st premium, during which grace period the policy shall continue in force."

(ii) A policy which contains a cancellation provision may add, at the end of the above provision, "Subject to the right of the insurer to cancel in accordance with the cancellation provision hereof."

(iii) A policy in which the insurer reserves the right to refuse any renewal shall have, at the beginning of the above provision;

"Unless not less than 5 days prior to the premium due date the insurer has delivered to the insured or has mailed to his last address as shown by the records of the insurer written notice of its intention not to renew this policy beyond the period for which the premium has been accepted."

(D)(i) A provision as follows:

"REINSTATEMENT: If any renewal premium be not paid within the time granted the insured for payment, a subsequent acceptance of premium by the insurer or by any agent duly authorized by the insurer to accept such premium, without requiring in connection therewith an application for reinstatement, shall reinstate the policy; provided, however, that if the insurer or such agent requires an application for reinstatement and issues a conditional receipt for the premium tendered, the policy will be reinstated upon approval of such application by the insurer, or, lacking such approval, upon the 45th day following the date of such conditional receipt unless the insurer has previously notified the insured in writing of its disapproval of such application. The reinstated policy shall cover only loss resulting from such accidental injury as may be sustained after the date of reinstatement and loss due to such sickness as may begin more than 10 days after such date. In all other respects the insured and insurer shall have the same rights thereunder as they had under the policy immediately before the due date of the defaulted premium, subject to any provisions endorsed hereon or attached hereto in connection with the reinstatement. Any premium accepted in connection with a reinstatement shall be applied to a period for which premium has not been previously paid, but not to any period more than 60 days prior to the date of reinstatement."

(ii) The last sentence of the above provision may be omitted from any policy which the insured has the right to continue in force subject to its terms by the timely payment of premiums until at least age 50 or in the case of a policy issued after age 44, for at least 5 years from its date of issue.

(E)(i) A provision as follows:

"NOTICE OF CLAIM: Written notice of claim must be given to the insurer within 20 days after the occurrence or commencement of any loss covered by the policy, or as soon thereafter as is reasonably possible. Notice given by or on behalf of the insured or the beneficiary to the insurer at ..... (insert the location of such office as the insurer may designate for the purpose), or to any authorized agent of the insurer, with information sufficient to identify the insured, shall be deemed notice to the insurer."

(ii) In a policy providing a loss-of-time benefit which may be payable for at least 2 years, an insurer may at its option insert the following between the 1st and 2nd sentences of the above provision:

"Subject to the qualifications set forth below, if the insured suffers loss of time on account of disability for which indemnity may be payable for at least 2 years, he shall, at least once in every 6 months after having given notice of claim, give to the insurer notice of continuance of said

disability, except in the event of legal incapacity. The period of 6 months following any filing of proof by the insured or any payment by the insurer on account of such claim or any denial of liability in whole or in part by the insurer shall be excluded in applying this provision. Delay in the giving of such notice shall not impair the insured's right to any indemnity which would otherwise have accrued during the period of 6 months preceding the date on which such notice is actually given."

(F) A provision as follows:

"CLAIM FORMS: The insurer, upon receipt of a notice of claim, will furnish to the claimant such forms as are usually furnished by it for filing proofs of loss. If such forms are not furnished within 15 days after the giving of such notice the claimant shall be deemed to have complied with the requirements of this policy as to proof of loss upon submitting, within the time fixed in the policy for filing proofs of loss, written proof covering the occurrence, the character and the extent of the loss for which claim is made."

(G) A provision as follows:

"PROOFS OF LOSS: Written proof of loss must be furnished to the insurer at its said office in case of claim for loss for which this policy provides any periodic payment contingent upon continuing loss within 90 days after the termination of the period for which the insurer is liable and in case of claim for any other loss within 90 days after the date of such loss. Failure to furnish such proof within the time required shall not invalidate nor reduce any claim if it was not reasonably possible to give proof within such time, provided such proof is furnished as soon as reasonably possible and in no event, except in the absence of legal capacity, later than 1 year from the time proof is otherwise required."

(H) A provision as follows:

"TIME OF PAYMENT OF CLAIMS: Indemnities payable under this policy for any loss other than loss for which this policy provides any periodic payment will be paid immediately upon receipt of due written proof of such loss. Subject to due written proof of loss, all accrued indemnities for loss for which this policy provides periodic payment will be paid ..... (insert period for payment which must not be less frequently than monthly) and any balance remaining unpaid upon the termination of liability will be paid immediately upon receipt of due written proof."

(I)(i) A provision as follows:

"PAYMENT OF CLAIMS: Indemnity for loss of life will be payable in accordance with the beneficiary designation and the provisions respecting such payment which may be prescribed herein and effective at the time of payment. If no such designation or provision is then effective, such indemnity shall be payable to the estate of the insured. Any other accrued indemnities unpaid at the insured's death may, at the option of the insurer, be paid either to such beneficiary or to such estate. All other indemnities will be payable to the insured."

(ii) The following provisions, or either of them, may be included with the foregoing provision at the option of the insurer:

"If any indemnity of this policy shall be payable to the estate of the insured, or to an insured or beneficiary who is a minor or otherwise not competent to give a valid release, the insurer may pay such indemnity up to an amount not exceeding \$..... (insert an amount which shall not exceed \$1,000), to any relative by blood or connection by marriage or domestic partnership of the insured or beneficiary who is deemed by the insurer to be equitably entitled thereto. Any payment made by the insurer in good faith pursuant to this provision shall fully discharge the insurer to the extent of such payment.

"Subject to any written direction of the insured in the application or otherwise all or a portion of any indemnities provided by this policy on account of hospital, nursing, medical, or surgical services may, at the insurer's option and unless the insured requests otherwise in writing not later than the time of filing proofs of such loss, be paid directly to the hospital or person rendering such services; but it is not required that the service be rendered by a particular hospital or person."

(J) A provision as follows:

"PHYSICAL EXAMINATIONS AND AUTOPSY: The insurer at its own expense shall have the right and opportunity to examine the person of the insured when and as often as it may reasonably require during the pendency of a claim hereunder and to make an autopsy in case of death where it is not forbidden by law."

(K) A provision as follows:

"LEGAL ACTIONS: No action at law or in equity shall be brought to recover on this policy prior to the expiration of 60 days after written proof of loss has been furnished in accordance with the requirements of this policy. No such action shall be brought after the expiration of 3 years after the time written proof of loss is required to be furnished."

(L)(i) A provision as follows:

"CHANGE OF BENEFICIARY: Unless the insured makes an irrevocable designation of beneficiary, the right to change of beneficiary is reserved to the insured and the consent of the beneficiary or beneficiaries shall not be requisite to surrender or assignment of this policy or to any change of beneficiary or beneficiaries, or to any other changes in this policy."

(ii) The 1st clause of this provision, relating to the irrevocable designation of beneficiary, may be omitted at the insurer's option.

