

# LIFE INSURANCE CORPORATION OF INDIA CENTRAL OFFICE

Dept: Product Development

"Yogakshema"  
Jeevan Bima Marg,  
Mumbai – 400021.

Ref: CO/ PD/18

15<sup>th</sup> May, 2012

To,

All HODs of Central Office,  
All Zonal Offices,  
All Divisional Offices,  
All Branch Offices (through D.O.s)  
MDC, ZTCs, STCs, NIA and  
Audit & Inspection Deptts. Of Zonal Offices.

## Re: Modification of LIC's Jeevan Akshay- VI (Plan No. 810)

### 1. Introduction :

In view of the demand from various offices it has been decided to modify LIC's Jeevan Akshay – VI plan. The modifications are as under:

- The plan shall also be sold online in addition to other existing distribution channels.
- Annuity option- "Joint-life and 100% of annuity to spouse on death of the annuitant with return of purchase price on death of last survivor" shall also be available in addition to the existing six options.
- Reduction in the minimum age at entry and increase in maximum age at entry.
- Minimum premium amount for online sale shall be Rs. 1.5 lacs and for other distribution channels it shall be Rs. 1 lac.
- Slabs of incentive for higher purchase price have been modified.
- Service tax to be collected from the policyholder along with the purchase price.

The new Unique Identification Number (UIN) for LIC's Jeevan Akshay - VI plan is **512N234V04**. This number has to be quoted in all relevant documents furnished to the policyholders and other users (public, distribution channels). The modifications will be effective from 16<sup>th</sup> May, 2012.

Kindly note that the Plan No. for LIC's Jeevan Akshay – VI with effect from 16<sup>th</sup> May, 2012 shall be **810**.

The benefits under the modified plan are as under:

### 2. Type of annuities available:

Various annuity options available under the Plan are as under:

- i) Annuity for life
- ii) Annuity guaranteed for 5, 10, 15 or 20 years and for life thereafter
- iii) Annuity for life with return of purchase price on death
- iv) Annuity for life increasing at a simple rate of 3% p.a.
- v) Annuity for life with a provision for 50% of the annuity to the spouse of the annuitant for life on death of the annuitant.
- vi) Annuity for life with a provision for 100% of the annuity to the spouse of the annuitant for life on death of the annuitant.

- vii) Annuity for life with a provision of 100% of the annuity payable to spouse during his/her life time on death of annuitant with return of purchase price on the death of last survivor.

### **3. Modes of Annuity Payments:**

Annuity can be paid in yearly, half-yearly, quarterly or monthly instalments.

### **4. Benefits:**

The first instalment of annuity shall be paid one year, six months, three months or one month after the date of purchase of the annuity depending on whether the mode of annuity payment is yearly, half-yearly, quarterly or monthly respectively. Further, annuity shall be paid during the life time of the annuitant with following provisions on death of the annuitant for different options:

- (a) Under option (i) - payment of annuity ceases.
- (b) Under option (ii)
  - i. On death during the guarantee period - annuity is paid to the nominee till the end of the guaranteed period after which the same ceases.
  - ii. On death after the guarantee period - payment of annuity ceases.
- (c) Under option (iii) - payment of annuity ceases and the purchase price is returned to the nominee.
- (d) Under option (iv) - payment of annuity ceases.
- (e) Under option (v) - payment of annuity ceases and 50% of the annuity is paid to the surviving named spouse during his/her life time. If the spouse predeceases the annuitant, nothing is payable after the death of the annuitant.
- (f) Under option (vi) - payment of annuity ceases and 100% of the annuity is paid to the surviving named spouse during his/her life time. If the spouse predeceases the annuitant, nothing is payable after the death of the annuitant.
- (g) Under option (vii) - payment of annuity ceases. 100% of the annuity is paid to the surviving named spouse during his/her life time and purchase price is returned to the nominee after the death of the spouse. If the spouse predeceases the annuitant, the annuity ceases and purchase price is paid to the nominee.

The amount of annuity shall be assured throughout the period for which it is payable.

### **5. Annuity Rates:**

Annuity rates for different types of annuities are enclosed in Annexures 1 to 10.

The policy can be purchased by payment of single premium which can be worked out by applying annuity rates for the type and mode of annuity opted by the policyholder. The annuity rates may also be used to work out the amount of annuity for a given single premium.

These rates will be applicable for the New Business introduced under the plan as well as under deferred annuity policies (where annuity rates are not guaranteed) which vest on or after 16.05.2012.

### **6. Rebates:**

#### **(a) Incentives for high purchase price**

Under the policies where purchase price is high, incentive by way of increase in the tabular annuity rate will be given to the annuitant.

