

**LIFE INSURANCE CORPORATION OF INDIA  
CENTRAL OFFICE**

Dept: Product Development

"Yogakshema"  
Jeevan Bima Marg  
Mumbai – 400 021

Ref: CO/PD/ 42

31<sup>st</sup> December, 2013

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 SINGLE PREMIUM ENDOWMENT PLAN (Plan No. 817)**

**1. INTRODUCTION:**

It has been decided to introduce LIC's Single Premium Endowment Plan (Plan No. 817) with effect from 1<sup>st</sup> January, 2014.

The Unique Identification Number (UIN) for LIC's Single Premium Endowment Plan is **512N283V01**. This number has to be quoted in all relevant documents furnished to the Policyholders and other users (public, distribution channels).

This is a single premium conventional With-Profits Endowment Assurance plan. The benefits and other details of this plan are given below:

**2. BENEFITS:**

**a) Benefits payable on death:**

**On death of the Life Assured on or after the Commencement of Risk:** Sum Assured along with vested simple reversionary bonuses and final additional bonus, if any, shall be payable.

**On death of the Life Assured before the Commencement of Risk:** Return of Single Premium excluding taxes and extra premium, if any, without interest.

**b) Benefits payable on maturity:**

On survival to the end of the policy term, Sum Assured along with vested simple reversionary bonuses and final additional bonus, if any, shall be payable..

**c) 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 policy has run for certain minimum term.

**3. ELIGIBILITY CONDITIONS AND RESTRICTIONS:**

- 1) Minimum Age at entry for Life Assured : 90 days (completed)
- 2) Maximum Age at entry for Life Assured : 65 years (nearest birthday)

- |                            |                               |
|----------------------------|-------------------------------|
| 3) Minimum Policy Term     | : 10 years                    |
| 4) Maximum Policy Term     | : 25 years                    |
| 5) Minimum Age at Maturity | : 18 years (completed)        |
| 6) Maximum Age at Maturity | : 75 years (nearest birthday) |
| 7) Premium payment mode    | : Single premium only         |
| 8) Minimum Sum Assured     | : Rs. 50,000/-                |
| 9) Maximum Sum Assured     | : No Limit                    |

The Sum Assured shall be in multiples of Rs. 5000/-.

Age at entry for the life assured is to be taken as age nearest birthday except for the minimum age at entry i.e. 90 days.

**Date of Commencement of risk:** In case, the age at entry of the Life Assured is less than 8 years, risk under this plan will commence either 2 years from the date of commencement or from the policy anniversary coinciding with or immediately following the attainment of 8 years of age, whichever is earlier. For those aged 8 years or more, risk will commence immediately.

#### 4. PREMIUM RATES:

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

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

The above premium rates are exclusive of taxes.

#### 5. REBATES:

High Sum Assured Rebate on (per thousand Sum Assured) is as under:

<u>Sum Assured (S.A)</u>	<u>Rebate (Rs.)</u>
50,000 to 95,000	Nil
1, 00,000 to 1, 95,000	18 %o S.A.
2, 00,000 to 2, 95,000	25 %o S.A.
3, 00,000 and above	30 %o S.A.

#### 6. CORPORATION EMPLOYEES INSURANCE SCHEME (CEIS) REBATE:

Policy completed under Corporation's Employee Insurance Scheme (CEIS) will be eligible for the CEIS rebate. The rebate shall be 2% of the tabular premium, provided policy is not taken through any intermediary such as Agent/ Corporate Agent/ Broker/ Direct Sales Executive etc.

#### 7. COMMISSION PAYABLE TO INTERMEDIARIES & CREDIT TO DEVELOPMENT OFFICER'S:

Commission to Agents, Corporate Agents and brokers is payable @ 2% of the single premium received (net of taxes).

Credit to Development Officers will be @5% of the Single premium.

No bonus commission will be payable.

#### 8. SURRENDER VALUE:

The policy can be surrendered at any time during the policy term subject to realization of the premium cheque.

##### GUARANTEED SURRENDER VALUE:

The Guaranteed Surrender Value shall be as under:

- First year: 70% of the Single premium excluding taxes and extra premium, if any
- Thereafter: 90% of the Single premium excluding taxes and extra premium, if any.



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 3**.

**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. The Special Surrender Value will be the discounted value of the Sum Assured and the vested simple reversionary bonuses. The discount factors shall be the surrender value factors as provided in Table-1A of Special Surrender Values booklet which are currently being used for Endowment Assurance plan, and will depend on the policy term and the duration elapsed since the commencement of the policy.

**9. LOAN:**

Loan facility is available under this plan after completion of one policy year subject to following conditions:

- a) The maximum loan that can be granted as a percentage of surrender value for different policy terms and the policy year in which the loan is applied are as under:

Policy Year	Policy Term		
	Upto 15 years	16 to 20 years	21 years and above
2	55%	40%	30%
3	60%	45%	30%
4	65%	50%	35%
5	75%	55%	40%
6	80%	60%	45%
7	90%	65%	50%
8	90%	75%	55%
9	90%	80%	60%
10	90%	90%	65%
11	90%	90%	70%
12	90%	90%	80%
<b>13 and above</b>	90%	90%	90%

- 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 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.

**10. UNDERWRITING, AGE PROOF AND MEDICAL REQUIREMENTS :**

U & R department will issue instructions in this regard.

**11. SUICIDE CLAUSE:**

This policy shall be void

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 90% of the single premium paid excluding any taxes and extra premium, if any.

**12. 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, 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.

### **13. 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.

### **14. 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 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, medical treatment prior to the death, school/ college/ 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 a 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.

### **15. 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 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 for the period on cover as per C.O. Circular Ref: CO/ PD/ 39 dated 31<sup>st</sup> December, 2013.

### **16. BACK-DATING INTEREST:**

The policies can be dated back within the same financial year. Back-dating interest will be charged at the rate as fixed by the Corporation from time to time at the time of completion of policy. No waiver of interest for date backing to lean month will be allowed. Interest will be charged for the exact period for which the policy is dated back. i.e. from the date of commencement of policy to the date of payment of premium.

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

### **17. POLICY STAMPING:**

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

### **18. REINSURANCE:**

Normal procedure for Reinsurance shall apply as per applicable Reinsurance Treaty.

**19. ASSIGNMENTS/NOMINATIONS:**

It should be ensured that a nomination is made in the policy at the proposal stage as per Section 39 of Insurance Act, 1938. Further efforts should be made at the underwriting stage as well as on subsequent registration so as to eliminate the possibility of presence/involvement of moral hazard to a maximum extent. It should generally be insisted that the nominee should be spouse, children or very close relative of the Life Assured.

On a subsequent assignment as per Section 38 of Insurance Act, 1938 or change of nomination, the notice of assignment or change of nomination should be submitted for registration to the office of the Corporation, where the policy is serviced.

**20. 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.

**21. PROPOSAL FORM :**

Proposal Form No. 300 & 340 as the case may be used under this plan, which is subject to change.

**22. POLICY DOCUMENT :**

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

**23. DISCLOSURES:**

At the time of sale, a client specific Benefit Illustration shall be provided to the Policyholder. Such Benefit Illustration shall be signed by both the prospective policyholder and intermediary and shall form part of the policy document.

Separate instructions shall be issued by Marketing Department, Central Office in this regard.

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

Encl – Annexure 1, 2, & 3