CHILDREN'S DEFERRED ENDOWMENT ASSURANCE PLAN – (Table No. 50)

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 2004-05 the two rates of investment return declared by the Life Insurance Council are 6% and 10% per annum.

Product summary:

This is an Endowment Assurance plan designed to enable a parent or a legal guardian or any near relative of the child (called proposer) to provide insurance cover on the life of the child (called life assured). The plan has two stages, one covering the period from the date of commencement of policy to the Deferred Date (called deferment period) and the other covering the period from the Deferred Date to the date of maturity. The insurance cover on the child's life starts from the Deferred Date and is available during the latter period.

The Deferred Date is the policy anniversary date coinciding with or next following the 18th birthday of the child.

***Premiums*:**
Premiums are payable yearly, half-yearly, quarterly or monthly and this shall cease on the death of the life assured. Premiums are waived on death of Proposer provided premiums waiver benefit is availed.

***Bonuses*:** This is a with-profits plan and participates in the profits of the Corporation's life insurance business after the deferred date. 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.

***Death Benefit*:** The Sum Assured along with vested bonuses is payable in a lump sum upon the death of the life assured after the deferment period. If death occurs before the deferment period all premiums paid is refunded.

***Maturity Benefit*:** Sum assured along with all bonuses declared up to maturity date is payable in lump sum.

***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 values are 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 minimum surrender value allowable under this policy is as under:

(a) Before the Deferred date: 90% of the premiums paid excluding the premium for the first year.

(b) After the Deferred date:

- (i) If deferment period is less than 10 years:
  90% of the premiums paid before the deferment date excluding the premiums for the first year plus 30% of premiums paid after the deferred date.
- (ii) If deferment period is 10 years or more :
  90% of a cash option plus 30% of premiums paid after the deferred date.

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 is the discounted value of the reduced claim amount that would be payable at death or maturity. This value will depend on the duration for which premiums have been paid and the policy duration at the date of surrender.

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.

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 (Table 50)
Age at entry : 10 years
Policy Term : 25 Years   Deferment period: 8 years
Premium Paying Term : 25 Years
Mode of premium payment : Yearly
Sum Assured : Rs. 1,00,000 /-
Annual Premium : Rs. 2974 /-

Year	Total Premiums paid till end of year	Benefit payable on Death / Maturity				
		Guaranteed	Variable		Total	
			Scenario 1	Scenario 2	Scenario 1	Scenario 2
1	2974	2974	0	0	2974	2974
2	5948	5948	0	0	5948	5948
3	8922	8922	0	0	8922	8922
4	11896	11896	0	0	11896	11896
5	14870	14870	0	0	14870	14870
6	17844	17844	0	0	17844	17844
7	20818	20818	0	0	20818	20818
8	23792	23792	0	0	23792	23792
9	26766	100000	2100	5500	102100	105500
10	29740	100000	4200	11000	104200	111000
12	35688	100000	8400	22000	108400	122000
15	44610	100000	14700	38500	114700	138500
20	59480	100000	25200	66000	125200	166000
25	74350	100000	46700	124500	146700	224500

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 LICI 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 amounts shown at the end of the policy term.