§ 3219. Annuity and pure endowment contracts and certain group annuity certificates; standard provisions as to contractual rights and responsibilities of contract holders, certificate holders and insurers. (a) Except as provided in section four thousand two hundred forty of this chapter, every annuity or pure endowment contract except a group annuity contract, and every group annuity certificate to which section four thousand two hundred twenty-three of this chapter applies by reason of subsection (b) thereof, or to which section four thousand two hundred twenty-three of this chapter would apply if such certificate were not a variable annuity, delivered or issued for delivery in this state, shall contain in substance the following provisions, or provisions which the superintendent deems to be more favorable to the holders of such contracts or certificates:

(1) In any such contract or certificate requiring payments to be made to the insurer, that, after the first payment, there shall be a grace period of thirty-one days following the due date of any subsequent payment within which the payment to the insurer may be made. During such grace period, the contract or certificate shall continue in full force. If a claim arises under the contract or certificate on account of death during the grace period, the insurer may deduct from the death benefit, or, in the case of a reversionary annuity, otherwise called a survivorship annuity, may, at its option, reduce annuity payments to take into account the portion of any unpaid payment applicable to the period ending with the last day of the month in which such death occurred;

(2) That, with respect to any statements, other than those relating to age, sex, and identity, required as a condition of issuing the contract or certificate, the contract or certificate shall be incontestable after it has been in force during the lifetime of the person or of each of the persons as to whom such statements are required, for a period of two years from its date of issue, except where payments required by the contract or certificate to be made to the insurer have not been made, and except for violation of the conditions, if any, of the contract or certificate relating to service in the armed forces; and at the option of the insurer, such contract or certificate may also except provisions relating to benefits for total and permanent disability and benefits for accidental death;

(3) That the contract, together with the application therefor if a copy of such application is attached to the contract when issued, shall constitute the entire contract between the parties;

(4) That nothing in the group annuity contract invalidates or impairs any right granted to the certificate holder by this section or the certificate;

(5) That if the age or sex of the person or persons upon whose life or lives the contract or certificate is made or of any of them has been misstated, the amount payable or benefit accruing under the contract or certificate shall be such as the payments to the insurer would have purchased according to the correct age or sex; and that if the insurer makes any underpayment or overpayment on account of any such misstatement, the amount thereof, with interest at a rate to be specified in the contract or certificate but not exceeding six per centum per annum, shall be credited to, or charged against, the current or next succeeding payment or payments to be made by the insurer under the contract or certificate;

(6) That the insurer shall annually ascertain and apportion any divisible surplus accruing on the contract;

(7) Specifying the options available upon cessation of payment of considerations under a contract or certificate. Such options, except for those under a reversionary annuity or pure endowment contract, shall be in accordance with section four thousand two hundred twenty-three of this chapter;

(8) In any such contract or certificate requiring payments to be made to the insurer that at any time within three years from the date of default in making payments to the insurer unless the cash surrender value has been paid, the contract or certificate shall be reinstated if the person entitled thereto pursuant to the provisions of the contract or certificate

(A) applies to the insurer therefor,

(B) pays to the insurer all overdue payments and all indebtedness on the contract or certificate with interest on such overdue payments at a rate specified in the contract or certificate but not to exceed six per cent per annum, compounded annually, and interest on any such indebtedness at a rate or rates not exceeding the applicable loan rate or rates determined in accordance with the contract's or certificate's

provisions, and

(C) where required by the insurer as a condition of reinstatement, provides evidence of insurability including good health reasonably satisfactory to the insurer;

(9) That upon surrender of the contract or certificate, together with a written request for cancellation, to the insurer during a period of not less than ten days nor more than thirty days from the date the contract or certificate was delivered to the holder thereof, the insurer refund either (i) any consideration paid for the contract or certificate, including any fees or other charges or, if the contract or certificate, or notice attached thereto, so provides, and the contract or certificate is subject to the provisions of section four thousand two hundred twenty-three of this chapter and provides for the determination of any cash surrender benefits in accordance with a market-value adjustment formula, (ii) the amount of the cash surrender benefits provided under the contract or certificate plus the amount of all fees and other charges deducted from gross considerations or imposed under the contract or certificate. This provision shall appear in the contract or certificate or in a notice attached to it; provided, however, that the contract or certificate sold by mail order must contain a provision permitting the contract or certificate holder a thirty day period for such surrender.

(b) Any of the provisions of subsection (a) hereof or portions not applicable to non-participating contracts or certificates or not applicable to contracts or certificates for which a single payment to the insurer is made shall, to that extent, not be incorporated in such contract or certificate. Paragraphs one and eight of subsection (a) of this section shall not apply to contracts or certificates that do not require payments to be made to the insurer. An insurer shall issue a certificate for delivery to a person covered under a group annuity contract if such certificate, when issued, would be subject to subsection (a) of this section.

(c) Annuity contracts subject to this section may permit an adjustable maximum rate of interest on loans. Any such contract shall provide that loans shall bear interest at a rate not in excess of an adjustable maximum interest rate established from time to time by the insurer as permitted by law, and shall specify the regular intervals at which the

interest rate is to be determined which shall be at least once every twelve months, but not more frequently than once in any three month period.

(d) This section shall not apply to contracts for deferred annuities or reversionary annuities upon the lives of beneficiaries under life insurance policies, nor, except to the extent expressly provided herein, to group annuity contracts.