

**INFORMATION TO BE PROVIDED IN SALES BROCHURE**  
**LIC's Navjeevan (UIN: 512N331V01)**  
**(A Non-linked, Participating, Endowment Life Assurance plan)**

LIC's Navjeevan is a non-linked, participating Endowment Life Assurance plan which offers a combination of protection and savings. This plan provides financial support for the family in case of unfortunate death of the policyholder any time before maturity and a lump sum amount at the time of maturity for the surviving policyholder. This plan also takes care of liquidity needs through its loan facility.

Policyholder can choose to pay the premium either as Lumpsum (Single Premium) or for a Limited period of 5 years.

This plan is available for Online as well as Offline purchase.

**1. Death benefit:**

Death benefit payable in case of death of the Life Assured before the stipulated Date of Maturity provided the policy is in force shall be as under:

i. On death during first five policy years:

***Before the date of commencement of risk:*** Refund of premium(s) paid without interest shall be payable.

The premium(s) referred above shall not include any taxes, extra amount chargeable under the policy due to underwriting decision and rider premium(s), if any.

***On or after the date of commencement of risk:*** "Sum Assured on Death" shall be payable.

ii. On death after completion of five policy years but before the stipulated Date of Maturity:

"Sum Assured on Death" along with Loyalty Addition, if any, shall be payable.

Where,

**For Single premium payment, "Sum Assured on Death"** is defined as higher of:

- Guaranteed Sum Assured on Maturity i.e. Basic Sum Assured; or
- "Absolute amount assured to be paid on death" i.e. 10 times of 'Tabular Single Premium for the chosen Basic Sum Assured'.

'Tabular Single Premium for the chosen Basic Sum Assured' mentioned above shall be the tabular premium based on the age of the Life Assured multiplied by the chosen Basic Sum Assured (in thousands) but before allowing for any rebate and does not include any taxes, extra amount chargeable under the policy due to underwriting decision and rider premium, if any.

**For Limited premium payment, "Sum Assured on Death"** is defined as higher of:

- Guaranteed Sum Assured on Maturity i.e. Basic Sum Assured; or
- Absolute amount assured to be paid on death.

If the life proposed is aged 45 years (nearer birthday) and above, he/she has two options to choose “**Absolute amount Assured to be paid on Death**” depending upon specific needs and planning:

**Option 1:** “Absolute amount assured to be paid on death” equal to 10 times of the Annualised Premium.

**Option 2:** “Absolute amount assured to be paid on death” equal to 7 times of the Annualised Premium.

**If the life proposed is aged below 45 years (nearer birthday), only Option 1 is available.**

Annualized Premium mentioned above shall be the tabular annual premium corresponding to chosen Basic Sum Assured based on the age of the Life Assured after allowing for modal loading but before allowing rebate for high sum assured/Online purchase/CEIS and does not include any taxes, extra amount chargeable under the policy due to underwriting decision and rider premiums, if any.

The death benefit under Limited Premium payment shall not be less than 105% of total premiums paid excluding taxes, extra amount if charged under the policy due to underwriting decision and rider premium, if any, as on date of death.

## **2. Maturity Benefit:**

On the life assured surviving to the end of the policy term, provided all due premiums have been paid, “Sum Assured on Maturity” along with Loyalty Addition, if any, shall be payable.

The “Sum Assured on Maturity” shall be equal to Basic Sum Assured.

## **3. Loyalty Addition:**

Provided the policy has completed five policy years and all the premiums due under the policy have been paid, then depending upon the Corporation’s experience the policies under this product shall be eligible for Loyalty Addition at the time of exit in the form of Death during the policy term or Maturity at such rate and on such terms as may be declared by the Corporation.

In addition, Loyalty Addition, if any, shall also be considered in Special Surrender Value on surrender of policy during the policy term under both single premium payment policy and limited premium payment policy, provided the policy has completed five policy years and all the premiums due under the policy have been paid.

Loyalty Addition shall not be payable under a paid-up policy.

