

LIC's BIMA BACHAT (Table No.175)

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 (LICI).

For the year 2005-06 the two rates of investment return declared by the Life Insurance Council are upto 6% and upto 10% per annum.

Product Summary

It is a single premium money back type plan where Premium is paid in a lump sum at the outset of the policy. The premium so paid shall be paid back to the policyholder along with Loyalty Additions, if any, on the date of maturity. In addition, the survival benefit instalments are payable on survival of the policyholder till the specified durations. The plan also provides for the payment of Sum Assured in case of death during the term of the policy irrespective of whether or not any survival benefits have been paid earlier. No rider benefits shall be available.

Premiums :

Premium under the plan is payable in one lump sum (Single Premium) at the start of the policy.

Bonuses :

This is a participating plan and the policy shall participate in the profits of the Corporation's with-profits assurance business. The policy shall, however not be eligible for reversionary bonuses and shall participate to a share of profits in the form of Loyalty Addition (one time) only payable on maturity. On the Life Assured surviving the stipulated date of maturity, the policy may be eligible for payment of Loyalty Addition, if any, depending upon the experience of the Corporation at such rate and on such terms as may be declared by the Corporation.

Death Benefit : Payment of an amount equal to Sum Assured on death of the Life Assured during the term of the policy.

Survival Benefits : Payable as given below in case of Life Assured surviving to the end of the specified durations:

For policy term 9 years : 15% of the Sum Assured at the end of each 3rd & 6th policy year

For policy term 12 years : 15% of the Sum Assured at the end of each 3rd, 6th & 9th policy year

For policy term 15 years : 15% of the Sum Assured at the end of each 3rd, 6th, 9th & 12th policy year

Maturity Benefit : Payment of Single Premium (excluding extra premium, if any) along with Loyalty Additions, if any, in case of Life Assured surviving to the end of the term of the policy.

Surrender Value: Buying a life insurance contract is a long-term commitment. However, surrender value is available under the plan on earlier termination of the contract.

The Guaranteed Surrender Value shall be available after completion of atleast one policy year. The Guaranteed Surrender Value is equal to 90 per cent of the Single Premium paid excluding extra premium, if any, and the amount of survival benefits, if any paid earlier.

Corporation's policy on surrenders :

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

BENEFIT ILLUSTRATION :

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.”

Benefit Illustration - Bima Bachat.doc

Illustration 1:

Age at entry : 35 years

Policy Term: 9 years

Mode of premium payment : Single

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

Single Premium : Rs. 67058 /-

End of Year	Total premium paid	Benefit payable on death during the year				
		Guaranteed	Variable		Total	
			Scenario 1	Scenario 2	Scenario 1	Scenario 2
1 to 9	67058	100000	0	0	100000	100000

Survival Benefits :

End of Year	Total premium paid	Benefit payable on survival at the end of specified year				
		Guaranteed	Variable		Total	
			Scenario 1	Scenario 2	Scenario 1	Scenario 2
3	67058	15000	0	0	15000	15000
6	67058	15000	0	0	15000	15000
9	67058	67058	0	24300	67058	91358

Illustration 2:

Age at entry : 35 years

Policy Term: 12 years

Mode of premium payment : Single

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

Single Premium : Rs. 72145 /-

End of Year	Total premium paid	Benefit payable on death during the year				
		Guaranteed	Variable		Total	
			Scenario 1	Scenario 2	Scenario 1	Scenario 2
1 to 12	72145	100000	0	0	100000	100000

Survival Benefits :

End of Year	Total premium paid	Benefit payable on survival at the end of specified year				
		Guaranteed	Variable		Total	
			Scenario 1	Scenario 2	Scenario 1	Scenario 2
3	72145	15000	0	0	15000	15000
6	72145	15000	0	0	15000	15000
9	72145	15000	0	0	15000	15000
12	72145	72145	0	40800	72145	112945

Illustration 3:

Age at entry : 35 years

Policy Term: 15 years

Mode of premium payment : Single

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

Single Premium : Rs. 75195 /-

End of Year	Total premium paid	Benefit payable on death during the year				
		Guaranteed	Variable		Total	
			Scenario 1	Scenario 2	Scenario 1	Scenario 2
1 to 15	75195	100000	0	0	100000	100000

Survival Benefits :

End of Year	Total premium paid	Benefit payable on survival at the end of specified year				
		Guaranteed	Variable		Total	
			Scenario 1	Scenario 2	Scenario 1	Scenario 2
3	75195	15000	0	0	15000	15000
6	75195	15000	0	0	15000	15000
9	75195	15000	0	0	15000	15000
12	75195	15000	0	0	15000	15000
15	75195	75195	0	60000	75195	135195

Notes :

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

The Maturity Benefit is the amount shown at the end of the policy term