

LIFE INSURANCE CORPORATION OF INDIA
CENTRAL OFFICE

Dept.: Product Development

“Yogakshema”,
Jeevan Bima Marg,
Mumbai – 400 021

Ref: CO/PD/66

3rd March, 2015

All HODs of Central Office
All Zonal Offices
All Divisional Offices
All Branch Offices (through DOs)
MDC, ZTCs, STCs, NIA and
Audit & Inspection Depts. of Zonal Offices.

Re: Introduction of LIC’s New Children’s Money Back Plan (Plan No.832)

1. Introduction:

It has been decided to introduce **LIC’s NEW CHILDREN’S MONEY BACK PLAN** (Plan No.832), which would be open for sale from 4th March, 2015.

The Unique Identification Number (UIN) for LIC’s New Children’s Money Back Plan is **512N 296V01**. This number has to be quoted in all relevant documents furnished to the Policyholders and other users (public, distribution channels, etc.).

LIC’s New Children’s Money Back Plan is a non-linked, with-profits, regular premium payment money back plan specially designed to meet various financial needs of children through Survival Benefits. It provides for the risk cover on the life of child during the policy term and number of survival benefits on surviving to the end of the specified durations. The benefits and other details of the plan are given below.

2. Benefits:

The benefits payable under an inforce policy are as under:

a) Death Benefit:

On death Before the Date of Commencement of Risk:

An amount equal to the total amount of premium/s paid excluding taxes, extra premium and rider premium, if any shall be payable.

On death After the Date of Commencement of Risk:

Death Benefit, defined as sum of “**Sum Assured on Death**” and vested Simple Reversionary Bonuses and Final Additional Bonus, if any, shall be payable. Where “**Sum Assured on Death**” is defined as higher of 10 times of annualized premium or Absolute amount assured to be paid on death i.e. Basic Sum assured. This death benefit shall not be less than 105% of the total premiums paid as on date of death.

The premiums mentioned above exclude tax, extra premium and rider premium, if any.

b) Survival Benefit : On the Life Assured surviving on each policy anniversary coinciding with or immediately following the completion of ages 18 years, 20 years and 22 years of Life Assured, 20% of the Basic Sum Assured on each occasion shall be payable provided the policy is in full force.

c) **Maturity Benefit:** On the Life assured surviving the stipulated date of maturity, Sum Assured on Maturity (which is 40% of the Basic Sum Assured) along with vested Simple Reversionary Bonuses and Final Additional Bonus, if any, shall be payable.

d) **Participation in profits:**

Depending upon the Corporation's experience the policies shall participate in the profits and shall be eligible for Simple Reversionary Bonus at such rate and on such terms as may be declared by the Corporation.

Final Additional Bonus may also be declared under the policy which will be payable on the expiry of the policy term or on earlier death, provided the policy has run for certain minimum term.

3. **Option to defer the Survival Benefit(s):**

The policyholder will have the option to take the survival benefit (s) at any time on or after its due date but during the currency of the policy. In case of deferment of a due survival benefit(s) opted by the policyholder, the Corporation will pay increased survival benefit (s) equal to

Survival Benefits % * Sum Assured * Factor applicable to Survival Benefit (s)

These factors are enclosed as **Annexure - I**

This option shall be required to be intimated by the policyholder six months before the due date of the Survival Benefit (s) in writing.

4. **LIC's Premium Waiver Benefit Rider (UIN: 512B204V01)**

LIC's Premium Waiver Benefit Rider is available on payment of additional premium. This rider can be opted for along with the basic plan at the inception or at any time during the policy term provided the outstanding policy term of the basic plan is at least 5 years.

a) I
If this rider is opted for, in case of death of the proposer, the payment of the premiums falling due after the date of death shall be waived;

b) T
The Premium Waiver Benefit shall be granted on the basis of the proposer's age, personal declaration and other related documents. In case it is found that any untrue or incorrect statement is contained therein or any material information is withheld, then and in every such case but subject to the provisions of Section 45 of the Insurance Act, 1938, as amended from time to time, all claim to the benefit shall cease and determine;

c) T
The Premium Waiver Benefit shall not operate if the proposer (whether sane or insane) commits suicide within 12 months from the date of issuance of First Premium Receipt or within 12 months from the date of revival;

d) T
The additional premium shall not be taken into account in arriving at the amount to be refunded in the event of death of the Life Assured before the date of commencement of risk and in calculating the surrender value of the policy;

e) T
The medical report and special reports, if required, at proposal stage or on revival, shall be at the proposer's own expense from the Corporation's appointed Medical Examiner;

f) The revival of the rider will be considered along with the revival of the basic policy. The rider can be revived at any time but within a period of two consecutive years from the due date of the said unpaid premium or before the date of expiry of policy term, whichever is earlier subject to evidence of health and habits of the proposer to the satisfaction of the Corporation T

g) The Premium Waiver Benefit shall cease to apply if policy is in lapsed condition; T

