

**LIFE INSURANCE CORPORATION OF INDIA  
CENTRAL OFFICE**

Dept: Actuarial

“Yogakshema”  
Jeevan Bima Marg  
Mumbai – 400 021

Ref : Actl /PD / 2167 /4

26<sup>th</sup> June, 2009

To,  
All HODs of Central Office  
All Zonal Offices  
All Divisional Offices  
All Branch Offices (through DOs)  
MDCs, ZTCs, STCs, NIA and  
Audit & Inspection Depts. of Zonal Offices.

**Re: INTRODUCTION OF LIC'S JEEVAN SAATHI PLUS (Plan No. 197)**

**1. INTRODUCTION:**

It has been decided to introduce LIC's Jeevan Saathi Plus Plan (Plan No. 197) with effect from 29<sup>th</sup> June, 2009. The Unique Identification Number (UIN) for LIC's Jeevan Saathi Plus plan is **512L255V01**. This number has to be quoted in all relevant documents furnished to the policyholders and other users (public, distribution channels).

This is a unit linked Joint Life plan wherein a couple can take insurance cover on their lives under a single policy. The proposer under this plan shall be called **Principal Life Assured (P.L.A.)** and the other life (wife/husband) shall be called **Spouse Life Assured (S.L.A.)**.

The premiums can be paid by P.L.A. either in lump sum (single premium) or regularly throughout the policy term. The P.L.A. can choose the level of life cover for the self as well as for the spouse within the limits, which will depend on the amount and mode of premium payable. In addition, for regular premium policies, in case of death of the P.L.A. during the term of the policy, the plan also provides for waiver of all future premiums including outstanding premiums, if any, provided life cover is in force. Units equivalent to the amount of premiums waived shall be credited to the policyholder's fund if the S.L.A. is surviving otherwise the amount of premiums waived shall be payable as death benefit.

The P.L.A. shall also have an option to pay Top-up premiums subject to conditions mentioned in para 9.b.

The allocated premium will be utilized to purchase units as per the selected fund type. The Policyholder's Fund Value will be subject to deduction of charges mentioned in para 3 of this circular. Units will be allotted and cancelled based on the Net Asset Value (NAV) of the respective fund applicable to the date of allotment / cancellation. There is no Bid-Offer spread (both the Bid price and Offer price of units will be equal to the NAV). The NAV will be computed on daily basis and will be based on the investment performance, Fund Management Charges (FMC) and whether fund is expanding or contracting under each fund type.

**2. INVESTMENT FUND TYPES:**

The premiums allocated to purchase units will be invested according to the investment pattern prescribed for different fund types. The types of fund and their investment pattern are as under:

<b>Fund Type</b>	<b>Investment in Government / Government Guaranteed Securities / Corporate Debt</b>	<b>Short-term investments such as money market instruments</b>	<b>Investment in Listed Equity Shares</b>	<b>Details and objective of the fund for risk / return</b>

<b>Bond Fund</b>	Not less than 60%	Not more than 40%	Nil	Low risk
<b>Secured Fund</b>	Not less than 45%	Not more than 40%	Not less than 15% & Not more than 55%	Steady Income – Lower to Medium risk
<b>Balanced Fund</b>	Not less than 30%	Not more than 40%	Not less than 30% & Not more than 70%	Balanced Income and growth – Medium risk
<b>Growth Fund</b>	Not less than 20%	Not more than 40%	Not less than 40% & Not more than 80%	Long term Capital growth – High risk

The Policyholder will have the option to choose any ONE of the above 4 Funds.

The NAV will be computed on a daily basis as under:

Appropriation price (when fund is expanding):

Market value of investment held by the fund plus the expenses incurred in the purchase of the assets plus the value of any current assets plus any accrued income net of fund management charges less the value of any current liabilities less provisions, if any divided by the number of units existing at the valuation date (before any new units are allocated).

Expropriation price (when fund is contracting):

Market value of investment held by the fund less the expenses incurred in the sale of the assets plus the value of any current assets plus any accrued income net of fund management charges less the value of any current liabilities less provisions, if any divided by the number of units existing at the valuation date (before any units are redeemed).

### 3. CHARGES AND FREQUENCY OF CHARGES:

- i. **Premium Allocation Charge:** This is the percentage of the premium appropriated towards charges from the premium received. The balance known as allocation rate constitutes that part of the premium which is utilized to purchase (Investment) units for the policy.

The allocation charges are as below:

**Single premium:**

Premium Band	Allocation Charge
Up to 15,00,000	4.25%
15,00,001 and above	4.00%

**Regular Premium**

Premium Band (per annum)	Allocation charge		
	First year	2 <sup>nd</sup> & 3 <sup>rd</sup> year	thereafter
10,000 to 1,50,000	29.00%	5.00%	2.50%
1,50,001 to 2,50,000	28.00%	5.00%	2.50%
2,50,001 and above	27.50%	5.00%	2.50%

**Allocation charge for Top-up: 1.25%**

#### ii. Mortality Charge:

- a) **Life Cover Charge:** Life Cover Charge is the charge to meet the cost of life assurance cover for each of the lives assured (i.e. P.L.A. and S.L.A.).
- b) **Premium Waiver Benefit Charge** (applicable in case of regular premium policies only): It is the charge to meet the cost of waiver of all future premiums including outstanding premiums, if any, on the death of P.L.A.

