

Insurance Company, Who May be Licensed—Change of Policy—License to Insurance Company, Change of Policy.

If an insurance company in changing its form of policy complies with the state law, a license may issue to it.

August 11, 1920.

Hon. Geo. P. Porter,
Commissioner of Insurance,
Capitol.

Dear Sir:

I am again writing you at your request regarding a proposition submitted to my office by you some time ago with reference to the policy issued by the Missouri State Life. On January 10th, 1920, I rendered your office an opinion to the effect that a certain policy then issued by the company in the state of Montana was illegal by reason of the fact that it contained the following clause: "This policy is issued on the non-profit-sharing plan, but the insured shall have the privilege of exchanging it, without additional cost, for a profit-sharing annual dividend paid-up life policy for the face amount thereof on the anniversary date next following the date of the last premium payment if all premiums have been duly paid as provided herein."

I called your attention to Section 3148 of the Revised Code, which provides that the policy holder on all participating policies shall be permitted annually to select the manner and method of the application of the surplus accruing from the premiums paid upon such policy. It was held in the opinion referred to that the policy involved conflicted with Section 4138, aforesaid. Since the rendition of that opinion the Missouri State Life Insurance Company has submitted additional information explaining and interpreting the policy. This additional information proves that the policy is one covering insurance for a twenty payment life. During the twenty year period the policy provides for a non-participating non-profit-sharing insurance. Such insurance is legitimate and permitted under our law. The policy, however, further provides that after the twenty year payment it may be changed from a non-

profit-sharing plan to a profit-sharing annual dividend, paid-up life policy. This simply means that the policy has become fully paid up at the end of twenty years; that thereafter it begins to accumulate a surplus which is annually payable to the holder of such policy. Until the twenty year period has elapsed there is no surplus payable to the insured.

Under the circumstances, therefore, I must recall the opinion of January 10, 1920, as not applicable to the policy written by the Missouri State Life Insurance Company.

Respectfully,

S. C. FORD,

Attorney General.