

## KOMAL JEEVAN – (Table Nos. 159)

### 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 a Children's Money Back Plan that provides financial protection against death during the term of plan with periodic payments on survival at specified durations. This plan can be purchased by any of the parent or grand parent for a child aged 0 to 10 years.

**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, monthly or through Salary Saving Scheme, as opted by you up to the policy anniversary coinciding with or immediately following the 18<sup>th</sup> birthday of the life assured or till the earlier death of the life assured. Alternatively, the premium may be paid in one lump sum (Single premium).

***Guaranteed Additions :*** The policy provides for the Guaranteed Additions at the rate of Rs.75 per thousand Sum Assured for each completed year. The Guaranteed Additions are payable at the end of the term of the policy or earlier death of the Life Assured.

***Loyalty additions :*** This is a with-profit plan and participates in the profits of the Corporation's life insurance business. It gets a share of the profits in the form of loyalty additions which are terminal bonuses payable along with death or maturity benefit. Loyalty addition may be payable depending on the experience of the Corporation.

***Survival Benefit:*** The percentage of sum assured as mentioned below will be paid on survival to the end of specified durations:

<b>On Survival till the policy anniversary coinciding with or immediately following the completion of the age of</b>	<b>% of Sum Assured</b>
18 years	20%
20 years	20%
22 years	30%
24 years	30%

**Death Benefit:** In case of death of the life assured before the commencement of risk, the policy shall stand cancelled and premiums paid (excluding the Premium for Premium waiver Benefit ) under the policy will be refunded. However, if death occurs after the commencement of risk but before the policy matures, the full Sum Assured plus Guaranteed Additions together with Loyalty Additions, if any, is payable.

**Maturity Benefit:** The Guaranteed Additions together with Loyalty Additions, if any, 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 value is available on the plan on earlier termination of the contract.

*Guaranteed Surrender Value:*

The policy may be surrendered after it has been in force for 3 years or more. The Guaranteed Surrender Value before the date of commencement of risk is 90% of the premiums paid excluding the premiums paid during the first year and any extra premium paid. After the date of commencement of risk, the Guaranteed Surrender Value is 90% of the premiums paid before the date of commencement of risk excluding the premiums paid during the first year and any extra premium paid plus 30% of the premiums paid after the date of commencement of risk.

*Corporation's policy on surrenders:*

In practice, the company will pay a Special Surrender Value – which is either equal to or more than the 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 duration for which premiums have been paid and the policy 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 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.*

**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.”*

**Illustration 1:**

Age at entry: 0 years

Premium Paying Term: 1 Year

Single Premium: Rs.73,980/-

Policy Term: 26 years

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

Year	Total Premium paid till end of year	Benefit on Death during the year (Rs.)				
		Guaranteed	Variable		Total	
			Scenario 1	Scenario 2	Scenario 1	Scenario 2
1	73980	73980	0	0	73980	73980
2	73980	73980	0	0	73980	73980
3	73980	73980	0	0	73980	73980
4	73980	73980	0	0	73980	73980
5	73980	73980	0	0	73980	73980
6	73980	73980	0	0	73980	73980
7	73980	145000	0	12000	145000	157000
8	73980	152500	0	16000	152500	168500
9	73980	160000	0	21000	160000	181000
10	73980	167500	0	26000	167500	193500
15	73980	205000	0	67000	205000	272000
20	73980	242500	0	128000	242500	370500
26	73980	287500	0	277000	287500	564500
End of year		Benefit on Survival / Maturity at the end of Year				
		Guaranteed	Variable		Total	
			Scenario 1	Scenario 2	Scenario 1	Scenario 2
18		20000	0	0	20000	20000
20		20000	0	0	20000	20000
22		30000	0	0	30000	30000
24		30000	0	0	30000	30000
26		195000	0	277000	195000	472000

**Illustration 2:**

Age at entry: 0 years

Premium Paying Term: 18 years

Annual Premium: Rs.7,281/-

Policy Term: 26 years

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

Year	Total Premium paid till end of year	Benefit on Death during the year (Rs.)				
		Guaranteed	Variable		Total	
			Scenario 1	Scenario 2	Scenario 1	Scenario 2
1	7281	7281	0	0	7281	7281
2	14562	14562	0	0	14562	14562
3	21843	21843	0	0	21843	21843
4	29124	29124	0	0	29124	29124
5	36405	36405	0	0	36405	36405
6	43686	43686	0	0	43686	43686
7	50967	145000	0	3000	145000	148000
8	58248	152500	0	5000	152500	157500
9	65529	160000	0	8000	160000	168000
10	72810	167500	0	11000	167500	178500
15	109215	205000	0	43000	205000	248000
20	131058	227500	0	71000	227500	298500
26	131058	242500	0	91000	242500	333500
End of year		<b>Benefit on Survival / Maturity at the end of Year</b>				
		Guaranteed	Variable		Total	
			Scenario 1	Scenario 2	Scenario 1	Scenario 2
18		20000	0	0	20000	20000
20		20000	0	0	20000	20000
22		30000	0	0	30000	30000
24		30000	0	0	30000	30000
26		195000	0	176000	195000	371000

- 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.