§ 4232. Amounts credited on certain contracts or life insurance policies. (a) (1) If any contract subject to section four thousand two hundred twenty-three of this article, provides for additional amounts to be credited to the contract during any period in accordance with the provisions of paragraph one of subsection (g) of section four thousand two hundred thirty-one of this article, then any additional amounts to be so credited must be determined for each year during such period. Except as otherwise provided in the contract in accordance with section four thousand two hundred twenty-three of this article, the total amount so credited shall be available to the contract holder upon surrender of the contract for its cash surrender benefits.

(2) No such additional amounts shall be guaranteed or credited except upon: (i) reasonable assumptions as to investment income, mortality, and expenses; (ii) a basis equitable to all contract holders of a given class; and (iii) written criteria approved by the board of directors of the company or a committee thereof.

(3) Any such additional amounts credited under a group annuity contract for which certificates are subject to section four thousand two hundred twenty-three of this article shall be credited to such certificates.

(b) (1) Any individual life insurance policy may provide that in addition to any minimum benefits guaranteed in the policy, additional amounts may be credited to the policy.

(2) No such additional amounts shall be guaranteed or credited except upon reasonable assumptions as to investment income, mortality, persistency, and expenses. The declaration of such additional amounts by an insurer must be made prospectively; no such additional amounts shall be credited retroactively to apply to any period prior to such declaration.

(3) Such additional amounts are required to be credited to any policy, providing for the crediting of additional amounts, while continued under a reduced paid-up insurance option, with respect to the period after the termination or lapse of such policy by reason of default in payment of any premium, installment or interest on any policy loan and before the reinstatement of such policy, if it is reinstated. However, an insurer may use reasonable assumptions as to investment income, mortality, persistency, and expenses which differ from the assumptions used for

policies in force on a premium paying basis.

(4) Any such additional amounts shall be credited on a basis equitable to all policyholders of a given class and shall be based on written criteria approved by the board of directors of the company or a committee thereof.