(2) *Other provisions.* -- Except as provided in paragraph (3) of this subsection, no such policy delivered or issued for delivery to any person in the District shall contain provisions respecting the matters set forth below unless such provisions are in the words in which the same appear in this paragraph; provided, however, that the insurer may, at its option, use in lieu of any such provision a corresponding provision of different wording approved by the Commissioner which is not less favorable in any respect to the insured or the beneficiary. Any such provision contained in the policy shall be preceded individually by the appropriate caption appearing in this paragraph or, at the option of the insurer, by such appropriate individual or group captions or subcaptions as the Commissioner may approve:

(A) A provision as follows:

"CHANGE OF OCCUPATION: If the insured be injured or contract sickness after having changed his occupation to one classified by the insurer as more hazardous than that stated in this policy or while doing for compensation anything pertaining to an occupation so classified, the insurer will pay only such portion of the indemnities provided in this policy as the premium paid would have purchased at the rates and within the limits fixed by the insurer for such more hazardous occupation. If the insured changes his occupation to one classified by the insurer as less hazardous than that stated in this policy, the insurer, upon receipt of proof of such change of occupation, will reduce the premium rate accordingly, and will return the excess prorata unearned premium from the date of change of occupation or from the policy anniversary date immediately preceding receipt of such proof, whichever is the more recent. In applying this provision, the classification of occupational risk and the premium rates shall be such as have been last filed by the insurer prior to the occurrence of the loss for which the insurer is liable or prior to date of proof of change in occupation with the official having supervision of insurance in the jurisdiction where the insured resided at the time this policy was issued; but if such filing was not required, then the classification of occupational risk and the premium rates shall be those last made effective by the insurer in such jurisdiction prior to the occurrence of the loss or prior to the date of proof of change in occupation."

(B) A provision as follows:

"MISSTATEMENT OF AGE: If the age of the insured has been misstated, all amounts payable under this policy shall be such as the premium paid would have purchased at the correct age."

(C)(i) A provision as follows:

"OTHER INSURANCE IN THIS INSURER: If an accident or sickness or accident and sickness policy or policies previously issued by the insurer to the insured be in force concurrently herewith, making the aggregate indemnity for ..... (insert type of coverage or coverages) in excess of \$..... (insert maximum limit of indemnity or indemnities) the excess insurance shall be void and all premiums paid for such excess shall be re-turned to the insured or to his estate."

(ii) Or, in lieu thereof: "Insurance effective at any one time on the insured under a like policy or policies in this insurer is limited to the one such policy elected by the insured, his beneficiary or his estate, as the case may be, and the insurer will return all premiums paid for all other such policies."

(D)(i) A provision as follows:

"INSURANCE WITH OTHER INSURERS: If there be other valid coverage, not with this insurer, providing benefits for the same loss on a provision of service basis or on an expense incurred basis and of which this insurer has not been given written notice prior to the occurrence or commencement of loss, the only liability under any expense incurred coverage of this policy shall be for such proportion of the loss as the amount which would otherwise have been payable hereunder plus the total of the like amounts under all such other valid coverages for the same loss of which this insurer had notice bears to the total like amounts under all valid coverages for such

loss, and for the return of such portion of the premiums paid as shall exceed the pro rata portion for the amount so determined. For the purpose of applying this provision when other coverage is on a provision of service basis, the "like amount" of such other coverage shall be taken as the amount which the services rendered would have cost in the absence of such coverage."

(ii) If the foregoing policy provision is included in a policy which also contains the next following policy provision there shall be added to the caption of the foregoing provision the phrase " -- EXPENSE INCURRED BENEFITS". The insurer may, at its option, include in this provision a definition of "other valid coverage," approved as to form by the Commissioner, which definition shall be limited in subject matter to coverage provided by organizations subject to regulation by insurance law or by insurance authorities of this or any other jurisdiction of the United States or any province of Canada, and by hospital or medical service organizations, and to any other coverage the inclusion of which may be approved by the Commissioner. In the absence of such definition such term shall not include group insurance, automobile medical payments insurance, or coverage provided by hospital or medical service organizations or by union welfare plans or employer or employee benefit organizations. For the purpose of applying the foregoing policy provision with respect to any insured, any amount of benefit provided for such insured pursuant to any compulsory benefit statute (including any workmen's compensation or employer's liability statute) whether provided by a governmental agency or otherwise shall in all cases be deemed to be "other valid coverage" of which the insurer has had notice. In applying the foregoing policy provision no 3rd party liability coverage shall be included as "other valid coverage."

(E)(i) A provision as follows:

"INSURANCE WITH OTHER INSURERS: If there be other valid coverage, not with this insurer, providing benefits for the same loss on other than an expense-incurred basis and of which this insurer has not been given written notice prior to the occurrence or commencement of loss, the only liability for such benefits under this policy shall be for such proportion of the indemnities otherwise provided hereunder for such loss as the like indemnities of which the insurer had notice (including the indemnities under this policy) bear to the total amount of all like indemnities for such loss, and for the return of such portion of the premium paid as shall exceed the pro rata portion for the indemnities thus determined."

(ii) If the foregoing policy provision is included in a policy which also contains the next preceding policy provision there shall be added to the caption of the foregoing provision the phrase " -- OTHER BENEFITS". The insurer may, at its option, include in this provision a definition of "other valid coverage," approved as to form by the Commissioner, which definition shall be limited in subject matter to coverage provided by organizations subject to regulation by insurance law or by insurance authorities of this or any other jurisdiction of the United States or any province of Canada, and to any other coverage the inclusion of which may be approved by the Commissioner. In the absence of such definition such term shall not include group insurance, or benefits provided by union welfare plans or by employer or employee benefit organizations. For the purpose of applying the foregoing policy provision with respect to any insured, any amount of benefit provided for such insured pursuant to any compulsory benefit statute (including any workmen's compensation or employer's liability statute) whether provided by a governmental agency or otherwise shall in all cases be deemed to be "other valid coverage" of which the insurer has had notice. In applying the foregoing policy provision no 3rd-party liability coverage shall be included as "other valid coverage."

(F)(i) A provision as follows:

"RELATION OF EARNINGS TO INSURANCE: If the total monthly amount of loss-of-time benefits promised for the same loss under all valid loss-of-time coverage upon the insured, whether payable on a weekly or monthly basis, shall exceed the monthly earnings of the insured at the time disability commenced or his average monthly earnings for the period of 2 years immediately preceding a disability for which claim is made, whichever is the greater, the insurer will be liable only for such proportionate amount of such benefits under this policy as the amount of such monthly earnings or such average monthly earnings of the insured bears to the total amount of monthly benefits for the same loss under all such coverage upon the insured at the time such disability commences and for the return of such part of the premiums paid during such 2 years as shall exceed the pro rata amount of the premiums for the benefits actually paid hereunder; but this shall not operate to reduce the total monthly amount of benefits payable under all such coverage upon the insured below the sum of \$200 or the sum of the monthly benefits specified in such coverages, whichever is the lesser, nor shall it operate to reduce benefits other than those payable for loss of time."

(ii) The foregoing policy provision may be inserted only in a policy which the insured has the right to continue in force subject to its terms by the timely payment of premiums until at least age 50 or in the case of a policy issued after age 44, for at least 5 years from its date of issue. The insurer may, at its option, include in this provision a definition of "valid loss-of-time coverage," approved as to form by the Commissioner, which definition shall be limited in subject matter to coverage provided by governmental agencies or by organizations subject to

regulation by insurance law or by insurance authorities of this or any other jurisdiction of the United States or any province of Canada, or to any other coverage the inclusion of which may be approved by the Commissioner or any combination of such coverages. In the absence of such definition such term shall not include any coverage provided for such insured pursuant to any compulsory benefit statute (including any workmen's compensation or employer's liability statute), or benefits provided by union welfare plans or by employer or employee benefit organizations;

(G) A provision as follows:

"UNPAID PREMIUM: Upon the payment of a claim under this policy, any premium then due and unpaid or covered by any note or written order may be deducted therefrom."

