

**LIFE INSURANCE CORPORATION OF INDIA  
CENTRAL OFFICE**

Dept: Product Development

"Yogakshema"  
Jeevan Bima Marg,  
Mumbai – 400021

Ref: CO/ PD/109

11<sup>th</sup> September, 2018

To,

All HODs of Central Office,  
All Zonal Offices,  
All Divisional Offices,  
All Branch Offices (through D.O.s)  
MDC, ZTCs, STCs, NIA and  
Audit & Inspection Deptts. of Zonal Offices.

**Re: Introduction of LIC's Jeevan Shanti (Plan No. 850)**

**1. Introduction :**

It has been decided to introduce LIC's Jeevan Shanti Plan (Plan No. 850) with effect from 11<sup>th</sup> September, 2018.

The Unique Identification Number (UIN) for LIC's Jeevan Shanti Plan is **512N328V01**. This number has to be quoted in all relevant documents furnished to the Policyholders and other users (public, distribution channels).

LIC's Jeevan Shanti Plan is a non-linked, non-participating, single premium annuity plan wherein the Policyholder has an option to choose an Immediate Annuity or Deferred Annuity. This plan shall be allowed to all lives including third gender.

The annuity rates are **guaranteed at the inception of the policy** for both Immediate and Deferred Annuity.

Various annuity options and mode of annuity payment are available under the Plan. The option once selected cannot be changed.

**This plan can be purchased offline as well as online.**

The benefits and other details of the plan are as under:

**2. Annuity Options available:**

**The options available under Immediate Annuity are:**

<b>Annuity Options</b>	<b>Annuity Description</b>
<b>Option A</b>	Immediate Annuity for life
<b>Option B</b>	Immediate Annuity with guaranteed period of 5 years and life thereafter
<b>Option C</b>	Immediate Annuity with guaranteed period of 10 years and life thereafter
<b>Option D</b>	Immediate Annuity with guaranteed period of 15 years and life thereafter
<b>Option E</b>	Immediate Annuity with guaranteed period of 20 years and life thereafter
<b>Option F</b>	Immediate Annuity for life with return of Purchase Price
<b>Option G</b>	Immediate Annuity for life increasing at a simple rate of 3% p.a.
<b>Option H</b>	Joint Life Immediate Annuity for life with a provision for 50% of the annuity to the Secondary Annuitant on death of the Primary Annuitant.
<b>Option I</b>	Joint Life Immediate Annuity for life with a provision for 100% of the annuity payable as long as one of the Annuitant survives.
<b>Option J</b>	Joint Life Immediate Annuity for life with a provision for 100% of the annuity payable as long as one of the Annuitant survives and return of Purchase Price on death of last survivor

**The options available under Deferred Annuity are:**

<b>Annuity Options</b>	<b>Annuity Description</b>
<b>Option 1</b>	Deferred annuity for Single life
<b>Option 2</b>	Deferred annuity for Joint life

**3. Modes of Annuity Payments:**

Mode of annuity payments allowable under Immediate and Deferred annuity is yearly, half-yearly, quarterly or monthly installments. The Annuity shall be payable in arrears i.e. the annuity payment shall be after 1 year, 6 months, 3 months and 1 month from the date of commencement of policy for Immediate Annuity options or date of vesting for Deferred Annuity options depending on whether the mode of annuity payment is Yearly, Half yearly, Quarterly and Monthly respectively.

Under Deferred Annuity, change in mode of annuity payments during the deferment period is allowed. Any change in mode of annuity payment will have to be intimated to the Corporation at least 3 months before the end of deferment period. Once the annuity payments starts, under both Immediate and Deferred Annuity, any change in mode of annuity payment shall not be allowed.

