

**THE INSURANCE CODE OF 1956 (EXCERPT)**  
**Act 218 of 1956**

**500.4037 Universal life insurance policy; provisions required.**

Sec. 4037.

Each universal life insurance policy shall contain all of the following provisions:

(a) That the insurer will send to the policyholder without charge at least annually a report advising the policyholder as to the policy status. The end of the current report period shall be not more than 3 months prior to the date of the mailing of the report. The report shall include all of the following:

- (i) The beginning and end of the current report period.
- (ii) The policy value at the end of the previous report period and at the end of the current report period.
- (iii) The total of all amounts, identifying each by type such as interest, mortality, expense, and riders, that have been credited or debited to the policy value during the current report period.
- (iv) The current death benefit at the end of the current report period on each life covered by the policy.
- (v) The net cash surrender value of the policy as of the end of the current report period.
- (vi) The amount of outstanding loans, if any, as of the end of the current report period.
- (vii) For fixed premium universal life insurance policies, if, assuming guaranteed interest, mortality, and expense loads and continued scheduled premium payments, the policy's net cash surrender value is such that it would not maintain insurance in force until the end of the next reporting period, a notice to this effect.
- (viii) For flexible premium universal life insurance policies, if, assuming guaranteed interest, mortality, and expense loads, the policy's net cash surrender value will not maintain insurance in force until the end of the next reporting period unless further premium payments are made, a notice to this effect.

(b) An illustrative report that will be sent to the policyowner upon request. This report shall contain the same minimum requirements as those set forth in the universal life disclosure requirements in section 4038.

(c) Guarantees of minimum interest credits and maximum mortality and expense charges, all values and data shown in the policy are based on guarantees, figures based on nonguarantees are not included in the policy, minimum and maximum guarantees are in addition to any index guarantees, and if guaranteed credits or charges are also the current credits or charges, the amounts may be included in the policy if clearly labelled. The maturity date is not considered a guarantee for purposes of this section.

(d) At least a general description of the calculation of cash surrender values including all of the following information:

- (i) The guaranteed maximum expense charges and loads.
- (ii) Any limitation on the crediting of additional interest. Interest credits shall not remain conditional for a period longer than 12 months.
- (iii) The guaranteed minimum rate or rates of interest.
- (iv) The guaranteed maximum mortality charges.
- (v) Any other guaranteed charges.
- (vi) Any surrender or partial withdrawal charges.
- (e) If the policyowner has the right to change the basic coverage, a statement of any limitation on the amount or timing of the change. If the policyowner has the right to increase the basic coverage, a statement as to whether a new period of contestability or suicide is applicable to the additional coverage.
- (f) If a policy provides for a maturity date, end date, or similar date, then a statement, in close proximity to that date, that it is possible that coverage may not continue to the maturity date even if scheduled premiums are paid in a timely manner, if such is the case.

(g) That written notice shall be sent by the insurer to the policyowner's last known address at least 30 days prior to termination of coverage. A flexible premium universal life insurance policy shall provide for a grace period of at least 30 days after lapse with lapse occurring on that date on which the net cash surrender value first equals zero or as otherwise defined in the policy.

**History:** Add. 1993, Act 349, Eff. Oct. 1, 1994 ;-- Am. 1994, Act 226, Eff. Oct. 1, 1994

**Popular Name:** Act 218