

## **Life Insurance Corporation of India Central Office**

**Dept: Actuarial**

Yogakshema

Jeevan Bima Marg

Mumbai

Ref : Actl /PD / 2148 /4

29<sup>th</sup> October,2008

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 CHILD FORTUNE PLUS (Plan No. 194)**

#### **1. INTRODUCTION:**

It has been decided to introduce LIC's Child Fortune Plus Plan (Plan No. 194) with effect from 1<sup>st</sup> November, 2008. The Unique Identification Number (UIN) for LICs Child Fortune Plus plan is **512L251V01**. This number has to be quoted in all relevant documents furnished to the policyholders and other users (public, distribution channels).

It is a unit linked plan which will be allowed to the parents who have a child upto the age of 17 years last birthday. The risk cover under the plan will be on the life of the parent who will be the life assured. There will be no insurance coverage on the life of the child, but the policy will be allowed based on the age of the child. The policy will continue till the child attains the age of 25 years last birthday or till the life assured attains the age of 75 years nearest birthday, whichever is earlier. The purpose of the plan is to meet the educational and other needs of the child named as nominee in the policy.

The premiums can be paid either in lump sum (single premium) or regularly throughout the policy term. The death benefit under the policy shall be the Sum Assured. The life assured can choose the level of cover (Sum Assured) within the limits, which will depend on the amount of premium payable. In addition, for regular premium policies, in case of death of the life assured during the term of the policy, the plan also provides for waiver of all future premiums including outstanding premiums, if any, provided life cover is in force.

The Life Assured will also have an option to pay Top-up premiums subject to conditions mentioned in para 9 b).

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:**

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

#### Single premium:

<b>Premium Band</b>	<b>Allocation Charge</b>
Up to 10,00,000	4.25%
10,00,001 and above	4.00%

#### Regular Premium

<b>Premium Band</b> (per annum)	<b>Allocation Charge</b>		
	<b>First year</b>	<b>2<sup>nd</sup> &amp; 3<sup>rd</sup> year</b>	<b>thereafter</b>
10,000 to 1,00,000	29.00%	5.00%	2.50%
1,00,001 to 1,50,000	28.50%	5.00%	2.50%
1,50,001 to 2,00,000	28.00%	5.00%	2.50%

2,00,001 and above	27.50%	5.00%	2.50%
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**Allocation charge for Top-up: 1.25%**

**ii. Mortality Charge:**

a) Life Cover Charge: Life Cover Charge is the cost of life insurance cover to the life assured. b) Premium Waiver Benefit Charge (applicable in case of regular premium policies only): It is the charge to cover the cost of waiver of all future premiums including outstanding premiums, if any, on the death of life assured. Life Cover charge and Premium Waiver Benefit charge will be taken every month by canceling the Policyholder's Fund Value appropriately. These charges will be deducted till the Life Assured is alive. Mortality charges, during a policy year, will be based on the age nearer birthday of the Life Assured 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 Life Cover charge shall depend upon the Sum Assured chosen and the Premium Waiver Benefit charge shall depend upon the total amount of all future premiums including outstanding premiums, if any, (i.e. total premiums payable under the policy – total premiums paid) under the policy as on the date of deduction of charge. 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 the plan plus Total premium payable during the term of the policy minus Premiums paid on the date of recovery of charges) per annum for standard lives, are given in [Annexure I.](#)

The Class I extra charge for 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. Other Charges:** The following charges shall be deducted during the term of the policy irrespective of whether life assured is alive or not:

a) **POLICY ADMINISTRATION CHARGE** -The Policy Administration charge of Rs. 60/-per month during the first policy year, Rs 20/-per month during the second year and thereafter, from the third year on wards till the end of the policy term Rs. 20/-per month escalating at 3% p.a. These charges 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: 0.60% p.a. of Unit Fund for “Bond” Fund 0.80% p.a. of Unit Fund for “Secured” Fund 1.00% p.a. of Unit Fund for “Balanced” Fund 1.20% p.a. of Unit Fund for “Growth” Fund

