

**LIFE INSURANCE CORPORATION OF INDIA
CENTRAL OFFICE**

Dept: Product Development

"Yogakshema"
Jeevan Bima Marg
Mumbai – 400 021

Ref: CO/PD/50

24th January, 2014

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: Modification of LIC's New Jeevan Nidhi (Plan No.818)

1. Introduction:

In view of the new Regulations issued by IRDA, it has been decided to modify LIC's New Jeevan Nidhi Plan.

The modifications are as under:

1. The total death benefit at any time shall not be less than 105% of the total premiums paid (excluding taxes, extra premium and rider premium, if any).
2. New Rider - **LIC's Accidental Death and Disability Benefit Rider (UIN 512B209V01)** shall be attached with this plan under Regular Premium mode only.
3. The minimum Accident Benefit Sum Assured (under Regular premium) has been increased from Rs.25,000/- to Rs. 1,00,000/-
4. The suicide clause, revival period, maximum age at entry and minimum deferment period (under regular premium), surrender value, forfeiture in certain events and eligibility for acquiring paid-up value have been modified.

The new Unique Identification Number (UIN) for LIC's New Jeevan Nidhi is **512N271V02**. This number has to be quoted in all relevant documents furnished to the policyholders and other users (public, distribution channels etc.).

The modified version of this plan shall be launched from **27th January, 2014**. The new Plan Number for this modified LIC's New Jeevan Nidhi shall be **818**.

2. Benefits:

(a) Death Benefit:

Death during first five policy years: Provided the policy is in full force, Basic Sum Assured along with accrued Guaranteed Addition shall be paid as lump sum or in the form of an annuity or partly in lump sum and balance in the form of an annuity to the nominee/legal heir at the then prevailing immediate annuity rates.

Death after first five policy years: Provided the policy is in full force, Basic Sum Assured along with accrued Guaranteed Addition, vested Simple Reversionary Bonuses and Final Additional Bonus, if any, shall be paid as lump sum or in the form of an annuity or partly in lump sum and

balance in the form of an annuity to the nominee/legal heir at the then prevailing immediate annuity rates.

In any case, provided all due premiums have been paid, the total death benefit at any time shall not be less than 105% of the total premiums paid (excluding taxes, extra premium and rider premium, if any).

(b) Benefit on Vesting:

Provided the policy is in full force, on vesting, an amount equal to the Basic Sum Assured along with accrued Guaranteed Additions, vested Simple Reversionary Bonuses and Final Additional Bonus, if any, shall be made available to the Life Assured.

The proceeds available on vesting shall be payable as per one of the options as specified against para 2 (c).

(c) Option available to Life Assured for utilization of the benefit amount:

The following options shall be available to the Life Assured for utilization of the benefit amount on vesting / surrender.

1. To purchase an immediate annuity

The Life Assured shall have a choice to commute the amount available on vesting / surrender to the extent allowed under Income Tax Act. The entire amount available on vesting / surrender or the balance amount after commutation, as the case may be, shall be utilized to purchase immediate annuity at the then prevailing annuity rates. Commutation shall only be allowed provided the balance amount is sufficient to purchase a minimum amount of annuity as per the provisions of section 4 of Insurance Act, 1938.

In case the total benefit amount is insufficient to purchase the minimum amount of annuity, then the said amount shall be paid as a lump sum to the Life assured.

The annuity shall only be purchased from Life Insurance Corporation of India
or

2. To purchase a new Single Premium deferred pension product from Life Insurance Corporation of India

Under this option the entire proceeds available on vesting / surrender shall be utilized to purchase a new single premium deferred pension product provided the policyholder satisfies the eligibility criteria for purchasing single premium deferred pension product.

The Life Assured will have to intimate his / her intention to go for a particular option available on the date of vesting at least six months prior to the date of vesting or at the time of surrender.

A rebate of 3% shall be available on the purchase price of immediate annuity or single premium deferred pension plan as no Commission and Development Officer's credit shall be paid in such cases.

3. Guaranteed Additions:

Provided the policy is in full force, Guaranteed Additions @ Rs.50/- per thousand Basic Sum Assured will be added to the Basic Sum Assured for each completed year, for first five years.

In case of surrender of fully paid up policy or in case of a death claim, the Guaranteed Additions for the policy year of death or surrender will be added fully.

In case of surrenders and paid-up policies, the Guaranteed Additions for the policy year in which the last premium is received will be added on proportionate basis. For example, if two months' premiums have been received for the policy year, then 2/12th of the Guaranteed Additions for that policy year shall be added.

4. Participation in profits:

The policy shall participate in profits from the 6th policy year onwards till the end of the deferment period and at such rates as may be declared by the Corporation provided the policy is kept in force for full Sum Assured.

