

LIFE INSURANCE CORPORATION OF INDIA
CENTRAL OFFICE

Dept: Product Development

"Yogakshema"
Jeevan Bima Marg
Mumbai – 400 021

Ref: CO/PD/ 48

6th January, 2014

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 New Jeevan Anand (Plan No. 815)

1. Introduction:

It has been decided to introduce LIC's New Jeevan Anand, a With-Profits Assurance plan (Plan No.815) with effect from 8th January, 2014.

The Unique Identification Number (UIN) for LIC's New Jeevan Anand is **512N279V01**. This number has to be quoted in all relevant documents furnished to the policyholders and other users (public, distribution channels etc.).

This is a combination of Endowment and Whole life Assurance plan, wherein the premium is paid regularly during the selected policy term. The benefits and other details of the plan are given below.

2. Benefits:

The benefits payable under an inforce policy are as under:

(a) Death Benefit:

On death during the Policy Term (which is same as premium paying term): The Death Benefit, defined as sum of "**Sum Assured on Death**", vested Simple Reversionary Bonuses and Final Additional bonus, if any, shall be payable, where "**Sum Assured on Death**" is higher of 125% of Basic Sum Assured or 10 times of annualized premium.

This death benefit (as defined above) shall not be less than 105% of total premiums paid as on date of death.

The premiums as mentioned above exclude taxes, extra premium and rider premiums, if any.

On death after expiry of the policy term: Basic Sum Assured shall be payable.

(b) Benefit on Maturity:

On survival to the end of the Policy Term, Basic Sum Assured along with vested simple reversionary bonuses and Final (Additional) bonus, if any, shall be payable.

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3. Participation in profits:

Depending upon the Corporation's experience the policies shall participate in the profits and shall be eligible for simple reversionary bonus at such rate and on such terms as may be declared by the Corporation.

Final (Additional) Bonus may also be declared under the policy which will be payable on the expiry of the policy term or on earlier death, provided the policy has run for certain minimum term.

4. Optional Benefit:

This plan provides the following optional rider by payment of additional premium:

LIC's Accidental Death and Disability Benefit Rider (UIN: 512B209V01): LIC's Accidental Death and Disability Benefit Rider is available as an optional rider by payment of additional premium during the term of the policy. If there be more policies than one and if the total Accident Benefit exceeds Rs.50 lakhs, the benefits shall apply to the first Rs. 50 lakhs Sum Assured in order of date of policies issued.

If this benefit is opted for, an additional amount equal to the Accident Benefit Sum Assured is payable on death due to accident during the policy term, provided the rider is in force at the time of accident. In case of accidental permanent disability (within 180 days from the date of accident), an amount equal to the Accident Benefit Sum Assured will be paid in equal monthly installments spread over 10 years and future premiums for Accident Benefit Sum Assured as well as premiums for the portion of Basic Sum Assured which is equal to Accident Benefit Sum Assured under the policy, shall be waived. If the policy becomes a claim by way of death or maturity before the expiry of the said period of 10 years, the disability benefit instalments which have not fallen due will be paid along with the claim amount.

The premium rate for this rider is as under;

- i) Rs. 1.00 per thousand Accident Benefit Sum Assured irrespective of age.
- ii) Rs. 1.50 per thousand Accident Benefit Sum Assured, if the Life Assured is engaged in police duty in any police organization other than paramilitary forces and opts for this cover while engaged in police duty.

This benefit will be available only till the policy anniversary on which the age nearer birthday of the Life assured is 70 yrs or till the policy term, whichever is earlier.

The premium for this benefit shall not be required to be paid from the policy anniversary at which the benefit ceases.

Accidental Death and Disability Benefit Rider shall not acquire any paid-up value and the rider benefit will cease to apply, if policy is in lapsed condition.

Beyond the specific details as mentioned in this circular in respect of this rider, additional details i.e. requirements of claim, definition of disability etc, may be referred from the rider circular Ref: CO/PD/44 dated 2nd January 2014.

5. Eligibility Conditions and Restrictions;

For Basic Plan:

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|------------------------------|-------------------------------|
| a) Minimum age at entry | : 18 years (completed) |
| b) Maximum age at entry | : 50 years (nearest birthday) |
| c) Maximum age at maturity | : 75 years (nearest birthday) |
| d) Minimum policy term | : 15 years |
| e) Maximum policy term | : 35 years |
| f) Minimum Basic Sum Assured | : Rs.1,00,000/- |
| g) Maximum Basic Sum Assured | : No limit. |

The Basic Sum Assured shall be in multiples of Rs. 5,000/-.

