

policy. This provision shall not prohibit the payment of additional dividends on termination of the policy.

(h) Notwithstanding the provisions of the second sentence of sub-section (g) above, if an insurer authorized to transact business in this State prior to the effective date of this Act, has used a policy form restricting the dividend options to the "Cash Deferred Accumulated Basis" described below, then the policies issued thereafter by such insurer may, in lieu of the required dividend options set forth in said sentence of sub-section (g) above, provide that the owner of the policy shall have the right to have the dividend arising from such participation, paid in cash or payable on such "Cash Deferred Accumulated Basis" and such other dividend options as may be provided by the policy.

"Cash Deferred Accumulated Basis" is defined as follows:

(1) The annual dividends shall be accumulated by the insurer to the credit of the policy at such rate of interest as shall be allowed by the insurer, and while the policy is in force, at the end of a specified period and at the end of each such period thereafter, the period not to exceed five years, any accumulation of dividends and interest then to the credit of the policy shall be paid to the owner in cash, and (2) upon the termination of the policy by maturity or upon the election of a non-forfeiture option, or in the event the policy shall lapse for nonpayment of premium, or in the event of the insured's death, any accumulations of dividends and interest then to the credit of the policy shall be paid to the person or persons entitled to such accumulations in accordance with the provisions of the policy.

(i) A provision that whenever the policy shall have a cash value, the insurer issuing the same will, at any time while the policy is in force, other than as extended term insurance, advance, on proper assignment or pledge of the policy and on the sole security thereof, at a specified rate of interest, not exceeding six per cent. per annum if payable at the end of the year, or the equivalent effective rate of interest if payable in advance, a sum equal to, or at the option of the person entitled thereto less than, the cash surrender value at the end of the current policy year of the policy computed in accordance with the provisions of Section 189, and that the insurer may deduct from such loan value (in addition to the indebtedness deducted in determining such value) any unpaid balance of the premium for the current policy year; and that if the loan is made or repaid on a date other than the anniversary of the policy, the insurer may collect interest for the portion of the current policy year on a pro-rata basis at the rate of interest specified in the policy. The policy may further provide that interest on the loan may be compounded annually and, if not paid when due, it shall be added to the existing loan, and shall bear interest at the same rate; and may further provide that if and when the total indebtedness on the policy including interest due or accrued, equals or exceeds the amount of the loan value thereof at such time, and if at least thirty days prior notice shall have been given, then the policy shall terminate and become void. The insurer shall provide in the policy that the making of any such loan, except when made to pay premiums, may be deferred for not exceeding six months after the application therefor has been received by it. This provision shall not apply to term insurance.