(H) A provision as follows:

"CANCELLATION: The insurer may cancel this policy at any time by written notice delivered to the insured, or mailed to his last address as shown by the records of the insurer, stating when, not less than 5 days thereafter, such cancellation shall be effective; and after the policy has been continued beyond its original term the insured may cancel this policy at any time by written notice delivered or mailed to the insurer, effective upon receipt or on such later date as may be specified in such notice. In the event of cancellation, the insurer will return promptly the unearned portion of any premium paid. If the insured cancels, the earned premium shall be computed by the use of the short-rate table last filed with the official having supervision of insurance in the jurisdiction where the insured resided when the policy was issued. If the insurer cancels, the earned premium shall be computed pro rata. Cancellation shall be without prejudice to any claim originating prior to the effective date of cancellation."

(I) A provision as follows:

"CONFORMITY WITH STATE STATUTES: Any provision of this policy which, on its effective date, is in conflict with the statutes of the jurisdiction in which the insured resides on such date is hereby amended to conform to the minimum requirements of such statutes."

(J) A provision as follows:

"ILLEGAL OCCUPATION: The insurer shall not be liable for any loss to which a contributing cause was the insured's commission of or attempt to commit a felony or to which a contributing cause was the insured's being engaged in an illegal occupation."

(K) Repealed.

(3) *Inapplicable or inconsistent provisions.* -- If any provision of this subsection is in whole or in part inapplicable to or inconsistent with the coverage provided by a particular form of policy the insurer, with the approval of the Commissioner, shall omit from such policy any inapplicable provision or part of a provision, and shall modify any inconsistent provision or part of the provision in such manner as to make the provision as contained in the policy consistent with the coverage provided by the policy.

(4) *Order.* -- The provisions which are the subject of paragraphs (1) and (2) of this subsection, or any corresponding provisions which are used in lieu thereof in accordance with such paragraphs, shall be printed in the consecutive order of the provisions in such paragraphs or, at the option of the insurer, any such provision may appear as a unit in any part of the policy, with other provisions to which it may be logically related, provided the resulting policy shall not be in whole or in part unintelligible, uncertain, ambiguous, abstruse, or likely to mislead a person to whom the policy is offered, delivered, or issued.

(5) *Third-party rights.* -- The word "insured," as used in this section, shall not be construed as preventing a person other than the insured with a proper insurable interest from making application for and owning a policy covering the insured or from being entitled under such a policy to any indemnities, benefits, and rights provided therein.

(6) *Rules and regulations.* -- The Council of the District of Columbia may make such reasonable rules and regulations concerning the procedure for the filing or submission of policies subject to this section as are necessary, proper or advisable to the administration of this section. This provision shall not abridge any other authority granted the Commissioner by law.

(d) *Conforming to statutory requirements.* --

(1) *Provisions not subject to requirements.* -- Provisions not subject to requirements. No policy provision which is not subject to subsection (c) of this section shall make a policy, or any portion thereof, less favorable in any respect to the insured or the beneficiary than the provisions thereof which are subject to this section.

(2) *Violations and conflicts.* -- A policy delivered or issued for delivery to any person in the District in violation of this section shall be held valid but shall be construed as provided in this section. When any provision in a policy subject to this section is in conflict with any provision of this section, the rights,

duties, and obligations of the insurer, the insured, and the beneficiary shall be governed by the provisions of this section.

(e) *Applications.* -- (1) The insured shall not be bound by any statement made in an application for a policy unless a copy of such application is attached to or endorsed on the policy when issued as a part thereof. If any such policy delivered or issued for delivery to any person in the District shall be reinstated or renewed, and the insured or the beneficiary or assignee of such policy shall make written request to the insurer for a copy of the application, if any, for such reinstatement or renewal, the insurer shall, within 15 days after the receipt of such request at its home office or any branch office of the insurer, deliver or mail to the person making such request, a copy of such application. If such copy shall not be so delivered or mailed, the insurer shall be precluded from introducing such application as evidence in any action or proceeding based upon or involving such policy or its reinstatement or renewal.

(2) No alteration of any written application for any such policy shall be made by any person other than the applicant without his written consent, except that insertions may be made by the insurer, for administrative purposes only, in such manner as to indicate clearly that such insertions are not to be ascribed to the applicant.

(3) The falsity of any statement in the application for any policy covered by this section may not bar the right to recovery thereunder unless such false statement materially affected either the acceptance of the risk or the hazard assumed by the insurer.

(f) *Waiver of insurer's rights.* -- The acknowledgment by any insurer of the receipt of notice given under any policy covered by this section, or the furnishing of forms for filing proofs of loss, or the acceptance of such proofs, or the investigation of any claim thereunder shall not operate as a waiver of any of the rights of the insurer in defense of any claim arising under such policy.

(g) *Limitations on coverage.* -- If any such policy contains a provision establishing, as an age limit or otherwise, a date after which the coverage provided by the policy will not be effective, and if such date falls within a period for which premium is accepted by the insurer or if the insurer accepts a premium after such date, the coverage provided by the policy will continue in force subject to any right of cancellation until the end of the period for which premium has been accepted. In the event the age of the insured has been misstated and if, according to the correct age of the insured, the coverage provided by the policy would not have become effective, or would have ceased prior to the acceptance of such premium or premiums, then the liability of the insurer shall be limited to the refund, upon request, of all premiums paid for the period not covered by the policy.

(h) *Exceptions.* -- Except as provided in § 31-4724, nothing in this section shall apply to or affect:

(1) Repealed.

(2) Life insurance, endowment or annuity contracts, or contracts supplemental thereto which contain only such provisions relating to accident and sickness insurance as:

(A) Provide additional benefits in case of death or dismemberment or loss of sight by accident; or

(B) Operate to safeguard such contracts against lapse, or to give a special surrender value or special benefit or an annuity in the event that the insured or annuitant shall come to have a total and permanent disability, as defined by the contract or supplemental contract; provided, that no such supplemental contract shall be issued or delivered to any person in the District unless and until a copy of the form thereof has been submitted to and approved by the Commissioner under such reasonable rules and regulations as the Council of the District of Columbia shall make concerning the provisions in such contracts and their submission to and approval by him.

(June 19, 1934, 48 Stat. 1166, ch. 672, ch. V, § 12; July 12, 1950, 64 Stat. 335, ch. 457, § 3; July 16, 1953, 67 Stat. 162, ch. 196, § 1; Feb. 19, 1976, D.C. Law 1-46, § 2, 22 DCR 4680; Feb. 11, 1982, D.C. Law 4-66, § 2(a), 28 DCR 5040; Aug. 25, 1994, D.C. Law 10-158, § 2, 41 DCR 4881; Apr. 18, 1996, D.C. Law 11-110, § 36, 43 DCR 530; May 21, 1997, D.C. Law 11-268, § 10(j), 44 DCR 1730; Mar. 24, 1998, D.C. Law 12-81, § 23(d), 45 DCR 745; Mar. 8, 2007, D.C. Law 16-247, § 2, 54 DCR 620; Apr. 24, 2007, D.C. Law 16-305, § 43, 53 DCR 6198; Sept. 12, 2008, D.C. Law 17-231, § 28(c), 55 DCR 6758; Mar. 25, 2009, D.C. Law 17-353, § 199, 56 DCR 1117; Apr. 8, 2011, D.C. Law 18-360, § 504, 58 DCR 896.)

