

**LIFE INSURANCE CORPORATION OF INDIA  
CENTRAL OFFICE**

Dept: Product Development

"Yogakshema"  
Jeevan Bima Marg  
Mumbai – 400 021

Ref: CO/PD/132

31<sup>st</sup> January, 2020

To,  
All HODs of Central Office,  
All Zonal Offices,  
All Divisional Offices,  
All P&GS Units,  
All Branch Offices & Satellite Offices,  
Audit & Inspection Depts. MDC, ZTCs, STCs.


**Re: INTRODUCTION OF MODIFIED VERSION OF LIC's AADHAAR SHILA (Plan No.944)**

**1. INTRODUCTION:**

In view of the new Product Regulations, 2019, issued by IRDAI, it has been decided to modify LIC's Aadhaar Shila (Plan No. 844), Unique Identification Number (UIN 512N309V01).

The modifications are as under:

- i) Definition of "Sum Assured on Death" has been modified from "*higher of 110% of Basic Sum Assured or 10 times of annualised premium*" to "*higher of 110% of Basic Sum Assured or 7 times of annualised premium*".
- ii) The following Options have also been allowed:
  - a) Settlement Option for Maturity Benefit
  - b) Option to take Death Benefit in instalments
- iii) Revival period has been extended from 2 years to 5 years.
- iv) Policy shall now acquire Surrender Value if premiums are paid for at least two consecutive years as against earlier condition of three years. Accordingly, the policy shall become paid-up and policy loan shall also be available after payment of two full years' premiums.
- v) Guaranteed Surrender Value factors applicable to "total premiums paid" have been modified.
- vi) Special Surrender Value factors have been annexed to this Circular.
- vii) Grace Period has been modified from "*one calendar month but not less than 30 days*" to "*30 days*" for yearly/ half-yearly/ quarterly mode of premium payment.
- viii) The relaxation of claim payment under discontinued policy shall not be applicable for the death due to Suicide and same is mentioned under Suicide Clause.
- ix) "CEIS Rebate" has been renamed as "CIS Rebate" which shall also be



available for employees of the Corporation and its Subsidiaries/Step Down Subsidiaries/Associate Companies as per the prevailing Policy of the Corporation in this regard.

The new Unique Identification Number (UIN) for LIC's Aadhaar Shila Plan is 512N309V02. This number has to be quoted in all relevant documents furnished to the policyholders and other users (public, distribution channels etc.).

The modified version of this plan shall be launched from 1<sup>st</sup> February, 2020. The new Plan Number for this modified LIC's Aadhaar Shila Plan shall be 944.

LIC's Aadhaar Shila is non-linked, participating, individual, life assurance savings plan. This is a regular premium endowment assurance plan exclusively designed for female lives. This plan shall only be available for standard healthy lives without any medical examination and the total Basic Sum Assured under all the policies issued to an individual under this plan and under all policies issued in the earlier version of this Plan (Plan 844 with UIN 512N309V01) shall not exceed Rs 3 Lakhs (i.e. The combined Basic Sum Assured under all the policies issued to an individual in both plans 844 & 944 shall not exceed Rs 3 Lakhs). These wordings have to appear in the First Premium Receipt (FPR) and in the policy document for every policy under this plan

The benefits and other details of the plan are given below.

## 2. ELIGIBILITY CONDITIONS AND RESTRICTIONS FOR BASE PLAN:

- |                                       |                              |
|---------------------------------------|------------------------------|
| a) Minimum Age at entry               | : 8 years (completed)        |
| b) Maximum Age at entry               | : 55 years (nearer birthday) |
| c) Minimum Policy Term                | : 10 years                   |
| d) Maximum Policy Term                | : 20 years                   |
| e) Premium Paying Term (PPT)          | : Same as Policy Term        |
| f) Maximum Age at Maturity            | : 70 years (nearer birthday) |
| g) Minimum Basic Sum Assured per life | : Rs. 75,000/-               |
| h) Maximum Basic Sum Assured per life | : Rs. 300,000/-              |

The Basic Sum Assured shall be in multiples of Rs.5,000/- from Basic Sum Assured Rs. 75,000 to Rs. 1,50,000/- and Rs.10,000/- for Basic Sum Assured above Rs.1,50,000/-.

Age at entry for the Policyholder is to be taken as age nearer birthday except for the minimum age at entry i.e. 8 years (completed).

