

**LIFE INSURANCE CORPORATION OF INDIA
CENTRAL OFFICE**

Dept: Product Development

“Yogakshema”
Jeevan Bima Marg
Mumbai – 400 021

Draft Copy

Ref: CO /PD /4

15th September, 2010

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 ENDOWMENT PLUS (Plan No. 802)

1. INTRODUCTION:

It has been decided to introduce LIC's Endowment Plus (Plan No. 802) with effect from 20th September, 2010. The Unique Identification Number (UIN) for LIC's Endowment Plus plan is **512L261V01**. This number has to be quoted in all relevant documents furnished to the policyholders and other users (public, distribution channels).

This is a unit linked Endowment plan which offers investment-cum-insurance during the term of the policy. The policyholder can choose the level of cover within the limits, which will depend on mode and amount of premium he desires to pay. The allocated premium will be utilized to purchase units as per the selected fund type. The Policyholder's Fund Value will be subject to deduction of charges mentioned in para 3 of this circular. Units will be allotted and cancelled based on the Net Asset Value (NAV) of the respective fund applicable to the date of allotment / cancellation. There is no Bid-Offer spread (both the Bid price and Offer price of units will be equal to the NAV). The NAV will be computed on daily basis and will be based on the investment performance, Fund Management Charges (FMC) and whether fund is expanding or contracting under each fund type. Other details of this plan are as follows.

2. INVESTMENT FUND TYPES:

The premiums allocated to purchase units will be invested according to the investment pattern prescribed for different fund types. The types of fund and their investment pattern are as under:

Fund Type	Investment in Government / Government Guaranteed Securities / Corporate Debt	Short-term investments such as money market instruments	Investment in Listed Equity Shares	Details and objective of the fund for risk / return
Bond Fund	Not less than 60%	Not more than 40%	Nil	Low risk
Secured Fund	Not less than 45%	Not more than 40%	Not less than 15% & Not more than 55%	Steady Income – Lower to Medium risk
Balanced Fund	Not less than 30%	Not more than 40%	Not less than 30% & Not more than 70%	Balanced Income and growth – Medium risk
Growth Fund	Not less than 20%	Not more than 40%	Not less than 40% & Not more than 80%	Long term Capital growth – High risk

The Policyholder will have the option to choose any ONE of the above 4 Funds.

The NAV will be computed on a daily basis as under:

Appropriation price (when fund is expanding):

Market value of investment held by the fund plus the expenses incurred in the purchase of the assets plus the value of any current assets plus any accrued income net of fund management charges less the value of any current liabilities less provisions, if any divided by the number of units existing at the valuation date (before any new units are allocated).

Expropriation price (when fund is contracting):

Market value of investment held by the fund less the expenses incurred in the sale of the assets plus the value of any current assets plus any accrued income net of fund management charges less the value of any current liabilities less provisions, if any divided by the number of units existing at the valuation date (before any units are redeemed).

3. CHARGES AND FREQUENCY OF CHARGES:

- i. **Premium Allocation Charge:** This is the percentage of the premium appropriated towards charges from the premium received. The balance known as allocation rate constitutes that part of the premium which is utilized to purchase (Investment) units for the policy.

The allocation charges are as below:

For Single premium policies: 3.3%

For Regular premium policies:

Premium	Allocation Charge
First Year	7.50%
2nd to 5th Year	5.00%
thereafter	3.00%

- ii. **Mortality Charge:** This is the cost of life insurance cover. Mortality Charge will be taken every month by canceling appropriate number of units out of the Policyholder's Fund Value.

Mortality charge, during a policy year, will be based on the age nearer birthday of the Policyholder as at the policy anniversary coinciding with or immediately preceding the due date of cancellation of units and hence may increase every year on each policy anniversary.