#### HISTORICAL AND STATUTORY NOTES

##### *Prior Codifications*

1981 Ed., § 35-517.

1973 Ed., § 35-712.

##### *Effect of Amendments*

D.C. Law 16-247 repealed subsec. (c)(2)(K) which had read as follows:

"(K) A provision as follows:

"LEGAL ACTIONS: No action at law or in equity shall be brought to recover on this policy prior to the



expiration of 60 days after written proof of loss has been furnished in accordance with the requirements of this policy. No such action shall be brought after the expiration of 3 years after the time written proof of loss is required to be furnished."

D.C. Law 16-305, in subsec. (c)(1)(B)(iii), substituted "has a disability" for "is disabled"; and in subsec. (h)(2)(B), substituted "have a total and permanent disability" for "become totally and permanently disabled".

D.C. Law 17-231, in subsecs. (b)(1)(C), substituted "spouse, domestic partner" for "husband, wife"; and, in subsec. (c)(1)(I)(ii), substituted "marriage or domestic partnership" for "marriage".

D.C. Law 17-353, in subsec. (h)(2)(B), substituted "come to have a total" for "have a total".

D.C. Law 18-360, in subsec. (a), rewrote the last sentence which had read as follows: "The action of the Commissioner in this regard shall be subject to appeal and review in the form and manner prescribed in § 31-4327." ; and repealed subsec. (h)(1), which formerly read:

"(1) Any policy of group accident, group health, or group accident and health insurance; or"

#### *Legislative History of Laws*

Law 1-46, the "Access to Psychologists and Optometrists Act," was introduced in Council and assigned Bill No. 1-86, which was referred to the Committee on Human Resources and Aging. The Bill was adopted on first and second readings on October 7, 1975, and October 21, 1975, respectively. Signed by the Mayor on November 7, 1975, it was assigned Act No. 1-64 and transmitted to both Houses of Congress for its review.

Law 4-66, the "Access to Clinical Psychologists and Optometrists Act of 1981," was introduced in Council and assigned Bill No. 4-160, which was referred to the Committee on Housing and Economic Development. The Bill was adopted on first and second readings on October 13, 1981, and October 27, 1981, respectively. Signed by the Mayor on November 9, 1981, it was assigned Act No. 4-112 and transmitted to both Houses of Congress for its review.

Law 10-158, the "Primary Caretaker Insurance Coverage for Minors Amendment Act of 1994," was introduced in Council and assigned Bill No. 10-112, which was referred to the Committee on Consumer and Regulatory Affairs. The Bill was adopted on first and second readings on June 7, 1994, and June 21, 1994, respectively. Signed by the Mayor on July 8, 1994, it was assigned Act No. 10-274 and transmitted to both Houses of Congress for its review. D.C. Law 10-158 became effective on August 25, 1994.

Law 11-110, the "Technical Amendments Act of 1996," was introduced in Council and assigned Bill No. 11-485, which was referred to the Committee of the Whole. The Bill was adopted on first and second readings on December 5, 1995, and January 4, 1996, respectively. Signed by the Mayor on January 26, 1996, it was assigned Act No. 11-199 and transmitted to both Houses of Congress for its review. D.C. Law 11-110 became effective on April 18, 1996.

For legislative history of D.C. Law 11-268, see Historical and Statutory Notes following § 31-4701.

For legislative history of D.C. Law 12-81, see Historical and Statutory Notes following § 31-4705.02.

For Law 16-247, see notes following § 31-3103.

For Law 16-305, see notes following § 31-1131.11.

For Law 17-231, see notes following § 31-3301.01.

For Law 17-353, see notes following § 31-1131.06.

For history of Law 18-360, see notes under § 31-2231.11.

#### *References in Text*

Section 31-4327, referred to in subsection (a) of this section, was repealed by D.C. Law 11-227, § 16, effective April 9, 1997.

#### *Change in Government*

This section originated at a time when local government powers were delegated to a Board of Commissioners of the District of Columbia (see Acts Relating to the Establishment of the District of Columbia and its Various Forms of Governmental Organization in Volume 1). Section 402(276) of Reorganization Plan No. 3 of 1967 (see Reorganization Plans in Volume 1) transferred all of the functions of the Board of Commissioners under this section to the District of Columbia Council, subject to the right of the Commissioner as provided in § 406 of the Plan. The District of Columbia Self-Government and Governmental Reorganization Act, 87 Stat. 818, § 711 (D.C. Code, § 1-207.11), abolished the District of Columbia Council and the Office of Commissioner of the District of Columbia. These branches of government were replaced by the Council of the District of Columbia and the Office of Mayor of the District of Columbia, respectively. Accordingly, and also pursuant to § 714(a) of such Act (D.C. Code, § 1-207.14(a)), appropriate changes in terminology were made in this section.

#### *Miscellaneous Notes*

Department of Insurance abolished: See Historical and Statutory Notes following § 31-4701.

Section 4 of D.C. Law 16-247 provided:

"This act shall apply to all individual and group health benefit plans delivered, issued for delivery, or renewed on the first day of the month beginning on or after 90 days after the effective date of this act."

### **§ 31-4713. PROHIBITED ACTIVITIES--SECURITIES OPERATIONS.[REPEALED]**

(June 19, 1934, 48 Stat. 1173, ch. 672, ch. V, § 13; May 21, 1997, D.C. Law 11-268, § 10(j), 44 DCR 1730; Apr. 3, 2001, D.C. Law 13-265, § 126(a), 48 DCR 1225, redesignated § 301, Oct. 19, 2002, D.C. Law 14-213, § 20(b), 49 DCR 8140.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 35-518.

1973 Ed., § 35-713.

##### *Legislative History of Laws*

For legislative history of D.C. Law 11-268, see Historical and Statutory Notes following § 31-4701.

For D.C. Law 13-265, see notes following § 31-2231.01.

For Law 14-213, see notes following § 31-903.

### **§ 31-4714. PROHIBITED ACTIVITIES--MISREPRESENTATIONS.[REPEALED]**

(June 19, 1934, 48 Stat. 1174, ch. 672, ch. V, § 14; May 21, 1997, D.C. Law 11-268, § 10(j), 44 DCR 1730; Apr. 3, 2001, D.C. Law 13-265, § 126(a), 48 DCR 1225, redesignated § 301, Oct. 19, 2002, D.C. Law 14-213, § 20(b), 49 DCR 8140.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 35-519.

1973 Ed., § 35-714.

##### *Legislative History of Laws*

For legislative history of D.C. Law 11-268, see Historical and Statutory Notes following § 31-4701.

For D.C. Law 13-265, see notes following § 31-2231.01.

For Law 14-213, see notes following § 31-903.

##### *Miscellaneous Notes*

Department of Insurance abolished: See Historical and Statutory Notes following § 31-4701.

