

## JEEVAN KISHORE – (Table No. 102)

### **Benefit Illustration:**

#### ***Introduction:***

Insurance Regulatory & Development Authority (IRDA) requires all life insurance companies operating in India to provide official illustrations to their customers. The illustrations are based on the investment rates of return set by the Life Insurance Council (constituted under Section 64C(a) of the Insurance Act 1938) and is not intended to reflect the actual investment returns achieved or may be achieved in future by Life Insurance Corporation of India (LIC).

For the year 2004-05 the two rates of investment return declared by the Life Insurance Council are 6% and 10% per annum.

#### **Product summary:**

This is an Endowment Assurance Plan available for children of less than 12 years of age. The policy may be purchased by any of the parent/grand parent.

**Commencement of risk cover:** The risk commences either after 2 years from the date of commencement of policy or from the policy anniversary immediately following the completion of 7 years of age of child, whichever is later.

#### ***Premiums:***

Premiums are payable yearly, half-yearly, quarterly or monthly throughout the term of the policy or till earlier death of child. Alternatively, the premium may be paid in one lump sum (Single Premium).

**Bonuses:** This is a with-profits plan and participates in the profits of the Corporation's life insurance business. It gets a share of the profits in the form of bonuses. Simple Reversionary Bonuses are declared per thousand Sum Assured annually at the end of each financial year. Once declared, they form part of the guaranteed benefits of the plan. A Final (Additional) Bonus may also be payable provided policy has run for certain minimum period.

**Death Benefit:** The Sum Assured along with vested bonuses, if any, is payable in a lump sum upon the death of the life assured after the commencement of the risk. If death occurs before the commencement of the risk, the premiums paid excluding the premiums for the Premium Waiver Benefit, if any, will be refunded.

**Maturity Benefit:** Sum assured along with all bonuses declared during the policy term is payable in a lump sum on survival to the end of the policy term.

**Premium Waiver Benefit:** This is an optional benefit that can be added to your basic plan. An additional premium is required to be paid for this benefit. By payment of this additional premium, the proposer can secure the benefit of cessation of premiums from his/her death to the end of the deferment period. The deferment period for this purpose is to be taken as 18 minus age at entry of child.

#### ***Surrender Value:***

Buying a life insurance contract is a long-term commitment. However, surrender values are available on the policy on earlier termination of the contract.

*Guaranteed Surrender Value:*

Regular Premium Policy:

The policy may be surrendered after it has been in force for 3 years or more. The guaranteed surrender value, if policy is surrendered before the date of commencement of risk is 90 % of premiums paid excluding premium for the first year. If policy is surrendered after the date of commencement of risk, the guaranteed surrender value is 30 % of premiums paid after commencement of risk together with 90 % of premiums paid before the commencement of risk. Premiums for the first year and the premiums for Premium Waiver Benefit, if any, will be excluded.

Single Premium Policy:

Guaranteed Surrender Value will be available after expiry of 3 policy years. The guaranteed surrender value, before or after the date of commencement of risk will be 90% of single premium paid excluding all extra premiums, if any.

*Corporation's policy on surrenders:*

In practice, the Corporation will pay a Special Surrender Value – which is either equal to or more than the Guaranteed Surrender Value. The benefit payable on surrender is the discounted value of the reduced claim amount that would be payable on death or at maturity. This value will depend on the number of premiums paid and the duration at which surrender value is calculated. In some circumstances, in case of early termination of the policy, the surrender value payable may be less than the total premium paid.

The Corporation reviews the surrender value payable under its plans from time to time depending on the economic environment, experience and other factors.

*Note: The above is the product summary giving the key features of the plan. This is for illustrative purpose only. This does not represent a contract and for details please refer to your policy document.*

**Statutory warning:**

*“Some benefits are guaranteed and some benefits are variable with returns based on the future performance of your insurer carrying on life insurance business. If your policy offers guaranteed returns then these will be clearly marked “guaranteed” in the illustration table on this page. If your policy offers variable returns then the illustrations on this page will show two different rates of assumed future investment returns. These assumed rates of return are not guaranteed and they are not the upper or lower limits of what you might get back as the value of your policy is dependent on a number of factors including future investment performance.”*

**Illustration 1 (Table 102)**

Age at entry of child : 10 Years

Policy Term : 25 Years

Age of child at Maturity : 35 Years

Mode of premium payment : Yearly

Sum Assured : Rs. 1,00,000 /-

**Annual Premium : Rs. 3635 /-**

End of year	Total premiums paid till end of year	Benefit payable on Death / Maturity at the end of year				
		Guaranteed	Variable		Total	
			Scenario 1	Scenario 2	Scenario 1	Scenario 2
1	3635	3635	0	0	3635	3635
2	7270	7270	0	0	7270	7270
3	10905	100000	6300	16500	106300	116500
4	14540	100000	8400	22000	108400	122000
5	18175	100000	10500	27500	110500	127500
6	21810	100000	12600	33000	112600	133000
7	25445	100000	14700	38500	114700	138500
8	29080	100000	16800	44000	116800	144000
9	32715	100000	18900	49500	118900	149500
10	36350	100000	21000	55000	121000	155000
12	43620	100000	25200	66000	125200	166000
15	54525	100000	31500	82500	131500	182500
20	72700	100000	42000	110000	142000	210000
25	90875	100000	69500	182500	169500	282500

i) This illustration is applicable to a non-smoker male/female standard (from medical and life style point of view) life.

ii) The non-guaranteed benefits (1) and (2) in above illustration are calculated so that they are consistent with the Projected Investment Rate of Return assumption of 6% p.a.(Scenario 1) and 10% p.a. (Scenario 2) respectively. In other words, in preparing this benefit illustration, it is assumed that the Projected Investment Rate of Return that LIC will be able to earn **throughout the term of the policy** will be 6% p.a. or 10% p.a., as the case may be. The Projected Investment Rate of Return is **not guaranteed**.

iii) The main objective of the illustration is that the client is able to appreciate the features of the product and the flow of benefits in different circumstances with some level of quantification.

iv) Future bonuses will depend on future profits and as such is not guaranteed. However, once bonus is declared in any year and added to the policy, the bonus so added is guaranteed.

v) The Maturity Benefit is the amounts shown at the end of the policy term.