Life Cover charge and Premium Waiver Benefit charge will be taken every month by canceling the Policyholder's Fund Value appropriately. The life cover charges will be deducted on the life of both P.L.A. and S.L.A. till they are alive. The Premium Waiver Benefit charge will be deducted till P.L.A. is alive and will be based on the age of the P.L.A. and shall cease on the death of P.L.A.

Mortality charges, during a policy year, will be based on the age nearer birthday of each of P.L.A. and S.L.A. as at the Policy anniversary coinciding with or immediately preceding the due date of cancellation of units and

hence may increase every year on each policy anniversary. The Life Cover charge for each of the lives covered shall depend upon the Sum Assured chosen and the Premium Waiver Benefit charge shall depend upon the age of the P.L.A. and the total amount of all future premiums including outstanding premiums, if any, (i.e. total premiums payable under the policy less total premiums paid) under the policy as on the date of deduction of charge. Further, these charges will also depend on the underwriting decision at entry or subsequent revival of the policy.

The rate of Mortality charge per Rs.1,000/- Sum at Risk per annum for standard lives, are given in Annexure I.

The Sum at Risk in respect of P.L.A. and S.L.A. is as under:

**P.L.A.:** *Sum Assured opted by P.L.A. under the policy plus Total premiums payable during the term of the policy minus total premiums paid as on the date of recovery of charges.*

**S.L.A.:** *Sum Assured opted by S.L.A..*

The Class I extra charge for Cover shall be 25% of the Mortality charge for standard lives. Charge for higher EMR shall be multiples of the Class I extra charge as applicable in other plans. This extra charge will be included in the Mortality charges. The extra charge shall be recovered in respect of substandard life only (i.e if one of the lives is substandard the extra charge shall be recovered in respect of that life only depending on his/her age and if both lives are substandard the extra charges shall be recovered in respect of both the lives depending on their age).

**iii. Other Charges:** The following charges shall be deducted during the term of the policy:

- a) **POLICY ADMINISTRATION CHARGE** - The Policy Administration charge of Rs. 60/- per month during the first policy year, Rs 20/- per month during the second year and thereafter, from the third year onwards till the end of the policy term Rs. 20/- per month escalating at 3% p.a. will be deducted on monthly basis by canceling appropriate number of units out of Policyholder's Fund Value.
- b) **FUND MANAGEMENT CHARGE** – Fund Management Charges (FMC) are dependent on type of Fund and are deductible on the date of computation of NAV at the following rates:
  - 0.60% p.a. of Unit Fund for “Bond” Fund
  - 0.80% p.a. of Unit Fund for “Secured” Fund
  - 1.00% p.a. of Unit Fund for “Balanced” Fund
  - 1.20% p.a. of Unit Fund for “Growth” FundThe NAV, thus declared, will be net of FMC.
- c) **SWITCHING CHARGE** – This is a charge levied on switching of monies from one fund to another. This charge will be levied at the time of effecting switch at the rate mentioned in para 9 (a) below.
- d) **BID/OFFER SPREAD** – Nil.
- e) **SURRENDER CHARGES** – Nil.
- f) **MISCELLANEOUS CHARGE** – This is a charge levied for an alteration within the contract, such as reduction in policy term, reduction in Sum assured, change in premium mode to higher frequency, etc. A charge of Rs. 50/- will be deducted by canceling appropriate number of units out of the Policyholder's Fund Value and the deduction shall be made on the date of alteration in the policy. The alteration will be effective from the policy anniversary coincident with or following the alteration.

The Corporation reserves the right to accept or decline an alteration in the policy. The alteration shall take effect from the policy anniversary coincident with or following the alteration only after the same is approved by the Corporation and is specifically communicated in writing to the policyholder.

- g) **SERVICE TAX CHARGE** – A service tax charge, if any, shall be levied on the following charges:
  - i) Policy Administration charge and Mortality charge - by canceling appropriate number of units out of the Policyholder's Fund Value on a monthly basis as and when the corresponding Policy Administration and Mortality charges are deducted.
  - ii) Premium allocation charge - at the time of allocation of premium.
  - iii) Fund Management charge - at the time of computation of NAV on daily basis.
  - iv) Switching - at the time of effecting switch
  - v) Alteration (as provided under Miscellaneous charge) - on the date of alteration in the policy.

The level of this charge will be as per the rate of service tax as applicable from time to time. Currently, the rate of service tax is 10% with an educational cess at the rate of 3% thereon and hence effective rate is 10.3%.