### **§ 31-4715. PROHIBITED ACTIVITIES--DISCRIMINATIONS.[REPEALED]**

(June 19, 1934, 48 Stat. 1174, ch. 672, ch. V, § 15; Apr. 3, 2001, D.C. Law 13-265, § 126(a), 48 DCR 1225, redesignated § 301, Oct. 19, 2002, D.C. Law 14-213, § 20(b), 49 DCR 8140.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 35-520.

1973 Ed., § 35-715.

##### *Legislative History of Laws*

For D.C. Law 13-265, see notes following § 31-2231.01.

For Law 14-213, see notes following § 31-903.

### **§ 31-4716. RIGHTS OF PARTIES UNDER LIFE POLICIES.**

(a) When a policy of insurance, whether heretofore or hereafter issued, is effected by any person on his

own life or on another life in favor of some person other than himself having an insurable interest therein, or, except in cases of transfer with intent to defraud creditors, if a policy of life insurance is assigned or in any way made payable to any such person, the lawful beneficiary or assignee thereof, other than the insured or the person so effecting such insurance or executors or administrators of such insured or the person so effecting such insurance, shall be entitled to its proceeds and avails against the creditors and representatives of the insured and of the person effecting such insurance whether or not the right to change the beneficiary is reserved or permitted and whether or not the policy is made payable to the person whose life is insured, if the beneficiary or assignee shall predecease such person; provided, that subject to the statute of limitations the amount of any premiums for said insurance paid with intent to defraud creditors, with interest thereon, shall inure to their benefit from the proceeds of the policy, but the company issuing the policy shall be discharged of all liability thereon by payment of its proceeds in accordance with its terms, unless before such payment the company shall have written notice by or in behalf of a creditor of a claim to recover for transfer made or premiums paid with intent to defraud creditors with specifications of the amount claimed.

(b) A charitable, benevolent, educational, governmental, or religious institution that is described in § 501(c)(3) or § 170(b)(1)(A) of the Internal Revenue Code or a trust for the benefit of the institution that is qualified as a charitable remainder trust under § 664 or a pooled income fund under § 642(c)(5) of the Internal Revenue Code may acquire an insurable interest in the life of an individual if:

(1) The institution or trust is designated irrevocably as the beneficiary of the insurance proceeds or designated as the owner of the life insurance policy, or both;

(2) The application for the insurance contract is procured and signed by the individual whose life is to be insured; and

(3) Notwithstanding paragraph (1) of this subsection, the insured pays the premiums for the insurance policy for at least 3 years following the issuance of the policy.

(c) Subsection (b) of this section does not prohibit the insured from retaining all ownership rights conferred by the insurance policy, except the right to loan or borrow value during the premium-paying period or at maturity.

(June 19, 1934, 48 Stat. 1175, ch. 672, ch. V, § 16; Aug. 1, 1947, 61 Stat. 711, ch. 427; Mar. 16, 1995, D.C. Law 10-211, § 2, 41 DCR 8027.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 35-521.

1973 Ed., § 35-716.

##### *Legislative History of Laws*

Law 10-211, the "Charitable Gift of Life Insurance Proceeds Amendment Act of 1994," was introduced in Council and assigned Bill No. 10-348, which was referred to the Committee on Consumer and Regulatory Affairs. The Bill was adopted on first and second readings on November 1, 1994, and December 6, 1994, respectively. Signed by the Mayor on December 15, 1994, it was assigned Act No. 10-348 and transmitted to both Houses of Congress for its review. D.C. Law 10-211 became effective on March 16, 1995.

##### *References in Text*

Sections 501(c)(3), 170(b)(1)(A), 664 and 642(c)(5) of the Internal Revenue Code, referred to in (b), are codified as 26 U.S.C. §§ 501(c)(3), 170(b)(1)(A), 664 and 642(c)(5), respectively.

##### *Miscellaneous Notes*

Application of Law 10-211: Section 3 of D.C. Law 10-211 provided that the act shall be applied retroactively, thereby validating any insurance contract authorized under this act if the individual on whose life the insurance contract was taken is alive on March 16, 1995, even though the insurance contract was entered into before March 16, 1995, and the beneficiary or owner of the policy continues to pay the premiums until maturity.

## **§ 31-4716.01. EXEMPTION FROM LEGAL PROCESS--DISABILITY BENEFITS.**

No money or other benefit paid, provided, allowed, or agreed to be paid by any company on account of the disability from injury or sickness of any insured person shall be liable to execution, attachment, garnishment, or other process, or to be seized, taken, appropriated or applied by any legal or equitable process or operation of law, to pay any debt or liability of such insured person whether such debt or liability was incurred before or after the commencement of such disability, but the provisions of this section shall not affect the assignability of any such disability benefit otherwise assignable, nor shall this section apply to any money income disability benefit in an action to recover for necessities contracted for after the commencement of disability covered by the disability clause or contract allowing such money income

benefit.

(June 19, 1934, 48 Stat. 1175, ch. 672, ch. V, § 16a.)

*HISTORICAL AND STATUTORY NOTES*

*Prior Codifications*

1981 Ed., § 35-522.

1973 Ed., § 35-717.

**§ 31-4717. EXEMPTION FROM LEGAL PROCESS--GROUP LIFE POLICY OR PROCEEDS.**

No policy of group life insurance, nor the proceeds thereof when paid to any employee or employees thereunder, shall be liable to attachment, garnishment, or other process, or to be seized, taken, appropriated, or applied by any legal or equitable process or operation of law, to pay any debt or liability of such employee, or his beneficiary, or any other person who may have a right thereunder, either before or after payment; nor shall the proceeds thereof, when not made payable to a named beneficiary, constitute a part of the estate of the employee for the payment of his debts.

(June 19, 1934, 48 Stat. 1176, ch. 672, ch. V, § 17.)

*HISTORICAL AND STATUTORY NOTES*

*Prior Codifications*

1981 Ed., § 35-523.

1973 Ed., § 35-718.

**§ 31-4718. FRAUDULENT STATEMENTS OR REPRESENTATIONS AGAINST COMPANIES.[REPEALED]**

(June 19, 1934, 48 Stat. 1176, ch. 672, ch. V, § 18; Apr. 3, 2001, D.C. Law 13-265, § 126(a), 48 DCR 1225, redesignated § 301, Oct. 19, 2002, D.C. Law 14-213, § 20(b), 49 DCR 8140.)

*HISTORICAL AND STATUTORY NOTES*

*Prior Codifications*

1981 Ed., § 35-524.

1973 Ed., § 35-719.

*Legislative History of Laws*

For D.C. Law 13-265, see notes following § 31-2231.01.

For Law 14-213, see notes following § 31-903.

**§ 31-4719. AUTHORITY TO HOLD PROCEEDS UNDER TRUST OR AGREEMENT.**

Any life company licensed under the laws of the District shall have power to hold the proceeds of any policy issued by it under a trust or other agreement upon such terms and restrictions as to revocation by the policyholder and control by beneficiaries and with such exemptions from the claims of creditors or beneficiaries other than the policyholder as shall have been agreed to in writing by such company and the policyholder. Such insurance company shall not be required to segregate funds so held, but may hold them as a part of its general corporate assets.

(June 19, 1934, 48 Stat. 1176, ch. 672, ch. V, § 19.)

