

Chap. 367. AN ACT EXEMPTING CERTAIN ELECTION OFFICERS FROM THE LAW PROHIBITING THE PAYMENT OF COMPENSATION TO FORMER PUBLIC EMPLOYEES RECEIVING A PENSION OR RETIREMENT ALLOWANCE FROM THE COMMONWEALTH OR ANY OF ITS POLITICAL SUBDIVISIONS.

Be it enacted, etc., as follows:

Section 91 of chapter 32 of the General Laws is hereby amended by striking out the first sentence, as most recently amended by chapter 417 of the acts of 1951, and inserting in place thereof the following sentence: — No person while receiving a pension or retirement allowance from the commonwealth or from any county, city or town, shall, after the date of his retirement be paid for any service rendered to the commonwealth or any county, city, town or district, except upon his return and restoration to active service as ordered by the appropriate retirement board after re-examination in case of retirement for disability, for jury service, or for service rendered in an emergency under section sixty-eight, sixty-nine or eighty-three, for work as election officers at polling places at primaries and elections, or for service in a public office to which he has thereafter been elected by direct vote of the people, or for service rendered by an appointee under section sixteen of chapter two hundred and eight or section fifty-six A of chapter two hundred and fifteen, or for service as a member of the executive council after having been chosen or appointed under the provisions of Article XXV of the Amendments to the Constitution of the commonwealth, or for service in a confidential capacity under section seven of chapter thirty in the executive department, or in the department of the state secretary, the state treasurer, the state auditor or the attorney general, or for service as a physician or as a member of a medical panel or similar board under this chapter aggregating not more than thirty days in any year; provided, that there shall be deducted from the compensation for the services of any person employed in a confidential capacity as aforesaid an amount equal to the retirement allowance or pension received by him.

Approved April 13, 1961.

Chap. 368. AN ACT RELATIVE TO THE RESERVES OF LIFE INSURANCE COMPANIES, AND NONFORFEITURE BENEFITS FOR LIFE INSURANCE POLICIES.

Be it enacted, etc., as follows:

SECTION 1. Paragraph Third of subdivision 1 of section 9 of chapter 175 of the General Laws, as appearing in section 1 of chapter 227 of the acts of 1943, is hereby amended by striking out the last sentence.

SECTION 2. Said subdivision 1 of said section 9 of said chapter 175, as so appearing, is hereby further amended by inserting after paragraph Fifth the following paragraph: —

Sixth, Such tables or other bases as the commissioner approves shall be used for any kind of annuity, pure endowment, or insurance benefit or option, including without limitation any accident or sickness benefit, which the company is authorized to write and for the valuation of which specific provision is not made in this subdivision.

SECTION 3. Subdivision 2 of said section 9 of said chapter 175, as so appearing, is hereby amended by striking out paragraphs Third,

Fourth, Fifth and Sixth and inserting in place thereof the following five paragraphs: —

Third, For individual annuity and pure endowment contracts, excluding any total and permanent 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.

Fourth, For group annuity and pure endowment contracts, excluding any total and permanent 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.

Fifth, For total and permanent disability benefits incorporated in, or supplementary to, ordinary policies or contracts, for policies or contracts issued on or after January first, nineteen hundred and sixty-six, 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; for policies or contracts issued on or after January first, nineteen hundred and sixty-one, and prior to January first, nineteen hundred and sixty-six, either such tables or, at the option of the company, the "Class (3) Disability Table (1926)"; and for policies or contracts issued prior to January first, nineteen hundred and sixty-one, the "Class (3) Disability Table (1926)". Any such table shall, for active lives, be combined with a mortality table permitted for computing the reserves for life insurance policies.

Sixth, For accidental death benefits incorporated in, or supplementary to, all policies, for policies issued on or after January first, nineteen hundred and sixty-six, the "1959 Accidental Death Benefits Table"; for policies issued on or after January first, nineteen hundred and sixty-one, and prior to January first, nineteen hundred and sixty-six, either such table or, at the option of the company, the "Inter-Company Double Indemnity Mortality Table"; and for policies issued prior to January first, nineteen hundred and sixty-one, the "Inter-Company Double Indemnity Mortality Table." Either table shall be combined with a mortality table permitted for computing the reserves for life insurance policies.