The Mortality charge shall depend upon the difference between the Sum Assured under the Basic plan and Policyholder's Fund Value of units as on the date of deduction of charge, after deduction of all other charges and shall be deducted only if, the Basic Sum Assured is more than the Fund Value of the units on the date of deduction. Further, the charges will also depend on the underwriting decision at entry or subsequent revival of the policy.

The Mortality charge per Rs.1,000/- Sum at Risk (i.e. Sum Assured under Basic plan minus Policyholder's Fund value) per annum for standard lives, are given in **Annexure I**.

The Class I extra charge for Life Cover shall be 25% of the Mortality charge for standard lives. Charge for higher EMR shall be multiples of the Class I extra charge as applicable in other plans. This extra charge will be included in the Mortality charges.

iii. Charges for optional rider covers:

Critical Illness Benefit Charge: Charges for Critical Illness Benefit rider, if any, will be taken every month by canceling appropriate number of units out of the Policyholder's Fund Value as per the rate prevalent at the time of policy issue.

Critical Illness Benefit charges, during a policy year, will be based on the age nearer birthday of the Policyholder as at the Policy anniversary coinciding with or immediately preceding the due date of cancellation of units and hence may increase every year on each policy anniversary. Charges for Critical Illness rider shall be deducted only if this rider has been opted for.

Critical Illness cover charge per Rs.1,000/- Critical illness Rider Sum Assured for standard lives, at present, are also given in **Annexure I**.

Accident Benefit Charge: Charges for Accident Benefit rider, if any, will be taken every month by canceling appropriate number of units out of the Policyholder's Fund Value as per the rate prevalent at the time of policy issue.

A level charge, at present, is at the rate of Rs.0.50 per thousand Accident Benefit Sum Assured per policy year and will be made for Accident Benefit cover by cancellation of appropriate number of units out of the Policyholder's Fund Value every month along with the Mortality and Critical Illness Benefit charges. Charges for Accident Benefit rider shall be deducted only if this rider has been opted for.

iv. Other Charges:

- a) POLICY ADMINISTRATION CHARGE - The Policy Administration charge of Rs. 30/- per month during the first policy year and Rs 30/- per month escalating at 3% p.a. thereafter, throughout the term of the policy will be deducted on monthly basis by canceling appropriate number of units out of Policyholder's Fund Value.
- b) FUND MANAGEMENT CHARGE – Fund Management Charges (FMC) are dependent on type of Fund and are deductible on the date of computation of NAV at the following rates:
 - 0.50% p.a. of Unit Fund for “Bond” Fund
 - 0.60% p.a. of Unit Fund for “Secured” Fund
 - 0.70% p.a. of Unit Fund for “Balanced” Fund
 - 0.80% p.a. of Unit Fund for “Growth” FundThe NAV, thus declared, will be net of FMC.
- c) SWITCHING CHARGE – This is a charge levied on switching of monies from one fund to another. This charge will be levied at the time of effecting switch at the rate mentioned in para 11 (a) below.

- d) BID/OFFER SPREAD – Nil.
- e) DISCONTINUANCE CHARGES – This is a charge levied, under regular premium policies, if a policy is surrendered or discontinued. This charge will be levied by canceling appropriate number of units out of Policyholder’s Fund Value on the date of surrender / date of discontinuance of the policy. There will not be any discontinuance charge under Single Premium.

The discontinuance charge for regular premium policies is as under:

Where the policy is discontinued during the policy year	Discontinuance charges for the policies having annualized premium up to Rs. 25,000/-	Discontinuance charges for the policies having annualized premium above Rs. 25,000/-
1	Lower of 10% * (AP or FV) subject to a maximum of Rs. 2500/-	Lower of 6% * (AP or FV) subject to maximum of Rs. 6000/-
2	Lower of 7% * (AP or FV) subject to a maximum of Rs. 1750/-	Lower of 4% * (AP or FV) subject to maximum of Rs. 5000/-
3	Lower of 5% * (AP or FV) subject to a maximum of Rs. 1250/-	Lower of 3% * (AP or FV) subject to maximum of Rs. 4000/-
4	Lower of 3% * (AP or FV) subject to a maximum of Rs. 750/-	Lower of 2% * (AP or FV) subject to maximum of Rs. 2000/-
5 and onwards	NIL	NIL

AP – Annualised Premium

FV – Policyholder’s Fund Value on the date of discontinuance

“**Date of discontinuance of the policy**” shall be the date on which the insurer receives the intimation from the insured or policyholder about discontinuance of the policy (i.e. complete withdrawal from the policy) or on the expiry of the notice period of 30 days, whichever is earlier.