Final Additional Bonus, if any, may also be declared under the policy depending upon the experience of the Corporation and shall be payable either on vesting or on earlier death provided the policy has run for certain minimum term.

5. Optional Benefit:

LIC's Accidental Death and Disability Benefit Rider (UIN 512B209V01): LIC's Accidental Death and Disability Benefit Rider (AD&DB) is available as an optional rider by payment of additional premium under regular premium policies only. If there be more policies than one and if the total Accident Benefit exceeds Rs.50 lakhs, the benefits shall apply to the first Rs.50 lakhs Sum Assured in order of date of policies issued.

If this benefit is opted for, in case of accidental death, an additional amount equal to the Accident Benefit Sum Assured will be payable as lumpsum along with the death benefit under the Basic Plan. In case of accidental disability arising due to accident (within 180 days from the date of accident), an amount equal to the Accident Benefit Sum Assured will be paid in equal monthly instalments spread over 10 years and future premiums for Accident Benefit Sum Assured as well as premiums for the portion of Basic Sum Assured which is equal to Accident Benefit Sum Assured under the policy, shall be waived. If the policy becomes a claim either by way of death or the policy vests before the expiry of the said period of 10 years, the disability benefit instalments which have not fallen due will be paid in lump sum.

The premium rate for this rider is as under:

- i) Rs.1.00 per thousand Accident Benefit Sum Assured irrespective of age.
- ii) Rs.1.50 per thousand Accident Benefit Sum Assured, if the Life Assured is engaged in police duty in any police organization other than paramilitary forces and opts for this cover while engaged in police duty.

This benefit will be available only till the end of the deferment period.

LIC's Accidental Death and Disability Benefit rider shall not acquire any paid up value and this rider benefit will cease to apply, if the policy is in lapsed condition.

Beyond the specific details as mentioned in this circular in respect of this rider, additional details i.e. requirements of claim, definition of disability etc., may be referred from the rider circular Ref: CO/PD/44 dated 2.01.2014.

6. Eligibility Conditions and Restrictions:

For Basic Plan:

- | | |
|-------------------------|--|
| a) Minimum age at entry | : 20 years (nearest birthday) |
| b) Maximum age at entry | : 60 years (nearest birthday) under Single Premium |
| | 58 years (nearest birthday) under Regular Premium |

- c) Minimum age at vesting : 55 years (nearest birthday)
 - d) Maximum age at vesting : 65 years (nearest birthday)
 - e) Minimum Deferment period : 5 years under Single Premium
7 years under Regular Premium
 - f) Maximum Deferment period : 35 years
 - g) Minimum Basic Sum Assured : Rs.1,50,000/- for Single Premium
Rs.1,00,000/- for Regular Premium
 - h) Maximum Basic Sum Assured : No limit.
- The Sum Assured under the Basic Plan shall be in multiples of Rs. 5,000/-.

For LIC's Accidental Death and Disability Benefit Rider (Only in case of Regular Premium Policies):

- a) Minimum age at entry : 20 years (nearest birthday)
 - b) Maximum age at entry : The cover can be opted for at any policy anniversary during the deferment period
 - c) Minimum Accident Benefit Sum Assured : Rs.1,00,000/-
 - d) Maximum Accident Benefit Sum Assured : An amount equal to the Basic Sum Assured subject to the maximum of Rs.50 lakh overall limit considering the Accident Benefit Sum Assured in respect of all policies including policies with inbuilt Accident Benefit taken with Life Insurance Corporation of India under individual as well as group policies on the same life and the Accident Benefit Sum Assured under new proposal into consideration.
- The Accident Benefit Sum Assured shall be in multiples of Rs. 5,000/-.

7. Mode of Premium Payment:

Premiums are payable either by Single Premium or regularly during the deferment period with modes of premium payment Yearly, Half yearly, Quarterly, Monthly [ECS only or through Salary deductions (SSS)].

8. Premium Rates:

The tabular premium rates per Rs. 1000/- Basic Sum Assured are enclosed in **Annexure - I**.
Class-I extra premium rates per Rs. 1000/- Basic Sum Assured are enclosed in **Annexure - II**.

The above premium rates are exclusive of taxes.

9. Grace Period for payment of premium:

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

If the death of the life assured occurs within the grace period but before the payment of premium then due, the policy will still be valid and the benefits are paid after deduction of the said unpaid premium and as also, the unpaid premium/s, falling due before the next anniversary of the policy.

If 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 premiums, 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 the Basic Premium.

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10. Taxes:

Taxes including service tax, if any, shall be as per the Tax laws and the rate of tax shall be 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 premiums, 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 service tax will be issued by Finance & Accounts Department, Central office, separately.