**Date of Commencement of Risk:** Under this plan the risk will commence immediately from the Date of issuance of policy.

**Date of issuance of policy** is a date when a proposal after underwriting is accepted as a policy and the contract gets effected.

**Date of Vesting under the plan** (Applicable only if the Life Assured is below 18 years on the date of commencement of policy): If the Life Assured is alive on the vesting date and if a request in writing for surrendering the policy has not been received by Corporation before such vesting date from the person entitled to the policy moneys, this policy shall automatically vest in the Life Assured on such vesting date i.e. on the policy anniversary coinciding with or immediately following the completion of 18 years of age and shall on such vesting be deemed to be a contract between the Corporation and Life

Assured. The Life Assured shall become the absolute owner of the policy and proposer or his estate shall cease to have any right or interest therein.

### 3. BENEFITS:

The benefits payable under an inforce policy are as under:

#### a) Benefits payable on death:

On death during first five years: "**Sum Assured on Death**" shall be payable.

On death after completion of five policy years but before the date of maturity: "**Sum Assured on Death**" alongwith Loyalty Addition, if any, shall be payable; where "**Sum Assured on Death**" is defined as higher of 110% of Basic Sum Assured or 7 times of annualised premium.

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

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

#### b) Benefits payable on maturity:

On survival of the Life Assured to end of the Policy Term provided all due premiums have been paid, "**Sum Assured on Maturity**" alongwith Loyalty Addition, if any, shall be payable; where "**Sum Assured on Maturity**" is equal to the Basic Sum Assured.

#### c) Participation in Profits:

Provided the policy has completed five policy years and atleast 5 full years' premium have been paid, then depending upon the Corporation's experience the policies under this plan shall be eligible for Loyalty Addition at the time of exit in the form of Death during the policy term or Maturity, at such rate and on such terms as may be declared by the Corporation. Under a paid-up policy, Loyalty Addition shall be payable for the completed policy years for which the policy was inforce.

In addition, Loyalty Addition, if any, shall also be considered in Special Surrender Value calculation on surrender of policy during the Policy Term, provided the policy has completed five policy years and atleast 5 full years' premium have been paid.

### 4. OPTIONAL RIDER BENEFIT:

#### LIC's Accident Benefit Rider (UIN 512B203V03):

LIC's Accident Benefit Rider is available as an optional Rider by payment of additional premium.

Under an inforce policy, this Rider can be opted for at any time within the Policy Term of the Base Policy provided the outstanding Premium Paying Term of the Base Plan is atleast 5 years. The benefit cover under this Rider shall be available during the Policy Term.

If this benefit is opted for and if the Life Assured is involved in an accident leading to death within 180 days from the date of accident then an amount equal to the Accident Benefit Sum Assured is payable. However, the policy shall have to be inforce at the time of accident irrespective of whether or not it is inforce at the time of death.

LIC's Accident 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, any additional details like requirements of claim etc., may be referred from the Rider Circular Ref: CO/PD/36 dated 9<sup>th</sup> November, 2013 and CO/PD/102 dated 16<sup>th</sup> December 2017.

**Eligibility conditions and restrictions:**

- a) Minimum Entry Age : 18 years (completed)
- b) Maximum Entry Age : The cover can be opted for at inception or at any policy anniversary thereafter, provided the outstanding premium paying term under the Base Policy is at least 5 years.
- c) Rider Term : Outstanding premium paying term of the Base Plan
- d) Cover ceasing Age : 70 years (nearer birthday)
- e) Minimum Accident Benefit Sum Assured: Rs. 20,000/-
- f) Maximum Accident Benefit Sum Assured: An amount equal to the Basic Sum Assured under the Base Policy subject to the maximum of Rs.100 lakhs overall limit taking all existing policies (excluding additional limit of Rs 100 lakhs under policies taken under LIC's Jeevan Shiromani) 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. Even considering the additional Accident Benefit Sum Assured limit of Rs. 100 lakhs above this, allowed under LIC's Jeevan Shiromani only, the maximum Accident Benefit cover offered to an individual in any case including the policies taken under LIC's Jeevan Shiromani will not exceed Rs. 200 lakhs.

