

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

500.4022 Policy loans generally.

Sec. 4022. There shall be a provision that after 3 full year premiums have been paid, the company at any time, while the policy is in force, shall advance, on proper assignment of the policy and on the sole security thereof, subject to the approval of the insurance commissioner as herein provided, at a rate of interest not exceeding the rate specified in section 4023, a sum equal to, or at the option of the owner of the policy, less than the amount required by section 4062 under the conditions specified thereby; and that the company will deduct from the loan value any indebtedness not already deducted in determining the loan 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. It shall be further stipulated in the policy that failure to pay any advance or to pay interest shall not void the policy unless the total indebtedness thereon to the company equals or exceeds the loan value at the time of the failure and until 1 month after notice is mailed by the company to the last known address of the insured and of the assignee if any. A condition other than as provided in this section shall not be exacted as a prerequisite to any advance. This provision shall not be required in term insurances. The interest limit provided for in section 4023 shall also apply to loans on annuity contracts.

History: 1956, Act 218, Eff. Jan. 1, 1957;—Am. 1976, Act 405, Imd. Eff. Jan. 5, 1977;—Am. 1982, Act 427, Imd. Eff. Dec. 29, 1982.

Compiler's note: Section 2 of Act 405 of 1976 provides: "The amendments made by this act shall not impair the terms and conditions of any policy of life insurance in force before the effective date of this act."

Popular name: Act 218