**4. Benefits:**

**i. Benefits payable on Survival or on Death :**

**a. Under Immediate Annuity:**

<b>Annuity Option</b>	<b>Single/ Joint Life</b>	<b>Benefit payable on Survival</b>	<b>Benefit payable on Death</b>
A	Single Life	Annuity payments will be made in arrears for as long as Annuitant is alive, as per the chosen mode of annuity payment.	On the death of the Annuitant, nothing shall be payable. The annuity payment shall cease immediately and the policy will terminate.
B	Single Life	Annuity payments will be made in arrears for as long as Annuitant is alive, as per the chosen mode of annuity payment.	<b>On death of the Annuitant during the guaranteed period of 5 years:</b> The annuity shall be payable to the nominee(s) till the expiry of the guaranteed period. Upon the expiry of this Guaranteed Period, the annuity payments will cease immediately and the policy will terminate.  <b>On death of the Annuitant after the guaranteed period:</b> The annuity payment shall cease immediately and the policy will terminate.
C	Single Life	Annuity payments will be made in arrears for as long as Annuitant is alive, as per the chosen mode of annuity payment.	<b>On death of the Annuitant during the guaranteed period of 10 years:</b> The annuity shall be payable to the nominee(s) till the expiry of the guaranteed period. Upon the expiry of this Guaranteed Period, the annuity payments will cease immediately and the policy will terminate.  <b>On death of the Annuitant after the guaranteed period:</b> The annuity payment shall cease immediately and the policy will terminate.
D	Single Life	Annuity payments will be made in arrears for as long as Annuitant is alive, as per the chosen mode of annuity payment.	<b>On death of the Annuitant during the guaranteed period of 15 years:</b> The annuity shall be payable to the nominee(s) till the expiry of the guaranteed period. Upon the expiry of this Guaranteed Period, the annuity payments will cease immediately and the policy will terminate.

			<p><b>On death of the Annuitant after the guaranteed period:</b> The annuity payment shall cease immediately and the policy will terminate.</p>
E	Single Life	Annuity payments will be made in arrears for as long as Annuitant is alive, as per the chosen mode of annuity payment	<p><b>On death of the Annuitant during the guaranteed period of 20 years:</b> The annuity shall be payable to the nominee(s) till the expiry of the guaranteed period. Upon the expiry of this Guaranteed Period, the annuity payments will cease immediately and the policy will terminate.</p> <p><b>On death of the Annuitant after the guaranteed period:</b> The annuity payment shall cease immediately and the policy will terminate.</p>
F	Single Life	Annuity payments will be made in arrears for as long as Annuitant is alive, as per the chosen mode of annuity payment.	On death of the Annuitant, the annuity payment shall cease immediately. The Purchase Price shall be payable to nominee(s) as per the option exercised by the Annuitant(s) as specified in Para 9.a. below.
G	Single Life	Annuity payments will be made in arrears for as long as Annuitant is alive, as per the chosen mode of annuity payment. The annuity payment will be increased by a simple rate of 3% per annum for each completed policy year.	On death of the Annuitant, nothing shall be payable. The annuity payment shall cease immediately and the policy will terminate.
H	Joint Life	The applicable annuity will be paid in arrears for as long as the Primary Annuitant and/or Secondary Annuitant is alive, as per the chosen mode of annuity payment.	<p><b>On death of the Primary Annuitant:</b> 50% of the annuity amount shall be payable to the surviving Secondary Annuitant as long as the Secondary Annuitant is alive. The annuity payments will cease on the subsequent death of the Secondary Annuitant and the policy will terminate.</p> <p><b>If the Secondary Annuitant predeceases the Primary Annuitant:</b> The annuity payments shall continue to be paid and will cease upon the death of the Primary Annuitant and the policy will terminate.</p>
I	Joint Life	The applicable annuity will be paid in arrears for as long as the Primary Annuitant and/or Secondary Annuitant is alive, as per the chosen mode of annuity payment.	<p><b>On first death (of either of the covered lives):</b> 100% of the annuity amount shall continue to be paid as long as one of the Annuitant is alive.</p> <p><b>On death of the last survivor:</b> The annuity payments will cease immediately and the policy will terminate.</p>
J	Joint Life	The applicable annuity will be paid in arrears for as long as the Primary Annuitant and/or Secondary Annuitant is alive, as per the chosen mode of annuity payment.	<p><b>On first death (of either of the covered lives):</b> 100% of the annuity amount shall continue to be paid as long as one of the Annuitant is alive.</p> <p><b>On death of the last survivor:</b> The annuity payments will cease immediately. The Purchase Price shall be payable to the Nominee(s) as per the option exercised by the Primary Annuitant as specified in Para 9.a. below.</p>

b. Under Deferred Annuity:

