

TITLE 50: INSURANCE
PART 1405 CONSTRUCTION AND FILING OF LIFE INSURANCE AND ANNUITY FORMS
CHAPTER I: DEPARTMENT OF INSURANCE

Section 1405.40 Policy Forms

- j) Dividend Provisions
The following is applicable to individual policy forms:
- 1) Required Options – The policy must provide the dividend options required under Section 224(1)(e) of the Illinois Insurance Code.
 - 2) Disposition of Dividends Left With the Company – The policy must indicate what disposition will be made of outstanding dividend credits in event of lapse, termination or maturity of the policy.
 - 3) Other Dividend Options – In addition to the dividend options required under Section 224(1)(e) of the Illinois Insurance Code, other options (such as a one-year term insurance dividend option) may also be provided by the policy. Provisions pertaining to the automatic withdrawal of any accumulated dividends or current and unapplied dividends for the purpose of paying premiums unpaid at the end of a grace period may be included if the policy provides for the notification of the policyholder of the application of dividends and the policyholder is given a minimum of 30 days after the date of the notice within which to direct the insurer to reverse the dividend transaction.
 - 4) One-Year Term Insurance Dividend Option – Provision must be made for the disposition of the value of any one-year term insurance addition in the event of lapse of the policy. The policy may either provide for application of any cash value of the remaining one-year term insurance under nonforfeiture options, or a continuation of such term insurance.
 - 5) Prohibited Provisions – Prohibited provisions regarding individual life policy dividends are cited in 50 Ill. Adm. Code 914.