Scale of absolute amount of incentive under high purchase price policies as an addition to the annuity rates per annum per rupees one thousand purchase price is as below.

Mode of Annuity	Purchase price (in Rs.)			
	2,50,000 to 4,99,999	5,00,000 to 7,49,999	7,50,000 to 9,99,999	10,00,000 & above
Yearly	3.75	4.00	4.30	4.35
Half Yearly	3.45	3.70	4.00	4.05
Quarterly	3.35	3.60	3.90	3.95
Monthly	2.90	3.50	3.80	3.90

**(b) Incentives for Online sale**

For policies sold online, a rebate of 1% by way of increase in the basic annuity rate shall be available. Incentive for high purchase price will be added after providing for incentives for Online sale.

**(c) Rebate for Corporation Employees:**

A rebate of 2% of the purchase price will be available to eligible Corporation employees under CEIS. However, Online rebate will not be available under CEIS.

**7. Eligibility Conditions and Features:**

- (a) Minimum Age at entry: 30 years last Birthday
- (b) Maximum Age at entry: 85 years last Birthday
- (c) Minimum Purchase Price: Rs.1,00,000/- for all distribution channel except online sale.  
Rs. 1,50,000/- for online sale.

**8. Commission payable to Agents / Corporate Agents / Brokers & D.O. Credit:**

2% of purchase price payable to Agent, Corporate agents and Brokers. No bonus commission is payable.  
D.O. credit shall be @ 5% on the purchase price.

In case of online sale, no commission shall be paid to the Insurance Intermediary.

No agents commission or D.O.'s credit shall be given on vesting of deferred annuity policies.

**9. Service Tax:**

Under this plan, the amount of service tax as per the prevailing rates shall be payable by the policyholder along with the purchase price.

Service tax, if any, shall be as per the Service Tax laws and the rate of service tax as applicable from time to time.

The instructions regarding issues related to service tax will be issued by Finance & Accounts Department, Central office, separately.

**10. Underwriting and Age proof:**

U & R department will issue instructions.

**11. Online Sale of Policies:**

For details of administration procedure and other issues relating to Online sale of policies, a separate circular shall be issued by Direct Marketing department.

**12. Policy stamping:**

- (a) Under the annuity option ii) where certain period is 15 or 20 years, the amount of stamp duty will be based on the total annuity amount payable during the certain period i.e. the annuity per annum multiplied by 15 or 20 respectively.
- (b) Under the annuity option iv), the amount of stamp duty will be based on the annuity amount payable for 12 years i.e. 13.98 multiplied by the annuity per annum for first year.
- (c) Under all other annuity options, the amount of stamp duty will be based on the total annuity amount payable for a period of 12 years i.e. 12 multiplied by the annuity per annum.

**13. Cooling-off period:**

If a policy holder 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 the amount of premium deposited by the policyholder after deducting the charges for stamp duty.

**14. Surrender value:**

No surrender value shall be available under this plan.

**13. Loan:**

No loan shall be given by the Corporation to the policyholders under this plan.

**14. Assignment / Nominations:**

No assignment is allowed under this policy.

Notice of change of nomination should be submitted for registration to the office of the corporation, where this policy is serviced if the type of annuity opted is either for a guaranteed period and for life thereafter or with return of purchase price. In registering a nomination the Corporation does not accept any responsibility or express any opinion as to its validity or legal effect.

**15. Normal requirements for claim:**

For annuities in payment:

Instructions regarding the Existence Certificate shall be issued by CRM department separately.

On death of the annuitant:

The normal documents which the claimant shall submit while lodging the claim in case of death of the Annuitant shall be the claim form, as prescribed by the Corporation, accompanied with original policy document, proof of title, proof of death, whichever is applicable, to the satisfaction of the Corporation.

It will apply in case the option exercised is for:

- a) Annuity option ii) and death of the annuitant takes place before expiry of the guarantee period
- b) option iii) i.e. Annuity for life with return of purchase price on death of annuitant
- c) option v) or vi) i.e. Annuity for life with a provision of 50% / 100% of the annuity to spouse for life on death of the annuitant
- d) option vii) i.e. Annuity for life with a provision of 100% of the annuity to spouse for life on death of the annuitant with return of purchase price on death of last survivor.

In other cases the annuity shall stop.

Further, if the age is not admitted under the policy, the proof of age of the Annuitant shall also be submitted.

**16. Proposal Form/ Policy Document:**

Proposal Form 440 (IA) shall be used under this plan. The revised proposal form is enclosed in **Annexure 11**.

The specimen Policy Document will be sent by the Corporate Communication department, Central Office.

**Executive Director (Marketing & Product Development)**

Encl: As above.