**Section 1415.30 Methodology**

a) The following methodology shall be used in the determination of minimum cash surrender values for policies subject to this Part in accordance with the requirements of Section 229.2 of the Insurance Code (Standard Nonforfeiture Law for Life Insurance) [215 ILCS 5/229.2].

1) The endowment period shall be that period of time measured from the issue date of the policy to the date when the endowment benefit becomes payable (the endowment date) under the terms of the policy.

2) If the endowment benefit is added by rider to a policy, then, for minimum cash value determination purposes, the base policy and the endowment benefit are to be treated as integrated.

3) Premiums under the policy may be provided through a scale of guaranteed rates for the term of the policy or through a scale of current rates that are subject to a scale of guaranteed maximum premiums; if rates are subject to a scale of guaranteed maximum premiums, the minimum cash values shall be the greater of those produced under this Part using the guaranteed maximum rates and current rate scale applicable at issue of the policy.

4) Any cash surrender value available under the policy in the event of default in a premium payment due on any policy anniversary during the endowment period shall be an amount not less than the excess, if any, of the present value, on the anniversary, of the endowment benefit and any future incremental death benefits during the endowment period that would have been provided for by the policy if there had been no default, over the sum of:

A) The then present value of the adjusted premiums as defined in subsection (a)(6) corresponding to premiums that would have fallen due on and after the anniversary during the endowment period; and

B) The amount of any indebtedness to the company on the policy.

5) Incremental death benefits are death benefits during the endowment period in excess of the lowest death benefit provided under the policy during the endowment period.

6) The adjusted premiums for the policy shall be calculated on an annual basis and shall be the uniform percentage of the respective premiums specified in the policy for each policy year during the endowment period. Amounts payable as extra premiums to cover impairments or special hazards shall be excluded, as shall any uniform annual contract charge or policy fee specified in the policy in a statement of the method to be used in calculating the cash surrender value and paid-up nonforfeiture benefits. The present value, at the date of issue of the policy, of all adjusted premiums shall be equal to the sum of:

A) The present value of the endowment benefit and any incremental death benefits provided for by the policy during the endowment period;

B) 1% of the average amount of insurance (total death benefit under the policy, including any incremental death benefits) at the beginning of each of the first 10 policy years; and

C) 125% of the nonforfeiture net level premium, as defined in subsection (a)(7); provided, however, that no nonforfeiture net level premium shall be considered to exceed 4% of the average amount of insurance (total death benefit under the policy, including any incremental death benefits) at the beginning of each of the first 10 policy years.

7) The nonforfeiture net level premium for the policy shall be equal to the present value, at the date of issue of the policy, of the endowment benefit and any incremental death benefits provided for by the policy during the endowment period, divided by the present value, at the date of issue of the policy, of an annual annuity of one payable on the date of issue of the policy and on each anniversary of the policy on which a premium falls due prior to the endowment date.

8) The mortality rates and interest rate used in the determination of the minimum cash values for the policy shall be those applicable under Section 229.2 of the Insurance Code, taking into account guaranteed benefits and premiums (whether guaranteed or indeterminate) during the entire period death benefits are guaranteed available under the policy, provided required premiums are paid.

b) In no event can the cash surrender value under the policy at any duration be less than the greater of:

1) The minimum cash value calculated according to Section 1415.30(a) of this Part; and

2) The minimum cash value at the same duration resulting from the application of the methods described in Section 229.2(3) and (4c) of the Code, taking into account guaranteed benefits and premiums (whether guaranteed or indeterminate) during the entire period death benefits are guaranteed available under the policy, provided required premiums are paid. In performing this calculation, no annual premium at any duration after the endowment period shall exceed the difference between the death benefit and the cash value at that duration.

c) The cash surrender values for the policy must also satisfy the consistency of progression of cash values test contained in Section 229.2(7) of the Code, taking into account guaranteed benefits and premiums (whether guaranteed or indeterminate) during the entire period death benefits are guaranteed available under the policy, provided required premiums are paid.

d) For policies in which the benefit is defined in more general terms as providing for a return of premiums paid or a portion of premiums paid, the procedures of Section 229.2(4c)(c) of the Code and the requirements of Section 1415.30(a) of this Part shall be applied in the determination of a revised set of minimum cash values in the event the value of the endowment benefit of the policy changes due to a change made to the premium schedule provided when the policy was issued.