

1. INTRODUCTION:

It has been decided to introduce LIC's Flexi Plus (Plan No.811) with effect from 2nd January, 2013. The Unique Identification Number (UIN) for LIC's Flexi Plus plan is **512L272V01**. This number has to be quoted in all relevant documents furnished to the policyholders and other users (public, distribution channels).

LIC's Flexi Plus is a unit linked assurance plan, which not only provides a lump sum benefit on death but also the maturity benefit irrespective of the survival of the Policyholder. The policyholder can choose the amount of premium he/she desires to pay, depending on which policyholder will get the equivalent level of cover. Each premium paid by the Policyholder shall be subject to Premium Allocation charge as per details specified in Para 3.1) of this circular. 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 specified 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 NAV). The NAV will be computed on daily basis and will be based on the investment performance and Fund Management Charges (FMC) of each fund type. Other details of this plan are as follows.

2. INVESTMENT FUND TYPES:

Unit Fund: 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	SFIN No.
Debt Fund	Not less than 60%	Not more than 40%	Nil	Low risk	ULIF00118 0912LICFLX+ DBT512
Mixed Fund	Not less than 45%	Not more than 40%	Not less than 15% & Not more than 25%	Steady Income -Lower to Medium risk	ULIF00218 0912LICFLX +MIX512

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

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

Market Value of investment held by the fund + Value of Current Assets – Value of Current Liabilities & Provisions, if any

Number of Units existing on Valuation Date (before creation / redemption of Units)

Discontinued Policy Fund: The investment pattern of the Discontinued Policy Fund shall be the same as that is being currently followed under non-linked Individual business.

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:

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

- II Mortality Charge:** This is the cost of life cover, which includes Sum assured and all future premiums payable under the plan.

This charge shall depend upon the Sum at Risk i.e. sum of Sum Assured and total amount of all future premiums payable under the policy as on the date of deduction of mortality charge.

Sum Assured is (10 * annualized premium) or (105% of all the premiums paid including any premiums which have fallen due but not paid), whichever is higher.

Mortality Charge will be taken every month by canceling appropriate number of units out of the Policyholder's Fund Value. This charge will be deducted till the Life Assured is alive.

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. 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 and total amount of all future premiums payable under the plan) per annum for standard lives, is 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 Other Charges:

- a) **POLICY ADMINISTRATION CHARGE** - This charge shall be deducted on monthly basis by canceling appropriate number of units out of Policyholder's Fund Value. The Policy Administration Charge per month shall be as follows:

<u>PolicyYear</u>	<u>PolicyAdminCharge(permonth)</u>
1 st Year	Rs. 50
2 nd Year	Rs. 41.20
3 rd Year	Rs. 42.44
4 th Year	Rs. 43.71
5 th Year	Rs. 45.02
6 th Year & Thereafter	Rs. 34.78 in 6 th year escalating at 3% p.a. thereafter

No Policy Administration Charge shall be deducted after death of the Life Assured.

- b) **FUNDMANAGEMENTCHARGE** – 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 “Debt” Fund
 0.60% p.a. of Unit Fund for “Mixed” Fund

The NAV, thus declared, will be net of FMC.

No Fund Management Charge shall be deducted on Discontinued Policy fund.

- c) **SWITCHINGCHARGE** – 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 specified in Para 10 (A) below.
- d) **BID/OFFERSPREAD** – Nil.
- e) **DISCONTINUANCE CHARGES** –This charge will be levied by canceling appropriate no. of units out of policyholder fund value on the date of surrender/date of discontinuance of policy. The discontinuance charge applicable 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 15% * (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 7.5% * (AP or FV) subject to a maximum of Rs. 1750/-	Lower of 4% * (AP or FV) subject to maximum of Rs. 4000/-

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. 3000/-
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.’

Note: As specified in Para 6, the notice period of 30 days will start from the date of receipt of notice by the policyholder.

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

- f) SERVICE TAX CHARGE – A service tax charge, if any, will be as per the prevailing service tax laws and rate of service tax as applicable from time to time.

The instructions regarding service tax will be issued by Finance & Accounts Department, Central Office, separately.

- g) MISCELLANEOUS CHARGE – This is a charge levied for an alteration within the contract, such as change in premium mode to higher frequency and shall be a flat amount 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.

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.

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:

Units are allocated at NAV of the date of allocation. The Units will also be cancelled based on NAV of the date of such cancellation. 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, revival after discontinuance, switches 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, revival after discontinuance, 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, NAV of the date of maturity shall be applicable.

5. BENEFITS:

a) Benefits payable on death:

In case of death of the Life Assured within the policy term, when the cover is in full force, payment of all future premiums due under the policy are not required to be paid and:

- Immediate lump sum payment equal to Sum Assured shall be paid to the nominee / legal heir.
- An amount equal to sum of all future premiums payable after the date of death shall be credited to the Policyholder's Fund. The units shall be allocated at the NAV applicable for the fund type opted for under the policy as at the date of booking of liability death. The liability shall be booked after receipt of intimation along with death certificate.

On maturity date, units available in the Policyholder's Fund will be multiplied by the NAV as on that date and the total fund value will be given to the nominee/legal heir.

b) Benefits payable on maturity:

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

c) Optional Benefit:

Settlement Option: No settlement option shall be allowed under the plan.

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:

- a) Revival of the policy, or
- b) Complete withdrawal from the policy

Up to the expiry of 30 days of receipt of notice, the policy shall be treated as inforce and the Mortality charge as specified in Para3 (II) and other charges as specified in Para 3(III) shall be taken, as usual, 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 upto the expiry of 30 days of receipt of notice 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:

A) 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 after deducting the discontinuance charge as specified in Para 3(III)(e) shall be converted into monetary terms as specified in Para 7(a) below and shall be transferred to the Discontinued Policy Fund.