*HISTORICAL AND STATUTORY NOTES*

*Prior Codifications*

1981 Ed., § 35-525.

1973 Ed., § 35-720.

**§ 31-4720. CALCULATIONS OF PREMIUMS AND RESERVES.**

If in any contract year the gross premium charged by any life insurance company on any policy or contract is less than the valuation net premium for the policy or contract calculated by the method used in calculating the reserve thereon but using the minimum valuation standards of mortality and rate of interest, the minimum reserve required for such policy or contract shall be the greater of either the reserve calculated according to the mortality table, rate of interest, and method actually used for such policy or contract, or the reserve calculated by the method actually used for such policy or contract but using the minimum standards of mortality and rate of interest and replacing the valuation net premium by the actual gross premium in each contract year for which the valuation net premium exceeds the actual gross premium. The minimum valuation standards of mortality and rate of interest referred to in this section are those standards stated in § 31-4701(c)(3) and (d); provided, that for any life insurance policy issued on or after January 1, 1987, for which the gross premium in the 1st policy year exceeds that of the 2nd year and for which no comparable additional benefit is provided in the 1st year for such excess and which provides an endowment benefit or a cash surrender value or a combination thereof in an amount greater than such excess premium, the foregoing provisions of this section shall be applied as if the method actually used in calculating the reserve for such policy were the method described in § 31-4701(c)(5), ignoring subsection (c)(5)(B) of § 31-4701. The minimum reserve at each policy anniversary of such a policy shall be the greater of the minimum reserve calculated in accordance with § 31-4701(c)(5), including subsection (c)(5)(B) of § 31-4701, and the minimum reserve calculated in accordance with this section.

(June 19, 1934, 48 Stat. 1176, ch. 672, ch. V, § 20; Oct. 13, 1978, D.C. Law 2-120, § 10, 25 DCR 1519; Mar. 14, 1985, D.C. Law 5-160, § 3(g), 32 DCR 39.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 35-526.

1973 Ed., § 35-721.

##### *Legislative History of Laws*

For legislative history of D.C. Law 2-120, see Historical and Statutory Notes following § 31-4701.

For legislative history of D.C. Law 5-160, see Historical and Statutory Notes following § 31-4725.

##### *Editor's Notes*

References in D.C. Law 5-160 in § 31-4701 and in this section have been translated accurately to reflect the D.C. Code numbering system for § 31-4701(c). It should be noted, however, that the numbering system used by the D.C. Code and the numbering system used by the Organic Law differ markedly.

## **§ 31-4721. ACCEPTANCE AND RECORDATION OF PREMIUMS ON INDUSTRIAL LIFE OR SICK-BENEFIT POLICIES.**

(a) No industrial insurance company or agent thereof shall accept any money in payment of premiums which are in arrears on any industrial life or industrial sick-benefit insurance policy which has lapsed and which the insured seeks to reinstate, unless such payment shall amount at least to the total of all premiums in arrears or unless such payment shall, under the regulations of the company, make the policy immediately eligible for reinstatement, subject only to evidence of insurability.

(b) Every current premium shall be correctly recorded by the agent or by the company in the premium receipt book of the insured at the time the premium is paid.

(c) Every advance premium paid by an industrial life or industrial sick-benefit policyholder shall be recorded in the receipt book of the insured in exactly the same manner as current premiums are recorded, and accurate entry thereof shall be made in the record book of the agent; provided, however, that failure so to do shall not invalidate the policy.

(June 19, 1934, ch. 672, ch. V, § 21; May 4, 1950, 64 Stat. 104, ch. 157, § 7.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 35-527.

1973 Ed., § 35-722.

## **§ 31-4722. INDUSTRIAL LIFE POLICIES--REQUIRED PROVISIONS.**

(a) No policy of industrial life insurance shall be delivered or issued for delivery in the District unless it contains in substance the following provisions, or provisions which in the opinion of the Commissioner are

more favorable to the policyholders:

(1) A provision that all premiums after the first shall be payable in advance, either at the home office of the company or to an agent of the company;

(2) A provision that the insured is entitled to a grace period of at least 28 days within which the payment of any premiums after the first may be made, and during which period of grace the policy shall continue in full force, but in case the policy becomes a claim during the said period of grace before the overdue premium is paid, the amount of such premium may be deducted from any amount payable under the policy in settlement;

(3) A provision that, except as otherwise expressly provided by law, the policy shall constitute the entire contract between the parties and shall be incontestable after it has been in force during the lifetime of the insured for a period of not more than 2 years from its date, except for nonpayment of premiums and except for violations of the conditions of the policy relating to naval or military service in time of war, and, at the option of the company, provisions relative to benefits in the event of total and permanent disability and provisions which grant additional insurance specifically against death by accident may also be excepted; if a copy of the application be attached to the policy, a provision that all statements made by the insured shall, in the absence of fraud, be deemed representations and not warranties, and that no such statement or statements shall be used in defense of a claim under the policy unless contained in the attached written application;

(4) A provision that if it shall be found at any time before final settlement under the policy that the age of the insured (or the age of any other person considered in determining the premium) has been misstated, the amount payable under the policy shall be such as the premium would have purchased at the correct age, according to the company's rate at date of issue;

(5) If the policy is a participating policy, a provision indicating the conditions under which the company shall periodically ascertain and apportion any divisible surplus accruing to the policy;

(6) A provision for nonforfeiture benefits and cash surrender values in accordance with the requirements of § 31-4705.01 or § 31-4705.02;

(7) A provision specifying the options, if any, to which the policyholder is entitled in the event of default in a premium payment;

(8) A provision that if in event of default in premium payments the value of the policy shall have been applied to the purchase of other insurance as provided for in this section, and if such insurance shall be in force and the original policy shall not have been surrendered to the company and cancelled, the policy may be reinstated within 2 years from such default, upon evidence of insurability satisfactory to the company and payment of arrears of premiums and the payment or reinstatement of any other indebtedness to the company upon said policy, with interest on said premium and indebtedness at the rate of not exceeding 6 per centum per annum payable annually;

(9) A provision that when a policy shall become a claim by the death of the insured settlement shall be made upon receipt of due proof of death; and

(10) Title on the face and on the back of the policy briefly describing its form.

(b) Any of the foregoing provisions or portions thereof not applicable to single premium or nonparticipating or term policies shall, to that extent, not be incorporated therein; and any such policy may be issued or delivered in the District which in the opinion of the Commissioner contains provisions on any 1 or more of the several foregoing requirements more favorable to the policyholder than hereinbefore required. The provisions of this section shall not apply to policies issued or granted in exchange for lapsed or surrendered policies. Nothing contained in paragraph (3) of subsection (a) of this section shall apply to applications for reinstatement. A reinstated policy shall be contestable on account of fraud or misrepresentation of material facts pertaining to the reinstatement, for the same period after reinstatement as provided in the policy with respect to the original issue.

(June 19, 1934, ch. 672, ch. V, § 22; May 4, 1950, 64 Stat. 104, ch. 157, § 7; May 21, 1997, D.C. Law 11-268, § 10(j), 44 DCR 1730.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 35-528.

1973 Ed., § 35-723.

##### *Legislative History of Laws*

For legislative history of D.C. Law 11-268, see Historical and Statutory Notes following § 31-4701.