Annuity Option	Single/ Joint Life	Benefit payable on Survival	Benefit payable on Death
1	Single Life	<p><b>During deferment period:</b> Nothing is payable during the deferment period.</p> <p><b>After deferment period:</b> Annuity payments will be made in arrears as long as the Annuitant is alive, as per the chosen mode of annuity payment.</p>	<p><b>Death Benefit shall be Higher of :</b></p> <ul style="list-style-type: none"> <li>• Purchase Price plus Accrued Guaranteed Additions (as specified in Para 4.iii. below) minus Total annuity payouts till date of death or</li> <li>• 110% of Purchase Price</li> </ul> <p><b>On death of the Annuitant during the deferment period:</b> Death Benefit as defined above shall be payable to nominee(s) as per the option exercised by the Annuitant as specified in Para 9.a. below.</p> <p><b>On death of the Annuitant after the deferment period:</b> The annuity payments shall cease immediately and Death Benefit as defined above shall be payable to nominee(s) as per the option exercised by the Annuitant as specified in Para 9.a. below.</p>
2	Joint Life	<p><b>During deferment period:</b> On the survival of the Primary Annuitant and/or Secondary Annuitant during the deferment period, nothing is payable.</p> <p><b>After deferment period:</b> Annuity payments will be made in arrears as long as the Primary Annuitant and/or Secondary Annuitant is alive, as per the chosen mode of annuity payment.</p>	<p><b>Death Benefit shall be Higher of</b></p> <ul style="list-style-type: none"> <li>• Purchase Price plus Accrued Guaranteed Additions (as specified in Para 4.iii. below) minus Total annuity payments paid till date of death or</li> <li>• 110% of Purchase Price.</li> </ul> <p><b><u>During the Deferment Period:</u></b>  <b>On first death (of either of the covered lives):</b> Nothing shall be payable.</p> <p><b>On death of the last survivor:</b> Death Benefit as defined above shall be payable to nominee(s) as per the option exercised by the Annuitant(s) as specified in Para 9.a. below.</p> <p><b><u>After the Deferment Period:</u></b>  <b>On first death (of either of the covered lives):</b> 100% of the annuity amount shall continue to be paid as long as one of the Annuitant is alive.</p> <p><b>On death of the last survivor:</b> Annuity payment will cease and Death Benefit as defined above shall be payable to nominee(s) as per the option exercised by the Annuitant(s) as specified in Para 9.a. below.</p>

**Note:** The annuities are payable in arrear. In case of death any proportionate annuity from the date of last payment of annuity till date of death shall not be paid.

ii. **Maturity Benefit:** There is no maturity benefit under this policy.

iii. **Accrued Guaranteed Additions:**

Under Deferred Annuity, Guaranteed Additions shall accrue at the end of each policy month, till the end of Deferment Period only.

The rate of Guaranteed Additions during the deferment Period shall be as under:

**Guaranteed Additions per month = (Purchase Price \* Annuity rate p.a. payable monthly) / 12**

Where **Annuity rate p.a. payable monthly** shall be equal to monthly tabular annuity rate (i.e. 96% \* Tabular annuity rate p.a. payable yearly/1000) and shall depend on the age at entry of the annuitant(s) and the deferment period opted for. The tabular annuity rate p.a. are the rates per Rs. 1000/- Purchase Price as given in Annexure 2 of this circular corresponding to the opted option (Single/Joint Life).

In case of death of the annuitant during the deferment period, Guaranteed Additions for the policy year in which the death has occurred shall accrue till the completed policy month as on the date of death.

**5. Eligibility Conditions and Features:**

- a. Minimum Purchase Price : Rs.1,50,000/- subject to Minimum Annuity as specified below
- b. Maximum Purchase Price : No Limit
- c. Minimum Annuity :

Annuity Mode	Monthly	Quarterly	Half-yearly	Annual
Minimum Annuity	Rs.1,000 per month	Rs.3,000 per quarter	Rs.6,000 per half year	12,000 per annum

- d. Maximum Annuity : No Limit
- e. Minimum Age at Entry : 30 years (last birthday)
- f.

Criteria	Immediate Annuity	Deferred Annuity
Maximum Age at Entry	85 years (last birthday) except Option F 100 years (last birthday) for Option F	79 years (last birthday)
Minimum Deferment Period	Not Applicable	1 year
Maximum Deferment Period		20 years subject to Maximum Vesting Age
Minimum Vesting Age		31 years (last birthday)
Maximum Vesting Age		80 years (last birthday)

In case of joint life, the age limits specified above shall apply to both lives.