However, the policyholder shall have the right to revive such policy within two years from the date of discontinuance but not later than the expiry of 5 years from the date of commencement of policy. On revival of policy, all benefits, as per the terms and conditions of the policy, shall continue to the Policyholder from the date of revival.

In case the policy is not revived, then the Proceeds of the Discontinued Policy as specified in Para 7(b) below shall be paid after completion of 5 years from the date of commencement of policy.

In case of death of the Life Assured before the completion of 5 years from the date of commencement of the policy, the Proceeds of the Discontinued Policy shall be paid to the nominee / legal heir immediately.

B) 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 Policyholder's Fund Value shall be payable.

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

a) 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.

b) 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 guarantee of the interest rate, as applicable to saving bank account of State Bank of India from the date of discontinuance of the policy to the date of completion of 5 years from the commencement of the policy or upto the date of revival, if applicable. 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. 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.III.e) shall be converted into monetary terms as specified in Para 7(a) 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(b) 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.

Surrender of the policy shall not be allowed after the death of the Life Assured.

9. ELIGIBILITY CONDITIONS AND FEATURES:

a) Sum Assured:

(10* annualized premium) or (105% of the total premiums paid including any premiums which have fallen due but not paid), whichever is higher.

b) Minimum Premium:

<u>Mode</u>	<u>Amount</u>
Yearly	Rs. [15,000]
Half-Yearly	Rs. [10,000]
Quarterly	Rs. [5,000]
Monthly (ECS)	Rs. [2,000]

c) Maximum Premium:

<u>Mode</u>	<u>Amount</u>
Yearly	Rs. [100,000]
Half-Yearly	Rs. [50,000]
Quarterly	Rs. [25,000]
Monthly (ECS)	Rs. [8,000]

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

- (in years)
- d) Minimum Entry Age: [18] last birthday
 - e) Maximum Entry Age: [50] nearest birthday
 - f) Policy Term : [10 to 20] years
 - g) Maximum Maturity Age: [60] 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. 18 years.

10. ADDITIONAL FEATURES:

- A) Switching:** The policyholder can switch between the two fund types during the policy term. On switching the entire amount is switched to the new 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. This charge, if any, will be recovered by cancelling appropriate number of units out of the Policyholder's Fund Value.

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 charge, if any, shall be transferred to the New Fund type 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 a particular time (presently 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 such time 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.

The timing given is as per the existing guidelines and changes in this regard shall be as per the instruction from IRDA.

- B) Top-up:** No Top-up shall be allowed under the plan.
- C) Increase / Decrease in Benefits:** No increase/decrease of benefits will be allowed under the plan.
- D) Partial withdrawals:** A policyholder can partially withdraw the units at any time after the fifth policy anniversary provided all due premiums till date of partial withdrawal have been paid, 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. Partial withdrawal shall be allowed subject to a minimum balance of two annualized premiums in the Policyholder's Fund.
- Partial withdrawal shall not be allowed to nominee/ legal heir after death of life assured.

11. MODES OF PREMIUM PAYMENT:

Regular premium can be paid throughout the term either in yearly, half yearly, quarterly or monthly installments. Monthly installments will be allowed through ECS only.

There will be no mode specific charges.

12. CEIS REBATE:

No rebate on premium is allowed to Corporation Employees.

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

All other charges shall be as specified in Para 3 (II) to 3 (IV).

13. LOANS: No loan facility shall be available under this plan.

14. UNDERWRITING:

Instructions will be issued separately by Underwriting and Reinsurance Department.

15. 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 the premium is not paid within the days of grace, the benefits shall be paid as per details given in Para 6 under Discontinuance of premiums.

16. 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.

However, in case of discontinuance within 5 years from date of commencement of policy if the Policyholder exercises the option for complete withdrawal or does not exercise any option he/she shall have the right to revive such policy with in 2 years from the date of discontinuance but not later than expiry of 5 years from the date of commencement of the policy.

If the Policyholder exercises the option to revive such policy, then:

- 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.
- The discontinuance charge deducted from the fund, if any, shall be added back to the Fund along with the Proceeds of the discontinued policy.
- All outstanding applicable policy administration charges, premium allocation charges and service tax charges due since the date of discontinuance shall be deducted from the policy fund.
- Units of the segregated fund chosen by the Policyholder shall be allotted at the NAV as on the date of revival.

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.

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

Plus Service Tax charge deducted

Less Charges @ Rs.0.20%o Sum Assured (where Sum Assured is 105% * term * Annualised Premium)

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 (where Sum Assured is 105% * term * Annualised Premium).

20. ASSIGNMENTS / NOMINATION:

No assignment shall be allowed under this plan.

It should be ensured that a nomination is made in the policy at the proposal stage necessarily. However, on subsequent change of nomination, the Notice of change of Nomination should be submitted for registration to the office of the Corporation, where this policy is serviced. In registering the nomination the Corporation does not accept any responsibility or express any opinion as to its validity or legal effect.

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 shall be the claim forms as prescribed by the Corporation accompanied with the original policy document, NEFT mandate from 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 shall also be submitted.

On maturity or on earlier surrender, the Life Assured shall submit the discharge form along with the original policy document, NEFT mandate from claimant for direct credit of the maturity or surrender benefit amount to the bank account, 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 of Sum Assured and total amount of all future premiums

payable under the policy).

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 a half yearly basis 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.