- iv. **Right to revise charges:** The Corporation reserves the right to revise all or any of the above charges except Premium Allocation charge and Mortality Charge. The modification in charges will be done with prospective effect with the prior approval of IRDA and after giving the policyholders a notice of 3 months.

#### 4. **APPLICABILITY OF NET ASSET VALUE (NAV):**

The allotment of units will be as per IRDA guidelines. The guidelines state as under:

The premiums received up to 3 p.m. by the Corporation through ECS or by way of a local cheque or a demand draft payable at par at the place where the premium is received, the closing NAV of the day on which premium is received shall be applicable. The premiums received after 3 p.m. by the Corporation through ECS or by way of a local cheque or a demand draft payable at par at the place where the premium is received, the closing NAV of the next business day shall be applicable.

The outstation cheque / Demand draft shall not be accepted.

In respect of the valid applications received for surrender, partial withdrawal, death claim, switches, death after maturity (in case of settlement option exercised) etc up to 3 p.m. by the Servicing Branch the same day's closing NAV shall be applicable. For the valid applications received in respect of surrender, partial withdrawal, death claim, switches etc after 3 p.m. by the Servicing Branch the closing NAV of the next business day shall be applicable

In respect of maturity claim where no settlement option is opted for, NAV of the date of maturity shall be applicable.

#### 5. **BENEFITS:**

##### a) **Benefits payable on death:**

###### **On the death of P.L.A. while S.L.A. is alive**

In case of death of P.L.A. during the policy term and while S.L.A. is alive when the cover is in full force, Sum Assured as applicable to P.L.A. shall be payable to the S.L.A.

Also, in case of regular premium policy, when the cover is in full force, payment of all future premiums due under the policy shall be waived. Units equivalent to an amount equal to all future premiums including outstanding premiums, if any, (i.e. sum total of all premiums payable under the policy less total premiums paid under the policy) shall be credited to the policyholder's fund. The units shall be allocated at the unit price applicable for the fund type opted for under the policy on the date of notification/intimation of death. The policy shall continue till the S.L.A. survives or till the date of maturity whichever is earlier.

If less than 3 years' premiums have been paid and the policy is in lapsed condition, then the Policyholder's Fund Value shall become payable to the S.L.A. and the policy will terminate.

###### **On death of P.L.A. after the death of S.L.A.**

In case of death of the P.L.A. during the policy term, after the death of the S.L.A., Sum Assured as applicable to P.L.A. plus policyholder's fund value together with an amount equal to all future premiums including outstanding premiums, if any, (i.e. sum total of all premiums payable under the policy less total premiums paid under the policy) shall be payable to the nominee/legal heir and the policy shall terminate.

If less than 3 years' premiums have been paid and the policy is in lapsed condition then the Policyholder's Fund Value shall become payable to the nominee/legal heir.

###### **On the death of S.L.A. while P.L.A. is alive**

In case of death of the S.L.A. during the policy term and while P.L.A. is alive, Sum Assured as applicable to S.L.A. shall be payable to P.L.A. and the policy shall continue till the P.L.A. survives or till the date of maturity whichever is earlier.

If less than 3 years' premiums have been paid and the policy is in lapsed condition then no benefit shall become payable to the P.L.A.

###### **On death of S.L.A. after the death of P.L.A.**

In case of death of the S.L.A. during the policy term, after the death of the P.L.A., Sum Assured as applicable to S.L.A. plus policyholder's fund value as on the date of notification/intimation of death shall be payable to the nominee/legal heir and the policy shall terminate.

###### **On Simultaneous death of P.L.A. and S.L.A.**

In case of the simultaneous death of both P.L.A. and S.L.A. during the policy term, the Sum Assureds as applicable to both P.L.A. and S.L.A. plus policyholder's fund value as on the date of notification/intimation of death together with an amount equal to all future premiums including outstanding premiums, if any, (i.e. sum total of all premiums payable under the policy less total premiums paid under the policy) shall be payable to the nominee/legal heir and the policy shall terminate.

If less than 3 years' premiums have been paid and the policy is in lapsed condition then the Policyholder's Fund Value shall become payable to the nominee.

**b) Benefits payable on maturity:**

On P.L.A and/or S.L.A. surviving the date of maturity an amount equal to the Policyholder's Fund Value shall be payable.

**6. DISCONTINUANCE OF PREMIUMS:**

If premiums are payable either yearly, half-yearly, quarterly or monthly (through ECS) and the same have not been paid within the days of grace under the Policy, the Policy will lapse.

The P.L.A. shall have an option to revive the policy within the specified period (described in para 16 below).

- I. Where atleast 3 years' premiums have been paid, the Life Cover and Premium Waiver Benefit cover shall continue during the revival period.