The 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 9 (a) below.

d) **BID/OFFER SPREAD** – Nil.

e) **SURRENDER CHARGES** – Nil.

f) **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, etc., 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.

g) **SERVICE TAX CHARGE** – A service tax charge, if any, shall be levied on the following charges i) Policy Administration charge and Mortality charge -by canceling appropriate number of units out of the Policyholder's Fund Value on a monthly basis as and when the corresponding Policy Administration and Mortality charges are deducted. ii) Premium allocation charge -at the time of allocation

of premium. iii) Fund Management charge– at the time of computation of NAV on daily basis. iv) Switching -at the time of effecting switch v) Alteration (as provided under Miscellaneous charge) -on the date of alteration in the policy.

The level of this charge will be as per the rate of service tax as applicable from time to time. Currently, the rate of service tax is 12% with an educational cess at the rate of 3% thereon and hence effective rate is 12.36%.

**iv. 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.

#### **4. APPLICABILITY OF NET ASSET VALUE (NAV):**

The allotment of units will be as per IRDA guidelines. The 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) 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 etc after 3 p.m. by the Servicing Branch the closing NAV of the next business day 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:**

On death of Life Assured, if the child is alive. In case of death of the Life Assured within the policy term, when the cover is in full force and the child is alive, Sum Assured shall be payable to the nominee. Also, in case of regular premium policy, when the cover is in full force, payment of all future premiums due under the policy shall be waived. Units equivalent to an amount equal to all future premiums including outstanding premiums, if any, (i.e. sum total of all premiums payable under the policy – total premiums paid under the policy) shall be credited to the policyholder's fund. The units shall be allocated at the unit price applicable for the fund type opted for under the policy on the date of notification of death. The policy shall continue. If less than 3 years' premiums have been paid and the policy is in lapsed condition, then the Policyholder's Fund Value shall become payable to the nominee and the policy will terminate.

On death of the Life Assured, after the death of the child: In case of death of the Life Assured during the policy term, after the death of the child, Sum Assured plus policyholder's fund value together with an amount equal to all future premiums including outstanding premiums, if any, (i.e. sum total of all premiums payable under the policy – total premiums paid under the policy) shall be payable to the nominee/ legal heir, as the case may be, at that time and the policy shall terminate. This shall also be applicable in case of simultaneous death of life assured and the child nominee.

**On death of child before life assured's death:** The policy will continue till maturity or till the life assured survives, whichever is earlier.

**On death of child after life assured's death:** An amount equal to the Fund Value of units shall be payable to the legal heir of life assured and the policy shall terminate.

**b) Benefits payable on maturity: On the life assured or the child nominee surviving the date of maturity an amount equal to the Policyholder's Fund Value is payable.**

## **6. DISCONTINUANCE OF PREMIUMS:**

**If premiums are payable either yearly, half-yearly, quarterly or monthly (through ECS) and the same have not been paid within the days of grace under the Policy, the Policy will lapse. The life assured shall have an option to revive the policy within the specified period (described in para 16 below).**

I. Where atleast 3 years' premiums have been paid, the Life Cover and Premium Waiver Benefit cover shall continue during the revival period.

During this revival period, the mortality charges shall be taken, as usual, in addition to other charges, by cancelling an appropriate number of units out of the Policyholder's Fund Value every month. This will continue to provide relevant risk covers for :

i. two years from the due date of first unpaid premium, or

ii. till the date of maturity, or

iii. till such period that the Policyholder's Fund Value reduces to one annualized premium, whichever is earlier. The life assured may opt for continuation of cover even beyond the revival period without reviving the policy. This option shall be required to be exercised atleast one month before the completion of the revival period. If this option is availed, the life cover and premium waiver benefit cover under the policy shall continue by deduction of relevant charges out of policy fund. This option shall continue till the Policyholder's Fund Value reaches one annualized premium. No further premiums shall be allowed to be paid after the revival period is over.

