

**LIFE INSURANCE CORPORATION OF INDIA
CENTRAL OFFICE**

Dept: Product Development

“Yogakshema”
Jeevan Bima Marg
Mumbai – 400 02

Draft

Ref: CO/PD/ 61

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 LIMITED PREMIUM ENDOWMENT PLAN (Plan No. 830)

1. INTRODUCTION:

It has been decided to introduce LIC’s Limited Premium Endowment Plan (Plan No. 830) with effect from _____.

The Unique Identification Number (UIN) for LIC’s Limited Premium Endowment Plan is - **512N293V01**. This number has to be quoted in all relevant documents furnished to the Policyholders and other users (public, distribution channels).

This is a limited premium paying conventional With-Profits Endowment Assurance 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) Benefits payable on death:

On death of the Life Assured during the policy term, the Death Benefit, defined as sum of “**Sum Assured on Death**” and vested Simple Reversionary Bonuses and Final Additional bonus, if any, shall be payable.

Where “**Sum Assured on Death**” is defined as the higher of 10 times of annualized premium or Absolute amount assured to be paid on death i.e. 125% of the Basic Sum Assured.

This death benefit shall not be less than 105% of all the premiums paid as on date of death.

The premiums mentioned above exclude taxes (including service tax), extra premium and rider premium(s), if any.

b) Benefits payable on maturity:

On survival to the end of the policy term, “**Sum Assured on Maturity**” along with vested simple reversionary bonuses and Final Additional bonus, if any, shall be payable. Where **Sum Assured on Maturity** is equal to Basic Sum Assured.

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 the policy has run for certain minimum term.

3. OPTIONAL BENEFIT:

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

- i) 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. This rider can be opted for at any time within the premium paying term of the Basic Plan provided the outstanding premium paying term is atleast 5 years. The benefit cover under this rider shall be available during the policy term or before the policy anniversary on which the age nearer birthday of the Life Assured is 70 years, whichever is earlier.

If this benefit is opted for, an additional amount equal to the Accident Benefit Sum Assured is payable on death due to accident, 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 for this rider shall not be required to be paid after all premiums under the Basic Plan of the have been paid or on after the policy anniversary on which the age nearer birthday of the life Assured is 70 years, whichever is earlier.

If there be more policies than one and if the total Accident Benefit exceeds Rs.100 lakhs, the benefits shall apply to the first Rs. 100 lakhs Sum Assured in order of date of policies issued.

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.

- ii) LIC's New Term Assurance Rider (UIN 512B210V01):** - LIC's New Term Assurance Rider is available at the inception of the policy on payment of additional premium. The additional premium for this Rider will need to be paid along with the premium of the Basic Plan and any other rider, if opted for, during the premium paying term of the policy. If this rider is opted for, on death of the Life Assured during the policy term an additional amount

equal to Term Assurance Rider Sum Assured shall be payable provided the rider cover is in force.

If there be more policies than one and if the total Term Assurance Rider Sum Assured exceeds Rs. 25 lakhs, the benefits shall apply to the first Rs. 25 lakhs Term Assurance Rider Sum Assured in order of date of policies issued.

Beyond the specific details as mentioned in this circular in respect of this rider, additional details may be referred from the rider circular Ref: CO/PD/59 dated 3rd November 2014.

4. ELIGIBILITY CONDITIONS AND RESTRICTIONS:

For Basic Plan:

- 1) Minimum Age at entry for Life Assured : 18 years (completed)
- 2) Maximum Age at entry for Life Assured :

Maximum Age at entry		
Term (in Years)	PPT = 8 years	PPT = 9 years
12	57	62
16	59	59
21	54	54

- 3) Policy Term : [12,16 and 21] years
- 4) Premium paying Term : [8 and 9] years
- 5) Minimum Basic Sum Assured : Rs. 3,00,000/-
- 6) Maximum Basic Sum Assured : No Limit

The Basic Sum Assured shall be in multiples of Rs. 10000/- only.

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.

For LIC's Accidental Death and Disability Benefit Rider:

- 1) Minimum Entry Age : 18 years (completed)
- 2) Maximum Entry Age : The cover can be opted for at inception or at any policy anniversary only on or before 3rd policy anniversary in case of PPT= 8 years and on or before 4th policy anniversary in case of PPT=9 years, under the Basic plan. However, in any case the maximum age at entry shall not exceed 65 years (nearest birthday).
- 3) Maximum cover ceasing Age : 69 years (nearest birthday) for 12 year Term and 8 year PPT & 70 years (nearest birthday) in all other cases
- 4) Minimum Accident Benefit Sum Assured : Rs. 10,000/-
- 5) Maximum Accident Benefit Sum Assured: An amount equal to the Basic Sum Assured subject to the maximum of Rs.100 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. 10,000/-only.