Further, there shall not be any discontinuance charge for direct business in respect of Corporation Employees.

- f) SERVICE TAX CHARGE – A service tax charge shall be levied on all applicable charges as per the prevailing service tax laws and/or any other laws as applicable from time to time.

At present, service tax charge under this plan is based on 10.30% of maximum Fund Management Charge (i.e. 1.35% p.a.) allowed by IRDA in terms of circular Ref: 055/IRDA/Act/ULIP/2009-10 dated 24th September, 2009. In all the other cases, service tax will be based on the actual charges deducted under the plan.

- g) MISCELLANEOUS CHARGE – This is a charge levied for an alteration within the contract, such as reduction in Sum assured, change in premium mode to higher frequency and Grant of Accident Benefit after the issue of the policy, may be allowed subject to a charge of Rs. 50/- which will be deducted by canceling appropriate number of units out of the Policyholder’s Fund Value and the deduction shall be made on the date of alteration in the policy. The alteration will be effective from the policy anniversary coincident with or following the alteration.

The Corporation reserves the right to accept or decline an alteration in the policy. The alteration shall take effect from the policy anniversary coincident with or following the alteration only after the same is approved by the Corporation and is specifically communicated in writing to the policyholder.

- v. **Right to revise charges:** The Corporation reserves the right to revise all or any of the above charges except Premium Allocation charge and Mortality Charge. The modification in charges will be done with prospective effect with the prior approval of IRDA and after giving the policyholders a notice of 3 months.

In case the policyholder does not agree with the revision of charges the policyholder shall have the option to withdraw the Policyholder's fund value.

4. APPLICABILITY OF NET ASSET VALUE (NAV):

The allotment of units will be as per IRDA guidelines. The present guidelines state as under:

The premiums received up to 3 p.m. by the corporation through ECS or by way of a local cheque or a demand draft payable at par at the place where the premium is received, the closing NAV of the day on which premium is received shall be applicable. The premiums received after 3 p.m. by the corporation through ECS or by way of a local cheque or a demand draft payable at par at the place where the premium is received, the closing NAV of the next business day shall be applicable.

The outstation cheque / Demand draft shall not be accepted.

In respect of the valid applications received for surrender, partial withdrawal, death claim, switches, death after maturity (in case of settlement option exercised) and in case of complete withdrawal etc. up to 3 p.m. by the Servicing Branch, the same day's closing NAV shall be applicable. For the valid applications received in respect of surrender, partial withdrawal, death claim, switches and in case of complete withdrawal etc after 3 p.m. by the Servicing Branch, the closing NAV of the next business day shall be applicable

In case of discontinuance, wherein the policyholder does not exercise the option within the period of 30 days of receipt of notice then the NAV as on the date of expiry of notice period shall be applicable.

In respect of maturity claim where no settlement option is opted for, NAV of the date of maturity shall be applicable.

