



Rep. Frank J. Mautino

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LRB097 08415 RPM 55264 a

1 AMENDMENT TO SENATE BILL 1607

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 1607 as follows:

3 on page 1, by replacing "Section" with "Sections 224 and"; and

4 on page 4, immediately below line 12, by inserting the  
5 following:

6 "(215 ILCS 5/224) (from Ch. 73, par. 836)

7 Sec. 224. Standard provisions for life policies.

8 (1) After the first day of July, 1937, no policy of life  
9 insurance other than industrial, group or annuities and pure  
10 endowments with or without return of premiums or of premiums  
11 and interest, may be issued or delivered in this State, unless  
12 such policy contains in substance the following provisions:

13 (a) A provision that all premiums after the first shall  
14 be payable in advance either at the home office of the  
15 company or to an agent of the company, upon delivery of a

1 receipt signed by one or more of the officers who shall be  
2 designated in the policy, when such receipt is requested by  
3 the policyholder.

4 (b) A provision that the insured is entitled to a grace  
5 period either of 30 days or of one month within which the  
6 payment of any premium after the first may be made, subject  
7 at the option of the company to an interest charge not in  
8 excess of 6% per annum for the number of days of grace  
9 elapsing before the payment of the premium, during which  
10 period of grace the policy shall continue in force, but in  
11 case the policy becomes a claim during the grace period  
12 before the overdue premium is paid, or the deferred  
13 premiums of the current policy year, if any, are paid, the  
14 amount of such premium or premiums with interest thereon  
15 may be deducted in any settlement under the policy.

16 (c) A provision that the policy, together with the  
17 application therefor, a copy of which shall be endorsed  
18 upon or attached to the policy and made a part thereof,  
19 shall constitute the entire contract between the parties  
20 and that after it has been in force during the lifetime of  
21 the insured a specified time, not later than 2 years from  
22 its date, it shall be incontestable except for nonpayment  
23 of premiums and except at the option of the company, with  
24 respect to provisions relative to benefits in the event of  
25 total and permanent disability, and provisions which grant  
26 additional insurance specifically against death by

1 accident and except for violations of the conditions of the  
2 policy relating to naval or military service in time of war  
3 or for violation of an express condition, if any, relating  
4 to aviation, (except riding as a fare-paying passenger of a  
5 commercial air line flying on regularly scheduled routes  
6 between definitely established airports) in which case the  
7 liability of the company shall be fixed at a definitely  
8 determined amount not less than the full reserve for the  
9 policy and any dividend additions; provided that the  
10 application therefor need not be attached to or made a part  
11 of any policy containing a clause making the policy  
12 incontestable from date of issue.

13 (d) A provision that if it is found at any time before  
14 final settlement under the policy that the age of the  
15 insured (or the age of the beneficiary, if considered in  
16 determining the premium) has been misstated, the amount  
17 payable under the policy shall be such as the premium would  
18 have purchased at the correct age or ages, according to the  
19 company's published rate at date of issue.

20 (e) A provision that the policy shall participate  
21 annually in the surplus of the company beginning not later  
22 than the end of the third policy year; and any policy  
23 containing provision for annual participation beginning at  
24 the end of the first policy year, may also provide that  
25 each dividend be paid subject to the payment of the  
26 premiums for the next ensuing year; and the insured under

1 any annual dividend policy shall have the right each year  
2 to have the dividend arising from such participation either  
3 paid in cash, or applied in reduction of premiums, or  
4 applied to the purchase of paid-up additional insurance, or  
5 be left to accumulate to the credit of the policy, with  
6 interest at such rate as may be determined from time to  
7 time by the company, but not less than a guaranteed minimum  
8 rate specified in the policy, and payable at the maturity  
9 of the policy, but withdrawable on any anniversary date,  
10 subject to such further provisions as the policy may  
11 provide regarding the application of dividends toward the  
12 payment of any premiums unpaid at the end of the grace  
13 period; and if the insured fails to notify the company in  
14 writing of his election within the period of grace allowed  
15 for the payment of premium, the policy shall further  
16 provide which of such options are effective.

17 (f) A provision that after the policy has been in force  
18 3 full years the company at any time, while the policy is  
19 in force, will advance, on proper assignment or pledge of  
20 the policy and on the sole security thereof, at a specified  
21 maximum fixed or adjusted rate of interest in accordance  
22 with Section 229.5, a sum equal to, or at the option of the  
23 insured less than the amount required by Section 229.3  
24 under the conditions specified thereby and with  
25 notification as required by Section 229.5; and that the  
26 company will deduct from such loan value any indebtedness

1 not already deducted in determining such value and any  
2 unpaid balance of the premium for the current policy year,  
3 and may collect interest in advance on the loan to the end  
4 of the current policy year; and any policy may also provide  
5 that if the interest on the loan is not paid when due it  
6 shall be added to the existing loan and shall bear interest  
7 at the same rate. No condition other than as provided  
8 herein or in Sections 229.3 and 229.5 shall be exacted as a  
9 prerequisite to any such loan. This clause shall not apply  
10 to term insurance.