The benefits payable under the policy in different contingencies during the abovesaid period when cover for charges is deducted shall be as under:

**A. In case of death of Life Assured, if the child is alive:** Sum Assured shall be paid to the nominee and payment of all future premiums due under the policy (in case of regular premium policies) shall be waived. Units equivalent to an amount equal to all future premiums including outstanding premiums, if any, (i.e. sum total of all premiums payable under the policy – total premiums paid under the policy) shall be credited to the policyholder's fund. The units shall be allocated at the unit price applicable for the fund type opted for under the policy on the date of notification of death. The policy shall continue.

**B. In case of death of the Life Assured, after the death of the child:** Sum Assured plus policyholder's fund value together with an amount equal to all future premiums including outstanding premiums, if any, (i.e. sum total of all premiums payable under the policy – total premiums paid under the policy) shall be payable to the nominee/ legal heir, as the case may be, at that time and the policy shall terminate. This shall also be applicable in case of simultaneous death of life assured and the child nominee.

**C. In case of death of child before life assured's death:** The policy will continue till maturity or till the life assured survives, whichever is earlier.

**D. In case of death of child after life assured's death:** An amount equal to the Fund Value of units shall be payable to the legal heir of life assured and the policy shall terminate.

**E. On maturity:** The Policyholder's Fund Value.

**F. In case of Surrender:** The Policyholder's Fund Value. The Surrender value, however, shall be paid only after the completion of 3 policy years.

**G. In case of Partial Withdrawals:** Partial withdrawals shall be allowed subject to a minimum balance of two annualized premiums in the Policyholder's Fund Value.

**H. Compulsory surrender:** The policy shall be terminated compulsorily in following cases:

a.

The balance in the Policyholder's Fund Value, at all times, shall be subject to a minimum balance of one annualized premium. In case the Policyholder's Fund Value falls below this limit, the policy shall compulsorily be terminated with a notice to the policyholder and the balance of the Policyholder's Fund Value shall be refunded to the Policyholder.

b.

In case the policy is not revived during the period of revival and the life assured has not opted for continuing the cover after the revival period then the policy shall be terminated on expiry of revival period or on maturity, whichever is earlier and the balance amount in the Policyholder's Fund Value shall be refunded to the policyholder.

II. Where the policy lapses without payment of at least 3 years' premiums, the Life Cover and Premium Waiver Benefit cover shall cease and no charges for these benefits shall be deducted. However, deduction of all the other charges shall continue. The benefits under such a lapsed policy shall be payable as under:

I. **In case of Death of Life Assured:** The Policyholder's Fund Value.

J. **In case of Surrender:** Policyholder's Fund Value / monetary value of units (described in para 7 below), as the case may be, shall be payable after the completion of the third policy anniversary. No amount shall be payable within 3 years from the date of commencement of policy.

K. **In case of Partial withdrawal:** Partial Withdrawals shall not be allowed under such a policy even after completion of 3 years period.

L. **Compulsory Surrender:** The policy shall be terminated compulsorily in following cases:

a.

In case the policy is not revived during the period of revival, then the policy shall be terminated after completion of three years from the date of commencement of the policy or on expiry of revival period, whichever is later. In case the period of revival expires before the end of third policy year, then the Policyholder's fund value shall be converted into monetary terms and no charges shall be deducted thereafter. This monetary value (described in para 7 below), shall be paid to the policyholder after the end of third policy year.

b.

In case premiums are paid for less than three years, if the balance in the Policyholder's Fund Value, at any time is not sufficient to recover the relevant charges, the policy shall compulsorily be terminated and the balance amount in the Policyholder's Fund Value, if any, will be refunded to the policyholder.