For LIC's New Term Assurance Rider:

- 1) Minimum Entry Age : 18 years (completed)
2) Maximum Entry Age :

Maximum Age at entry		
Term (in Years)	PPT = 8 years	PPT = 9 years
12	57	60
16	59	59
21	54	54

- 3) Policy Term : Same as Basic Plan
4) Premium Paying Term : Same as Basic Plan

5) Minimum Term Assurance Rider Sum Assured : Rs. 100,000/-

6) Maximum Term Assurance Rider Sum Assured: The maximum Term Rider Sum Assured shall be less than or equal to the Basic Sum Assured under the basic plan, but not exceeding the overall limit of Rs. 25 lakhs taking all Term Assurance Riders Sum Assured under all existing policies of the life assured including the new proposal under consideration.

The Term Assurance Rider Sum Assured can be taken in multiples of Rs. 10,000/-only.

5. MODE OF PREMIUM PAYMENT:

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

6. PREMIUM RATES:

The Tabular Annual 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 tabular premium rates per thousand Accident Benefit Sum Assured are enclosed as **Annexure 3**. There are two categories for Accident Benefit premium rates. Category-I rates are applicable to all the life assured except those falling under category-II. Category-II rates are applicable to Life Assureds engaged in police duty in any police organization other than paramilitary forces and opt for this cover while engaged in police duty.

The tabular premium rates per thousand Term Assurance Rider Sum Assured are enclosed as **Annexure 4**.

The Class – I extra premium rates per thousand Term Assurance Rider Sum Assured are enclosed as **Annexure 5**.

The above premium rates are exclusive of taxes.

7. 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 and 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 riders premiums as the riders premiums are to be paid along with Basic premium only.

8. REBATES:

The rebates for basic plan are as under:

Mode Rebate:

<u>Mode</u>	<u>Percentage</u>
Yearly mode	: 2% of tabular premium
Half-yearly mode	: 1% of tabular premium
Quarterly and monthly mode	: NIL

High Basic Sum Assured Rebate:

<u>Basic Sum Assured (B.S.A)</u>	<u>Rebate per Rs.1000 B.S.A</u>
3,00,000 to 4,90,000	: Nil
5,00,000 to 9,90,000	: 0.50 ‰ B.S.A
10,00,000 and above	: 0.75 ‰ B.S.A

9. CORPORATION EMPLOYEES INSURANCE SCHEME (CEIS) REBATE:

Policy completed under Corporation's Employee Insurance Scheme (CEIS) will be eligible for the CEIS rebate of 5% of tabular premium for the basic plan as well as on rider(s) premium, if opted for, provided policy is not taken through any intermediary such as Agent/ Corporate Agent/Broker/Direct Sales Executive etc.

10. COMMISSION PAYABLE TO INTERMEDIARIES & CREDIT TO DEVELOPMENT OFFICERS:

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

Agents and Corporate Agents:

<u>1st Year</u>	<u>2nd & 3rd Year</u>	<u>Subsequent Years</u>
10%	5%	5%

Bonus Commission: 40% of 1st year commission.

Brokers:

1st Year
10%

2nd & 3rd Year
5%

Subsequent Years
5%

Bonus Commission: No bonus commission is payable to brokers.

b) Development Officer's (DO's) Credit:

Credit (as a % of the first year premium net of taxes): 30%

11. PAID-UP VALUE:

If less than two years' premiums have been paid in respect of this policy and any subsequent premium be not duly paid, all the benefits under this policy shall cease after the expiry of grace period from the date of first unpaid premium and nothing shall be payable.

However, if, after atleast two 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 Sum Assured on Death under a paid-up policy shall be reduced to such a sum, called '**Death Paid-up Sum Assured**' and shall bear the same ratio to the Sum Assured on Death as the number of premiums paid bears to the total number of premiums payable i.e. $\text{Death Paid-up Sum Assured} = \text{Sum Assured on Death} * (\text{no. of premiums paid} / \text{no. of premiums payable during the premium paying term})$.