5. BENEFITS:

a) Benefits payable on death:

In case of death of the policyholder when the cover is in full force, the nominee shall be eligible to get higher of Sum Assured under the Basic Plan and the Policyholder's Fund Value as at the date of booking the liability. The liability shall be booked after receipt of intimation along with death certificate. Further, if partial withdrawal has been made during the last two years from the date of death the Sum Assured under the Basic plan shall be reduced to the extent of the amount of partial withdrawals made.

b) Benefits payable on maturity:

On the policyholder surviving the date of maturity an amount equal to the Policyholder's Fund Value is payable.

c) Options:

i. Accident Benefit Rider Option:

Accident Benefit (AB) can be availed of as an optional Rider benefit by paying an additional premium of Rs.0.50 for every Rs.1,000/- of the Accident Benefit Sum Assured per policy year by cancellation of appropriate number of units out of the Policyholder's Fund every

month. On Accidental death of the Policyholder during the term of the policy, a sum equal to the Accident Benefit Sum Assured will become payable, provided the Accident benefit cover is opted for and is in force. Further, it will be available up to the Sum Assured under the Basic Plan, subject to an overall limit of Rs.50 lakh taking all existing policies of the Life Assured under individual as well as group schemes taken from Life Insurance Corporation of India and other insurance companies and the Accident Benefit Rider Sum Assured under the new proposal into consideration.

If the age at entry of the Life Assured is less than 18 years, then Accident Benefit Rider can be opted for from the policy anniversary coinciding with or immediately following the completion of 18 or more years of age.

ii. Critical Illness Benefit Rider Option:

An amount equal to the Critical Illness Rider Sum Assured will be payable in case of diagnosis of defined categories of Critical Illness subject to certain terms and conditions, provided the Critical Illness Benefit cover is opted for and is in force. The maximum cover for this rider will be Rs.10 lakh under all policies of the Life Assured with the Corporation taken together including the new proposal under consideration. The Critical Illness Rider Sum Assured shall also not exceed the Sum Assured under the Basic Plan.

If the age at entry of the Life Assured is less than 18 years, then Critical Illness Benefit Rider can be opted for from the policy anniversary coinciding with or immediately following the completion of 18 years of age.

This benefit will be available only till the policy anniversary on which the age nearer birthday of the Policyholder is 60 years. No charges for this benefit shall be deducted from the Policy anniversary at which the benefit ceases.

Further, this benefit will be available only once during the term of the policy (i.e. till a critical illness claim, as per the conditions defined, arises under the policy). Once a claim under this Rider has been admitted, no subsequent charge towards Critical Illness Benefit Rider shall be deducted. Charges towards Life cover and Accident Benefit cover, if any, shall however continue to be deducted on a monthly basis, as usual.

d) Premium Waiver Benefit (PWB):

No PWB will be allowed under this plan.

e) Settlement Option:

When the policy comes for maturity, the policyholder may exercise "Settlement Option" one month prior to the date of maturity.

In case this option is exercised, the maturity claim under the policy shall not be paid in lump sum. The policyholder, in that case, shall encash the units held in Policyholder's Fund in regular (half-yearly / yearly instalments) spread over a period of not more than five years from the date of maturity. He/she shall be required to inform how he/she shall receive the maturity proceeds. The instalment shall be the total number of units as on the date of maturity divided by total number of instalments (i.e 5 and 10 for yearly and half-yearly instalments in 5 year period respectively). The number of units arrived at in respect of each instalment will be multiplied by the NAV as on the date of instalment payment. The first payment will be made on date of maturity and there after based on the mode opted by the policyholder i.e. every six months from the date of maturity or every year from the date of maturity.

During the Settlement Option period no charges other than the Fund Management Charge shall be deducted. There shall not be any life cover during this period. The value of

installment payable on the date specified shall be subject to investment risk i.e. the NAV may go up or down depending upon the performance of the fund.

On death of life assured after the commencement of Settlement Option period, the value of outstanding units held in Policyholder's Fund shall become payable to the nominee/ legal heir in lumpsum.

No partial withdrawal or switching of fund shall be allowed after commencement of Settlement Option period.

6. DISCONTINUANCE OF PREMIUMS:

If premiums under the policy have not been paid within the days of grace, a notice shall be sent to the policyholder within a period of fifteen days from the date of expiry of grace period to exercise one of the following options within a period of thirty days of receipt of such notice:

- i) Revival of the policy, or
- ii) Complete withdrawal from the policy.