During the "revival period", the Mortality Charges shall be taken, as usual, in addition to other charges, by cancelling an appropriate number of units out of the Policyholder's Fund Value every month. This will continue to provide relevant risk covers for:

- i. two years from the due date of first unpaid premium, or
- ii. till the date of maturity, or
- iii. till such period that the Policyholder's Fund Value reduces to one annualized premium,

whichever is earlier.

The P.L.A. may opt for continuation of cover beyond the revival period without reviving the policy. This option shall be required to be exercised atleast one month before the completion of the revival period. If this option is availed, the life cover and premium waiver benefit cover under the policy shall continue by deduction of relevant charges out of policy fund. This option shall continue till the Policyholder's Fund Value reaches one annualized premium. No further premiums shall be allowed to be paid after the revival period is over.

The benefits payable under the policy in different contingencies during the period during which mortality charges are being deducted shall be as under:

- A. **In case of death of P.L.A. while S.L.A. is alive:** Sum Assured as applicable to P.L.A. shall be paid to the S.L.A. and payment of all future premiums due under the policy shall be waived. Units equivalent to an amount equal to all future premiums including outstanding premiums, if any, (i.e. sum total of all premiums payable under the policy less total premiums paid under the policy) shall be credited to the policyholder's fund. The units shall be allocated at the unit price applicable for the fund type opted under the policy on the date of notification of death. The policy shall continue till the S.L.A. survives or till the date of maturity whichever is earlier.
- B. **In case of death of P.L.A. after the death of S.L.A.:** Sum Assured as applicable to P.L.A. plus policyholder's fund value together with an amount equal to all future premiums including outstanding premiums, if any, (i.e. sum total of all premiums payable under the policy less total premiums paid under the policy) shall be payable to the nominee/legal heir and the policy shall terminate.
- C. **In case of death of S.L.A. while P.L.A. is alive:** Sum Assured as applicable to S.L.A. shall be payable to P.L.A. and the policy shall continue.
- D. **In case of death of S.L.A. after the death of P.L.A.:** Sum Assured as applicable to S.L.A. plus policyholder's fund value shall be payable to the nominee/legal heir and the policy shall terminate.
- E. **On Simultaneous death of P.L.A. and S.L.A.:** Sum Assureds as applicable to both P.L.A. and S.L.A. plus policyholder's fund value together with an amount equal to all future premiums including outstanding premiums, if any, (i.e. sum total of all premiums payable under the policy less total premiums paid under the policy) shall be payable to the nominee and the policy shall terminate.
- F. **On maturity:** The Policyholder's Fund Value.
- G. **In case of Surrender:** The Policyholder's Fund Value. The Surrender value, however, shall be paid only after the completion of 3 policy years.
- H. **In case of Partial Withdrawals:** Partial withdrawals shall be allowed only after the completion of 3 policy years subject to a minimum balance of two annualized premiums in the Policyholder's Fund Value.

- I. **Compulsory surrender:** The policy shall be terminated compulsorily in following cases:
  - a. The balance in the Policyholder's Fund Value, at all times, shall be subject to a minimum balance of one annualized premium. In case the Policyholder's Fund Value falls below this limit, the policy shall compulsorily be terminated with a notice to the policyholder (i.e. P.L.A. or if P.L.A. is not alive, then S.L.A.) and the balance of the Policyholder's Fund Value shall be refunded to the policyholder (i.e. P.L.A. or if P.L.A. is not alive, then S.L.A.). If the policy is compulsorily surrendered before completion of 3 policy years, monetary value of units (described in para 7 below) shall be payable after the completion of the third policy anniversary.
  - b. In case the policy is not revived during the period of revival and the P.L.A. has not opted for continuing the cover after the revival period then the policy shall be terminated on expiry of revival period or on maturity, whichever is earlier and the balance amount in the Policyholder's Fund Value shall be refunded to the policyholder (i.e. P.L.A. or if P.L.A. is not alive, then S.L.A.).
- II. Where the policy lapses without payment of at least 3 years' premiums, the Life Cover and Premium Waiver Benefit cover shall cease and no charges for these benefits shall be deducted. However, deduction of all the other charges shall continue. The benefits under such a lapsed policy shall be payable as under:
  - A. **In case of death of P.L.A. while S.L.A. is alive:** Policyholder's Fund Value is payable and the policy will terminate.
  - B. **In case of death of P.L.A. after the death of S.L.A.:** Policyholder's Fund Value is payable and the policy will terminate.
  - C. **In case of death of S.L.A. while P.L.A. is alive:** Nil.
  - D. **On Simultaneous death of P.L.A and S.L.A.:** Policyholder's Fund Value is payable and the policy will terminate.
  - E. **In case of Surrender:** Policyholder's Fund Value / monetary value of units (described in para 7 below), as the case may be, shall be payable after the completion of the third policy anniversary. No amount shall be payable within 3 years from the date of commencement of policy.
  - F. **In case of Partial withdrawal:** Partial Withdrawals shall not be allowed under such a policy even after completion of 3 years period.
  - G. **Compulsory Surrender:** The policy shall be terminated compulsorily in following cases:
    - a. In case the policy is not revived during the period of revival, then the policy shall be terminated after completion of three years from the date of commencement of the policy or on expiry of revival period, whichever is later. In case the period of revival expires before the end of third policy year, then the Policyholder's fund value shall be converted into monetary terms and no charges shall be deducted thereafter. This monetary value (described in para 7 below), shall be paid to the P.L.A. after the end of third policy year.
    - b. In case premiums are paid for less than three years, if the balance in the Policyholder's Fund Value, at any time is not sufficient to recover the relevant charges, the policy shall compulsorily be terminated and the balance amount in the Policyholder's Fund Value, if any, will be refunded to the policyholder (i.e. P.L.A. or if P.L.A. is not alive, then S.L.A.) immediately as the amount will be negligible.