- g. **Joint Life:** The joint life annuity can be taken between any lineal descendant/ascendant of a family (i.e. Grandparent, Parent, Children, Grandchildren) or spouse or siblings.

**6. Exceptional cases where minimum Purchase Price of Rs. 1,50,000/- shall not be applicable:**

- a. If the plan has been purchased for the benefit of handicapped dependant (Divyangjan) life as mentioned in Para 9.c. below, the proposal shall be allowed without any restriction on minimum annuity and the minimum Purchase Price under such cases shall be Rs. 50,000/-. In such cases the annuity rates given under this plan shall be applicable without any Reduction as specified in Para 8.d. below.
- b. If the plan has been purchased by the subscribers of the National Pension System regulated by the Pension Fund Regulatory and Development Authority (PFRDA) as mentioned in Para 9.b. below, there shall not be any restriction on minimum annuity and the minimum Purchase Price under such cases shall be Rs. 50,000/-. In such cases the annuity rates given under this plan shall be applicable with Reduction Factor as specified in Para 8.d. below.
- c. For all the policies under existing Individual Deferred Annuity / Pension plans and Group Superannuation Schemes as mentioned below, there shall not be any restriction on minimum annuity and the minimum Purchase Price:
  - The nominee has to compulsorily purchase an immediate annuity on death of the life assured/member of the scheme.
  - Annuitisation is compulsory in case of surrender of the policy by the life assured.
  - On vesting of Group Superannuation Schemes and Individual Deferred Annuity / Pension policies where annuity rates are not guaranteed.

In such cases the annuity rates given under this plan shall be applicable with Reduction Factor as specified in Para 8.d. below.

## 7. Annuity Rates:

- a) Annuity rates applicable for Immediate Annuity for different annuity options for all the possible entry ages are enclosed as Annexure 1.

At New Business Stage:

- i. Under Annuity Options A to E and G, the annuity rates shall be applicable for age at entry 30 to 85 years.
- ii. Under Annuity option F, the annuity rates shall be applicable for age at entry 30 to 100 years,
- iii. Under Annuity Option H, I and J, the annuity rates shall be applicable for age at entry 30 to 85 years (for both lives):
- iv. Under Annuity Option I & J, if the secondary annuitant is a handicapped dependant, the annuity rates for combination of ages where secondary annuitant is in the range of 0-29 years, shall be applicable. These rates shall not be applicable at NB stage for any other case.

The available Rates in respect of ages beyond the age (Above /Below) range specified in i), ii), iii) & iv) shall be allowable for such Nominees or Policyholders under Individual Deferred Annuity / Pension plans and Group Superannuation Schemes (where annuity rates are not guaranteed), which vest on or after the date of issuance of this circular.

- b) Annuity rates applicable for Deferred Annuity for different annuity options for all the possible entry ages applicable for the New Business are enclosed as Annexure 2.

## 8. Rebates:

### (a) Incentive for high purchase price:

Under both Immediate Annuity and Deferred Annuity policies, where purchase price is high, incentive by way of increase in the tabular annuity rate will be given to the annuitant.

Scale of absolute amount of incentive under high purchase price policies as an addition to the annuity rates per annum per rupees one thousand purchase price is as below.

Mode of Annuity	For Rs. 1000/- Purchase price (in Rs.)				
	5,00,000 to 9,99,999	10,00,000 to 24,99,999	25,00,000 to 49,99,999	50,00,000 to 99,99,999	1,00,00,000 & above
Yearly	1.50	2.10	2.45	2.60	2.70
Half Yearly	1.40	2.00	2.35	2.50	2.60
Quarterly	1.35	1.95	2.30	2.45	2.55
Monthly	1.30	1.90	2.25	2.40	2.50

### (b) Incentives for Direct sale:

For policies sold directly without any involvement of Agent/any other intermediary, a maximum rebate of 2% per policy by way of increase in annuity shall be available in either of the following cases:

- i. For Online policies (For both Immediate and Deferred Annuity); or
- ii. In case of Group Immediate Annuity taken under Group Superannuation Schemes where purchases are automatic in terms of scheme rules; or
- iii. NPS subscribers.

In case of Group Immediate Annuity Scheme for members of self managed funds a rebate of 1.5% by way of increase in annuity shall be available.