Seventh, Such tables or other bases as the commissioner approves shall be used for all outstanding group life policies, policies of life insurance issued on the substandard basis and any kind of annuity, pure endowment or insurance benefit or option, including without limitation any accident or sickness benefit, which the company is authorized to write and for the valuation of which specific provision is not made in this subdivision.

SECTION 4. Subdivision 3 of said section 9 of said chapter 175, as so appearing, is hereby amended by striking out the second paragraph and inserting in place thereof the following paragraph: —

The net value of (a) policies of life insurance providing for a varying amount of insurance or requiring the payment of varying premiums, (b) annuity and pure endowment contracts, (c) provisions for total and permanent disability or for accidental death benefits in, or supplementary to, all policies and contracts, and (d) provisions for any other insurance benefits shall be computed by a method consistent with the

principles of the first paragraph of this subdivision 3, except that any extra premiums charged because of impairments of special hazards shall be disregarded in the determination of modified net premiums.

SECTION 5. Subdivision 4 of said section 9 of said chapter 175, as so appearing, is hereby amended by striking out the last paragraph.

SECTION 6. Said section 9 of said chapter 175 is hereby further amended by striking out subdivisions 5 to 11, inclusive, as so appearing, and inserting in place thereof the following nine subdivisions: —

5. Any company which at any time has adopted any basis of valuation for any class or classes of policies or contracts or for any benefit or option, whether or not specific provision is made therefor in subdivision 1 or 2, shall not thereafter adopt, without the approval of the commissioner, any basis of valuation producing lower reserves for such class or classes or for such benefit or option.

6. The commissioner, in every case in which the gross premium charged on any life policy or annuity or pure endowment contract, described in this section, is less than the net premium therefor according to the mortality table, the rate of interest, and the method used in computing the net value thereof, shall compute a deficiency reserve on such policy or contract in addition to any other reserve computed in accordance with this section. Such deficiency reserve shall be the present value, computed according to said basis, of an annuity of the difference between such net premium and the said gross premium, running for the remainder of the premium-paying period of such policy or contract.

7. When the commissioner is satisfied that the risks which a company has assumed under policies or contracts referred to in subdivision 1 cannot be properly measured by the mortality tables specified in said subdivision, he may compute such additional reserve as in his judgment is warranted by the extra hazard assumed, and he may further in his discretion prescribe such table or tables of mortality as he may deem necessary properly to measure such additional risks with interest at not greater than three and one half per cent per annum, for the computation of the net value of any special class or classes of risks.

8. The commissioner in computing the reserve liability of a company under this section may use group methods and approximate averages for fractions of a year, or other reasonable approximations, and may accept computations made by the company if he is satisfied that such computations are accurate. Such computation in the case of a company of a foreign country shall be limited to its United States business.

9. The reserve liability of a company shall include all liabilities of the company for the fulfillment of future unaccrued claims of policyholders, contract holders and beneficiaries arising from any kind of policy or contract which the company is authorized to write. To provide for such reserve liability, which shall be computed in accordance with the requirements of this section, the company shall hold funds in an amount equal thereto above all its other liabilities.

10. The commissioner shall issue, upon payment of the fee prescribed by section fourteen, a certificate in such form as he may prescribe, setting forth the amount of the entire reserve liability of a company, and specifying the bases and the methods, whether the net level premium or other method, used in the computation of said amount.

11. The commissioner may, in place of the computation of the reserve liability of a foreign life company required by this section, accept the

certificate of valuation of the official having supervision over insurance companies in the state or other jurisdiction where the company is incorporated; provided, that such valuation is made in accordance with the requirements of this section or produces an aggregate net value at least as great as if made in accordance therewith; and provided, further, that such official is authorized to accept a similar certificate of the reserve liability of a domestic life company issued by the commissioner.

12. All policies of life insurance issued before July first, eighteen hundred and ninety-nine, by corporations formerly transacting a life insurance business on the assessment plan under chapter four hundred and twenty-one of the acts of eighteen hundred and ninety and acts in amendment thereof, and now having authority to do business in the commonwealth under this chapter, which policies are in force on December thirty-first of any year, and which contain a provision for a payment other than the premium stipulated therein, and under which the duration of the premium payment is the same as the duration of the contract, except in endowment policies, shall be valued and shall have a reserve maintained thereon on the basis of renewable term insurance as fixed by attained age in accordance with this chapter. To the reserve liability determined as above the commissioner shall add the determinate contract reserve under any other policies issued by said corporations before said July first and remaining in force on December thirty-first of any year, and in the absence of such contract reserve shall value them as contracts providing similar benefits are to be valued under this chapter. But under no policy shall a greater aggregate reserve liability be charged than is otherwise required by this section. All policies of life insurance issued by any such corporation subsequent to July first, eighteen hundred and ninety-nine, including those which contain a provision for a payment other than the premiums specified therein, shall be valued and a reserve maintained thereon according to this section; but all such policies issued by said corporations prior to January first, nineteen hundred and six, shall be valued taking the first year as one year term insurance.