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

**Note :** The overall limit of Accident Benefit Sum Assured shall be inclusive of Sum Assured under all the Accident Benefit Riders i.e. the LIC's Accidental Death and Disability Benefit Rider, LIC's Accident Benefit Rider and LIC's Linked Accidental Death Benefit Rider.

**5. OPTION AVAILABLE UNDER THE BASE PLAN:**

**I. Settlement Option (for Maturity Benefit):**

Settlement Option is an option to receive Maturity Benefit in instalments over the chosen period of 5 or 10 or 15 years instead of lumpsum amount under an in-force as well as paid-up policy. This option can be exercised by the Policyholder during minority of the Life Assured or by Life Assured aged 18 years and above, for full or part of Maturity proceeds payable under the policy. The amount opted for by the Policyholder/Life Assured (ie. Net Claim Amount) can be either in absolute value or as a percentage of the total claim proceeds payable.

The instalments shall be paid in advance at yearly or half-yearly or quarterly or monthly intervals, as opted for, subject to minimum instalment amount for different mode of payments being as under:

Mode of Instalment payment	Minimum instalment amount
Monthly	Rs. 5,000/-
Quarterly	Rs. 15,000/-
Half-Yearly	Rs. 25,000/-
Yearly	Rs. 50,000/-

If the net claim amount is less than the required amount to provide the minimum instalment amount as per the option exercised by the Life Assured, the claim proceed shall be paid in lumpsum only.

The interest rates applicable for arriving at the instalment payments under Settlement Option shall be as fixed by the Corporation from time to time.

For exercising the Settlement Option against Maturity Benefit, the Policyholder/ Life Assured shall be required to exercise option for payment of net claim amount in instalments at least 3 months before the due date of maturity claim.

The first payment will be made on the date of maturity and thereafter, based on the mode of instalment payment opted for by the policyholder, every month or three months or six months or annually from the date of maturity, as the case may be.

**After the commencement of Instalment payments under Settlement Option against Maturity Benefit:**

If a Life Assured, who has exercised Settlement Option against Maturity Benefit, desires to withdraw this option and commute the outstanding instalments, the same shall be allowed on receipt of written request from the Life Assured. In such case, the lumpsum amount which is higher of the following shall be paid and policy shall terminate:

- discounted value of all the future instalments due; or
- (the original amount for which settlement option was exercised) **less** (sum of total instalments already paid).

The interest rates applicable for discounting the future instalment payments shall be as fixed by the Corporation from time to time.

After the Date of Maturity, in case of death of the Life Assured, who has exercised Settlement Option, the outstanding instalments will continue to be paid to the nominee as per the option exercised by the Life Assured and no alteration whatsoever shall be allowed to be made by the nominee.

Any further instructions including applicable interest rates shall be issued by Actuarial Department, Central Office.

**II. Option to take Death Benefit in instalments:**

This is an option to receive Death Benefit in instalments over the chosen period of 5 or 10 or 15 years instead of lumpsum amount under an in-force as well as paid-up policy. This option can be exercised by the Policyholder during minority of the Life Assured or by Life Assured aged 18 years and above, during his/her life time; for full or part of Death benefits payable under the policy. The amount opted by the Policyholder/Life Assured (ie. Net Claim Amount) can be either in absolute value or as a percentage of the total claim proceeds payable.

The instalments shall be paid in advance at yearly or half-yearly or quarterly or monthly intervals, as opted for, subject to minimum instalment amount for different modes of payments being as under:

Mode of Instalment payment	Minimum instalment amount
Monthly	Rs. 5,000/-
Quarterly	Rs. 15,000/-
Half-Yearly	Rs. 25,000/-
Yearly	Rs. 50,000/-

If the Net Claim Amount is less than the required amount to provide the minimum instalment amount as per the option exercised by the Policyholder/Life assured, the claim proceeds shall be paid in lumpsum only.

The interest rates applicable for arriving at the instalment payments under this option shall be as fixed by the Corporation from time to time.

For exercising option to take Death Benefit in instalments, the Policyholder during minority of the Life Assured or the Life Assured, if major, can exercise this option during his/her lifetime while in currency of the policy, specifying the period of Instalment payment and net claim amount for which the option is to be exercised. The death claim amount shall then be paid to the nominee as per the option exercised by the Policyholder/Life Assured and no alteration whatsoever shall be allowed to be made by the nominee.

Any further instructions including applicable interest rates shall be issued by Actuarial Department, Central Office.

