

*Group Mortgage Redemption Assurance Scheme
(UIN:512N219V01)*

LIC has introduced Group Mortgage Redemption Assurance (GMRA) Scheme which is a Group Term Assurance Plan to insure the borrowers of Housing Loans / Vehicle Loans etc. Lending institutions like Banks and Housing Finance Companies are competing with each other to offer higher and higher quantum of loans at very competitive interest rates. This phenomenon encourages the younger generation to avail high quantum of loans to procure assets in anticipation of consistent income in future.

Unfortunate death of such borrower will lead his family into disaster due to high outstanding liabilities. The institution will have to follow up with the legal heirs for repayment of loan which may be all the more difficult task if they are non earning members. The other consequence could be the lending institutions try to recover their loans by liquidating the mortgaged property which may lead to a lot of heart burn and bad publicity and may be a long drawn affair.

This plan is designed to overcome the difficulties of borrowers and the lending institutions in case of untimely death of the borrower. Under GMRA Scheme, we offer insurance cover for the individuals who have availed of housing loan / vehicle loan etc. The premium can also be financed by the lending institution and correspondingly the installment amount goes up slightly. In case of an unfortunate death of the borrower, outstanding loan amount is recovered from claim proceeds.

Salient features of GMRA Scheme :-

- *It is a single premium term assurance Plan which covers the housing loans which are repaid in EMIs*
- *It is a decreasing life cover during the term of the loan and is equal to the loan outstanding at the beginning of every year*
- *Any borrower aged between 18-60 years of age is eligible to become a member of this scheme*
- *The minimum term of assurance is 3 years and Maximum Maturity age is 65 years*
- *Existing Borrowers can join the scheme within 6 months of the commencement of scheme*
- *The maximum sum assured under the scheme is Rs. one crore*
- *No medical examination for sum assured of Rs. 10 lacs and age up to 45 years*
- *The lending Institution will be the Nodal Agency and will arrange to collect the premium from the loanees. The admission to the scheme is on the basis of a simple consent letter along with Declaration of Good Health for loans up to Rs.10 lacs and age up to 45 years thereafter evidence of Good health as required by Corporation is necessary. Cost of Reports to be borne by the loanees only*
- *At the entry level, there is a lien period of 45 days is applicable to commence the risk cover except in case of death by accident*
- *Simple claim procedure and prompt settlement of claim in favor of the Institution to clear outstanding dues*
- *Premium paid is eligible for tax benefits*
- *Premature repayment of Loan – member has the option to take refund of premium for the unexpired term*
- *Every additional loan to be covered separately*
- *Scheme can be tailor made for each bank/lending institution.*