

**TITLE 50: INSURANCE**  
**PART 2007 MINIMUM STANDARDS OF INDIVIDUAL ACCIDENT AND HEALTH INSURANCE**  
**CHAPTER I: DEPARTMENT OF INSURANCE**

**Section 2007.60 Prohibited Policy Provisions**

- c) A disability policy, hospital confinement indemnity policy or specified disease policy may contain a "return of premium" or "cash value benefit" so long as:
- 1) The policy provides for a return of 100% of all premiums paid less the claims incurred by the time the insured attains age 65. A percentage of less than 100%, but greater than 50%, is permissible if the "return of premium" or "cash value benefit" has been in force for 10 years or less;
  - 2) The policy contains a reasonable nonforfeiture benefit and provides for the value to be paid automatically upon lapse or death;
  - 3) The surrender value percentages are not less than those calculated assuming 1958 Commissioners Standard Ordinary Mortality, 5% interest and 5 year preliminary term;
  - 4) An acceptable method of reserving is approved by the Director concurrent with approval of the policy. Reserves should exceed or equal the cash value at all durations;
  - 5) The surrender value percentages are calculated assuming a zero percent future claim offset;
  - 6) The surrender value percentages are defined for all policy years (surrender value percentages may be shown only for the first twenty policy years, but under these conditions the contract shall define the method used to determine the surrender value percentages after the twentieth contract year);
  - 7) The interim surrender value percentages are defined when premiums are paid within a contract year;
  - 8) The policy does not tie the return of premium to anything less than 100% of the premiums paid less claims paid.