#### **6. MODE OF PREMIUM PAYMENT:**

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

#### **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, which may be applicable at revival stage (as only standard lives shall be eligible at NB stage), are enclosed as **Annexure 2**.

The premium rate for **LIC's Accident Benefit Rider** is as under;

- i. Rs. 0.50 per thousand Accident Benefit Sum Assured irrespective of age.
- ii. Rs. 1.00 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.

The above premium rates are exclusive of taxes.

#### **8. GRACE PERIOD FOR PAYMENT OF PREMIUM:**

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

The above grace period will also apply to Rider premiums, if opted, as the Rider premiums are to be paid along with premium for Base Plan.

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 balance premium(s) falling due before the next policy anniversary.

In case of death of Life Assured under an inforce policy wherein all the premiums due till the date of death have been paid and where the mode of payment of premium is other than yearly, balance premium(s), if any, falling due from date of death and before the next policy anniversary shall be deducted from the claim amount.

## 9. REBATES:

The rebates for Base plan are as under:

### Mode Rebate:

Yearly mode	: 2% of tabular premium
Half-yearly mode	: 1% of tabular premium
Quarterly, Monthly & SSS mode	: NIL

### High Basic Sum Assured Rebate:

<u>Basic Sum Assured</u>	<u>Rebate (Rs.)</u>
75,000 to 1,90,000	: Nil
2,00,000 to 2,90,000	: 1.50 % Basic Sum Assured
3,00,000	: 2.00 % Basic Sum Assured

### Rebate under Corporation's Insurance Scheme (CIS):

Proposals completed under Corporation's Insurance Scheme (CIS) with regard to employees of the Corporation and its Subsidiaries/Step Down Subsidiaries/Associate Companies, as per the prevailing policy of the Corporation in this regard at the time of completion, shall be eligible for CIS rebate on tabular premium for base plan as well as the rider premium, if opted for, at the following rates provided policy is not taken through intermediary such as any Agent/ Corporate Agent/ Broker and Insurance Marketing Firms etc.

<u>Policy Term</u>	<u>CIS Rebate</u>
10 to 14 years	: 5% of tabular premium
15 years & above	: 10% of tabular premium

Instructions in this regard, as applicable from time to time, shall be issued by Actuarial Department, Central Office.

## 10.COMMISSION / REMUNERATION PAYABLE TO THE AGENTS AND OTHER INSURANCE INTERMEDIARIES & CREDIT TO DEVELOPMENT OFFICERS:

- a) Commission payable to Agents, Corporate Agents, Brokers and Insurance Marketing Firms (as percentage of premium excluding taxes, if any) during the policy term are as under:

<u>Policy Term</u>	<u>1<sup>st</sup> Year</u>	<u>2<sup>nd</sup> &amp; 3<sup>rd</sup> Year</u>	<u>Subsequent Years</u>
10 to 14 years	20%	7.5%	5%
15 to 20 years	25%	7.5%	5%

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

- b) **Development Officer's (DO's) Credit:** Credit (as a % of the first year premium excluding taxes) are as under:

<u>Policy Term</u>	<u>Credit</u>
10 to 14 years	60%
15 years & above	100%

## 11.PAID-UP VALUE:

If at least two full years' premiums have been paid and any subsequent premiums be not duly paid, the policy shall continue as a paid-up policy.

**I. If at least two full years' but less than 3 full years' premiums have been paid:**

**1. On death after completion of Grace period:**

**Death Paid-Up Sum Assured** shall be payable. Death Paid-up Sum Assured shall be equal to **[Sum Assured on Death \* (total period for which premiums have already been paid / the maximum period for which premiums were originally payable)]**.

**2. On surviving up to Maturity Date:**

**Maturity Paid-Up Sum Assured** shall be payable. Maturity Paid-up Sum Assured shall be equal to **[(Sum Assured on Maturity)\*(total period for which premiums have already been paid / the maximum period for which premiums were originally payable)]**.

**II. If at least three full years' premiums have been paid, Auto Cover Period shall be applicable as mentioned below:**

**Auto Cover Period:**

"Auto Cover Period" under a paid-up policy is the period from due date of first unpaid premium (FUP), which includes the Grace Period. The applicable duration of Auto Cover Period shall be as under:

- 1. If at least three full years' but less than five full years' premiums have been paid in respect of a policy and any subsequent premium is not duly paid:** Auto Cover Period of six months from the due date of first unpaid premium (FUP) shall be available.
- 2. If at least five full years' premiums have been paid in respect of a policy and any subsequent premium is not duly paid:** Auto Cover Period of two years from the due date of first unpaid premium (FUP) shall be available.