##### *Miscellaneous Notes*

Department of Insurance abolished: See Historical and Statutory Notes following § 31-4701.

## **§ 31-4723. INDUSTRIAL LIFE POLICIES--PROHIBITED PROVISIONS.**

No policy of industrial life insurance shall be delivered or issued for delivery, in the District, if it contains any of the following provisions:

- (1) A provision limiting the time within which any action at law or in equity may be commenced to less than 3 years after the cause of action shall accrue;
- (2) Except for provisions relating to misstatement of age, suicide, aviation, and military or naval service in time of war, a provision for any mode of settlement at maturity, after the expiration of the contestable period of the policy, of less value than the amount insured on the face of the policy plus dividend additions, if any, less any indebtedness to the company on or secured by the policy, and less any premium that may, by the terms of the policy, be deducted. This paragraph shall not apply to any nonforfeiture provision;
- (3) A provision for forfeiture of the policy for failure to repay any loan on the policy, or to pay interest on such loan, while the total indebtedness on the policy, including interest, is less than the loan value thereof;
- (4) A provision to the effect that the agent soliciting the insurance is the agent of the person insured under said policy, or making the acts or representations of such agent binding upon the person so insured under said policy;
- (5) A provision permitting the payment of funeral benefits in merchandise or services, or permitting the payment of any benefits other than in lawful money of the United States;
- (6) A provision whereby the benefits or any part thereof accruing under such policy upon the death of a person insured may be paid to any designated undertaker or undertaking firm or corporation or to any person or persons engaged in or connected with such business, without the written consent of the person or persons to whom such benefits would otherwise be paid, or so as in any way to deprive the personal representative or family of the deceased of the advantages of competition in procuring and purchasing supplies and services in connection with the burial of the person insured; or
- (7) A provision that the liability of the company by reason of the insured's death shall be limited to less than the face amount of the policy if the death of the insured results from a specified kind or character of disease.

(June 19, 1934, ch. 672, ch. V, § 23; May 8, 1950, 64 Stat. 104, ch. 157, § 7.)

### *HISTORICAL AND STATUTORY NOTES*

#### *Prior Codifications*

1981 Ed., § 35-529.

1973 Ed., § 35-724.

## **§ 31-4724. ACCESS TO PSYCHOLOGISTS OR OPTOMETRISTS UNDER GROUP HEALTH INSURANCE POLICY.**

(a) No policy of group health insurance shall be delivered or issued in the District of Columbia or be issued or amended to cover any resident of the District of Columbia if it contains a provision which would restrict access to psychologists or optometrists. When a policy relating to group health insurance requires payment or reimbursement for services which may be performed by a duly licensed psychologist or optometrist, any person covered by the policy shall be free to select and have direct access to such psychologist or optometrist without supervision or referral by a practitioner of the healing art and shall be entitled under the policy to have payment or reimbursement made for services performed.

(b) No policy of group health insurance shall be delivered or issued in the District or be issued or amended to cover any resident of the District if it does not contain a provision which:

- (1) For a policy issued or renewed after April 15, 1995, covers a minor grandchild, niece, or nephew of an employee of the District of Columbia if the minor grandchild, niece, or nephew is under the primary care of the insured, and if the legal guardian of the minor grandchild, niece, or nephew, if other than the insured, is not covered by an accident or sickness policy. For the purposes of this paragraph, the term "primary care" means that the insured provides food, clothing, and shelter, on a regular and continuous basis, for the minor grandchild, niece, or nephew during the time that the District of Columbia public schools are in regular session; and
- (2) For a policy issued or renewed after April 15, 1996, covers a minor grandchild, niece, or nephew under the primary care of the insured, and if the legal guardian of the minor grandchild, niece, or nephew, if other than the insured, is not covered by an accident or sickness policy. For the purposes of this paragraph, the term "primary care" means that the insured provides food, clothing, and shelter, on a regular and continuous basis, for the minor grandchild, niece or nephew during the time that the

District of Columbia public schools are in regular session.

(June 19, 1934, 48 Stat. 1156, § 24, as added Feb. 11, 1982, D.C. Law 4-66, § 2(b), 28 DCR 5040; Aug. 25, 1994, D.C. Law 10-158, § 3, 41 DCR 4881.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 35-530.

##### *Legislative History of Laws*

For legislative history of D.C. Law 4-66, see Historical and Statutory Notes following § 31-4712.

For legislative history of D.C. Law 10-158, see Historical and Statutory Notes following § 31-4712.

## **§ 31-4725. POLICY LANGUAGE SIMPLIFICATION STANDARDS.**

(a) Except as provided under § 31-4727, no policy forms shall be delivered or issued for delivery in the District of Columbia after the operative date of this section, unless the forms qualify under the following standards;

(1) The text of the form scores at least 40 on the Flesch reading ease test presented to the Commissioner by the National Association of Insurance Commissioners after 1980 or on another comparable test described in subsection (c) of this section.

(2) The forms shall be printed in at least 10-point type and shall be 1-point leaded.

(3) The style, the arrangement, and the overall appearance of the form shall not unduly highlight a portion of the text, an endorsement, or a rider.

(4) If the policy has more than 3,000 words on 3 pages or has more than 3 pages, then the form shall contain a table of contents or an index of the principal portions of the text.

(b) A Flesch reading ease test score shall be measured by the following method:

(1)(A) For forms containing no more than 10,000 words, the entire form shall be analyzed.

(B) For policy forms containing more than 10,000 words, the readability of 2 different 200 word samples, per page of text, may be analyzed instead of the entire form.

(C) The samples shall be separated by at least 20 printed lines.

(2)(A) The number of words and sentences shall be counted and the total number of words divided by the number of sentences.

(B) The quotient shall be multiplied by 1.015.

(3)(A) The total number of syllables shall be counted and divided by the total number of words.

(B) The quotient shall be multiplied by 84.6.

(4) The sum of the products described in paragraphs (2) and (3) of this subsection, subtracted from 206.835, equals the Flesch reading ease score.

(5) For paragraphs (2), (3), and (4) of this subsection, the following shall apply:

(A) A contraction, hyphenated word, number, and isolated letter, when separated in the text by spaces shall be counted as 1 word.

(B) A unit of words ending with a period, semicolon, or colon, but excluding headings and captions, shall be counted as a sentence.

(C) The following shall not be counted in computations described in this subsection:

(i) The company name and address.

(ii) The policy name, number, or title.

(iii) The table of contents and index.

(iv) The captions and subchapters.

(v) The specification pages, schedules, or tables.

(vi) Policy language drafted to conform to law or a collectively bargained agreement.

(vii) Policy language which is medical terminology or defined in the policy.

(D) The company shall identify the language exempted under subparagraph (C) of this paragraph and certify, in writing, that the language should be exempted under subparagraph (C) of this paragraph.



(c) Any other reading test may be approved by the Commissioner as an alternative to the Flesch reading ease test if the alternative is comparable to the Flesch reading ease test.

(d)(1) Filings of forms shall be accompanied by a certificate signed by an officer of the company and stating that the form scored successfully on the test or that the score was inadequate but should be approved under § 31- 4726.

(2) The Commissioner may require the submission of information to verify the certification described in paragraph (1) of this subsection.