## 7. SURRENDER VALUE AND SURRENDER CHARGE:

The Surrender value, if any, is payable only after completion of the third policy anniversary both under Single and Regular Premium contracts. The surrender value will be the Policyholder's Fund Value at the date of surrender. There will be no Surrender charge.

The policy can be surrendered by P.L.A.. After the death of P.L.A. during the policy term, the policy can be surrendered by the S.L.A.

If P.L.A./ S.L.A. applies for surrender of the policy within 3 years from the date of commencement of policy, then the Policyholder's Fund Value shall be converted into monetary terms. No charges shall be made thereafter and this monetary amount shall be paid on completion of 3 years from the date of commencement of policy.

In case of death of the policyholder (i.e. P.L.A. or if P.L.A. is not alive, then S.L.A.) after the date of surrender but before the completion of 3 years from the date of commencement of policy the monetary value payable on completion of 3 years shall be payable to the S.L.A./nominee (if S.L.A. is not alive)/ legal heir (if S.L.A. is not alive) on the date of notification of death.

**The conversion to monetary amount shall be as under:**

The NAV on the date of application for surrender or on the date when revival period is over (in case of compulsory surrender), as the case may be, multiplied by the number of units in the Policyholder's Fund as on that date will be the monetary amount.

This monetary amount will be transferred to Non-Unit fund and the payment of surrender value, as and when due, will be made from this fund.

In case of Single premium policy or Regular Premium policy where premiums are paid for less than three years, if the balance in the Policyholder's Fund Value, at any time is not sufficient to recover the relevant charges, the policy shall compulsorily be terminated and the balance amount in the Policyholder's Fund Value will be refunded to the policyholder (i.e. P.L.A. or if P.L.A. is not alive, then S.L.A.). In case of regular premium policy where premiums are paid for atleast three years, the balance in the Policyholder's Fund Value, at all times, shall be subject to a minimum balance of one annualized premium. In case the Policyholder's Fund Value falls below this limit, the policy shall compulsorily be terminated with a notice to the policyholder (i.e. P.L.A. or if P.L.A. is not alive, then S.L.A.) and the balance amount in the Policyholder's Fund Value shall be refunded to the policyholder (i.e. P.L.A. or if P.L.A. is not alive, then S.L.A.).

Once a policy is surrendered it cannot be reinstated.

**8. ELIGIBILITY CONDITIONS AND FEATURES:**

a) Minimum Sum Assured:

Regular premium policies: 5 times the annualized premium for each of Principal Life Assured and Spouse Life assured.

Single premium policies: 1.25 times the single premium for each of Principal Life Assured and Spouse Life assured.

b) Maximum Sum Assured:

Inclusive of both Principal Life Assured and Spouse Life assured

Regular premium policies:

30 times the annualized premium if age at entry for both the lives is upto 40 years

20 times the annualized premium if age at entry for any one of the lives is 41 years and above

Single premium policies:

5 times the single premium if age at entry for both the lives is upto 40 years

2.5 times the single premium if age at entry for any one of the lives is 41 years and above

Further the sum assured for the spouse shall be less than or equal to the sum assured of P.L.A. subject to the minimum sum assured condition.

The Sum Assured shall be available in multiples of Rs. 5,000. Where the minimum Sum Assured is not in the multiples of Rs. 5,000, it will be rounded off to the next multiple of Rs. 5,000. To the extent of rounding off, the maximum Sum Assured condition shall not be applicable.

c) Minimum Premium:

Regular Premium Policies: Rs. 10,000 p.a. (other than monthly (ECS) mode), increasing thereafter in multiples of Rs. 1,000.

Rs. 1,000 p.m. for monthly (ECS) mode, increasing thereafter in multiples of Rs. 250.

Single Premium Policies: Rs. 40,000, increasing thereafter in multiples of Rs. 1,000.

d) Maximum Premium:

No Limit

e) Premium paying term:

Single premium or same as policy term

f) Minimum Age at entry:

[18] years last birthday

g) Maximum Age at entry:

[55] years nearest birthday

h) Maximum Maturity Age:

[70] years nearest birthday

i) Policy Term:

[10 to 20] years

Age at entry for the lives assured is to be taken as age nearest birthday except for the minimum age at entry i.e. 18 years.