During the notice period of 30 days, the policy shall be treated as in force and the charges for Mortality, Accident Benefit and / or Critical Illness Benefit cover, if any, shall be taken, as usual, in addition to other charges, by cancelling appropriate number of units out of the Policyholder's Fund Value. Insurance cover shall continue till the date of discontinuance of the policy (i.e. till the date on which the intimation is received from the policyholder for complete withdrawal of the policy or till the expiry of the notice period).

The benefits payable under the policy during the notice period shall be same as that under an inforce policy, except Partial Withdrawal, which shall not be allowed if all due premiums have not been paid.

The benefits payable when the policyholder exercises the option for complete withdrawal or does not exercise any option during the notice period shall be as under:

- I) If the policy is discontinued within 5 years from the date of commencement of the policy: If policyholder exercises the option for complete withdrawal from the policy, or does not exercise the option within the period of 30 days of receipt of notice, then the policy shall be compulsorily terminated. The Policyholder's Fund Value as on the date of discontinuance of policy after deducting the discontinuance charge as specified in para 3.iv.e) shall be converted into monetary terms as specified in para 7 below and Proceeds of the discontinued policy as specified in para 7 below shall be payable after completion of 5 years from the date of commencement of the policy.
- II) If the policy is discontinued after 5 years from the date of commencement of the policy: If policyholder exercises the option for complete withdrawal from the policy, or does not exercise the option within the period of 30 days of receipt of notice, then the policy shall be compulsorily terminated and Policyholders Fund value shall be payable.

7. METHOD OF CALCULATION OF MONETARY AMOUNT AND PROCEEDS OF THE DISCONTINUED POLICY:

The conversion to monetary amount shall be as under:

The NAV on the date of application for surrender or as on the date of discontinuance of the policy (in case of complete withdrawal of the policy), as the case may be, multiplied by the number of units in the Policyholder's Fund Value as on that date will be the monetary amount.

The Proceeds of the discontinued policy shall be calculated as under:

The monetary amount calculated as above shall be transferred to the Discontinued Policy

Fund. This Fund will earn a minimum interest rate of 3.5% p.a. from the date of discontinuance of the policy to the date of completion of 5 years from the commencement of the policy. In case of death of the life assured after discontinuance of policy but before completion of 5 policy years, the interest shall accrue from the date of discontinuance of the policy to the date of booking of liability. **The Proceeds of the discontinued policy shall be the monetary amount plus the interest accrued on the Discontinued Policy Fund.**

8. COMPULSORY TERMINATION:

If the balance in the Policyholder's Fund Value, at any time is

- i) not sufficient to recover the relevant charges, in case of partial withdrawal of units after the fifth policy anniversary, or
- ii) less than or equal to the loan outstanding along with interest thereon, if any loan has been taken under the policy,

the policy shall compulsorily be terminated and the balance amount in the Policyholder's Fund Value, if any, shall be refunded to the policyholder.

9. SURRENDER VALUE AND SURRENDER CHARGE:

If all due premium have been paid and the policy is surrendered, the surrender value, if any, is payable as under:

- i) If the policy is Surrendered within 5 years from the date of commencement of the policy:
If a policyholder applies for surrender of the policy within 5 years from the date of commencement of policy, then the Policyholder's Fund Value after deducting the Discontinuance Charge as specified in para 3.iv.e) shall be converted into monetary terms as specified in para 7 above. This monetary amount shall be credited to the Discontinued Policy Fund and no charges shall be deducted thereafter. The Proceeds of the discontinued policy, as specified in para 7 above, shall be payable on completion of 5 years from the date of commencement of policy.

In case of death of life assured after the date of surrender but before the completion of 5 years from the date of commencement of policy, the Proceeds of the discontinued policy shall be payable to the nominee/ legal heir immediately.

