

**§957. Deficiency reserve**

If the gross premium charged by any life insurer on any policy or contract which is subject to section 953, subsection 2, 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 that 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 that policy or contract, or the reserve calculated by the method actually used for that policy or contract, but using the minimum valuation 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 sections 953 and 953-A. [PL 1983, c. 346, §7 (AMD).]

For any life insurance policy issued on or after January 1, 1987, for which the gross premium in the first policy year exceeds that of the 2nd year and for which no comparable additional benefit is provided in the first year for that excess and that provides an endowment benefit or a cash surrender value or a combination thereof in an amount greater than that excess premium, the foregoing provisions of this section must be applied as if the method actually used in calculating the reserve for that policy were the method described in section 954, ignoring the 2nd paragraph of section 954. The minimum reserve at each policy anniversary of such a policy is the greater of the minimum reserve calculated in accordance with section 954, including the 2nd paragraph of that section, and the minimum reserve calculated in accordance with this section. [PL 2011, c. 420, Pt. A, §22 (AMD).]

**SECTION HISTORY**

PL 1969, c. 132, §1 (NEW). PL 1979, c. 453, §7 (RPR). PL 1983, c. 346, §7 (AMD). PL 2011, c. 420, Pt. A, §22 (AMD).

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