

# **LIFE INSURANCE CORPORATION OF INDIA**

## **CENTRAL OFFICE**

Dept : Actuarial  
Ref : Actl /1784 /4

"Yogakshema"  
JeevanBima Marg,  
Mumbai - 400

021

To,  
2002

23<sup>rd</sup> January,

All HODs of Central Office,  
All Zonal Offices,  
All Divisional Offices,  
All Branch Offices (through D.O.s)  
MDC, ZTCs and  
Audit & Inspection Deptts. Of Zonal Offices.

**Re: Introduction of New Jeevan Suraksha- 1 (Plan No.147)/**  
**New Jeevan Dhara - 1 (Plan No.148)**

The following funding approaches were available under Jeevan Suraksha - Table No.122 prior to the withdrawal of the plan.

- Single premium without life cover
- Annual premium with life cover providing half or more of the targeted annuity to the spouse on death of the policyholder before vesting.
- Annual premium without life cover to those satisfying certain criteria based on age etc.
- Endowment type plan with Guaranteed and Loyalty Addition.

All the above and also the New Jeevan Dhara Plan, which was withdrawn vide CO letter Ref: Mktg /Oprns /IPP dated 8.12.2001 will now be replaced by the following with profit benefit structure.

The new Plans will take effect from 1<sup>st</sup> February 2002.

## **BENEFITS**

### **(a) On vesting:**

The Notional Cash Option together with Reversionary Bonuses and Final Additional Bonuses (if any) with or without 25% commutation will be compulsorily converted into annuity having following options.

- Annuity for life.
- Annuity for life with guaranteed period of 5, 10, 15, 20 years.
  - Joint life and last survivor annuity to the annuitant and his/her spouse, under which annuity payable to the spouse on death of the purchaser will be 50% of that payable to the annuitant.
- Life annuity with return of purchase price
- Life annuity with annuities increasing at a simple rate of 3% p.a.

The annuity rates will be that available under the version of the New Jeevan Akshaya Plan current at the date of vesting. A rebate of 3% will be available on the purchase price of the New Jeevan Akshay Policy. Option for the annuity type is to be exercised at least 6 months before the date of vesting.

### **(b) During deferment:**

A term rider option will be available, premium for which are enclosed herewith. On the death of the policyholder who has opted for the term Assurance rider (provided the policy is in-force), the Term Assurance Sum Assured along with all premiums (excluding term Assurance premium and extra premium if any) paid upto the date of death accumulated at the rate of 5% p.a. compounding or at such rates as decided by the Corporation from time to time, will be paid to the nominee. When the policy is not in-force, only return of premiums with interest as stated above will be available.

For those not opting for the Term Assurance Rider, in respect of policies which are in-force or in a paid up condition, all premiums accumulated at 5% p.a. compounding or at such rates as decided by the Corporation from time to time, will be paid to the nominee.

Term Rider Option will be available only on the Annual Premium Plan.

## **REBATES:**

Premium will be payable yearly, half yearly, quarterly or monthly (including SSS) or by

single premium. Mode rebates @ 2.6%, 1.3% and 0.5% of the tabular annual premium will be available for yearly, half yearly and quarterly premiums.

For large cash option the rebates available are:

|                | $\geq 1,00,000$<br>$< 2,00,000$ | $\geq 2,00,000$<br>$< 5,00,000$ | $\geq 5,00,000$ |
|----------------|---------------------------------|---------------------------------|-----------------|
| Single Premium | 3%                              | 4%                              | 5%              |
| Annual Premium | 6%                              | 7%                              | 8%              |

Both rebates will be applied separately on the Tabular Premium and not after the other has been applied.

**Paid up, Guaranteed and Special Surrender Value:**

For Annual Premium Plans: The Guaranteed Surrender Value will be equal to 90% of all premiums paid excluding the first year premium, all Term Assurance premium and extra premium (if any). This will be allowed after at least two full years' premiums have been paid and will be available after two full years have been completed from the date of commencement. However, the policy cannot be surrendered after the annuity vests.

For Single Premium Plan : The Guaranteed Surrender Value will be 90% of the single premium paid. Surrender will be allowed 2 years after the commencement of the policy.