- ii) If the policy is Surrendered after 5 years from the date of commencement of the policy:
If a policyholder applies for surrender of the policy after 5 years from the date of commencement of policy, then the Policyholder's Fund Value as at the date of surrender shall be payable. There will no discontinuance charge under the policy.

10. ELIGIBILITY CONDITIONS AND FEATURES:

For Basic Plan

- a) Minimum Basic Sum Assured:
Regular Premium policies: (Policy Term +1) times the annualised premium

Single Premium:

For age at entry below 45 years: 1.25 times the single premium

For age at entry 45 years and above: 1.10 times the single premium

- b) Maximum Basic Sum Assured:

Regular Premium policies:

30 times the annualized premium, if age at entry is upto 45 years

25 times the annualized premium, if age at entry is 46 to 60 years

Single Premium Policies:

If Critical Illness Benefit Rider is not opted for:

5 times the Single premium, if age at maturity is upto 65 years.
3 times the Single premium, if age at maturity is 66 to 70 years.

If Critical Illness Benefit Rider is opted for:

5 times the Single premium, if age at maturity is upto 55 years.
3 times the Single premium, if age at maturity is 56 to 60 years.

The Sum Assured shall be available in multiples of Rs. 5,000. Where the minimum Sum Assured is not in the multiples of Rs. 5,000, it will be rounded off to the next multiple of Rs. 5,000.

c) Minimum Premium:

Regular premium (other than monthly (ECS) mode): Rs. [20,000] p.a.

Regular premium (for monthly (ECS) mode): Rs. [1,750] p.m.

Single premium: Rs. [30,000]

d) Maximum Premium:

Regular premium: Rs. [1,00,000] p.a.

Single premium: No Limit

Annualized Premiums and single premium shall be payable in multiple of Rs. 1,000 for other than ECS monthly. For monthly (ECS), the premium shall be in multiples of Rs. 250/-

(in years)

e) Minimum Entry Age:

[7] last birthday

f) Maximum Entry Age:

[60] nearest birthday

g) Policy Term :

[10 to 20] years

h) Minimum Maturity Age:

[18] years completed

i) Maximum Maturity Age:

[70] years nearest birthday

Age at entry for the policyholder is to be taken as age nearest birthday except for the minimum age at entry i.e. 7 years.

For Accident Benefit

a) Minimum Sum Assured:

Rs. 25,000

b) Maximum Sum Assured:

Rs. 50,00,000 taking all existing policies of the Life Assured under individual as well as group schemes taken with Life Insurance Corporation of India and other insurance companies and the Accident Benefit Rider Sum Assured under the new proposal into consideration.

Under no circumstances Accident Benefit Sum Assured shall exceed the Sum Assured under the basic Plan.

c) Minimum / Maximum Premium:

No separate Limit

d) Minimum Entry Age:

18 years completed

e) Maximum Entry Age:

60 years nearest birthday

f) Policy Term:

10 to 20 years

g) Maximum Maturity Age:

70 years nearest birthday

Sum Assured shall be available in multiples of Rs. 5,000

For Critical Illness Rider Benefit

a) Minimum Sum Assured:

Rs. 50,000

- | | |
|------------------------------|--|
| b) Maximum Sum Assured: | Rs. 10,00,000 taking Critical Illness riders availed under all existing policies of the Life Assured with the Corporation and the Critical Illness Rider Sum Assured under the new proposal under consideration.
Under no circumstances Critical Illness Rider Sum Assured shall exceed the Sum Assured under the basic Plan. |
| c) Minimum /Maximum Premium: | No separate Limit |
| d) Minimum Entry Age: | 18 years completed |
| e) Maximum Entry Age: | 50 years nearest birthday |
| f) Policy Term: | 10 to 20 years |
| g) Maximum Maturity Age: | 60 years nearest birthday |

Sum Assured shall be available in multiples of Rs. 10,000

11. ADDITIONAL FEATURES:

- a) Switching:** The policyholder can switch between any fund types during the policy term. On switching the entire amount is switched to the Fund opted for. Within a given policy year, 4 switches will be allowed free of charge. Subsequent switches shall be subject to a switching charge of Rs.100 per switch.