5. **Eligibility Conditions and Restrictions:**

For Basic Plan

- | | |
|-----|---|
| (a) | Minimum Age at entry for Life Assured : [0] years
(last birthday) |
| (b) | Maximum Age at entry for Life Assured : [12] years
(last birthday) |
| (c) | Policy Term : [25 – Age at entry] years |
| (d) | Minimum/Maximum Maturity Age : [25] years |
| (e) | Minimum Basic Sum Assured : Rs. [100] in
'000's |
| (f) | Maximum Basic Sum Assured : No Limit |

The Basic Sum Assured shall be in multiples of Rs. 10,000/-

Date of commencement of risk under the plan:

In case the age at entry of the Life Assured is less than 8 years, the risk under this plan will commence either one day before the completion of 2 years from the date commencement of policy or one day before the policy anniversary coinciding with or immediately following the completion of 8 years of age, whichever is earlier. For those aged 8 years or more, risk will commence immediately.

Date of vesting under the plan:

The policy shall automatically vest in the Life Assured 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 the Life Assured.

For LIC's Premium Waiver Benefit (PWB) Rider – optional:

- | | | |
|-----|---------------------------|---------------------------------|
| (a) | Minimum Entry Age | : [18] years (completed) |
| (b) | Maximum Entry Age | : [55] years (Nearer Birthday) |
| (c) | Premium paying term | : Same as basic plan |
| (d) | Maximum cover ceasing age | : [70] years (Nearest Birthday) |

6. **Mode of Premium Payment :**

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

7. Premium Rates:

The tabular premium rates for Basic Plan are enclosed as **Annexure II**.
Class – I extra premium rates for Basic Plan are enclosed as **Annexure III**

The tabular premium and extra premium rates for LIC's Premium Waiver Benefit Rider for various outstanding durations are enclosed as **Annexure IV & Annexure V** respectively.

The above premium rates are exclusive of taxes.

8. Grace Period for Payment of Premium:

A grace period of one month but not less than 30 days will be allowed for yearly, half-yearly, quarterly modes and 15 days for monthly mode of premium payment.

If 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 deductions of the said unpaid premium as also the unpaid premium/s falling due before the next anniversary of the policy.

If the premium is not paid before the expiry of the days of grace, the policy lapses.

If the policy has not lapsed and the claim is admitted in case of death under the policy where the mode of payment of premium is other than yearly, unpaid premium(s), if any, falling due before the next policy anniversary shall be deducted from the claim amount.

The above grace period will also apply to rider premium as the rider premium is to be paid along with Basic Premium.

9. Rebates:

Mode Rebate:

Yearly mode : 2% of tabular premium
Half-yearly mode : 1% of tabular premium
Quarterly and monthly : NIL

High Sum Assured Rebate:

<u>Basic Sum Assured</u>	<u>Rebate (Rs.)</u>
1,00,000 to 1,90,000	Nil
2,00,000 to 4,90,000	2 per thousand Basic Sum Assured
5,00,000 and above	3 per thousand Basic Sum Assured

10. CEIS Rebate:

If an employee of the Corporation has taken the plan for the benefit of his/her child/children then he/she shall be eligible for a rebate on tabular premium under Corporation's Employee Insurance Scheme (CEIS) provided policy is not taken through any Agent/ Corporate Agent/ Broker/ Direct Sales Executives etc and are as under:

<u>Policy Term</u>	<u>CEIS Rebate</u>
13 and 14 years	5%
15 years & above	10%

This rebate shall be applicable for both basic plan as well as on rider premium if opted for.

11. Commission payable to intermediaries and Credit to Development Officers:

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

Agents and Corporate Agents:

Policy Term	1st Year	2nd & 3rd Year	Subsequent Years
13 and 14 years	20%	7.5%	5%
15 years and above	25%	7.5%	5%

Bonus Commission: 40% of 1st year commission.

Brokers:

Policy Term	1st Year	2nd & 3rd Year	Subsequent Years
13 and 14 years	25%	5%	5%
15 years and above	30%	5%	5%

Bonus Commission: No bonus commission is payable to brokers.

- b) Development Officer's Credit (D.O. Credit):

Policy Term	D.O.Credit (as % of First Year Premium)
13 and 14 years	60%
15 years and above	100%

12. Paid-up Value :

If after at least three full years' premiums have been paid and any subsequent premiums be not duly paid, this policy shall not be wholly void, but shall subsist as a paid-up policy.

