

**LIFE INSURANCE CORPORATION OF INDIA**  
**CENTRAL OFFICE**

Dept.: Product Development

"Yogakshema",  
Jeevan Bima Marg,  
Mumbai – 400 021

Ref: CO/PD/46

4<sup>th</sup> January, 2014

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

**Re: Introduction of LIC's New Money Back Plan- 25 years (Plan No. 821)**

**1. Introduction:**

It has been decided to introduce **LIC's NEW MONEY BACK PLAN – 25 YEARS** (Plan No.821), which would be open for sale from 6<sup>th</sup> January, 2014.

The Unique Identification Number (UIN) for LIC's New Money Back Plan – 25 years is **512N278V01**. This number has to be quoted in all relevant documents furnished to the Policyholders and other users (public, distribution channels, etc.).

LIC's New Money Back Plan- 25 years is a non-linked With-Profits limited premium payment plan.

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 of the Life Assured during the policy 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 defined as higher of 125% of the Basic Sum Assured or 10 times of annualized premium

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

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

**b) Survival Benefit :**

On the Life Assured surviving to the end of each of the specified durations i.e 5<sup>th</sup>, 10<sup>th</sup>, 15<sup>th</sup> & 20<sup>th</sup> policy year , 15% of the Basic Sum Assured shall be payable.

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c) **Maturity Benefit:**

On the Life assured surviving the stipulated date of maturity, 40% of the Basic Sum Assured along with vested Simple Reversionary Bonuses and Final Additional Bonus, if any, shall be payable.

d) **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.

3. **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 (AD&DB) is available as an optional rider by payment of additional premium during the premium paying term and the cover will be available throughout the policy term provided policy is in force for full Sum Assured as on date of accident. If there be more policies than one and if the total Accident Benefit Sum Assured exceeds Rs. 50 lakhs, the benefit shall apply to the first Rs. 50 lakhs Sum Assured in order of date of policy 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 instalments 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.

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

Further, no Surrender Value will be available under this rider.

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.

4. **Eligibility Conditions and Restrictions:**

**For Basic Plan**

- |                            |                               |
|----------------------------|-------------------------------|
| a) Minimum age at entry    | : 13 years (completed)        |
| b) Maximum age at entry    | : 45 years (nearest birthday) |
| c) Maximum age at maturity | : 70 years (nearest birthday) |
| d) Policy Term             | : 25 years                    |

- e) Premium Paying Term : 20 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. 5000/-

Age at entry for a policyholder is to be taken as age nearest birthday except for minimum age at entry i.e. 13 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 premium paying term.
- c) Maximum cover ceasing age: 70years (nearest birthday)
- 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 inbuilt accident benefit taken with Life Insurance Corporation of India and the Accident Benefit Sum Assured under the new proposal into consideration.

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

#### **5. Mode of Premium Payment :**

The modes of premium payment allowable are Yearly, Half Yearly, Quarterly, and Monthly [through ECS only or through salary deductions (SSS)].

#### **6. Premium Rates:**

The tabular premium rates for Basic Plan are enclosed as **Annexure I**.

Class – I extra premium rates for Basic Plan are enclosed as **Annexure II**

Subject to underwriting decision, LIC's Accidental Death and Disability Benefit Rider can be opted for at NB stage or any time during the premium paying term provided age of Life Assured is 18 years or more. The tabular premium rates for LIC's Accidental Death and Disability Benefit Rider for various outstanding durations are enclosed as **Annexure III**.

If Life Assured is engaged in police duty, and opts for this cover while in duty the applicable premium rates for LIC's Accidental Death and Disability Benefit Rider for various outstanding durations are enclosed as **Annexure IV**.

The above premium rates are exclusive of taxes.

#### **7. Grace Period for Payment of Premium:**

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

If 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 deductions of the said unpaid premium as also the unpaid premium/s falling due before the next anniversary of the policy.

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If the 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 premium as the rider premium is to be paid along with Basic Premium.

**8. Taxes:**

Taxes including Service Tax, if any, shall be as per the Tax laws and the rate of tax 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 premium, 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.

**9. Rebates:**

**Mode Rebate:**

Yearly mode : 2% of tabular premium  
Half-yearly mode : 1% of tabular premium  
Quarterly and monthly : NIL

**High Sum Assured Rebate:**

| <u>Basic Sum Assured</u> | <u>Rebate (Rs.)</u>              |
|--------------------------|----------------------------------|
| 1,00,000 to 1,95,000     | Nil                              |
| 2,00,000 to 4,95,000     | 2 per thousand Basic Sum Assured |
| 5,00,000 and above       | 3 per thousand Basic Sum Assured |

**10. CEIS Rebate:**

An employee of the Corporation shall be eligible for a rebate on tabular premium under Corporation's Employee Insurance Scheme (CEIS). The rebate shall be 10% of tabular premium for the basic plan as well as on the Accidental Death and Disability Benefit Rider premium, if opted for, provided policy is not taken through any Agent/ Corporate Agent/ Broker/Direct Sales Executives etc.

**11. Commission payable to intermediaries and Credit to Development Officers:**

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

**Agents and Corporate Agents:**

| <u>1<sup>st</sup> Year</u> | <u>2<sup>nd</sup> &amp; 3<sup>rd</sup> Year</u> | <u>Subsequent Years</u> |
|----------------------------|---|-------------------------|
| 20%                        | 7.5%  | 5%                      |

Bonus Commission: 40% of 1<sup>st</sup> year commission

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**Brokers:**

1<sup>st</sup> Year  
25%

2<sup>nd</sup> & 3<sup>rd</sup> Year  
5%

Subsequent Years  
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 at least three full years' premiums 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 be equal to [(Number of premiums paid / Total Number of premiums payable) x Basic Sum Assured] less total amount of survival benefits already paid under the policy.