Age at entry for the Policyholder is to be taken as age nearest birthday except for the minimum age at entry i.e. 18 years (completed).

For LIC's Accidental Death and Disability Benefit Rider:

- a) Minimum age at entry : 18 years (completed)
- b) Maximum age at entry : The cover can be opted for at any policy anniversary during the policy term but before the policy anniversary on which the age nearest birthday of the Life Assured is 70 years.
- c) Maximum Cover Ceasing Age : 70 years (nearest birthday) or till the end of the Policy term, whichever is earlier.
- d) Minimum Accident Benefit Sum Assured : Rs.100,000/-
- e) Maximum Accident Benefit Sum Assured: An amount equal to the Basic Sum Assured subject to the maximum of Rs.50 lakh overall limit taking all existing policies of the Life Assured under individual as well as group policies including policies with in-built Accident Benefit taken from Life Insurance Corporation of India and the Accident Benefit Sum Assured under new proposal into consideration.

The Accident Benefit Sum Assured shall be in multiples of Rs. 5,000/-.

6. Mode of Premium Payment:

The modes of premium payment allowable during the policy term are Yearly, Half Yearly, Quarterly, and Monthly (ECS only or through salary deductions).

7. Premium Rates:

The tabular premium rates per thousand Basic Sum Assured are enclosed as **Annexure -1**.

The Class-I extra premium rates per thousand Basic Sum Assured are enclosed as **Annexure -2**.

The above premium rates are exclusive of taxes.

8. Grace Period for payment of premium:

A grace period of one calendar month but not less than 30 days will be allowed for payment of yearly or half yearly or quarterly premiums and 15 days for monthly mode of premium payment.

If the death of the life assured occurs within the grace period but before the payment of premium then due, the policy will be treated as inforce and the benefits will be paid after deduction of the said unpaid premium as also the unpaid premium/s falling due before the next policy anniversary.

If premium is not paid before the expiry of the days of grace, the Policy lapses.

If the Policy has not lapsed and the claim is admitted in case of death under the Policy where the mode of payment of premium is other than yearly, unpaid premium(s), if any, falling due before the next policy anniversary shall be deducted from the claim amount.

The above grace period will also apply to rider premiums as the rider premiums are to be paid along with Basic premium.

9. Rebates:

The rebates for basic plan are as under:

Mode rebate:

Yearly mode ... 2% of tabular premium

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Half-Yearly mode	...	1% of tabular premium
Quarterly & monthly mode	...	Nil

High Sum Assured rebate:

<u>Basic Sum Assured (B.S.A)</u>	<u>Rebate(Rs.)</u>
1,00,000 to 1,95,000	Nil
2,00,000 to 4,95,000	1.50 % B.S.A.
5,00,000 to 9,95,000	2.50 % B.S.A.
10,00,000 and above	3.00 % B.S.A.

10. CEIS Rebate:

Policy completed under Corporation's Employee Insurance Scheme (CEIS) will be eligible for the CEIS rebate of 10% of the tabular premium for basic plan as well as on LIC's Accidental Death and Disability Benefit Rider, if opted for, provided policy is not taken through any intermediary such as Agent/ Corporate Agent/ Broker/ Direct Sales Executive etc.

11. Commissions payable to the Intermediaries & Credit to Development Officer's:

a) Commission rates (as a percentage of premiums net of taxes) during the policy term are as under:

Agents and Corporate Agents:

<u>1st Year</u>	<u>2nd & 3rd Year</u>	<u>Subsequent Years</u>
25%	7.5%	5%

Bonus Commission: 40% of 1st year commission.

Brokers:

<u>1st Year</u>	<u>2nd & 3rd Year</u>	<u>Subsequent Years</u>
30%	5%	5%

Bonus Commission: No bonus commission is payable to brokers.

b) **Development Officer's Credit:** 100% of the first year premium net of taxes.