**A. The benefits payable under a paid-up policy during Auto Cover Period shall be as follows:**

- 1. On death:** Death benefit, as payable under an inforce policy will be paid after deduction of (a) unpaid premium(s) in respect of the Base Policy with interest (the rate of interest being same as applicable on revival of policies) thereon upto the date of death and (b) the balance premium(s) for the Base Policy falling due before the next Policy anniversary, if any.

This provision of Death Benefit during the Auto Cover shall not be applicable in case of death due to suicide during the Auto Cover period. In such case, payment as per **Para 11.B.(1)** or **Para 18** whichever, is applicable, shall be payable.

- 2. On maturity:** The **Sum Assured on Maturity** under paid-up policy shall be altered to such an amount called "**Maturity Paid-up Sum Assured**" and shall be equal to **[(total period for which premiums have already been paid / the maximum period for which premiums were originally payable) \* (Sum Assured on Maturity)]**. In addition to the Maturity Paid-up Sum Assured, Loyalty Addition, if any, shall also be payable on maturity.

**B. The benefits payable under a paid-up policy after the expiry of Auto Cover Period shall be as follows:**

- 1. On death:** **Sum Assured on Death** under a paid-up policy shall be reduced to such an amount, called "**Death Paid-up Sum Assured**" and shall be equal to **[Sum Assured on Death \* (total period for which premiums have already been**



paid / the maximum period for which premiums were originally payable)]. In addition to the Death Paid-up Sum Assured, Loyalty Addition, if any, shall also be payable on death after the expiry of Auto Cover Period.

2. On maturity: The **Sum Assured on Maturity** under paid-up policy shall be altered to such an amount called "**Maturity Paid-up Sum Assured**" and shall be equal to [(total period for which premiums have already been paid / the maximum period for which premiums were originally payable) \* (**Sum Assured on Maturity**)]. In addition to the Maturity Paid-up Sum Assured, Loyalty Addition, if any, shall also be payable on maturity.

Under a Paid-up policy, Loyalty Addition, if any, shall be payable in respect of the completed policy years for which the policy was inforce, provided the premiums have been paid for atleast 5 full years and the policy has completed 5 policy years. This Loyalty Addition shall correspond to complete policy years as on the date of first unpaid premiums.

In case the premiums are not duly paid, the policy shall cease to participate in future profits irrespective of whether or not the policy has acquired paid up value.

Cover for Rider Benefits will not continue during the Auto Cover Period beyond grace period.

All of the above mentioned Paid-up value provisions do not apply to Rider as Rider do not acquire any paid up value. The Rider 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. **On surrender of policy, the Corporation shall pay the surrender value equal to higher of Guaranteed Surrender Value or Special Surrender Value.**

### Guaranteed Surrender Value:

The Guaranteed Surrender Value shall be equal to the total premiums paid (excluding any extra premium, any premiums for Rider(s), if opted for and taxes) multiplied by the Guaranteed Surrender Value factor applicable to total premiums paid. These Guaranteed Surrender Value factors expressed as percentages will depend on the Policy Term and Policy Year in which the policy is surrendered and is enclosed as **Annexure 3**.

### Special Surrender Value:

The Special Surrender Value will be **Maturity Paid-up Sum Assured** (as specified in **para.11**) multiplied by Special Surrender Value factor and will depend on the Policy Term and the duration elapsed since commencement of the policy and is enclosed as **Annexure 4**.

In addition to the Special Surrender Value, Loyalty Addition shall also be payable under an inforce and paid-up policy; provided policy has completed 5 policy years and atleast 5 full years' premiums have been paid. This Loyalty Addition shall correspond to complete policy years as on the date of first unpaid premiums.

Further, if the policy is surrendered during the last policy year the same shall be treated as discounting of Maturity Claim; where the Maturity Claim shall be:

- In case of in-force policy: "**Sum Assured on Maturity**" alongwith Loyalty Addition, if any. Loyalty Addition, if any, shall be corresponding to the full term of the policy.