### (c) Reduction in Annuity rates under Deferred annuity for payment frequencies other than yearly mode:

The reduction by way of decrease in annuity rate shall be applicable under Deferred Annuity for frequencies other than yearly mode. The reduction is as under:

<u>Mode</u>	<u>Reduction in annuity rate</u>
Half-yearly	2%
Quarterly	3%
Monthly	4%

**(d) Reduction Factor for lower purchase price:**

In case the Immediate Annuity is to be provided even if the Purchase Price is less than the minimum prescribed Purchase Price (applicable under the cases as specified in Para 6 above), the immediate annuity rates given under this plan shall be reduced with Reduction Factor as specified below.

Age at entry	Reduction Factor for Rs. 1000/- Purchase Price (in Rs)
0-55	1.00
56-70	2.00
71-90	5.00
91 & above	10.00

**(e) The order in which the above rebates/ incentives will be applicable is as below:**

- a) Incentives for Direct Sales by increase of 2% in annuities for individuals through Online sale or through NPS and for Group Immediate Annuity taken under Group Superannuation Schemes where purchases are automatic in terms of scheme rules, when business is procured directly or through Online without any involvement of agent or intermediary, shall be applied first.  
b) For Group Immediate Annuity Schemes the annuity will be increased by 1.5%.
2. Thereafter the reduction in annuity rates based on the frequency of annuities (monthly/quarterly/half-yearly) as mentioned in Para 8.c. above will be applicable in case of deferred annuity only i.e. value in Para 8.e.1.a. above \* (1 – Reduction Factor corresponding to the mode as mentioned in 8.c. above).
3. Thereafter the amount of incentive for the higher purchase price as given in Para 8.a. above/ Reduction factors as given in Para 8.d. above for the purchase price less than the minimum level prescribed shall be applied i.e. the annuity rate arrived will be either increased by the incentives or decreased by the reduction factor, as applicable.

**(f) Rebate for Corporation Employees:**

A rebate of 2% of the purchase price will be available to eligible Corporation employees under CEIS.

**9. Options available under the Plan:**

**a) Options available for payment of Death Benefit:**

Under all the annuity options where there is benefit payable on death i.e. Option F and Option J under Immediate Annuity and both the Options under Deferred Annuity, the Annuitant(s) will have to choose one of the following options for the payment of the death benefit to the nominee(s). The death claim amount shall then be paid to the nominee as per the option exercised by the Annuitant(s) and no alteration whatsoever shall be allowed to be made by the nominee(s). This option has to be exercised by Annuitant(s) at the proposal stage. However, this option can be subsequently modified by Annuitant(s) during his/her life while in currency of the policy.

- i. **Lumpsum Death Benefit:** Under this option the entire Purchase Price / Death benefit shall be payable to the nominee(s) in lumpsum.
- ii. **Annuitisation of Death Benefit:** Under this option the benefit amount payable on death shall be utilized for purchasing an Immediate Annuity from the Corporation for nominee(s) effective from the date of death of the annuitant. The annuity amount payable to the nominee(s) on the admission of death claim shall be based on the age of nominee(s) and immediate annuity rates prevailing as on the date of death of Annuitant (last survivor in case of Joint Life Annuity). This option can be opted for full or part of the benefit amount payable on death. However, the annuity payments for each nominee(s) shall be subject to the eligibility conditions of the annuity plan available at that time and then prevailing Regulatory provisions on the minimum limits for annuities. Currently applicable regulation is IRDAI (Minimum limits for Annuities and other Benefits) Regulations, 2015. In case the eligibility conditions of the annuity plan available at that time are not met or the benefit amount payable on death is insufficient to purchase the minimum amount of annuity, then the said amount shall be paid as a lump sum to the nominee(s).
- iii. **In Installment:** Under this option the benefit amount payable on death can be received in installments over the chosen period of 5 or 10 or 15 years instead of lumpsum amount. This option

can be exercised for full or part of the Death Benefit payable under the policy. The amount opted by the Annuitant(s) (i.e. net claim amount) can be either in absolute value or as a percentage of the total claim proceeds payable.

The installments shall be paid in advance at yearly or half-yearly or quarterly or monthly intervals, as opted for, subject to minimum installment amount for different modes of payments being as under:

Mode of Installment payment	Minimum installment amount
Monthly	Rs. 5000/-
Quarterly	Rs. 15000/-
Half-Yearly	Rs. 25000/-
Yearly	Rs. 50000/-

If the Net Claim Amount is less than the required amount to provide the minimum installment amount as per the option exercised by the Annuitant(s), the claim proceed shall be paid in lumpsum only.