The Sum Assured on Death under paid-up policy shall be reduced to such a sum called "**Death Paid-up Sum Assured**" and shall be equal to [(Number of premiums paid/Total Number of premiums payable) x Sum Assured on Death]

The Sum Assured on Maturity under paid-up policy shall be reduced to such a sum called "**Maturity Paid-up Sum Assured**" and shall be equal to [(Number of premiums paid/Total Number of premiums payable) x (Sum Assured on Maturity plus Total Survival Benefits payable under the policy)] less Total amount of Survival Benefits already paid under the policy.

The policy so reduced shall thereafter be free from all liabilities for payment of the within mentioned premiums, but shall not be entitled to participate in future profits. However, the vested simple reversionary bonuses, if any, shall remain attached to the reduced paid up policy.

Notwithstanding the benefits available under a fully inforce policy, in the case of paid-up policy, no survival benefits shall be payable. In addition, if the option to defer the Survival Benefit(s) has been exercised and payment of such Survival Benefit(s) which were due but have not yet been made, these increased Survival Benefit(s) shall also be paid as specified in para 3 above.

Notwithstanding what is stated above, if atleast three full years' premiums have been paid in respect of this policy, and any subsequent premium be not duly paid, in the event of the death of the Life Assured within six months from the due date of first unpaid premium, Basic

Sum Assured along with vested simple reversionary bonuses and final additional bonus, if any, will be paid after deduction of (a) the premium or premiums for the basic policy unpaid with interest thereon upto the date of death, on the same terms as for revival of the Policy during such period and (b) the unpaid premium(s) for the basic policy falling due before the next policy anniversary.

Notwithstanding what is stated above, if at least five full years' premiums have been paid in respect of this policy, any subsequent premium be not duly paid, in the event of death of the Life Assured within 12 months from the due date of first unpaid premium, Basic Sum Assured along with vested simple reversionary bonuses and final additional bonus, if any, after deduction of (a) the premium or premiums for the basic policy unpaid with interest thereon upto the date of death, on the same terms as for revival of the Policy during such period and (b) the unpaid premiums for the basic policy falling due before the next policy anniversary.

These provisions do not apply to optional rider as they do not acquire any paid up value and the rider benefits cease to apply, if policy is in lapsed condition.

13. Surrender Value:

The policy can be surrendered at any time during the policy term provided premiums have been paid for full three years.

Guaranteed Surrender Value:

The Guaranteed Surrender Value shall be a percentage of total premiums paid (net of taxes) excluding any extra premiums and premium for rider, if opted for, less any survival benefits already paid. This percentage will depend on policy term and year in which the policy is surrendered and is enclosed as **Annexure – V**.

In addition, the surrender value of vested Simple Reversionary Bonuses, if any, shall also be payable, which is equal to vested bonuses multiplied by the Surrender Value factor applicable to vested bonuses. These factors will depend on the policy term and policy year in which policy is surrendered and is enclosed as **Annexure – VII**.

Special Surrender Value:

Corporation may, however, pay Special Surrender Value as applicable as on the date of surrender provided the same is higher than Guaranteed Surrender Value. The Special Surrender Value will be the discounted value of the sum of Maturity Paid-up Sum Assured (as defined in para 12) and vested Simple Reversionary Bonuses. The discount factors shall be the Special Surrender Value factors as provided in Table 1A of SSV booklet used for Endowment Assurance Plan and will depend on the policy term and duration elapsed since the commencement of the policy.

In addition to the payable Surrender Value, if the option to defer the Survival Benefit(s) has been exercised and payment of such Survival Benefit(s) which were due but have not yet been made, these increased Survival Benefit(s) (as specified in para 3) shall also be paid.

No surrender value will be available on rider.

14. Revivals:

If premiums are not paid within the grace period then the policy will lapse. A lapsed policy can be revived during the lifetime of the Life Assured, but within a period of 2 consecutive years from the date of first unpaid premium and before the date of maturity, as the case may be, on submission of proof of continued insurability to the satisfaction of the Corporation and the payment of all the arrears of premium together with interest (compounding half-yearly) at such rate as fixed by the Corporation from time to time.

The Corporation reserves the right to accept at original terms, accept with modified terms or decline the revival of a discontinued policy. The revival of discontinued policy shall take effect only after the same is approved by the Corporation and is specifically communicated to the Policyholder.

Revival of Premium Waiver Benefit Rider, if opted for, will be considered only along with revival of the Basic Policy, and not in isolation.

