

40-420. Contents of insurance policy; exceptions. No life insurance company authorized to transact the business of insurance in this state shall issue or deliver in this state any policy of life insurance other than industrial insurance, annuities and pure endowments with or without return of premiums or of premiums and interest unless the same shall contain in substance the following provisions:

(1) A provision that all premiums after the first shall be payable in advance, either at the home office of the company or to an agent of the company, and that the insured is entitled to a grace period of not less than 30 days within which time the payment of any premium after the first may be made, during which period of grace the policy shall continue in full force. In case the policy becomes a claim during the grace period, the amount of any overdue premium and any remaining unpaid installments of the annual premium for the policy year of death may be deducted in any settlement under the policy.

(2) A provision that, except as otherwise expressly provided by law, the policy together with the application, if a copy thereof be endorsed upon or attached to the policy, shall constitute the entire contract between the parties and shall be incontestable after it has been in force during the lifetime of the insured for a period of not more than two years from its date, except for nonpayment of premiums and except for violations of the conditions, if any, relating to naval or military service, or to aeronautics and, except also at the option of the company, with respect to provisions relative to benefits in the event of total and permanent disability and provisions which grant additional insurance specifically against death by accident or by accidental means; that all statements made by the insured shall, in the absence of fraud, be deemed representations and not warranties; and that no such statement or statements shall be used in defense of a claim under the policy unless contained in a written application, and unless a copy of such statement or statements be endorsed upon or attached to the policy when issued.

(3) A provision that if it shall be found at any time before final settlement under the policy, that the age of the insured or the age of any other person considered in determining the premium has been misstated, the amount payable under the policy shall be such as the premium would have purchased at the correct age or ages, according to the company's published rate at date of issue.

(4) A provision that the policy shall participate in the surplus of the company, and any policy containing provision for the payment of a dividend at the end of the first or second policy year, and annually thereafter, may also provide that the dividends payable at the end of the first and second policy year shall be paid subject to the payment of the premiums for the next ensuing year; and the insured under any annual dividend policy shall have the right each year to have the dividend arising from such participation paid in cash, and if the policy shall provide other dividend options, it shall further provide which of the options shall be effective if the insured shall not elect any such other option on or before the expiration of the period of grace allowed for the payment of the premium. This provision shall not apply to any form of paid-up insurance, temporary insurance or pure endowment insurance, issued or granted in exchange for lapsed or surrendered policies, or to nonparticipating policies.

(5) Except as provided in K.S.A. 40-420a through 40-420d, inclusive, and amendments thereto, a provision that after the premium shall have been paid for three years, the company at any time, while the policy is in force, will advance, on proper assignment or pledge of the policy and on the sole security thereof, at a specified rate of interest not to exceed 8% per annum, a sum equal to, or at the option of the insured less than, the amount required by K.S.A. 40-429, and amendments thereto, under the conditions specified thereby; and that the company will deduct from such loan value any existing indebtedness on the policy not already deducted in determining such value and any unpaid balance of the premium for the current policy year, and may collect interest in advance on the loan to the end of the current policy year. This provision shall not be required in term insurance, nor shall it apply to temporary insurance or pure endowment insurance, issued or granted in exchange for lapsed or surrendered policies. The policy may further provide that if the interest on the loan is not paid when due, it shall be added to the existing loan, and shall bear interest at the same rate.

(6) A provision for nonforfeiture benefits and cash surrender values in accordance with the requirements of subsection (a) of K.S.A. 40-427, or K.S.A. 40-428, and amendments thereto.

(7) A provision specifying the options to which the policyholder is entitled in the event of default in a premium payment.

(8) A table showing in figures the loan values and the options available under the policy each year upon default in premium payments during at least the first 20 years of the policy, or during the premium-paying period if less than 20 years.

(9) A provision that if in event of default in premium payments the value of the policy shall have been applied to the purchase of other insurance as provided in this section, and if such insurance shall be in force and the original policy shall not have been surrendered to the company and canceled, the policy may be reinstated within three years from such default, upon evidence of insurability satisfactory to the company and payment of arrears of premiums and the payment or reinstatement of any other indebtedness to the company upon its policy, with interest on its premium at the rate of not exceeding 6% per annum payable annually and with interest on the indebtedness at a rate as provided in K.S.A. 40-420a through 40-420d, inclusive, and amendments thereto, and that such reinstated policy shall be contestable only on account of fraud or misrepresentation of material facts pertaining to the reinstatement; for the same period of time after reinstatement as provided in the policy with respect to original issue.

(10) A provision that when a policy shall become a claim by the death of the insured, settlement shall be made upon receipt of due proof of death.

(11) A table showing the amount of installments, if any, in which the policy may provide its proceeds may be payable.

(12) Title on the face and on the back of the policy, briefly describing its form.

(13) A provision with respect to the company's obligation to refund unearned premiums upon cancellation of a term life insurance policy as defined in accordance with the requirements of K.S.A. 40-419a, and amendments thereto, except this provision is required to be printed only in term life insurance policies with an original issue date after the effective date of this act.

Any of the foregoing provisions or portions thereof not applicable to single-premium or nonparticipating or term policies shall to that extent not be incorporated therein; and any such policy may be issued or delivered in this state which in the opinion of the insurance commissioner contains provisions on any one or more of the several foregoing requirements more favorable to the policyholder than hereinbefore required. The provisions of this section shall not apply to policies of reinsurance, or to policies issued or granted in exchange for lapsed or surrendered policies, or to policies of group insurance.

History: L. 1927, ch. 231, 40-420; L. 1939, ch. 209, § 1; L. 1947, ch. 277, §2; L. 1978, ch. 176, § 1; L. 1982, ch. 203, § 5; L. 1991, ch. 131, § 2; July 1.