(e) At the option of the company, riders, endorsements, applications, and other forms made part of the policy form may be scored separately or as part of the policy.

(f)(1) A form complying with subsection (a) of this section shall be approved if the form protects policyholders and claimants at least as favorably as laws which otherwise would invalidate the use of the forms.

(2) A policy written in a language other than English and used in the District of Columbia shall be considered in compliance with subsection (a)(1) of this section if the company certifies that the policy has been translated from a policy written in English and complying with subsection (a)(1) of this section.

(June 19, 1934, ch. 672, ch. V, § 25, as added Mar. 14, 1985, D.C. Law 5- 160, § 3(h), 32 DCR 39; Feb. 24, 1987, D.C. Law 6-192, § 25(h), 33 DCR 7836; May 21, 1997, D.C. Law 11-268, § 10(j), 44 DCR 1730.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 35-531.

##### *Legislative History of Laws*

Law 5-160, the "Life Insurance Amendments Reform Act of 1984," was introduced in Council and assigned Bill No. 5-471, which was referred to the Committee on Consumer and Regulatory Affairs. The Bill was adopted on first and second readings on November 20, 1984, and December 4, 1984, respectively. Signed by the Mayor on December 7, 1984, it was assigned Act No. 5-225 and transmitted to both Houses of Congress for its review.

For legislative history of D.C. Law 6-192, see Historical and Statutory Notes following § 31-4703.

For legislative history of D.C. Law 11-268, see Historical and Statutory Notes following § 31-4701.

##### *Miscellaneous Notes*

Department of Insurance abolished: See Historical and Statutory Notes following § 31-4701.

## **§ 31-4726. COMMISSIONER'S REVIEW OF TEST.**

(a) The Commissioner, in his discretion, may, under subsection (b) of this section, permit the use of a form that scores inadequately under § 31- 4725(a)(1).

(b) Before the Commissioner permits the use of inadequately scoring forms, the Commissioner shall find that:

(1) A lower score more accurately reflects the readability of the form.

(2) The particular nature of the form or of a type of form warrants a lower passing score than required by § 31-4725(a)(1).

(3) Policy language drafted to conform with state law or state agency interpretation of the law has impaired the readability of the rest of the policy or has otherwise lowered the score for the rest of the policy.

(June 19, 1934, ch. 672, ch. V, § 26, as added Mar. 14, 1985, D.C. Law 5- 160, § 3(h), 32 DCR 39; Feb. 24, 1987, D.C. Law 6-192, § 25(i), 33 DCR 7836; May 21, 1997, D.C. Law 11-268, § 10, 44 DCR 1730; Mar. 24, 1998, D.C. Law 12-81, § 23(e), 45 DCR 745.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 35-532.

##### *Legislative History of Laws*

For legislative history of D.C. Law 5-160, see Historical and Statutory Notes following § 31-4725.

For legislative history of D.C. Law 6-192, see Historical and Statutory Notes following § 31-4703.

For legislative history of D.C. Law 11-268, see Historical and Statutory Notes following § 31-4701.

For legislative history of D.C. Law 12-81, see Historical and Statutory Notes following § 31-4705.02.

### **§ 31-4727. APPLICABILITY OF §§ 31-4725 THROUGH 31-4730.**

(a) Except as provided in subsection (b) of this section, §§ 31-4725 through 31-4730 shall apply to all policies used in the District of Columbia.

(b) Sections 31-4725 through 31-4730 shall not apply to the following:

(1) A policy which is a security under federal legislative jurisdiction.

(2)(A) Except as provided in subparagraph (B) of this paragraph, a group policy covering 1,000 or more lines when issued, other than a group credit life insurance policy or a group credit health insurance policy.

(B) No certificate issued pursuant to a group policy used in the District of Columbia may be exempt.

(3) A group annuity contract which finances pension, profit-sharing, or deferred compensation plans.

(4) A form used in connection with a contractual provision for a policy on a form permitted to be issued before the approval dates in § 31-4730 for similar forms.

(5) The renewal of a policy used before the approval dates in § 31-4730 for similar forms.

(June 19, 1934, ch. 672, ch. V, § 27, as added Mar. 14, 1985, D.C. Law 5- 160, § 3(h), 32 DCR 39; Feb. 24, 1987, D.C. Law 6-192, § 25(j), 33 DCR 7836.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 35-533.

##### *Legislative History of Laws*

For legislative history of D.C. Law 5-160, see Historical and Statutory Notes following § 31-4725.

For legislative history of D.C. Law 6-192, see Historical and Statutory Notes following § 31-4703.

### **§ 31-4728. REGULATIONS.**

The Mayor shall issue rules to implement the provisions of this chapter pursuant to subchapter I of Chapter 5 of Title 2.

(June 19, 1934, ch. 672, ch. V, § 28, as added Mar. 14, 1985, D.C. Law 5- 160, § 3(h), 32 DCR 39.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 35-534.

##### *Legislative History of Laws*

For legislative history of D.C. Law 5-160, see Historical and Statutory Notes following § 31-4725.

### **§ 31-4729. CONSTRUCTION OF §§ 31-4725 THROUGH 31-4730.**

Sections 31-4725 through 31-4730 shall not be construed to invalidate a law permitting the use of a policy form which has been filed for the period required by local legislation governing the forms of policies.

(June 19, 1934, ch. 672, ch. V, § 29, as added Mar. 14, 1985, D.C. Law 5- 160, § 3(h), 32 DCR 39.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 35-535.

##### *Legislative History of Laws*

For legislative history of D.C. Law 5-160, see Historical and Statutory Notes following § 31-4725.

## **§ 31-4730. OPERATIVE DATES OF §§ 31-4725 THROUGH 31-4730.**

(a)(1) Except as described in § 31-4727, §§ 31-4725 through 31-4730 apply to policy forms filed 2 years after March 14, 1985.

(2) No form shall be used in the District of Columbia 5 years after March 14, 1985, unless the form complies with § 31-4725 or unless the Commissioner approves the form under § 31-4726.

(3)(A) A form permitted to be used before 5 years after March 14, 1985, and complying with § 31-4725 need not be refiled to be approved under either § 31-4725 or § 31-4726.

(B) The forms described in subparagraph (A) of this paragraph may be used in the District of Columbia after the company files with the Commissioner a list of the forms used by the company and qualifying for the subparagraph (A) exception, the form number for each form, and, for each form, the certificate described in § 31-4725(d).

(b) For individual forms and in the discretion of the Commissioner, the Commissioner may extend the deadlines described in subsection (a) of this section.

(June 19, 1934, ch. 672, ch. V, § 30, as added Mar. 14, 1985, D.C. Law 5-160, § 3(h), 32 DCR 39; May 21, 1997, D.C. Law 11-268, § 10, 44 DCR 1730; Mar. 24, 1998, D.C. Law 12-81, § 23(f), 45 DCR 745.)

### *HISTORICAL AND STATUTORY NOTES*

#### *Prior Codifications*

1981 Ed., § 35-536.

#### *Legislative History of Laws*

For legislative history of D.C. Law 5-160, see Historical and Statutory Notes following § 31-4725.

For legislative history of D.C. Law 11-268, see Historical and Statutory Notes following § 31-4701.

For legislative history of D.C. Law 12-81, see Historical and Statutory Notes following § 31-4705.02.