## **7. SURRENDER VALUE AND SURRENDER CHARGE:**

**The Surrender value, if any, is payable only after completion of the third policy anniversary both under Single and Regular Premium contracts. The surrender value will be the Policyholder's Fund Value at the date of surrender. There will be no Surrender charge.**

**The policy can be surrendered by Life Assured.. After the death of Life Assured during the policy term, the policy can be surrendered by the nominee (the child named under the policy) if he/she is major or by the appointee (in case the nominee is a minor) subject to an undertaking given by the appointee that the policy is surrendered solely for the benefit of minor child named in the policy. If a policyholder applies for surrender of the policy within 3 years from the date of commencement of policy, then the Policyholder's Fund Value shall be converted into monetary terms. No charges shall be made thereafter and this monetary amount shall be paid on completion of 3 years from the date of commencement of policy.**

**In case of death of the policyholder after the date of surrender but before the completion of 3 years from the date of commencement of policy the monetary value payable on completion of 3 years shall be payable to the nominee/ legal heir of life assured on the date of notification of death.**

**The conversion to monetary amount shall be as under:**

The NAV on the date of application for surrender or on the date when revival period is over (in case of compulsory surrender), as the case may be, multiplied by the number of units in the Policyholder's Fund as on that date will be the monetary amount.

This monetary amount will be transferred to Non-Unit fund and the payment of surrender value, as and when due, will be made from this fund.

In case of Single premium policy or Regular Premium policy where premiums are paid for less than three years, if the balance in the Policyholder's Fund Value, at any time is not sufficient to recover the relevant charges, the policy shall compulsorily be terminated and the balance amount in the Policyholder's Fund Value will be refunded to the policyholder. In case of regular premium policy where premiums are paid for atleast three years, the balance in the Policyholder's Fund Value, at all times, shall be subject to a minimum balance of one annualized premium. In case the Policyholder's Fund Value falls below this limit, the policy shall compulsorily be terminated with a notice to the policyholder and the balance amount in the Policyholder's Fund Value shall be refunded to the Policyholder.

Once a policy is surrendered it cannot be reinstated.

## 8. ELIGIBILITY CONDITIONS AND FEATURES:

a) **Minimum Sum Assured:** Regular premium policies: 5 times the annualized premium Single Premium Policies: 1.25 times the single premium

b) **Maximum Sum Assured:** Regular premium policies: 25 times of the annualized premium if age at entry is upto 45 years nearest birthday

15 times of the annualized premium if age at entry is 46 years nearest birthday and above Single Premium Policies: 5 times of the single premium if age at entry is upto 35 years nearest birthday

### **2.5 times of the single premium if age at entry is from 36 to 45 years nearest birthday**

1.25 times of the single premium if age at entry is 46 years nearest birthday and above

The Sum Assured shall be available in multiples of Rs. 5,000. As the condition of maximum and minimum Sum Assured is 1.25 times of the single premium if age at entry is 46 nearest birthday and above the maximum sum assured condition shall be relaxed to this extent.

c) **Minimum Premium:**

Regular Premium Policies: Single Premium Policies:	Rs. 10,000 p.a. (other than monthly (ECS) mode), increasing thereafter in multiples of Rs. 1,000.. Rs. 1,000 p.m. for monthly (ECS) mode, increasing thereafter in multiples of Rs. 250. Rs. 25,000 p.a.
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d) **Maximum Premium:** e) **Premium paying term:**

No Limit Single premium or same as policy term

f) **Minimum Age at entry for Life Assured:** [18] last birthday

g) **Maximum Age at entry for Life Assured:** [55] nearest birthday

h) **Minimum Age at entry for child:** [0] last birthday

i) **Maximum Age at entry for child:** [17] last birthday

j) **Policy Term:** (25 – age last birthday at entry of life assured's child) or (75 -age nearest birthday at entry of life assured), whichever is lower k) **Maximum Maturity Age:** [25] last birthday of child or [75] nearest birthday of life assured, whichever is earlier .

Age at entry for the life assured is to be taken as age nearest birthday except for the minimum age at entry i.e. 18 years.

## **9. 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 under a lapsed policy.

**b) Top-up:** The life assured can pay Top-up in multiples of Rs.1,000/-at anytime during the term of the policy without increasing the sum assured. In case of yearly, half-yearly, quarterly or monthly mode of premium payment such Top-up can be paid only if all due premiums have been paid under the policy. At any point of time, the total of top-up premiums cannot exceed 25% of total regular premiums paid till date at any point in time or 25% of single premium paid.