12. Paid-up Value:

If after atleast three full years' premium have been paid and any subsequent premiums be not duly paid, this policy shall not be wholly void, but shall subsist as a paid-up policy. The Basic Sum Assured under the policy shall be reduced to such a sum, called **Paid-up Sum Assured** and shall bear the same ratio to the Basic Sum Assured as the number of premiums actually paid bears to the total number of premiums originally stipulated for in the policy i.e. Basic Sum Assured *(number of premiums paid / Total number of premiums payable).

Such paid-up policy shall thereafter be free from all liabilities for payment of the within mentioned premiums, but shall not be entitled to participate in future profits. However, the vested simple reversionary bonuses shall remain attached to the reduced paid up policy.

This Paid-Up Sum Assured along with vested simple reversionary bonuses accrued till the date of policy becoming paid-up is payable on the expiry of the policy term or on Life Assured's prior death during policy term. On death of the Life Assured after expiry of the policy term only Paid-up Sum Assured shall be payable.

Notwithstanding what is stated above, if atleast three full years' premiums have been paid in respect of this policy, and any subsequent premium be not duly paid, in the event of the death of the Life

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Assured within six months from the due date of first unpaid premium, 125% of Basic Sum Assured along with vested simple reversionary bonuses and Final Additional bonus, if any, will be paid after deduction of (a) the premium or premiums unpaid for the basic policy with interest thereon upto the date of death on the same terms as for revival of the Policy during such period, and (b) the unpaid premiums for the basic policy falling due before the next Policy anniversary.

Notwithstanding what is stated above, if at least five full years' premiums have been paid in respect of this policy, and any subsequent premium be not duly paid, in the event of death of the Life Assured within 12 months from the due date of first unpaid premium, 125% of Basic Sum Assured along with vested simple reversionary bonuses and Final Additional bonus, if any, will be paid after deduction of (a) the premium or premiums unpaid for the basic policy with interest thereon upto the date of death on the same terms as for revival of the Policy during such period, and (b) the unpaid premiums for the basic policy falling due before the next Policy anniversary.

These provisions do not apply to optional riders as they do not acquire any paid up value and the rider benefits cease to apply, if the policy is in lapsed condition.

13. Surrender Value:

The policy can be surrendered at any time provided premiums for atleast three full years' have been paid.

Guaranteed Surrender Value:

The Guaranteed Surrender Value during the policy term shall be a percentage of total premiums paid (net of taxes) excluding any extra premiums and premiums for riders, if opted for. This percentage will depend on the policy term and policy year in which the policy is surrendered and is enclosed as **Annexure -3**.

In addition, the surrender value of vested simple reversionary bonuses, if any, shall also be payable, which is equal to vested bonuses multiplied by the surrender value factor applicable to vested bonuses. These factors are enclosed as **Annexure -4**.

No Guaranteed Surrender Value is applicable after payment of maturity benefit i.e after expiry of policy term.

Special Surrender Value:

Corporation may, however, pay Special Surrender value as applicable as on the date of surrender, provided the same is higher than Guaranteed Surrender Value.

Other than the last year of the policy term of the policy, the Special Surrender Value will be the discounted value of the sum of Paid-up Sum Assured (as specified in para. 12 above) and the vested simple reversionary bonuses.

After Policy Term, the Special Surrender Value will be the discounted value of the Sum Assured (in case of fully paid-up policies) and Paid-up Sum Assured (in case of paid-up policies)

The procedure for determining the Special Surrender Value and the discounting factors to be used in calculating the discounted value as mentioned above is detailed in enclosed **Annexure-5**.

During the last year of the policy term the Special Surrender Value shall be the discounted value of the maturity claim amount to be payable under the policy. The interest for discounting of maturity claim amount will be at such rate as fixed by the Corporation from time to time.

LIC's Accidental Death and Disability Benefit Rider will not acquire any surrender value.

Note: Due to the peculiar design of the product, there is a possibility that the Death Benefit during the policy term (i.e. Sum Assured plus Vested Bonus) at some durations, particularly at later durations, works out to be less than the Surrender Value arrived at using the above procedure. Therefore, the Death benefit payable under the policy should be taken as the higher of the Sum Assured plus Vested Bonus or the Surrender Value calculated using the above procedure.

14. Revivals:

If premiums are not paid within the grace period then the policy will lapse. A lapsed policy may be revived during the life time of the Life Assured, but within a period of 2 consecutive years from the date of first unpaid premium and before the expiry of the policy term, on submission of proof of continued insurability to the satisfaction of the Corporation and the payment of all the arrears of premium together with interest (compounding half-yearly) at such rate as fixed by the Corporation from time to time.

