**Section 917.30 Definition of Replacement**

Replacement means any transaction except those exempted by Section 917.50 in which new life insurance or annuity will be purchased, and it is known or should be known to the proposing insurance producer, or to the proposing insurer if there is no insurance producer, that by reason of such transaction, existing life insurance or annuity has been or is to be:

a) Lapsed, forfeited, surrendered, or otherwise terminated;

b) Converted to reduced paid-up insurance, continued as extended term insurance, or otherwise reduced in value by the use of nonforfeiture benefits or other policy values;

c) Amended so as to effect either a reduction in benefits or in the term for which coverage would otherwise remain in-force, or for which benefits would be paid;

d) Reissued with any reduction in cash value; or

e) Pledged as collateral or subjected to borrowing, whether in a single loan or under a schedule of borrowing over a period of time for amounts in the aggregate exceeding 25% of the loan value set forth in the policy.

(Source: Amended at 26 Ill. Reg. 16504, effective October 28, 2002)