**9. ADDITIONAL FEATURES:**

- a) **Switching:** The policyholder (i.e. P.L.A. or if P.L.A. is not alive, then S.L.A.) can switch between any fund types during the policy term. On switching the entire amount is switched to the new Fund opted for. Within a given policy year, 4 switches will be allowed free of charge. Subsequent switches shall be subject to a switching charge of Rs.100 per switch.

On receipt of the policyholder's valid application for a switch from one fund type to another, the Policyholder's Fund Value after deducting switching charge, if any, shall be transferred to the New Fund type opted by the policyholder and shall be utilized to allocate Fund Units at the NAV under the new Fund type on the said date of switch. If a valid application is received up to 3 p.m. by the servicing branch the closing NAV of the same day shall be applicable and in respect of the applications received after 3 p.m. by the servicing branch the closing NAV of the next business day shall be applicable.

Switching shall not be allowed under a lapsed policy.

- b) Top-up:** The P.L.A. can pay Top-up in multiples of Rs.1,000/- at anytime during the term of the policy without increasing the sum assured. In case of yearly, half-yearly, quarterly or monthly (ECS) mode of premium payment such Top-up can be paid only if all due premiums have been paid under the policy. At any point of time, the total of top-up premiums cannot exceed 25% of total regular premiums paid upto that date or 25% of single premium paid.  
Top-up premium shall not be allowed to be paid after the death of P.L.A.
- c) Increase / Decrease in Benefits:** No increase in benefits will be allowed under the plan. The P.L.A. can, however, decrease the risk covers for the self, spouse or for both once in a year during the Policy term, provided all due premiums under the Policy have been paid. The reduced levels of cover will be available within the limits specified in para 8. Further, once reduction in risk cover is allowed, the same cannot be subsequently increased/ restored.
- d) Partial withdrawals:** The P.L.A. can partially withdraw the units at any time after the third policy anniversary subject to the following:
- i. Partial withdrawals may be in the form of fixed amount or in the form of fixed number of units.
  - ii. Under regular premium policies where premiums have been paid for less than 3 years' and further premiums are not paid, the partial withdrawal shall not be allowed.
  - iii. Under regular premium policies where atleast 3 years' premiums have been paid, partial withdrawal will be allowed subject to a minimum balance of two annualized premiums in the Policyholder's Fund Value.
  - iv. Under Single Premium policies, the partial withdrawal will be allowed subject to a minimum balance of Rs. 5000/- in the Policyholder's Fund or 10% of single premium, whichever is higher.
  - v. Partial withdrawal from Policyholder's Fund pertaining to top-up premiums shall be allowed only after completion of three years from the date of allocation of that top-up premium. This condition will not apply if the top-up premiums are paid during the last three years of the policy term.
  - vi. If death benefit sum assured is transferred to the Policyholder's Fund on death of either P.L.A. or S.L.A. (described in para 9e) below), the same shall be allowed to be withdrawn from the fund without any restriction of three years waiting period.
  - vii. After the death of P.L.A. during the policy term, the S.L.A. can partially withdraw the units subject to the conditions (i) to (vi) mentioned above.
- e) Option to transfer the Death Benefit sum assured to the Policyholder's Fund:** In case of the death of either the P.L.A. or S.L.A., the surviving life shall have an option of not taking the death benefit (Sum Assured) immediately but can transfer the same to the Policyholder's Fund. This option has to be exercised along with death intimation. The units shall be allocated at the unit price applicable for the fund type opted for under the policy on the date of intimation of death. This amount may be withdrawn in full or partially from the Policyholder's fund by way of Partial withdrawals at any time in future without any restriction of three years waiting period.
- f) Option to continue the cover after the revival period:** If atleast three years' premiums have been paid under the policy, the P.L.A. may opt for continuation of cover even beyond the revival period without reviving the policy and paying any further premiums. This option shall be required to be exercised atleast one month before the completion of the revival period. If this option is availed, the cover under the policy shall continue by deduction of relevant charges out of Policyholder's fund. This option shall continue till the Policyholder's Fund Value reaches one annualized premium. No further premiums shall be allowed to be paid after the revival period is over.

All the benefits under such a policy shall be as available during the revival period as mentioned under para 6 (I), (Discontinuance of premium where three years' premiums are paid).

**g) Settlement Option:**

When the policy comes for maturity, the policyholder (i.e. P.L.A. or if P.L.A. is not alive, then S.L.A.) may exercise "Settlement Option" one month prior to the date of maturity.