The interest rate applicable for arriving at the installment payments under this option shall be as fixed by the Corporation from time to time.

Any further instructions including applicable rates would be issued by Actuarial Department, Central Office.

**b) Option to take Immediate Annuity by NPS subscriber:**

All the annuity options under Immediate Annuity shall be available to NPS subscriber. The NPS subscribers include government employees, private companies and also those who have subscribed to NPS lite.

The existing default annuity option under NPS is "wherein the annuity contract shall provide for annuity for the subscriber and his or her spouse (if any) with provision for return of purchase price of the annuity and upon the demise of such subscriber, the annuity be re-issued to the family member in the order specified hereunder, at a premium rate prevalent at the time of purchase of such annuity by utilizing the purchase price required to be returned under the annuity contract (until all the family members in the order specified below are covered):

- a) Living dependent mother of the deceased subscriber;
- b) Living dependent father of the deceased subscriber.

After the coverage of all the family members specified above, the purchase price shall be returned to the surviving children of the subscriber and in the absence of children, the legal heirs of the subscriber, as may be applicable."

If a Government Sector NPS subscriber purchases this plan as a default option, then Option J under Immediate Annuity shall be available to the subscriber whose spouse is surviving on the date of purchase. Option F under Immediate Annuity shall be available to the subscriber in the absence of his or her spouse. Thereafter on the death of subscriber and his or her spouse, the purchase price shall be used to purchase immediate annuity option F or J on the life of living dependent mother/father and shall be subject to the eligibility conditions of the annuity plan available at that time.

The default option applicable under this option shall be as per Pension Fund Regulatory and Development Authority (Exits and withdrawals Under the National Pension System) Regulations, 2015, as amended from time to time.

Any further instructions including applicable rates would be issued by Direct Marketing Department, Central Office.

**c) Option to take the plan for the benefit of handicapped dependant (Divyangjan) life:**

If the Proposer has a handicapped dependant (Divyangjan), the plan can be purchased for the benefit of Divyangjan as nominee/annuitant, in following ways:

- i. The Proposer can purchase Single Life Deferred Annuity (Option 1) or Single Life Immediate Annuity with Return of Purchase Price (Option F) on own life. In case of death of the Annuitant (Proposer), the Death Benefit shall compulsorily be utilized to purchase Immediate Annuity (as per option chosen by the Annuitant) on the life of the Divyangjan who would be the nominee.



- ii. The Proposer can purchase Joint Life Immediate Annuity (Option I or J) with Divyangjan as Secondary Annuitant.

The annuity payment to Divyangjan shall be paid subject to minimum Purchase Price of Rs. 50,000/- and irrespective of any limit on minimum annuity payment. The minimum age at entry restrictions as specified in Para 5 above shall not be applicable for the Divyangjan life.

The Handicapped Dependant is a Person with Disabilities (Divyangjan) as defined below, who is the beneficiary under the policy and a relative of the Annuitant.

For deciding eligible disability of Divyanjan as nominee/second annuitant as applicable reference is to be made to meaning of "Disability" as assigned to it in clause (i) of section 2 of the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995 (1 of 1996) [and includes "autism", "cerebral palsy", and "multiple disability" referred to in clauses (a), (c), and (h) of section 2 of the National Trust for welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999 (44 of 1999)] or any other applicable Act in this regard

#### **10. Commission payable to Agents / Corporate Agents / Brokers & D.O. Credit:**

2% of Single Premium is payable as commission to Agent, Corporate agents, Brokers and Insurance Marketing Firms (IMFs). No bonus commission shall be payable.

D.O. credit shall be @ 5% on the purchase price.

In case of online sale, no commission shall be paid to the Insurance Intermediary.

No agent commission or D.O.'s credit shall be paid on vesting/surrender of deferred annuity/pension policies or when the nominee exercises the option to purchase an immediate annuity on death of the life assured.

In case of Group Annuity schemes the commission payable to Agent is 0.25% of single premium. In case of Group Superannuation Schemes where funding is already with LIC, no commission shall be payable.