11. Rebate:

The rebates for basic plan are as under:

Mode rebate:

Yearly mode	...	2% of tabular premium
Half-Yearly mode	...	1% of tabular premium
Quarterly & SSS mode	...	Nil

High Basic Sum Assured Rebate:

Under Regular Premium policies:

<u>Basic Sum Assured</u>	<u>Rebate(Rs.)</u>
1,00,000 to 2,95,000	Nil
3,00,000 and above	2 % Basic S.A.

Under Single Premium policies:

<u>Basic Sum Assured</u>	<u>Rebate(Rs.)</u>
1,50,000 to 2,95,000	Nil
3,00,000 and above	5 % Basic S.A.

12. CEIS Rebate:

The rebate for eligible employees of the Corporation will be @ 2% of the tabular premium in case of Single Premium policies and @ 2.75% of the tabular premium in case of Regular Premium policies for the basic plan as well as the LIC's Accidental Death and Disability Benefit Rider, if opted for, provided the policy is not taken through any Agent/ Corporate Agent/ Broker/ Direct Sales Executive etc.

13. Commissions payable to the Intermediaries & Development Officer's Credit:

- a) Commission rates (as percentage of premium net of taxes) payable to Agents, Corporate Agents and Brokers during the deferment period are as under:

	<u>1st Year</u>	<u>Subsequent Years</u>
Single premium	2%	Nil
Regular Premium	7.5%	2%

No Bonus commission is payable.

- b) Development Officer's Credit:

Single premium : 5% of the single premium net of taxes

Regular Premium:

Deferment period

5 to 9 years

10 & above

Credit

5% of the first year premium net of taxes

30% of the first year premium net of taxes

14. Paid-up Value (applicable for Regular Premium policies):

For policies with deferment period less than 10 years if atleast two full years' premiums have been paid and for policies with deferment period 10 years or more than 10 years if atleast three full years' premiums have been paid and any subsequent premium be not duly paid, this Policy shall not be wholly void, but shall subsist as a paid-up policy. The Basic Sum Assured shall be reduced to such a sum, called the paid-up sum assured, as shall bear the same ratio to the full Basic Sum Assured 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 shall thereafter be free from all liability for payment of the within-mentioned premium but shall not be entitled to guaranteed additions and any bonuses in future. The accrued guaranteed additions and vested bonus additions, if any, will remain attached to the paid-up policy.

This paid-up sum assured alongwith the accrued Guaranteed Additions and vested Simple Reversionary Bonuses, if any, is payable on the date of vesting or on Life Assured's prior death.

On the death of the Life Assured, the nominee shall have an option to take the proceeds as lump sum or in the form of an annuity or partly in lump sum and balance in the form of an annuity.

On vesting the proceeds shall be payable as per one of the options as specified against para 2(c) above.

Notwithstanding what is stated above, if after at least three full years' premiums have been paid in respect of this policy, 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 the first unpaid premium, Basic Sum Assured along with accrued Guaranteed Additions will be paid after deduction of (a) the premium or premiums unpaid for the basic policy with interest thereon to the date of death on the same terms as of revival of the policy during such period, and (b) the unpaid premiums for the basic policy falling due before the next anniversary of the policy.

Notwithstanding what is stated above, if after at least five years' premiums have been paid in respect of this policy, any subsequent premium be not duly paid, in the event of the death of the Life Assured within 12 months from the due date of the first unpaid premium, Basic Sum Assured along with accrued Guaranteed Additions, vested Simple Reversionary Bonuses and Final Additional Bonus, if any, will be paid after deduction of (a) the premium or premiums unpaid for the basic policy with interest to 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 anniversary of the policy

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

15. Surrender Value:

The surrender value available under the policy is as under:

Guaranteed Surrender Value:

Single Premium policies: The policy can be surrendered at any time during the deferment period. The Guaranteed Surrender Value shall be as under:

At

- Within three policy years from Date of Commencement of policy: 70% of the Single premium excluding taxes and extra premium, if any.
- Thereafter: 90% of the Single premium excluding taxes and extra premium, if any.

Regular Premium policies:

For deferment period less than 10 years: The policy can be surrendered provided the premiums have been paid for atleast two consecutive years.

For deferment period 10 years or more: The policy can be surrendered provided the premiums have been paid for atleast three consecutive years.

The Guaranteed Surrender Value shall be a percentage of total premiums paid excluding taxes, extra premiums, if any and rider premium, if opted for. This percentage will depend on the deferment period and policy year in which the policy is surrendered and is enclosed as **Annexure - III** to this Document.

In addition, the surrender value of any accrued Guaranteed Additions and vested simple reversionary bonuses, if any, shall also be payable, which is equal to the sum of accrued Guaranteed Additions and vested simple reversionary bonuses, if any, multiplied by the Surrender Value factor applicable to accrued Guaranteed Additions and vested bonuses. These factors will depend on the deferment period and policy year in which the policy is surrendered and is enclosed as **Annexure - IV** to this Document.