In case this option is exercised, the maturity claim under the policy shall not be paid in lump sum. The policyholder, in that case, shall encash the amounts from the Policyholder's Fund in regular (half-yearly /



yearly) instalments spread over a period of not more than five years from the date of maturity. He/she shall be required to inform how he/she shall receive the maturity proceeds. The instalment shall be the total number of units as on the date of maturity divided by total number of instalments (i.e 5 and 10 respectively for yearly and half-yearly instalments over a 5 year period). The number of units arrived at in respect of each instalment will be multiplied by the NAV as on the date of payment of instalment. The first payment will be made on the date of maturity and there after based on the mode opted by the policyholder i.e. every six months from the date of maturity or every year from the date of maturity, as the case may be.

Settlement Option shall not be allowed under a lapsed policy.

During the Settlement Option period no charges other than the Fund Management Charge shall be deducted. There shall not be any life cover during this period. The value of instalment payable on the date specified shall be subject to investment risk i.e. the NAV may go up or down depending upon the performance of the fund.

On death of the surviving life/lives (as the case may be) after the commencement of Settlement Option period, the value of outstanding units held in Policyholder's Fund shall become payable to the nominee/ legal heir in lumpsum.

No partial withdrawal or switching of fund shall be allowed after commencement of Settlement Option period.

## 10. MODES OF PREMIUM PAYMENT:

Premiums are payable as long as P.L.A is alive, during the term of the policy. Regular premium can be paid either in yearly, half yearly, quarterly or monthly (ECS) installments. The minimum Annualized Premium (other than monthly through ECS) will be Rs. 10,000/- increasing thereafter in multiples of Rs. 1,000/-. In case of monthly (ECS) the minimum premium will be Rs. 1,000 p.m. increasing thereafter in multiples of Rs. 250/-.

Single premium can be paid subject to a minimum of Rs. 40,000 and thereafter in multiples of Rs.1,000.

There will be no mode specific charges/ rebates.

## 11. COMMISSION PAYABLE TO AGENTS/ CORPORATE AGENTS/ BROKERS & DEVELOPMENT OFFICER'S CREDIT:

### Commission to Agents & Corporate Agents:

- For Regular Premium Policies:

<u>Year</u>	<u>Commission</u>
First	12%
2 <sup>nd</sup> & 3 <sup>rd</sup>	4%
Thereafter	2%

- For single premium policies – 2% of the premium.
- 1% of the amount deposited as Top-up premium any time during the Policy term.
- One time payment of 40% of first year commission as bonus commission under regular premium policies.
- No bonus commission will be payable on single premium policies and on Top-up premiums.

### Commission to Brokers:

- For Regular Premium Policies:

<u>Year</u>	<u>Commission</u>
First	18%
2 <sup>nd</sup> & 3 <sup>rd</sup>	4%
Thereafter	2%

- For single premium policies – 2% of the premium.
- 1% of the amount deposited as Top-up premium any time during the Policy term.
- No bonus commission shall be payable to brokers.

### Development Officer's credit:

- 30% of FY premium in case of regular premium and 5% of single premium.

## 12. CEIS REBATE:

No rebate on premium is allowed to Corporation Employees.

However, for direct business in respect of Corporation Employees, the allocation charge will be as under:

**Single premium:**

Premium Band	Allocation Charge
Up to 15,00,000	1.20%
15,00,001 and above	0.95%

**Regular Premium**

Premium Band (per annum)	Allocation Charge	
	First year	thereafter
10,000 to 1,50,000	5.20%	nil
1,50,001 to 2,50,000	4.20%	nil
2,50,001 and above	3.70%	nil

**Allocation charge for Top-up: Nil**

All other charges shall be as mentioned in para 3 (ii) to 3 (iv).

**13. LOANS:**

No loan shall be granted under this plan.

**14. UNDERWRITING:**

Instructions will be issued separately by Underwriting and Reinsurance Department.

**15. SUICIDE CLAUSE:**

**Suicide by P.L.A.:** No claim under the policy shall be paid except to the extent of Policyholder's Fund Value in case the P.L.A. commits suicide (whether sane or insane at the time) at any time within one year from the date of commencement of risk and the Corporation will not entertain any other claim by virtue of this policy except to the extent of a third party's bonafide beneficial interest, not exceeding the sum assured of P.L.A., acquired in the policy for valuable consideration of which notice has been given in writing to the branch where the Policy is being serviced (where the policy records are kept), at least one calendar month prior to death . Thereafter, the policy shall stand terminated.

**Suicide by S.L.A.:** No claim under the policy shall be paid in case the S.L.A. commits suicide (whether sane or insane at the time) at any time within one year from the date of commencement of risk and the Corporation will not entertain any other claim by virtue of this policy except to the extent of a third party's bonafide beneficial interest, not exceeding the sum assured of S.L.A., acquired in the policy for valuable consideration of which notice has been given in writing to the branch where the Policy is being serviced (where the policy records are kept), at least one calendar month prior to death. In this case the policy shall continue on the life of P.L.A.

**16. DAYS OF GRACE:**

A grace period of one calendar month or 30 days whichever is higher will be allowed for payment of yearly or half-yearly or quarterly premiums and 15 days for monthly (through ECS) premiums. If the death of P.L.A./S.L.A. occurs within the grace period but before the payment of premium then due, the policy will be treated as in-force and the death benefits shall be paid after deduction of all the relevant charges, if not recovered.

