

215 ILCS 5/226 (1)(f), (3) Contract in Force Three Years

Sec. 226(1)(f) Contract in Force Three Years

A provision that after the contract has been in force for three years, if it shall, by its terms, lapse because any stipulated payment to the company shall not have been made, the reserve on such contract, exclusive of the reserve on account of total and permanent disability and additional accidental death benefits, computed according to the standard adopted by the company and in accordance with section 223, shall after deducting not more than one fifth of the said entire reserve and any indebtedness to the company under the contract, be applied as a net single payment according to said standard, for the purchase of a paid up annuity or a pure endowment contract, which may be nonparticipating and which shall be payable by the company under the same terms and conditions as the original contract, except as to amount.

Sec. 226(3) Paid-up Annuity

A company may provide, in lieu of the paid-up values provided in clause (f) of subsection (1), for a paid-up annuity or pure endowment contract in an amount bearing the same proportion to the original annuity or pure endowment contract as the number of stipulated payments which shall have been made to the company shall bear to the total number of stipulated payments required to be made to the company under contract, and if there be any indebtedness to the company under the contract the amount of such paid-up annuity or pure endowment shall be reduced by an amount bearing the same proportion to such paid-up annuity or pure endowment as such indebtedness bears to the cash value on such paid-up annuity or pure endowment, computed according to the standard adopted by the company in accordance with section 223.

(Source: P.A. 82-594)