- In case of paid-up policy: **“Maturity Paid-up Sum Assured”** (as mentioned in para. 11) along with Loyalty Addition. Loyalty Addition, if any, shall be corresponding to complete policy years as on the date of First Unpaid Premium.

Instructions regarding discounting of maturity claim alongwith applicable interest rate shall be issued by Actuarial Department, Central Office.

LIC's Accident Benefit Rider will not acquire any surrender value.

### 13. REVIVALS:

If the premium is not paid within the days of grace, the policy lapses. The lapsed policy may be revived during the lifetime of the Life Assured, but within a period of 5 consecutive years from the date of first unpaid premium and before the date of maturity, as the case may be. The revival shall be effected on payment of all the arrears of premium(s) together with interest (compounding half yearly) at such rate as may be fixed by the Corporation from time to time and on satisfaction of Continued Insurability of the Life Assured on the basis of information, documents and reports that are already available and any additional information in this regard if and as may be required in accordance with the Underwriting Policy of the Corporation at the time of revival, being furnished by the Policyholder/Life Assured.

Though only standard lives shall be eligible at NB stage, on revival of a policy sub-standard lives shall also be considered based on underwriting decision.

The Corporation, however, reserves the right to accept at original terms, accept at modified terms or decline the revival of a discontinued policy. The revival of discontinued policy shall take effect only after the same is approved, accepted and revival receipt is issued by the Corporation.

Revival period and Auto Cover Period shall run concurrently i.e. Auto Cover period does not extend period of revival.

Revival of LIC's Accident Benefit Rider, if opted for, will be considered only along with revival of the Base Policy, and not in isolation.

Instructions regarding the applicable interest rate shall be issued by Actuarial Department, Central Office.

### 14. ALTERATIONS:

The following alterations shall be allowed:

- Any change not involving change in Base premium rates and corresponding benefit structure.
- Reduction in Term of the policy subject to the restriction mentioned in Para 2 c) above
- Inclusion of LIC's Accident Benefit Rider.

Conditions regarding alterations shall be as per instructions issued by CRM department from time to time.

### 15. LOAN:

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

- (i) The maximum Loan that can be granted shall be as under :
  - For in-force policies : upto 90% of Surrender Value
  - For paid-up policies : upto 80% of Surrender Value
- (ii) The loan during the minority of Life Assured can be availed by the Proposer provided the loan is raised for the benefit of the minor Life Assured.
- (iii) The rate of interest to be charged for the loan amount shall be determined from time to time by the Corporation.
- (iv) In the event of default in payment of loan interest on the due dates, and when the outstanding loan along with interest is to exceed the surrender value, the Corporation shall be entitled to foreclose such policies. Such policies when being foreclosed shall be entitled to payment of the difference of surrender value and the loan outstanding amount along with interest, if any.
- (v) In case the policy shall mature or surrendered or become a claim by death, the amount of the Loan or any portion thereof which is outstanding, together with all interest will be deducted from the claim benefit payment.

Further conditions regarding loan shall be as per instructions issued by CRM department from time to time.

Instructions regarding the applicable interest rate shall be issued by Actuarial Department, Central Office.

#### **16. TERMINATION OF POLICY:**

The policy shall immediately and automatically terminate on the earliest occurrence of any of the following events:

- a) The date on which lumpsum death benefit/final instalment of death benefit is paid; or
- b) The date on which surrender benefits are settled under the policy; or
- c) The date of maturity if settlement option is not exercised; or
- d) On payment of final instalments under Settlement Option; or
- e) In the event of default in payment of loan interest as specified in **Para 15 (iv)**; or
- f) On expiry of Revival Period if the policy, which has not acquired paid up status, has not been revived within the revival period; or
- g) On payment of free look cancellation amount; or
- h) In the event of forfeiture as specified in Para 19 below.

#### **17. UNDERWRITING, AGE PROOF AND MEDICAL REQUIREMENTS :**

NB & R department will issue instructions in this regard.

#### **18. SUICIDE CLAUSE:**

Notwithstanding the provision of benefits payable on death mentioned anywhere in this Circular, the provisions related to claim payment in case of death due to Suicide shall be subject to the conditions as specified herein under:

- 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 for 80% of the total premiums paid, 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 total premiums paid till the

date of death or the surrender value available as on date of death shall be payable. The Corporation will not entertain any other claim under this policy.