13. This section shall apply to all life companies authorized to do business in the commonwealth and to any domestic company taxed as a life insurance company under the federal Internal Revenue Code as now or hereafter in force.

SECTION 7. Section 144 of said chapter 175 is hereby amended by striking out subdivision 5, as appearing in section 3 of said chapter 227, and inserting in place thereof the following subdivision: —

5. Except as provided in the third paragraph of this subdivision, the term "adjusted premiums," as used in this section, shall mean such uniform percentage of the respective premiums specified in the policy for each policy year, excluding any extra premiums charged because of impairments or special hazards, that the present value, at the date of issue of the policy, of all such adjusted premiums shall be equal to the sum of (1) the then present value of the future guaranteed benefits provided for by the policy; (2) two per cent of the amount of insurance, if the insurance be uniform in amount, or of the equivalent uniform amount, as hereinafter defined, if the amount of insurance varies with duration of the policy; (3) forty per cent of the adjusted premium for the first policy year; (4) twenty-five per cent of either the adjusted premium for the first policy year or the adjusted premium for a whole life policy

of the same uniform or equivalent uniform amount with uniform premiums for the whole of life issued at the same age for the same amount of insurance, whichever is less; provided, that in applying the percentages specified in (3) and (4) above, no adjusted premium shall be deemed to exceed four per cent of the amount of insurance or uniform amount equivalent thereto. The adjusted premiums shall be computed on an annual basis. The date of issue of a policy for the purpose of this section shall be the date as of which the rated age of the insured is determined.

The term "equivalent uniform amount," as used in this section, shall be deemed to be the uniform amount of insurance provided by an otherwise similar policy, containing the same endowment benefit or benefits, if any, issued at the same age and for the same term, the amount of which does not vary with the duration and the benefits under which have the same present value at the date of issue as the benefits under the policy; provided, however, that in the case of a policy providing a varying amount of insurance issued on the life of a child under age ten, the equivalent uniform amount may be computed as though the amount of insurance provided by the policy prior to the attainment of age ten were the amount provided by such policy at age ten.

The adjusted premiums for any policy providing term insurance benefits by rider or supplemental policy provision shall be equal to (a) the adjusted premiums for an otherwise similar policy issued at the same age without such term insurance benefits, increased, during the period for which premiums for such term insurance benefits are payable, by (b) the adjusted premiums for such term insurance, the foregoing items (a) and (b) being computed separately and as specified in the first two paragraphs of this subdivision except that, for the purposes of (2), (3) and (4) of the first such paragraph, the amount of insurance or equivalent uniform amount of insurance used in the computation of the adjusted premiums referred to in (b) shall be equal to the excess of the corresponding amount determined for the entire policy over the amount used in the computation of the adjusted premiums in (a).

SECTION 8. Said section 144 of said chapter 175 is hereby further amended by striking out subdivision 7, as so appearing, and inserting in place thereof the following subdivision:—

7. Any additional benefits payable (a) under accidental death or total and permanent disability benefit provisions incorporated in, or supplementary to, a policy of life insurance or (b) as reversionary annuity or deferred reversionary annuity benefits under any policy of life insurance, or (c) as term insurance benefits provided by a rider or a supplemental policy provision, to which provision this section would not apply if it were evidenced by a separate policy, or (d) as term insurance on the life of a child or on the lives of children provided in a policy on the life of a parent of the child, if such term insurance expires before the child's age is twenty-six, is uniform in amount after the child's age is one, and has not become paid up by reason of the death of a parent of the child, and (e) any other benefits additional to life insurance or endowment benefits, and premiums for any such additional benefits, hereinbefore described, shall be disregarded in computing adjusted premiums and cash surrender values and other nonforfeiture benefits under this section, and no such additional benefits shall be required to be granted in connection with any nonforfeiture benefits. *Approved April 13, 1961.*