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.

Notwithstanding the benefits available under a fully in force policy, in the case of a reduced paid up policy, no future survival benefits shall be payable and the paid up value along with the vested simple reversionary bonuses, if any, shall be payable only in lump-sum on the expiry of policy term or on death of life assured, if earlier.

Notwithstanding what is stated above, if at least 3 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 Assured within six months from the due date of first unpaid premium, 125% of the 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 first unpaid premium, the 125% of the 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 paid-up value and the rider benefits cease to apply, if policy is in lapsed condition.

**13. Surrender Value:**

The policy can be surrendered at any time during the policy term provided premiums have been paid for full three years.

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**Guaranteed Surrender Value:**

The Guaranteed Surrender value shall be a percentage of total premiums paid (net of taxes) excluding extra premiums and premiums for riders, if opted for, less any survival benefits already paid. This percentage will depend on policy year in which the policy is surrendered and as specified below:

| Policy Year                         | 1    | 2    | 3     | 4     | 5     | 6     | 7     | 8     | 9     | 10    |
|-------------------------------------|------|------|-------|-------|-------|-------|-------|-------|-------|-------|
| % applicable to total premiums paid | 0.00 | 0.00 | 30.00 | 50.00 | 50.00 | 50.00 | 50.00 | 51.76 | 53.53 | 55.29 |

| Policy Year                         | 11    | 12    | 13    | 14    | 15    | 16    | 17    | 18    | 19    | 20    |
|-------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| % applicable to total premiums paid | 57.06 | 58.82 | 60.59 | 62.35 | 64.12 | 65.88 | 67.65 | 69.41 | 71.18 | 72.94 |

| Policy Year                         | 21    | 22    | 23    | 24    | 25    |
|-------------------------------------|-------|-------|-------|-------|-------|
| % applicable to total premiums paid | 74.71 | 76.47 | 78.24 | 80.00 | 80.00 |

In addition, the surrender value of any 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. The surrender value factors given as percentage and applicable to vested bonuses are as specified below:

| Policy Year                    | 1    | 2    | 3     | 4     | 5     | 6     | 7     | 8     | 9     | 10    |
|--------------------------------|------|------|-------|-------|-------|-------|-------|-------|-------|-------|
| % applicable to vested bonuses | 0.00 | 0.00 | 15.28 | 15.42 | 15.55 | 15.72 | 15.93 | 16.22 | 16.58 | 17.03 |

| Policy Year                    | 11    | 12    | 13    | 14    | 15    | 16    | 17    | 18    | 19    | 20    |
|--------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| % applicable to vested bonuses | 18.58 | 17.58 | 17.66 | 17.85 | 18.16 | 18.60 | 19.18 | 19.93 | 20.85 | 21.99 |

| Policy Year                    | 21    | 22    | 23    | 24    | 25    |
|--------------------------------|-------|-------|-------|-------|-------|
| % applicable to vested bonuses | 23.38 | 25.05 | 27.06 | 30.00 | 35.00 |

**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 of Paid-up Sum Assured (as defined in para 12) and vested Simple Reversionary Bonuses. The discount factors shall be the Special Surrender Value factors as provided in Table 1A of SSV booklet which are currently being used for Endowment Assurance Plans, and will depend on the duration elapsed since the commencement of the policy.

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**Refund in respect of Accidental Death and Disability Benefit Rider premium on surrender of basic policy:**

No Surrender Value will be available under this rider.

However, if an inforce basic policy, which has acquired Surrender Value by payment of atleast 3 years' premiums, is surrendered, the additional rider premium paid in respect of cover after premium paying term shall be refunded as follows:

During Premium Paying Term:  $80\% * (\text{annualised rider premium per Rs. 1000 Accident Benefit Sum Assured} - 1) * (\text{Accident Benefit Sum Assured} / 1000) * (\text{Number of years for which premiums in respect of this rider have been paid})$

After Premium Paying Term:  $80\% * (\text{annualised rider premium per Rs. 1000 Accident Benefit Sum Assured} - 1) * (\text{Accident Benefit Sum Assured} / 1000) * (\text{Premium paying term for the rider}) * (\text{outstanding term for the rider in complete years} / (\text{Policy term in respect of this rider} - \text{Premium paying term for the rider}))$

Where annualised rider premium excludes taxes.

**14. Revivals:**

If premiums are not paid within the grace period then the policy will lapse. A lapsed policy can be revived during the lifetime of the Life Assured, but within a period of 2 consecutive years from the date of first unpaid premium and before the date of maturity, as the case may be, 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 revised terms or decline the revival of a discontinued policy. The revival of discontinued policy shall take effect only after the same is approved by the Corporation and is specifically communicated to the Policyholder.

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 the policy acquires paid-up value. The rate of interest to be charged for loan amount would be declared by the Corporation from time to time.

The loan as a percentage of Surrender Value shall be as under:

- For inforce/fully paid-up policies – upto 90%
- For paid-up policies – upto 80%

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 along with interest shall be recovered from any survival benefits or claim proceeds at the time of exit.

**16. Underwriting, Age proof and Medical Requirements :**

U & R Department will issue instructions in this regard.

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**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 in force.
- 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 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.

**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, 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.

When a survival benefit or maturity benefit falls due or on 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.

The refund of premium to the policyholder shall be subject to the 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, if opted for) for the period on cover as per C.O. Circular Ref: CO/PD/39 dated -31<sup>st</sup> 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 the lean months, viz. April, May, July and 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.

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