Special Surrender value: For Annual premium policy this will be available at least two years after date of commencement and during deferment period if at least two full years' premium have been paid.

For Single premium policies this will be available one year after the date of commencement and during the deferment period.

The special surrender value will be quoted separately.

Surrender value will not be available for the Term Rider Benefit.

**Days of Grace:**

The days of grace will be one calendar month but not less than 30 days under the yearly, half-yearly and quarterly modes of payment of premium. For monthly mode, the days of grace will be 15 days.

**Non-forfeiture regulations:**

**Paid up benefits:**

If, after at least two full years premiums are paid in respect of this policy, any subsequent premium be not duly paid, the policy shall not be wholly void, but the amount of Notional Cash Option shall be reduced to such a sum as shall bear same ratio to the original, as the number of premiums actually paid shall bear to the total number of premiums originally stipulated for in the policy. The policy so reduced will thereafter be free from all liabilities for payment of the within mentioned premiums but shall not be entitled to participate in future profits. The existing vested Bonus additions will attach to the reduced paid up policy and this will determine the reduced annuity payable on vesting. The option of commutation of 25% pension will also be available on the vesting age. If however the annuity payable is less than the minimum of Rs 250/-, the Corporation will have the right to change the mode of payment of annuity to yearly, half-yearly or quarterly or to pay a lumpsum subject to deduction of tax if any, at source as per the prevailing taxation rules. In the event of non-payment of the premiums within the days of grace the life cover will cease.

Paid up benefits is not available for the Term Rider Option.

**Loans/Assignment:**

There is no provision for loans or assignments under this plan.

**Revival:**

Policies with Term Assurance Rider Rules relating to the revival of the Term Assurance Rider will apply.

Policy without the Term Assurance Rider Policies can be revived at any time on payment of all arrears of premiums with interest @ 10.5% p.a. compounding half yearly. This rate of interest is likely to change from time to time.

**Restrictive conditions:**

**For the Pension Plan:**

Minimum age at entry 18 years last birthday

Maximum age at entry 65 years last birthday

Minimum vesting age 50 years last birthday

Maximum vesting age 79 years last birthday

Minimum deferment period 2 years

Minimum Notional Cash option Rs.50,000 for regular premium policies

Minimum Single Premium Rs.10,000

Minimum amount of Annual premium Rs 2500

Maximum deferment period 35 years

**For Term Assurance Option:**

Maximum Term Assurance Sum Assured would be equal to twice the Notional Cash Option subject to a maximum of Rs.25,00,000 (overall limit on riders on all plans).

Minimum Term Assurance Sum Assured: Rs.1,00,000.

Maximum age at entry 50

Minimum Term 10 years

Maximum Term 35 years

Term Assurance Rider cover ceases at age 60 years.

**Underwriting conditions:**

Proposals with Term Rider Option will be subject to underwriting requirements which will be the same as applying to the Term Assurance Rider.

**Age Proof:**

Standard age proof.

**Commission to Agents:**

**Annual Premium:**

|                     |                            |   |      |
|---------------------|----------------------------|---|------|
| <u>First Year</u> : | For Term 2-4 years         | - | 5%   |
|                     | For Term 5-9 years         | - | 7.5% |
|                     | For Term more than 9 years | - | 7.5% |

Renewal : 2%

Single Premium : 2%

**Development Officers' credit:**

Development Officers will be entitled for credit at the rate of 30% for term greater than 9 years and 5% for other terms including single premium.

**Rebate for Corporation Employees:**

The rebate for eligible Corporation's employees will be 5% of the Tabular Premiums on Annual premiums and 2% on Single premiums.

**Proposal and Policy Form:**

Enclosed.

**Premium Rates:**

Premium rates for the New Jeevan Suraksha - 1/New Jeevan Dhara - 1 and Term Assurance Rider are enclosed as [Annexure - 1](#) and [1784TERM%RIDER%PREMIUM%RATES-ANNEXURE 2](#) respectively.

**CHIEF-IN-CHARGE (ACTUARIAL)**

**Encl: a.a.**