Special Surrender value:

However, under this policy a Special Surrender value will be payable if it is more favorable to the policyholder. The Special Surrender Value will be the discounted value of the sum of paid-up sum assured (as defined in Para 14), accrued Guaranteed Additions and vested Simple reversionary Bonuses. The discount factors shall be the surrender value factors as provided in Table -1A of Special Surrender Values booklet used for Endowment Assurance Plan. These factors will depend on the deferment period and policy year in which the policy is surrendered since the commencement of the policy.

On surrender the proceeds shall be payable as per one of the options as specified against para 2 (c) above.

LIC's Accidental Death and Disability Benefit Rider will not acquire any surrender value.

16. Revivals (Applicable under Regular Premium policies only):

If the policy has lapsed, due to non payment of due premium within the days of grace, it may be revived during the life time of the Life Assured, but within a period of 2 consecutive years from the date of first unpaid premium or before the date of vesting, whichever is earlier, 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 at revised terms or decline the revival of a discontinued policy. The revival of a discontinued policy shall take effect only after the same is approved by the Corporation and is specifically communicated in writing to the Life Assured.

Revival of LIC's Accidental Death and Disability Benefit Rider, if opted for, will only be considered along with revival of the Basic Policy, and not in isolation.

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17. Loan:

No loan facility will be available under this plan.

18. Underwriting, Age proof and Medical Requirements:

U & R department, Central Office, will issue instructions in this regard.

19. Suicide Clause:

Under Single Premium policies:

The policy shall be void if the Life Assured (whether sane or insane) commits suicide at any time within 12 months from the date of commencement of risk and the Corporation will not entertain any claim under this policy except to the extent of 90% of the single premium paid excluding taxes and any extra premium paid, if any.

Under Regular Premium policies:

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 and the Corporation will not entertain any claim under this policy except to the extent of 80% of the premiums paid excluding any taxes, extra premium and rider premiums, if any, provided the policy is in force.
- 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, extra premium and rider premiums, if any) or the surrender value shall be payable. The Corporation will not entertain any other claim under this policy.

20. Forfeiture in Certain Events:

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

21. Normal requirements for claim:

The normal documents which the claimant shall submit while lodging the claim in case of death of the Life assured 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, proof of accident/disability (as mentioned in the rider circular), medical treatment prior to death, 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.

Where the policy vests or in case of surrender, the Life Assured shall be required to submit the discharge form along with the original policy document, NEFT mandate form from the claimant for direct credit of the commuted value and annuity payments, if any, to the bank account besides proof of age, if the age is not admitted earlier.

If a new single premium deferred pension product is opted for on vesting/surrender as per option stated in Para 2(c)(2) above, then the policyholder shall be required to comply with all the requirements necessary for the completion of the proposal including payment /recovery of tax at the rates applicable at that time.

At

22. 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 bond stating the reason of objections.

The refund of premium to the policyholder shall be subject to 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.

23. Back-dating interest:

The policies can be dated back within the same financial year. Back-dating interest will be as applicable at the time of completion of policy (at the rate as fixed by the Corporation from time to time). No waiver of interest for backdating to lean month will be allowed. Backdating interest is to be charged for period in excess of 15 days. If a policy is dated back for 16 days or more interest will be charged for the full month i.e. as per the existing rules for backdating under Deferred Annuities. Interest calculation under single premium policies will be for the exact number of days without any rounding off.

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

24. Policy stamping:

Policy stamping charges will be 20 paise per thousand Basic Sum Assured under the Plan.

25. Reinsurance:

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

26. Assignments/Nominations:

It should be ensured that a nomination is made in the policy at the proposal stage as per Section 39 of Insurance Act, 1938. Further, efforts should be made at the underwriting stage as well as on subsequent registration to eliminate the possibility of presence/involvement of moral hazard to a maximum extent. It should generally be insisted that the nominee should be spouse, children or very close relative of the Life Assured.

No assignment is allowed under this plan.

27. 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.

28. Proposal Form:

Proposal Form No. 300 shall be used under this plan, which is subject to change.

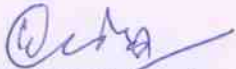
29. Policy Document:

The specimen policy document will be sent by Corporate Communications Department, Central Office

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30. Disclosures:

- i) At the time of sale, the policyholder should be provided a client specific benefit illustration. Such benefit illustration shall be signed by both the prospective policyholder and the intermediary and shall form the part of the policy document. Separate instructions shall be issued by Marketing Department, Central Office, in this regard.
- ii) An yearly Disclosure Form should be sent to the policyholder on 1st April each year. Separate instructions in this regard shall be issued by CRM Department, Central Office.



SECRETARY (Product Development)

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Encl: Annexure – I, II, III, IV