have the right, at his option, to have the dividend arising from such participation (1) paid in cash, or (2) applied to the payment of premium, if any then be due, or (3) applied to provide paid-up additions to the policy, or (4) left to accumulate at a rate of interest not less than that specified in the policy; provided, however, that in the case of a term policy the policy need not provide options (3) or (4). The policy shall further provide that a specified option shall become effective if the party entitled thereto fails to notify the insurer in writing of his election not later than thirty (30) days following the date on which any dividend is payable.

(b) In a participating industrial life insurance policy, there shall be a provision that the insurer shall annually ascertain and apportion any divisible surplus under the policy which will accrue on the policy anniversary or other dividend date specified in the policy, and that dividends arising from such apportionment shall be credited annually beginning not later than the end of the fifth policy year. The payment of any dividend payable on or after the end of the fifth policy year shall not be made contingent upon the payment of any premium due on or after the date when such dividend becomes payable. The policy shall provide that payment of the dividend shall be made in one of the following ways: (1) paid in cash, or (2) applied to the payment of premium, if any then be due, or (3) applied to provide paid-up additions to the policy, or (4) left to accumulate at a rate of interest not less than that specified in the policy.

(c) If a participating policy provides that the benefit under any paid-up nonforfeiture provision is to be participating, it may provide that any divisible surplus apportioned while the insurance is in force under such nonforfeiture provision shall be applied in any manner specified in the policy.

(d) This section shall not preclude the granting by the insurer to the party entitled thereto, the right to elect other dividend options as may be provided by the insurer in addition to those required by this section, whether or not such additional options are specified in the policy.

(e) This section shall not prohibit the payment of additional dividends on default of payment of premiums or on termination of the policy.

394. Policy Loan.

There shall be a provision that after three (3) full years' premiums have been paid and after the policy has a cash surrender value and while no premium is in default beyond the grace period for payment, the insurer will advance, on proper assignment or pledge of the policy and on the sole security thereof, at a specified rate of interest not exceeding an effective rate of six percent (6%) per annum, an amount equal to or, at the option of the party entitled thereto, less than the loan value of the policy. The loan value of the policy shall be at least equal to the cash surrender value at the end of the then current policy year, provided that the insurer may deduct, either from such loan value or from the proceeds of the loan, any existing indebtedness not already deducted in determining such cash surrender value including any interest then accrued but not due, any unpaid balance of the premium for the current policy year, and interest on the loan to the end of the current policy year. The policy