On receipt of the policyholder's valid application for a switch from one fund type to another, the Policyholder's Fund Value after deducting switching charges, if any, shall be transferred to the New Fund opted by the policyholder and shall be utilized to allocate Fund Units at the NAV under the New Fund type on the said date of switch. If a valid application is received up to 3 p.m. by the servicing branch the closing NAV of the same day shall be applicable and in respect of the applications received after 3 p.m. by the servicing branch the closing NAV of the next business day shall be applicable

Switching shall not be allowed if due premiums have not been paid.

- b) Top-up:** No Top-up shall be allowed under the plan.
- c) Increase / Decrease in Benefits:** No increase of benefits will be allowed under the plan. The Policyholder can, however, decrease the risk covers, without reducing the level of premium, once in a year during the Policy term, provided all due premiums under the Policy have been paid. The reduced levels of cover will be available within the limits specified in para 10. When the life cover is decreased then Accident Benefit and Critical Illness rider sum assured shall also be reduced to the extent of reduced cover under the main plan. Further, once reduction in risk cover is allowed, the same cannot be subsequently increased/ restored.
- d) Partial withdrawals:** A policyholder can partially withdraw the units at any time after the fifth policy anniversary and provided all due premiums till date of partial withdrawal have been paid, subject to the following:
- i. In case of minors, partial withdrawals shall be allowed from the policy anniversary coinciding with or next following the date on which the life assured attains majority (i.e. on or after 18th birthday).
 - ii. Partial withdrawals may be in the form of fixed amount or in the form of fixed number of units.
 - iii. For 2 years' period from the date of withdrawal, the Sum Assured under the Basic plan shall be reduced to the extent of the amount of partial withdrawals made.
 - iv. Partial withdrawal will be allowed subject to a minimum balance of two annualized

- premiums in the Policyholder's Fund Value in case of regular premium policies and 25% of the single premium paid in case of single premium policies.
- v. Partial Withdrawal shall not be allowed if any loan is outstanding under the policy.

12. MODES OF PREMIUM PAYMENT:

Single and regular premium payment modes are allowed. Regular premium can be paid either in yearly, half yearly, quarterly or monthly (ECS) installments.

There will be no mode specific charges/ rebates.

13. COMMISSION PAYABLE TO AGENTS/ CORPORATE AGENTS/ BROKERS & DEVELOPMENT OFFICER'S CREDIT:

Commission to Agents & Corporate Agents:

- For regular premium paying policies – 6.5% of the premium in the 1st year and 2.5% of the premium for subsequent years.
- For single premium policies – 2% of the premium.
- There will be 40% bonus commission on the first year commission under regular premium policies. No bonus commission will be payable on single premium policies.

Commission to Brokers:

- For regular premium paying policies – 9.0% of the premium in the 1st year and 2.5% of the premium for subsequent years.
- For single premium policies – 2% of the premium.
- No bonus commission shall be payable to brokers.

Development Officer's credit:

- 20% of first year premium in case of Regular Premium policies
- 5% of single premium in case of Single Premium policies

14. CEIS REBATE:

No rebate on premium is allowed to Corporation Employees.

However, for direct business in respect of Corporation Employees, there will not be any allocation charge as well as discontinuance charge.

All other charges shall be as mentioned in para 3 (ii) to 3 (v).

15. LOANS:

Loan will be available under this plan subject to the following conditions:

- Loan will be granted under the policy after completion of three years and provided all due premiums have been paid.
- Policy Loan will be available to the extent of 30 % of the Policyholder's Fund value.
- No Partial Withdrawal will be allowed if any loan is outstanding.
- If the Fund Value at any time is less than or equal to the loan outstanding along with interest thereon, the policy will be compulsorily terminated.