The Sum Assured on Maturity under a paid-up policy shall be reduced to such a sum called '**Maturity Paid-up Sum Assured**' and shall bear the same ratio to the Sum Assured on Maturity as the number of premiums paid bears to the total number of premiums payable i.e. $\text{Maturity Paid-up Sum Assured} = \text{Sum Assured on Maturity} * (\text{no. of premiums paid} / \text{no. of premiums payable})$.

The policy so reduced 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. A fully paid-up policy shall be entitled to participate in the future profits.

Notwithstanding what is stated above, if atleast 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, "Sum Assured on Death" along with vested simple reversionary bonuses will be paid after deduction of (a) the premium or premiums unpaid 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 falling due before the next Policy anniversary.

Notwithstanding what is stated above, if at least 5 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, "Sum Assured on Death" along with vested simple reversionary bonuses will be paid after deduction of (a) the premium or premiums unpaid 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 falling due before the next Policy anniversary.

The above mentioned provisions do not apply to optional Rider(s) as they do not acquire any paid up value and the rider benefit ceases to apply, if policy is in lapsed condition.

12. SURRENDER VALUE:

The policy can be surrendered at any time during the policy term provided atleast **two** full years' premiums have been paid.

Guaranteed Surrender Value:

The Guaranteed Surrender Value 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 6**.

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 7**.

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 **Maturity Paid-up Sum Assured** (as defined in Para 11) and the vested Simple Reversionary bonuses, if any. The discount factors shall be the surrender value factors as provided in Table-1A of Special Surrender Values booklet used for Endowment Assurance plan, and will depend on the policy term and the duration elapsed since the commencement of the policy.

LIC's Accidental Death and Disability Benefit Rider and LIC's New Term Assurance Rider will not acquire any surrender value. However, refund of additional rider premiums charged in respect of cover after premium paying term shall be refunded in respect of these riders, if surrendered with the basic policy.

i) For LIC's Accidental Death and Disability Benefit Rider:

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

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

Where annualised rider premium mentioned above excludes tax.

ii) For LIC's New Term Assurance Rider:

In case of Surrender during Premium Paying Term:
 $75\% * d * (Pppt - Pn) * (\text{Term Assurance Rider Sum Assured}/1000)$

In case of Surrender after Premium Paying Term:
 $75\% * Pppt * (\text{Term Assurance Rider Sum Assured}/1000) * (ppt/n) * (n-t)$

Where;

Pppt = Tabular annual premium for the limited premium paying term per Rs. 1000/- Term Assurance Rider Sum Assured at inception

Pn = Equivalent tabular annual regular premium per Rs. 1000/- Term Assurance Rider Sum Assured applicable to the Life Assured's age at inception and term of the rider being n years.

(Above Premiums excludes service tax and extra premium, if any.)

d = Policy duration elapsed in completed years as on date of surrender

n = Term of the Rider

ppt = Premium paying term of the Rider

t = Policy duration elapsed in nearest completed years as on the date of surrender

13. REVIVALS:

If the policy has lapsed, it may be revived during the lifetime of the Life Assured, but within a period of 2 consecutive years from the date of first unpaid premium on submission of proof of continued insurability as per "Board approved underwriting policy" 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 may be decided by the Corporation from time to time.

The Corporation reserves the right to accept at original terms, accept with 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 in writing to the Life Assured.

Revival of Rider(s), if any, will only be considered along with the revival of the Basic policy and not in isolation.

14. LOAN:

Loan facility is available under this plan, after payment of premiums for at least 2 full years subject to following conditions:

- a) The maximum loan that can be granted as a percentage of surrender value are as under:
 - For inforce policies – 90%
 - For paid-up policies – 80%However, the above percentages may vary from time to time.
- 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.

15. UNDERWRITING, AGE PROOF AND MEDICAL REQUIREMENTS :

U & R department will issue instructions in this regard.

16. SUICIDE CLAUSE:

This policy shall be void

- a) If the Life Assured (whether sane or insane) commits suicide at any time within 12 months from the date of commencement of risk and 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 other than term assurance rider, if any, provided the policy is in force.

- b) 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 other than term assurance rider, if any,) or the surrender value, shall be payable. The Corporation will not entertain any other claim under this policy. This clause shall not be applicable for a lapsed policy and nothing shall be payable.

17. 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 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 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.

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 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 Riders, 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 of Basic Sum Assured under this Plan.

23. REINSURANCE:

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

24. 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.

25. 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.

26. PROPOSAL FORM :

Proposal Form No. 300 shall be used under this plan.

27. POLICY DOCUMENT :

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

28. 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, 4, 5, 6 & 7