This clause shall not be applicable for a policy lapsed without acquiring paid up value and nothing shall be payable under such policy.

The relaxation under Auto Cover shall not be applicable in case of death due to Suicide.

The total premiums paid mentioned above shall exclude any taxes, extra premium and Rider premiums, if any.

#### **19. FORFEITURE IN CERTAIN EVENTS:**

In case it is found that any untrue or incorrect statement is contained in the proposal, personal statement, declaration and connected documents or any material information is withheld, then and in every such case the policy shall be void and all claims to any benefit by virtue thereof shall be subject to the provisions of Section 45 of the Insurance Act, 1938 as amended from time to time.

#### **20. TAXES:**

Statutory Taxes, if any, imposed on such insurance plans by the Government of India or any other constitutional tax Authority of India shall be as per the Tax laws and the rate of tax as applicable from time to time.

The amount of applicable taxes as per the prevailing rates, shall be payable by the policyholder on premiums (for base policy and Rider(s), if any) including extra premiums, which shall be collected separately over and above in addition to the premiums payable by the policyholder. 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.

#### **21. FREE LOOK PERIOD:**

If a Policyholder is not satisfied with the "Terms and Conditions" of the policy, he/she may return the policy to the Corporation stating the reasons of objections, 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. Proportionate risk premium (in respect of Base policy and Rider, if opted for) for the period of cover as per C.O. Circular Ref: CO/ PD/ 39 dated 31<sup>st</sup> December, 2013.

#### **22. 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 shall be issued by Actuarial Department, Central Office, as applicable from time to time.

#### **23. POLICY STAMPING:**

For Base Plan, policy stamping charges will be at the rate of 20 paise per thousand Sum Assured on Death.

For Rider, policy stamping charges will be at the rate of 20 paise per thousand Rider Sum Assured, if opted for.

Any update in this regard to be issued by Legal Department, Central Office.

#### **24. REINSURANCE:**

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

#### **25. ASSIGNMENTS/NOMINATIONS:**

a) **Assignments:** Assignment is allowed under this plan as per Section 38 of Insurance Act, 1938, as amended from time to time.

The notice of assignment should be submitted for registration to the office of the Corporation, where the policy is serviced.

b) **Nominations:** Nomination by the holder of a policy of life assurance on his/her own life is required as per Section 39 of the Insurance Act, 1938, as amended from time to time.

The notice of nomination or change of nomination should be submitted for registration to any Branch/Satellite office of the Corporation. In registering nomination the Corporation does not accept any responsibility or express any opinion as to its validity or legal effect.

#### **26. NORMAL REQUIREMENTS FOR CLAIM:**

a) Death 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 (if any), 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.

Within 90 days from the date of death, intimation of death along with death certificate must be notified in writing to the office of the Corporation where the policy is serviced for any claim to be admissible. However delay in intimation of the genuine claim by the claimant, if any, may be condoned by the Corporation, on merit and, where delay is proved to be for reasons beyond his/her control.

b) Maturity / Surrender Claim: In case of maturity/surrender of the policy, the Life Assured / Proposer 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.

c) Claim under Rider: In case of claim under Rider, the respective rider circular may be referred to.

In addition to above, any requirement mandated under any statutory provision or as may be required as per law or any instructions issued by CRM department in this regard shall also be required to be submitted.

#### **27. 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.

**28. PROPOSAL FORM:**

Proposal Form No. 300, 340 & 360 as issued by NB&R Department shall be used under this plan.

**29. POLICY DOCUMENT AND SALES BROCHURE:**

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

This Circular has to be read in conjunction with the Policy Document and Sales Brochure.

**30. DISCLOSURES:**

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

Suitability information to be collected including recommendations to be made shall be a part of the policy records.

Separate instructions on the above shall be issued by Marketing Department, Central Office.

**31. ADDRESS OF OMBUDSMAN:**

At the stage of issuance of policy the address and contact details of the nearest Insurance Ombudsman is to be mentioned in the Policy Document. In case of any change in address by policyholder, the address and contact details of the nearest Insurance Ombudsman from the transferring in branch has to be informed to the policyholder along with confirmation of change in address.

Further instructions in this regard to be issued by CRM Department, Central office.

  
**Executive Director (Marketing / Product Development / SBA)**

Encl – Annexure 1, 2, 3 & 4

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