**c) Increase / Decrease in Benefits:** No increase of benefits will be allowed under the plan. The Policyholder can, however, decrease the risk covers 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 8. Further, once reduction in risk cover is allowed, the same cannot be subsequently increased/ restored.

**d) Partial withdrawals:** The policyholder can partially withdraw the units at any time after the third policy anniversary subject to the following:

i. Partial withdrawals may be in the form of fixed amount or in the form of fixed number of units.

ii. Under regular premium policies where premiums have been paid for less than 3 years' and further premiums are not paid, the partial withdrawal shall not be allowed.

iii. Under regular premium policies where atleast 3 years' premiums have been paid, partial withdrawal will be allowed subject to a minimum balance of two annualized premiums in the Policyholder's Fund Value.

iv. Under Single Premium policies, the partial withdrawal will be allowed subject to a minimum balance of Rs. 5000/-in the Policyholder's Fund or 10% of single premium, whichever is higher.

v. Partial withdrawal from Policyholder's Fund pertaining to top-up premiums shall be allowed only after completion of three years from the date of allocation of that top-up premium. This condition will not apply if the top-up premiums are paid during the last three years of the policy term..

vi. After the death of life assured during the policy term, partial withdrawal may be made by the child named in the policy if he/she is major i.e. after completion of 18 years of age or by the appointee if the child is a minor subject to an undertaking by the appointee that the partial withdrawal is solely for the benefit of the named child.

**e) Option to continue the cover after the revival period:** If atleast three years' premiums have been paid under the policy, the Life Assured may opt for continuation of cover even beyond the revival period without reviving the policy and paying any further premiums. This option shall be required to be exercised atleast one month before the completion of the revival period. If this option is availed, the cover under the policy shall continue by deduction of relevant charges out of policy fund. This option shall continue till the Policyholder's Fund Value reaches one annualized premium. No further premiums shall be allowed to be paid after the revival period is over. All the benefits under such a policy shall be as available during the revival period as mentioned under para 6(I), (Discontinuance of premium where three years' premiums are paid).

**f) Settlement Option: When the policy comes for maturity, the life assured if he/she is alive otherwise the child named in the policy 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 amounts from the 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 respectively for yearly and half-yearly instalments over a 5 year period). The number of units arrived at in respect of each instalment will be multiplied by the NAV as on the date of payment of instalment. The first payment will be made on the 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, as the case may be. Settlement Option shall not be allowed under a lapsed policy.**

**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 instalment 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 the policyholder 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 of life assured in lumpsum. No partial withdrawal or switching of fund shall be allowed after commencement of Settlement Option period.

#### **10. MODES OF PREMIUM PAYMENT:**

Regular premium can be paid either in yearly, half yearly, quarterly or monthly (ECS) installments. The minimum Annualised Premium (other than monthly through ECS) will be Rs. 10,000/-increasing thereafter in multiples of Rs. 1,000/-. In case of monthly (ECS) the minimum premium will be Rs. 1,000 p.m. increasing thereafter in multiples of Rs. 250/-.

Single premium can be paid subject to a minimum of Rs. 25,000 and thereafter in multiples of Rs.1,000. There will be no mode specific charges/ rebates.

#### **11. COMMISSION PAYABLE TO AGENTS/ CORPORATE AGENTS/ BROKERS & DEVELOPMENT OFFICER'S CREDIT:**

##### **Commission to Agents & Corporate Agents:**

- **For Regular Premium Policies:** Year Commission First 12% 2<sup>nd</sup> &3<sup>rd</sup> 4% Thereafter 2%
- For single premium policies – 2% of the premium.
- 1% of the amount deposited as Top-up premium any time during the Policy term.
- One time payment of 40% bonus commission on the first year commission under regular premium policies.
- No bonus commission will be payable on single premium policies and on Top-up premiums.

