

## 2023 Kansas Statutes

**40-427. Nonforfeiture benefits and cash surrender values in life policies issued prior to the operative date of K.S.A. 40-428.** (a) This subsection shall apply only to policies of life insurance (other than industrial life insurance) issued prior to the operative date of K.S.A. 40-428 (the standard nonforfeiture law).

The nonforfeiture benefits referred to in subsection (6) of K.S.A. 40-420, shall be available to the insured in event of default in premium payments, after premiums shall have been paid for three 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 reserves), less a percentage (not more than two and one-half) 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 the policy may be surrendered to the company at its home office within one month of the due date of defaulted premium for a specific cash value at least equal to the sum which would otherwise be available for the purchase of insurance as aforesaid: Provided further, That the company may defer payment for not more than six months after the application therefor is made. This subsection shall not apply to term insurance of twenty years or less. The policy may also specify that in event of default in a premium payment before the options become 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.

(b) This subsection shall apply only to policies of industrial life insurance issued prior to the operative date of K.S.A. 40-428 (the standard nonforfeiture law). The nonforfeiture benefits referred to in section (7) of K.S.A. 40-423, shall be available in event of default in premium payments after premiums shall have been paid for five full years and shall be a stipulated form of insurance effective from the due date of the defaulted premium, the net value of which shall not be less than the reserve on the policy at the end of the last completed quarter of the policy year for which premiums have been paid, and all dividend additions thereto, if any, exclusive of any reserve on total and permanent disability and additional accidental death benefits (the policy to specify the mortality table, rate of interest, and method of valuation adopted for computing such reserve), less a maximum percentage (not more than two and one-half percentum) 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. The policy shall also specify said percentage, or other rule of calculation so as to permit determination of the values, to be specified for each year for which required values are not included in the policy. The cash surrender value referred to in subsection (9) of K.S.A. 40-423, shall be available upon surrender of the policy to the company at its home office within the period of grace after the due date of the defaulted premium and shall be equal to the net value of the stipulated form of insurance otherwise available: Provided, That the company may defer payment for not more than six months after the application therefor is made. After premiums have been paid for five full years the cash surrender value at any time of any stipulated form of insurance shall be the full reserve at the date of surrender.

**History:** L. 1947, ch. 277, § 3; July 1.