#### **11. Surrender value:**

The policy can be surrendered at any time after three months from the completion of policy (i.e. 3 months from the Date of issuance of policy) or after expiry of the free-look period, whichever is later under the following annuity options only:

a. Immediate annuity-

- i) Option F: Immediate Annuity for life with return of Purchase Price.
- ii) Option J: Joint Life Immediate Annuity for life with a provision for 100% of the annuity payable as long as one of the Annuitant survives and return of Purchase Price on death of last survivor.

b. Deferred annuity-

- i) Option 1: Deferred annuity for Single life
- ii) Option 2: Deferred annuity for Joint life

If the chosen annuity option is other than specified above, surrender of policy shall not be allowed. On the payment of the surrender value, the policy shall terminate and all other benefits shall cease.

The surrender value payable shall depend on the age (last birthday) of the Annuitant at the time of surrender/date of vesting of the policy.

The procedure for determining Surrender Value and the factors to be used in the calculation of Surrender Value for surrenders during the 12 months' period commencing from 1<sup>st</sup> May, 2018 to 30<sup>th</sup> April, 2019 is enclosed as **Annexure 3**. Applicable Factors for subsequent years would be issued by Actuarial Department, Central Office.

Administrative instructions regarding Surrender will be issued by CRM Department, Central office.

**12. Underwriting and Age proof:**

NEFT mandate from the proposer for direct credit of the annuity amount to the bank account shall be compulsorily obtained for both online and offline sales.

Other instructions to be issued by NB & R department.

**13. Online Sale of Policies:**

Instructions relating to Online sale of policies, if any, will be issued by Direct Marketing Department, Central Office.

**14. Forfeiture In Certain Events:**

In case it is found that any untrue or incorrect statement is contained in the proposal, personal statement, declaration and connected documents or any material information is withheld, then and in every such case the policy shall be void and all claims to any benefit by virtue thereof shall be subject to the provisions of Section 45 of the Insurance Act, 1938 as amended from time to time.

**15. Taxes:**

Statutory Taxes, if any, imposed on such insurance plans by the Govt. of India or any other constitutional tax Authority of India shall be as per the Tax laws and the rate of tax shall be as applicable from time to time.

The amount of any applicable taxes (such as GST), payable as per the prevailing rates shall be payable by the policyholder on Purchase Price payable under the policy, which shall be collected separately in addition to the Purchase Price payable by the policyholder. 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, as applicable from time to time.

**16. Policy stamping:**

- (a) Under the annuity option D and E where guaranteed period is 15 or 20 years, the amount of stamp duty will be based on the total annuity amount payable during the guaranteed period i.e. the annuity per annum multiplied by 15 or 20 respectively.
- (b) Under the annuity option G, the amount of stamp duty will be based on the annuity amount payable for 12 years i.e. 13.98 multiplied by the annuity per annum for first year.
- (c) Under all other annuity options under Immediate Annuity and Option 1 and Option 2 under Deferred Annuity, the amount of stamp duty will be based on the total annuity amount payable for a period of 12 years i.e. 12 multiplied by the annuity per annum.

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

**17. Free Look period:**

If a policy holder is not satisfied with the "Terms and Conditions" of the policy, he/she may return the policy to the Corporation stating the reason of objections, within 15 days (30 days if this policy is purchased online) from the date of receipt of the policy.

The refund of premium to the Policyholder shall be subject to following deductions:

- 1. Stamp duty on policy;
- 2. Annuity paid, if any.

**18. Loan:**

Loan facility shall be available after completion of 1 policy year. Policy loan shall be allowed under the following annuity options only:

a. Immediate annuity-

- i) Option F: Immediate Annuity for life with return of Purchase Price.
- ii) Option J: Joint Life Immediate Annuity for life with a provision for 100% of the annuity payable as long as one of the Annuitant survives and return of Purchase Price on death of last survivor.

b. Deferred annuity-

- i) Option 1: Deferred annuity for Single life
- ii) Option 2: Deferred annuity for Joint life

**Under Deferred Annuity (during deferment period):**

The maximum amount of loan that can be granted under the policy shall be such that the effective annual interest amount payable on loan does not exceed 50% of the annual annuity amount that shall be payable after the deferment period under the policy and shall be subject to maximum of 80% of Surrender Value. Interest on Loan during the deferment period shall be paid on compounding half-yearly basis.

In case if the loan is not repaid during the deferment period and if there is no default in the interest payment as of the end of deferment period, then Interest on the loan shall be recovered from annuity amount payable after the deferment period.