##### **Commission to Brokers:**

- Year Commission First 18% 2<sup>nd</sup> &3<sup>rd</sup> 4% Thereafter 2%
- For single premium policies – 2% of the premium.
- 1% of the amount deposited as Top-up premium any time during the Policy term.
- No bonus commission shall be payable to brokers.

- No bonus commission shall be payable to brokers.

**Development Officer's credit:**

- 30% of FY premium in case of regular premium and 5% of single premium.

**12. CEIS REBATE:**

No rebate on premium is allowed to Corporation Employees.

However, for direct business in respect of Corporation Employees, the allocation charge will be as under:

**Single premium:**

Premium Band	Allocation Charge
Up to 10,00,000	1.20%
10,00,001 and above	0.95%

**Regular Premium**

Premium Band (per annum)	Allocation Charge	
	First year	thereafter
10,000 to 1,00,000	5.20%	nil
1,00,001 to 1,50,000	4.70%	nil
1,50,001 to 2,00,000	4.20%	nil
2,00,001 and above	3.70%	nil

**Allocation charge for Top-up: Nil**

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

**13. LOANS:**

No loan shall be granted under this plan.

**14. UNDERWRITING:**

Instructions will be issued separately by Underwriting and Reinsurance Department.

**15. DAYS OF GRACE:**

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 (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 be treated as in-force 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 policy lapses.

**16. REVIVALS:**

A lapsed policy can be revived during the period of two years from the due date of first unpaid premium or before maturity, whichever is earlier. The period during which the policy can be revived will be called "Period of revival" or "revival period".

If premiums have not been paid for atleast 3 full years, the policy may be revived within two years from the due date of first unpaid premium. The revival shall be made on submission of proof of continued insurability to the satisfaction of the Corporation and the payment of all the arrears of premium without interest.

If atleast 3 years' premiums have been paid and subsequent premiums are not paid, the policy may be revived within two years from the due date of first unpaid premium but before the date of maturity, if earlier. No proof of continued insurability is required and all arrears of premium without interest can be paid.

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

Irrespective of what is stated above, if less than 3 years premiums have been paid and the Policyholder's Fund Value is not sufficient to recover the charges, the policy shall be terminated and thereafter revival will not be allowed. If 3 years' or more than 3 years' premiums have been paid and the Policyholder's Fund Value reduces to one annualized premium, the policy shall be terminated and Policyholder's Fund Value as on such date shall be refunded to the Policyholder and thereafter revival will not be allowed.

#### **17. 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%o 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.

#### **18. BACK DATING:**

Back dating of policy will not be allowed.

#### **19. POLICY STAMPING:**

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

#### **20. ASSIGNMENTS / NOMINATION:**

The named child under the policy shall be the nominee. An appointee shall be required to be mentioned in the policy to exercise the powers of nominee after the death of life assured such as partial withdrawal, switching of funds etc. till the nominee is a minor. No change in nomination shall be allowed till the child nominee named under the policy survives. In case of death of child during the policy term, the life assured may nominate another person. A separate form of nomination enclosed with the proposal form for this plan is required to be filled up.

No assignment will be allowed under this plan.

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

The normal documents which the claimant/s shall submit while lodging a claim in case of death of the policyholder (life assured / nominee child) shall be the claim forms as prescribed by the Corporation accompanied with the original policy document; proof of title; proof of death; 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 Policyholder 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.

## **22. 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 the plan plus Total premium payable during the term of the policy minus Premiums paid on the date of recovery of charges). Initially for a new policy the Sum at Risk (SAR) at Date of Commencement of Risk shall be the Sum Assured under the policy plus Total premiums payable less First Instalment Premium.

## **23. 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.

## **24. UNIT STATEMENT:**

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

Further, Unit statement has to be issued on every policy anniversary and also as and when a transaction takes place.

## **25. PROPOSAL FORM:**

The specimen Proposal Form is enclosed in [Annexure II](#).

## **26. POLICY DOCUMENT:**

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

## **SECRETARY-IN-CHARGE (ACTUARIAL)**

Enclosures – Annexures I and II