

40-419a. Refund upon cancellation of individual term policy; calculation. Upon the cancellation of any individual term life insurance policy by the owner thereof, the insurance company shall not refuse to refund unearned premiums for the remainder of the term for which premiums were paid. The amount of unearned premiums to be refunded shall equal the difference between the total premium paid and the amount derived by multiplying $\frac{1}{3}$ of the quarterly rate by the number of months the policy was in effect. For the purposes of this section, "term life insurance" means a life insurance policy that provides a benefit only if the insured dies within a period stated in the policy and is issued for level, increasing or decreasing amounts for a stated period or to a stated age.

History: L. 1991, ch. 131, § 1; July 1.