15. Loan:

Loan facility is available under this plan after the payment of premiums for atleast three full years and after obtaining the declaration from the proposer to the effect that loan is raised for the benefit of the minor life assured. The loan shall be subject to the following conditions:

- 1) The Maximum loan that can be granted as a percentage of Surrender Value shall be as under:
 - For inforce policies – upto 90%
 - For paid-up policies – upto 80%

However, the above percentages may vary from time to time.

- 2) The rate of interest to be charged for loan amount would be determined from time to time by the Corporation.
- 3) No foreclosure action under inforce policies shall be taken under this plan even if there is a default in payment of loan interest. However, any loan outstanding along with interest shall be recovered from any survival benefits or claim proceeds at the time of exit.

16. Underwriting, Age proof and Medical Requirements :

U & R Department will issue instructions in this regard.

17. Suicide Clause:

This policy shall be void

- 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 premiums paid excluding any taxes and extra premium, if any, provided the policy is inforce. This clause shall not be applicable in case age at entry of the Life Assured is below 8 years.
- 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 premiums paid till the date of death (excluding any taxes and extra premium, if any,) or the surrender value shall be payable. The Corporation will not entertain any other claim under this policy. This clause shall not be applicable:
 - a) in case the age of the Life Assured is below 8 years at the time of revival; or
 - b) for a policy lapsed without acquiring paid-up value and nothing shall be payable under such policies.

18. Forfeiture in certain Events:

In case of fraud or misrepresentation, the policy shall be cancelled immediately subject to the fraud or misrepresentation being established by the Corporation in accordance with Section 45 of the Insurance Act, 1938 as amended from time to time.

19. Taxes:

Taxes including Service Tax, if any, shall be as per the Tax laws and the rate of tax as applicable from time to time.

The amount of tax as per the prevailing rates shall be payable by the policyholder on premiums including extra premiums and rider premium, if any. The amount of Tax paid shall not be considered for the calculation of benefits payable under the plan.

The instructions regarding issues related to taxes will be issued by Finance & Accounts Department, Central office, separately.

20. Normal requirements for claim:

The normal documents which the claimant shall submit while lodging the claim in case of death of the Life Assured or proposer (applicable if LIC's Premium Waiver Benefit Rider is opted for) shall be the 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 death, school / college / employer's certificate, whichever is applicable, to the satisfaction of the Corporation. If the age is not admitted under the policy, the proof of age of the Life Assured/proposer shall also be submitted.

When a survival benefit or maturity benefit falls due or on surrender of the policy, the Life Assured shall submit the discharge form along with the original policy document, NEFT mandate from the claimant for direct credit of the claim amount to the bank account besides proof of age, if the age is not admitted earlier.

21. Free Look (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 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 the following deductions:

1. Stamp duty on policy;
2. Actual cost of medical examination and special reports, if any;
3. Proportionate risk premium (in respect of Base Plan and Rider, if opted for) for the period on cover as per C.O. Circular Ref: CO/PD/39 dated 31st 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 the lean months, viz. April, May, July and August, interest is to be charged for period in excess of three months. The period upto 14 days is to be ignored and 15 days or more is to be rounded to a month for this calculation.

Any further instructions would be issued by Actuarial department, Central Office, as applicable from time to time.

23. Policy stamping :

Policy stamping charges will be 20 paise per thousand of Basic Sum Assured under this Plan. If LIC's Premium Waiver Benefit Rider is opted for, the additional policy stamping charges will be 20 paise per thousand Premium Waiver Benefit Rider Sum Assured i.e. total premiums payable under the basic plan less premiums already paid.

Any updates in this regard shall be issued by Legal Department, Central Office.

24. Reinsurance

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

25. Assignments/Nominations

Assignment is allowed as per Section 38 of Insurance Act, 1938 as amended from time to time. After the Policy has vested in the Life Assured he/she may appoint a nominee or nominees, under Section 39 of the Insurance Act, 1938 as amended from time to time.

On Assignment or change of nomination, the notice of assignment or change of nomination should be submitted for registration to the office of the Corporation, where the policy is serviced.

26. 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.

27. Proposal Form :

Revised Proposal Form No. 300, 340 and 360 issued by U & R Department shall be used under this plan.

Any further instructions/clarifications to be issued by U& R Department, Central Office in this regard.

28. Policy Document :

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

29. Disclosures:

At the time of sale, a client specific benefit illustration shall be provided to the policy holder. Such benefit illustration shall be signed by both the prospective policy holder and intermediary and shall form the part of the policy document.

Separate instructions shall be issued by Marketing Department, Central Office, in this regard.

Executive Director (Marketing & Product Development)

Encl: Annexures I II, III, IV, V, VI & VII