The rate of interest charged for this loan amount would be determined from time to time by the Corporation. Presently the rate of interest is 9 % p.a. payable half-yearly.

16. UNDERWRITING:

Instructions will be issued separately by Underwriting and Reinsurance Department.

17. DAYS OF GRACE:

A grace period of 30 days will be allowed for payment of yearly or half-yearly or quarterly premiums and 15 days for monthly (through ECS) premiums. If the death of Life Assured occurs within the grace period but before the payment of premium then due, the policy will still be valid and the death benefits shall be paid after deduction of all the relevant charges, if not recovered.

If premiums are not paid within the days of grace, the benefits shall be paid as per details given in para 6 under Discontinuance of premiums.

18. REVIVALS:

If due premium is not paid within the days of grace, a notice shall be sent to the policyholder within a period of fifteen days from the date of expiry of grace period to exercise the option for revival within a period of thirty days of receipt of such notice. If the policyholder exercises the option to revive the policy, the arrears of premium without interest shall be required to be paid.

The Corporation reserves the right to accept the revival at its own terms or decline the revival of a policy. The revival of a policy shall take effect only after the same is approved by the Corporation and is specifically communicated in writing to the Policyholder.

Irrespective of what is stated above, if the Policyholder's Fund Value is not sufficient to recover the charges during the notice period, the policy shall terminate and thereafter revival will not be allowed.

Reinstatement of surrendered policy shall not be allowed.

19. 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 amount to be refunded in case the policy is returned within the cooling-off period shall be determined as under:

Value of units in the Policyholder's Fund

Plus unallocated premium.

Plus Policy Administration charge deducted

Less charges @ Rs.0.20‰ Sum Assured under the Basic Plan

Less Actual cost of medical examination and special reports, if any.

In case the policy is returned during the cooling-off period, Commission shall be recovered from the concerned Agent and the Development Officer's credit allowed shall be withdrawn.

20. BACK DATING:

Back dating of policy will not be allowed.

21. POLICY STAMPING:

Policy Stamping will be at the rate of Rs.0.20 per thousand Sum Assured under the Basic Plan.

22. ASSIGNMENTS / NOMINATION:

Notice of Assignment or Nomination should be submitted for registration to the office of the Corporation, where this policy is serviced. In registering an assignment or nomination the Corporation does not accept any responsibility or express any opinion as to its validity or legal effect.

23. NORMAL REQUIREMENTS FOR CLAIM:

The normal documents which the claimant/s shall submit while lodging a claim in case of death of the policyholder shall be the claim forms as prescribed by the Corporation accompanied with the original policy document; proof of title; proof of death; proof of accident, if any; medical treatment prior to death; employer's certificate, whichever is applicable together with the proof of age, if not already admitted under the policy.

On maturity or on earlier Surrender, the Life Assured shall submit the discharge form along with the original policy document besides the proof of age, if not admitted earlier.

In case the age is found to be higher from that on which premium has been charged under the policy, then the difference in the charges for the correct age shall be deducted with interest at such rate as determined by the Corporation from time to time.

24. REINSURANCE:

For reinsurance purposes, the retention limits will be those applicable to Term Assurance Plans for the Sum at Risk (i.e. Sum Assured under Basic plan minus Fund value). Initially for a new policy the Sum at Risk (SAR) at Date of Commencement of Risk shall be the Sum Assured under the policy. From first anniversary onwards, the SAR shall be Sum Assured less Policyholder's Fund Value.

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. UNIT STATEMENT:

Unit statement account shall form a part of the policy document.

Further, Unit statement has to be issued on a half yealy basis and also as and when a transaction takes place.

27. PROPOSAL FORM:

The specimen Proposal Form is enclosed in **Annexure II**.

28. POLICY DOCUMENT:

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

EXECUTIVE DIRECTOR (MARKETING)

Enclosures – Annexures I and II