

1 AN ACT in relation to insurance.

2 Be it enacted by the People of the State of Illinois,  
3 represented in the General Assembly:

4 Section 5. The Illinois Insurance Code is amended by  
5 changing Section 225 as follows:

6 (215 ILCS 5/225) (from Ch. 73, par. 837)

7 Sec. 225. Prohibited Provisions for Life Insurance  
8 Policies.

9 (1) After the effective date of this Code no policy of  
10 life insurance may be issued or delivered in this State if it  
11 includes any of the following provisions:

12 (a) A provision limiting the time within which any  
13 action may be commenced to less than 3 years after the cause  
14 of action accrues.

15 (b) A provision by which the policy purports to be  
16 issued or take effect more than 6 months before the original  
17 application for the insurance was made, but this provision  
18 does not apply in any case of a transfer from one form of  
19 policy to another in connection with which the policy owner  
20 receives credit for any reserve accumulation under the form  
21 of policy from which the transfer was made.

22 (c) A provision for any mode of settlement at maturity  
23 after the expiration of the contestable period of the policy  
24 of less value than the amount insured plus dividend  
25 additions, if any, less any indebtedness to the company on or  
26 secured by the policy, and less any premium that may by the  
27 terms of the policy be deducted, except as permitted by  
28 clause (c) of subsection (1) of Section 224.

29 (d) A provision for forfeiture of the policy for failure  
30 to repay any loan on the policy, or to pay interest on such  
31 loan, while the total indebtedness on the policy, including

1 interest, is less than the loan value thereof.

2 (e) A provision to the effect that the agent soliciting  
3 the insurance is the agent of the person insured under the  
4 policy, or making the acts or representations of such agent  
5 binding upon the person so insured under the policy.

6 (f) A provision limiting the amount payable under a  
7 policy by reason of death occurring after the expiration of  
8 the contestable period to less than the face amount thereof  
9 on account of the kind or character of disease causing the  
10 insured's death.

11 (2) The provisions of this section do not apply to  
12 policies of reinsurance, nor to policies issued or granted  
13 under the nonforfeiture provisions prescribed in clause (g)  
14 of subsection (1) of Section 224.

15 (Source: P.A. 83-345.)