11 (g) A provision for nonforfeiture benefits and cash  
12 surrender values in accordance with the requirements of  
13 paragraph (1) of Section 229.1 or, Section 229.2.

14 (h) A table showing in figures the loan values and the  
15 options available under the policy each year, upon default  
16 in premium payments, during at least the first 20 years of  
17 the policy; the policy to contain a provision that the  
18 company will furnish upon request an extension of such  
19 table beyond the years shown in the policy.

20 (i) A provision that in event of default in premium  
21 payments the value of the policy is applied to the purchase  
22 of other insurance as provided in this Section, and if such  
23 insurance is in force and the original policy is not  
24 surrendered to the company and cancelled, the policy may be  
25 reinstated within 3 years from such default, upon evidence  
26 of insurability satisfactory to the company and payment of

1 arrears of premiums and the payment or reinstatement of any  
2 other indebtedness to the company upon the policy, with  
3 interest on the premiums at a rate not exceeding 6% per  
4 annum payable annually and with interest on the  
5 indebtedness at a rate not exceeding the rate prescribed by  
6 Section 229.5.

7 (j) A provision that when a policy is a claim by the  
8 death of the insured settlement shall be made upon receipt  
9 of due proof of death and not later than 2 months after the  
10 receipt of such proof. The policy may require that due  
11 proof of the death of the insured shall consist of a  
12 certified copy of the death certificate of the insured, or  
13 other lawful evidence providing equivalent information,  
14 and proof of the claimant's interest in the proceeds.

15 (k) If the policy provides for payment of its proceeds  
16 in installments, a table showing the amount and period of  
17 such installments shall be included in the policy.

18 (l) Interest shall accrue on the proceeds payable  
19 because of the death of the insured, from date of death, at  
20 the rate of 10% annually ~~9%~~ on the total amount payable or  
21 the face amount if payments are to be made in installments  
22 until the total payment or first installment is paid,  
23 unless payment is made within fifteen (15) days from the  
24 the latest of the following to occur:

25 (1) the date that due proof of death is received by  
26 the company;

1           (2) the date that the company receives sufficient  
2           information to determine its liability, the extent of  
3           the liability, and the appropriate payee legally  
4           entitled to the proceeds; or

5           (3) the date that legal impediments to payment of  
6           proceeds that depend on the action of parties other  
7           than the company are resolved and sufficient evidence  
8           of the same is provided to the company; legal  
9           impediments to payment include, but are not limited to,  
10          (A) the establishment of guardianships and  
11          conservatorships, (B) the appointment and  
12          qualification of trustees, executors, and  
13          administrators, and (C) the submission of information  
14          required to satisfy State and federal reporting  
15          requirements.

16          ~~date of receipt by the company of due proof of loss.~~ This  
17          provision need not appear in the policy, however, the  
18          company shall notify the beneficiary at the time of claim  
19          of this provision. The payment of interest shall apply to  
20          all policies now in force, as well as those written after  
21          the effective date of this amendment.

22          (m) Title on the face and on the back of the policy  
23          briefly describing its form.

24          (n) A provision, or a notice attached to the policy, to  
25          the effect that during a period of ten days from the date  
26          the policy is delivered to the policy owner, it may be

1 surrendered to the insurer together with a written request  
2 for cancellation of the policy and in such event, the  
3 insurer will refund any premium paid therefor, including  
4 any policy fees or other charges. The Director may by rule  
5 exempt specific types of policies from the requirements of  
6 this subsection.

7 (2) In the case of the replacement of life insurance, as  
8 defined in the rule promulgated by the Director, the replacing  
9 insurer shall either (1) delay the issuance of its policy for  
10 not less than 20 days from the date it has transmitted a policy  
11 summary to the existing insurer, or (2) provide in a form  
12 titled "Notice Regarding Replacement of Life Insurance", as  
13 well as in its policy, or in a separate notice delivered with  
14 the policy, that the insured has the right to an unconditional  
15 refund of all premiums paid, and that such right may be  
16 exercised within a period of 20 days commencing from the date  
17 of delivery of such policy. Where option (2) is exercised, the  
18 replacing insurer shall also transmit a policy summary to the  
19 existing insurer within 3 working days after the date the  
20 replacement policy is issued.

21 (3) Any of the foregoing provisions or portions thereof not  
22 applicable to single premium or nonparticipating or term  
23 policies shall to that extent not be incorporated therein. This  
24 Section shall not apply to policies of reinsurance nor to  
25 policies issued or granted pursuant to the nonforfeiture  
26 provisions prescribed in subparagraph (g) of paragraph (1) of



1 this Section.

2 (Source: P.A. 92-139, eff. 7-24-01.)".