The Corporation reserves the right to accept at original terms, accept at modified terms or decline the revival of a discontinued policy. The revival of a discontinued policy shall take effect only after the same is approved by the Corporation and is specifically communicated to the Life Assured.

Revival of rider(s), if opted for, will be considered only along with revival of the Basic Policy, and not in isolation.

15. Loan:

Loan facility is available under this plan after payment of premiums for atleast 3 full years subject to the following conditions:

- a) During the Policy Term the maximum amount of loan that can be granted as a percentage of surrender value for different policy terms are as under:

Policy Term (in years)	% for inforce policies	% for paid-up policies
Upto 23	90%	80%
24 to 27	80%	70%
28 to 31	70%	60%
32 to 35	60%	50%

- b) The rate of interest to be charged for the loan amount would be determined from time to time by the Corporation.
- c) No foreclosure action under fully paid-up and inforce policies shall be taken under this plan even if there is a default in payment of loan interest. However, any loan outstanding alongwith interest shall be recovered from the claim proceeds at the time of exit.

16. Underwriting, Age proof and Medical Requirements:

U & R department, Central Office, will issue instructions in this regard.

17. Suicide Clause:

This policy shall be void

- i. If the Life Assured (whether sane or insane) commits suicide at any time within 12 months from the date of commencement of risk, the Corporation will not entertain any claim under this policy except to the extent of 80% of the premiums paid excluding any taxes, extra premium and rider premiums, if any, provided the policy is inforce.
- ii. If the Life Assured (whether sane or insane) commits suicide within 12 months from date of revival, an amount which is higher of 80% of the premiums paid till the date of death (excluding any taxes, extra premium and rider premiums, if any,) or the surrender value, provided the

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policy is in force, shall be payable. The Corporation will not entertain any other claim under this policy.

18. Forfeiture In Certain Events:

In case of fraud or misrepresentation, the policy shall be cancelled immediately by paying the surrender value, subject to the fraud or misrepresentation being established by the Corporation in accordance with Section 45 of the Insurance Act, 1938.

18. Taxes:

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

The amount of tax as per the prevailing rates shall be payable by the Policyholder on premiums including extra premiums and rider premiums, if any. The amount of tax paid shall not be considered for the calculation of benefits payable under the plan.

The instructions regarding issues related to taxes will be issued by Finance & Accounts Department, Central office, separately, as applicable from time to time.

19. Normal requirements for claim:

The normal documents which the claimant shall submit while lodging the claim in case of death of the Life Assured shall be the claim forms, as prescribed by the Corporation, accompanied with original policy document, NEFT mandate from the claimant for direct credit of the claim amount to the bank account, proof of title, proof of death, proof of accident/disability (as mentioned in the rider circular), medical treatment prior to death, employer's certificate, whichever is applicable, to the satisfaction of the Corporation. If the age is not admitted under the policy, the proof of age of the Life Assured shall also be submitted.

Where the policy results into a maturity claim or in case of surrender of the policy, the Life Assured shall submit the discharge form along with the original policy document, NEFT mandate from the claimant for direct credit of the claim amount to the bank account besides proof of age, if the age is not admitted earlier.

20. 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 bond.

The refund of premium to the policyholder shall be subject to following deductions:

1. Stamp duty on policy;
2. Actual cost of medical examination and special reports, if any;
3. Proportionate risk premium (in respect of Base Plan and Rider(s), if opted for) for the period on cover as per C.O. Circular Ref: CO/ PD/39 dated 31st December, 2013.

21. Back-dating interest:

The policies can be dated back within the same financial year. Back-dating interest as applicable at the time of completion of the policy (at the rate as fixed by the Corporation from time to time) will be charged for the period in excess of one month. However, if the policy is back dated to lean months, viz. April, May, July & August, interest is to be charged for period in excess of three months. The period upto 14 days is to be ignored and 15 days or more is to be rounded to a month for this calculation.

Any further instructions would be issued by Actuarial Department, Central Office, as applicable from time to time.

22. Policy stamping:

Policy stamping charges will be 20 paise per thousand Basic Sum Assured under this Plan.