If premiums are not paid within the days of grace, the policy lapses.

**17. REVIVALS:**

A lapsed policy can be revived by P.L.A. during the period of two years from the due date of first unpaid premium or before maturity, whichever is earlier. The period during which the policy can be revived will be called "Period of revival" or "revival period".

If premiums have not been paid for atleast 3 full years, the policy may be revived within two years from the due date of first unpaid premium. The revival shall be made on submission of proof of continued insurability on both the lives to the satisfaction of the Corporation and the payment of all the arrears of premium without interest.

If atleast 3 full years' premiums have been paid and subsequent premiums are not duly paid, the policy may be revived within two years from the due date of first unpaid premium but before the date of maturity, if earlier. No proof of continued insurability shall be required and all arrears of premium without interest shall be required to be paid.

The Corporation reserves the right to accept the revival at its own terms or decline the revival of a lapsed policy. The revival of a lapsed policy shall take effect only after the same is approved by the Corporation and is specifically communicated in writing to the P.L.A.

Irrespective of what is stated above, if less than 3 years' premiums have been paid and the Policyholder's Fund Value is not sufficient to recover the charges, the policy shall terminate and thereafter revival will not be entertained. If 3 years' or more than 3 years' premiums have been paid and the Policyholder's Fund Value reduces to one annualized premium, the policy shall terminate and Policyholder's Fund Value as on such date shall be refunded to the P.L.A. or if P.L.A. is not alive, then S.L.A. and thereafter revival will not be allowed.

Reinstatement of surrendered policy shall not be allowed.

#### **18. COOLING-OFF PERIOD:**

If a policyholder is not satisfied with the "Terms and Conditions" of the policy, he/she may return the policy to the Corporation within 15 days from the date of receipt of the policy. The amount to be refunded in case the policy is returned within the cooling-off period shall be determined as under:

Value of units in the Policyholder's Fund

*Plus* unallocated premium.

*Plus* Policy Administration charge deducted

*Less* charges @ Rs.0.20%o Sum Assured of P.L.A. and S.L.A. taken together

*Less* Actual cost of medical examination and special reports, if any for both the lives.

In case the policy is returned during the cooling-off period, Commission shall be recovered from the concerned Agent and the Development Officer's credit allowed shall be withdrawn.

#### **19. BACK DATING:**

Back dating of policy will not be allowed.

#### **20. POLICY STAMPING:**

Policy Stamping will be at the rate of Rs.0.20 per thousand Sum Assured, where the Sum Assured shall be that of P.L.A. and S.L.A. taken together under the policy.

#### **21. ASSIGNMENTS / NOMINATION:**

Notice of Assignment or Nomination should be submitted for registration to the office of the Corporation, where this policy is serviced. In registering an assignment or nomination the Corporation does not accept any responsibility or express any opinion as to its validity or legal effect.

A separate form of nomination enclosed with the proposal form for this plan is required to be filled up.

#### **22. NORMAL REQUIREMENTS FOR CLAIM:**

The normal documents which the claimant/s shall submit while lodging a claim in case of death of the policyholder (P.L.A. / S.L.A.) shall be the claim forms as prescribed by the Corporation accompanied with the original policy document; proof of title; proof of death; medical treatment prior to death; employer's certificate, whichever is applicable together with the proof of age, if not already admitted under the policy.

On maturity or on earlier Surrender, the Policyholder (i.e. P.L.A. or if P.L.A. is not alive, then S.L.A.) shall submit the discharge form along with the original policy document besides the proof of age, if not admitted earlier.

In case the age is found to be higher from that on which premium has been charged under the policy, then the difference in the charges for the correct age shall be deducted with interest at such rate as determined by the Corporation from time to time.

#### **23. REINSURANCE:**

For reinsurance purposes, the retention limits will be those applicable to Term Assurance Plans for the Sum at Risk (described in para 3ii. above). Initially for a new policy the Sum at Risk (SAR) in respect of P.L.A. at Date of Commencement of Risk shall be the Sum Assured under the policy plus Total premiums payable less First Instalment Premium.

#### **24. ACCOUNTING OF INCOME AND OUTGO**

Instructions regarding the accounting procedure to be followed under the plan shall be issued separately by

Finance & Accounts Department, Central office.

**25. UNIT STATEMENT:**

Unit statement account shall form a part of the policy document.

Further, Unit statement has to be issued on every policy anniversary and also as and when a transaction takes place.

**26. PROPOSAL FORM:**

The specimen Proposal Form is enclosed in **Annexure II**.

**27. POLICY DOCUMENT:**

The specimen Policy document will be sent by the Corporate Communications Department, Central Office.

**CHIEF-IN-CHARGE (ACTUARIAL)**

Enclosures – [Annexures I](#) and II