

**§2532. Adjusted premiums for policies issued before the operative date of section 2532-A**

1. This section shall not apply to policies issued on or after the operative date of section 2532-A as defined therein.

[PL 1983, c. 346, §12 (RPR).]

2. Except as provided in subsection 4, the adjusted premiums for any policy shall be calculated on an annual basis and shall be the uniform percentage of the respective premiums specified in the policy for each policy year, excluding any extra premiums charged because of cover impairments or special hazards, that the present value, at the date of issue of the policy, of all those adjusted premiums shall be equal to the sum of:

A. The then present value of the future guaranteed benefits provided for by the policy; [PL 1983, c. 346, §12 (NEW).]

B. Two percent of the amount of insurance, if the insurance be uniform in amounts, or of the equivalent uniform amount, as hereinafter defined, if the amount of insurance varies with duration of the policy; [PL 1983, c. 346, §12 (NEW).]

C. Forty percent of the adjusted premium for the first policy year; and [PL 1983, c. 346, §12 (NEW).]

D. Twenty-five percent 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. [PL 1983, c. 346, §12 (NEW).]

In applying the percentages specified in paragraphs C and D, no adjusted premium may be deemed to exceed 4% of the amount of insurance or uniform amount equivalent thereto. 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.

[PL 1983, c. 346, §12 (RPR).]

3. In the case of a policy providing an amount of insurance varying with duration of the policy, the equivalent uniform amount thereof for the purpose of 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 duration and the benefits under which have the same present value at the date of issue as the benefits under the policy, provided that in the case of a policy providing a varying amount of insurance issued on the life of a child under age 10, the equivalent uniform amount may be computed as though the amount of insurance provided by the policy prior to the attainment of age 10 were the amount provided by that policy at age 10.

[PL 1983, c. 346, §12 (RPR).]

4. 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 those term insurance benefits, increased, during the period for which premiums for those term insurance benefits are payable, by [PL 1983, c. 346, §12 (NEW).]

B. The adjusted premiums for that term insurance. [PL 1983, c. 346, §12 (NEW).]

Paragraphs A and B shall be calculated separately and as specified in subsections 2 and 3, except that, for purposes of subsection 2, paragraphs B, C and D, the amount of insurance or equivalent uniform amount of insurance used in the calculation of the adjusted premiums referred to in paragraph B of this subsection shall be equal to the excess of the corresponding amount determined for the entire policy over the amount used in the calculation of the adjusted premiums in paragraph A.

[PL 1983, c. 346, §12 (RPR).]

5. Except as provided in subsection 6 and in section 2532-A, all adjusted premiums and present values referred to in sections 2529 to 2534 shall for all policies of ordinary insurance be calculated on the basis of the Commissioners 1958 Standard Ordinary Mortality Table, provided that, for any category of ordinary insurance issued on female risks, adjusted premiums and present values may be calculated according to an age not more than 3 years younger than the actual age of the insured, and those calculations for all policies of industrial insurance shall be made on the basis of the Commissioners 1961 Standard Industrial Mortality Table. All calculations shall be made on the basis of the rate of interest specified in the policy for calculating cash surrender values and paid-up nonforfeiture benefits, provided that that rate of interest shall not exceed 3 1/2% each year, except that a rate of interest not exceeding 4% each year may be used for policies issued on or after December 31, 1975. In calculating the present value of any paid-up term insurance with accompanying pure endowment, if any, offered as a nonforfeiture benefit for ordinary insurance, the rates of mortality assumed may not be more than those shown in the Commissioners 1958 Extended Term Insurance Table and for industrial insurance rates of mortality may not be more than those shown in the Commissioners 1961 Industrial Extended Term Insurance Table. For insurance issued on a substandard basis, the calculation of any such adjusted premiums and present values may be based on such other table of mortality as may be specified by the insurer and approved by the superintendent.

[PL 1983, c. 346, §12 (RPR).]

6. In the case of policies issued on or after January 1, 1980, adjusted premiums and present values for any category of ordinary insurance issued on female risks may be calculated according to an age not more than 6 years younger than the actual age of the insured. All calculations for all policies of ordinary and industrial insurance shall be made on the basis of the rate of interest specified on the policy for calculating cash surrender values and paid-up nonforfeiture benefits, provided that the rate of interest shall not exceed 5 1/2% each year.

[PL 1983, c. 346, §12 (NEW).]

#### SECTION HISTORY

PL 1969, c. 132, §1 (NEW). PL 1973, c. 585, §12 (AMD). PL 1975, c. 342, §4 (AMD). PL 1979, c. 442, §§2,3 (AMD). PL 1983, c. 346, §12 (RPR).

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