

## WHOLE LIFE PLAN (LIMITED PAYMENT) – (Table Nos. 5)

### 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 whole of life assurance plan that provides financial protection against death throughout the lifetime of the Life Assured.

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

The premiums are payable yearly, half-yearly, quarterly, monthly or through Salary deductions, as opted by you up to the selected premium paying period.

The premiums are payable for the periods as specified above or up to earlier death.

***Bonuses:*** 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 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 a policy has run for certain minimum period.

***Death Benefit:*** The Sum Assured plus all bonuses to date is payable in a lump sum upon the death of the life assured.

***Maturity Benefit:*** This is a whole of life assurance plan and hence does not have a maturity date. You, however, have the option to take the Sum Assured plus all bonuses declared under the policy anytime after 40 years from the date of commencement of the policy provided you have attained, at least, 80 years of age.

***Supplementary/Extra Benefits:*** These are the optional benefits that can be added to your basic plan for extra protection/option. An additional premium is required to be paid for these benefits.

#### ***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 plan.

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

The policy may be surrendered after it has been in force for 3 years or more. The guaranteed surrender value is 30% of the basic premiums paid excluding the first year's premium.

*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 reflects the discounted value of the reduced claim amount that would be payable on death. This value will depend on the duration for which premiums have been paid and 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 total premiums 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 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.”*

**Benefits Illustration:****Table No 5****Age at entry: 35 years****Sum Assured: Rs.1,00,000/-****Premium Paying term: 15 years****Mode of premium payment: Yearly****Annual Premium: Rs.4,444/-**

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	4444	100000	3900	10800	103900	110800
2	8888	100000	7800	21600	107800	121600
3	13332	100000	11700	32400	111700	132400
4	17776	100000	15600	43200	115600	143200
5	22220	100000	19500	54000	119500	154000
6	26664	100000	23400	64800	123400	164800
7	31108	100000	27300	75600	127300	175600
8	35552	100000	31200	86400	131200	186400
9	39996	100000	35100	97200	135100	197200
10	44440	100000	39000	108000	139000	208000
15	66660	100000	58500	162000	158500	262000
20	66660	100000	104000	288000	204000	388000
25	66660	100000	130000	360000	230000	460000
30	66660	100000	156000	432000	256000	532000
35	66660	100000	182000	504000	282000	604000
40	66660	100000	208000	576000	308000	676000
45	66660	100000	234000	648000	334000	748000

**Note:**

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.

iv) Future bonus 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 amount shown at the end of 45 years.