In case if the loan is not repaid during the deferment period and if there is a default in the interest payment as of the end of the deferment period, the difference of surrender value and the loan outstanding amount along with interest, if any, shall be payable to the Primary Annuitant / Secondary Annuitant and the policy shall be terminated.

During the deferment period, in the event of failure of payment of interest payment on the due dates and when the outstanding loan amount along with interest is to exceed the surrender value, the policy shall be forfeited to the Corporation. The difference of surrender value and the loan outstanding amount along with interest, if any, shall be payable to the Primary Annuitant / Secondary Annuitant and the policy shall be terminated.

**Under Immediate Annuity and Deferred Annuity (after deferment period):**

The maximum amount of loan that can be granted under the policy shall be such that the effective annual interest amount payable on loan does not exceed 50% of the annual annuity amount payable under the policy and shall be subject to maximum of 80% of Surrender Value.

Loan interest will be recovered from annuity amount payable under the policy. The Loan interest will accrue as per the frequency of annuity payment under the policy and it will be due on the due date of annuity. The loan outstanding shall be recovered from the claim proceeds at the time of exit.

The rate of interest to be charged for the loan amount would be determined from time to time by the Corporation. Instructions regarding applicable interest rate would be issued by Actuarial Department, Central Office.

**19. Back-Dating:**

Back dating shall not be allowed under this plan.

**20. Suicide:**

**For Immediate Annuity (applicable only Option F and J):**

The policy shall be void if the Annuitant/Primary Annuitant/Secondary Annuitant (whether sane or insane) commits suicide at any time within 12 months from the date of commencement of risk, an amount which is higher of 100% of the Purchase Price paid or Surrender Value shall be payable. The Corporation will not entertain any other claim.

**For Deferred Annuity:**

The policy shall be void if the Annuitant/Primary Annuitant/Secondary Annuitant (whether sane or insane) commits suicide at any time within 12 months from the date of commencement of risk, an amount which is higher of 80% of the Purchase Price paid or Surrender Value shall be payable. The Corporation will not entertain any other claim.

**21. Assignment / Nominations:**

- (a) **Assignments:** Assignment as per Section 38 of the Insurance Act, 1938 as amended from time to time shall be allowed in favour of LIC of India only, if Annuitant opts for loan under the policy.

(b) **Nominations:** Nomination by the holder of a policy of life assurance is required as per Section 39 of the Insurance Act, 1938, as amended from time to time.

The notice of nomination or change of nomination should be submitted for registration to the office of the Corporation, where the policy is serviced. In registering nomination the Corporation does not accept any responsibility or express any opinion as to its validity or legal effect.

**22. Normal requirements for claim:**

**For annuities in payment:**

Instructions regarding the Existence Certificate shall be issued by CRM department separately.

**On death of the annuitant:**

The normal documents which the claimant shall submit while lodging the claim in case of death of the Annuitant/Primary Annuitant/Secondary Annuitant shall be the claim form, 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, whichever is applicable, to the satisfaction of the Corporation.

Further, if the age is not admitted under the policy, the proof of age of the Annuitant shall also be submitted.

Within 90 days from the date of death, intimation of death along with death certificate must be notified in writing to the office of the Corporation where the policy is serviced. However delay in intimation of the claim by the claimant, if any, may be condoned by the Corporation, on merit, where delay is proved to be for reasons beyond his/her control.

**On Surrender:**

In case of surrender of a policy, the Annuitant 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.

In addition to above, any requirement mandated under any statutory provision or as may be required as per law shall also be required to be submitted.

**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. Proposal Form:**

Proposal Form applicable under this plan is enclosed in **Annexure 4**.

**25. Policy Document and Sales Brochure:**

The specimen Policy Document and Sales Brochure will be sent by the Corporate Communication department, Central Office.

This circular has to be read in conjunction with the Policy Document and Sales Brochure.

**26. Address Of Ombudsman:**

At the stage of issuance of policy the address and contact details of the nearest Insurance Ombudsman is to be mentioned in the Policy Document. In case of any change in address by policyholder, the address and contact details of the nearest Insurance Ombudsman from the transferring in branch has to be informed to the policyholder along with confirmation of change in address.

Further, instructions in this regard to be issued by CRM Department, Central office.



**Executive Director (Marketing & Product Development)**

Encl: As above.