## **4. Eligibility Conditions and other Restrictions:**

### **i. Minimum Age at entry**

Single premium	: 90 days (completed)
Limited premium	: 90 days (completed) under Option 1 45 years (nearer birthday) under Option 2

- ii. Maximum Age at entry
  - Single premium : 44 years (nearer birthday)
  - Limited premium : 60 years (nearer birthday) under Option 1  
65 years (nearer birthday) under Option 2
- iii. Minimum Maturity Age : 18 years (completed)
- iv. Maximum Maturity Age
  - Single premium : 62 years (nearer birthday)
  - Limited premium : 75 years (nearer birthday) under Option 1  
80 years (nearer birthday) under Option 2
- v. Minimum Basic Sum Assured : Rs.1, 00,000/-
- vi. Maximum Basic Sum Assured : No Limit

Basic Sum Assured shall be in multiples of amounts specified below:

Premium payment option	Sum Assured range	Sum Assured multiple
Single Premium	Rs. 1,00,000 to Rs. 9,00,000	Rs. 20,000
	Above Rs. 9,00,000	Rs. 50,000
Limited Premium	Rs. 1,00,000 to Rs. 9,00,000	Rs. 20,000
	Above Rs. 9,00,000	Rs. 25,000

- vii. Policy Term : 10 to 18 years

**Date of commencement of risk (applicable only if the age of Life Assured is less than 8 years):** In case the age at entry of the Life assured is less than 8 years, the risk under this plan will commence either one day before the completion of 2 years from the date of commencement of the policy or one day before the policy anniversary coinciding with or immediately following the completion of 8 years of age whichever is earlier.

For those aged 8 years or more at entry, risk will commence immediately from the date of acceptance of the risk i.e. from the Date of issuance of policy.

**Date of vesting under the plan (Applicable only if the age of Life Assured is below 18 years on the date of commencement of policy):** The policy shall automatically vest in the Life Assured on the policy anniversary coinciding with or immediately following the completion of 18 years of age and shall on such vesting be deemed to be a contract between the Corporation and the Life Assured.

## 5. Options available:

### i. Rider Benefit:

The policyholder has an option of availing LIC's Accidental Death and Disability Benefit Rider (UIN: 512B209V02). This rider can be opted at inception of the policy only.

If this rider is opted for, in case of accidental death, the Accident Benefit Rider Sum Assured will be payable as lumpsum along with the death benefit under the Base plan. In case of accidental disability arising due to accident (within 180 days from the date of accident), an amount equal to the Accident Benefit Sum Assured will be paid in monthly instalments spread over 10 years and future premiums under this rider as well as

premiums for that portion of Sum Assured on Death under the Base plan which is equal to Accident Benefit Sum Assured allowed under an individual policy, shall be waived.

The premium under this rider shall not exceed 100% of the premium under the Base product. The Accidental Benefit Sum Assured shall not exceed the Sum Assured on Death under the policy.

For more details on the above rider, refer to the Rider brochure or contact LIC's nearest Branch Office.

**ii. Settlement Option for Maturity Benefit:**

Settlement Option is an option to receive Maturity Benefit in installments over the chosen period of 5 or 10 or 15 years instead of lumpsum amount under an inforce as well as paid-up policy. This option can be exercised by the Policyholder during minority of the Life Assured or by Life Assured aged 18 years and above, for full or part of Maturity proceeds payable under the policy. The amount opted for by the Policyholder/Life Assured (ie. 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 mode of payments being as under:

<b>Mode of Installment payment</b>	<b>Minimum installment amount</b>
Monthly	Rs. 5,000/-
Quarterly	Rs. 15,000/-
Half-Yearly	Rs. 25,000/-
Yearly	Rs. 50,000/-

If the Net Claim Amount is less than the required amount to provide the minimum instalment amount as per the option exercised by the Policyholder/Life Assured, the claim proceed shall be paid in lumpsum only.

The interest rates applicable for arriving at the installment payments under Settlement Option shall be as fixed by the Corporation from time to time.

For exercising the Settlement Option against Maturity Benefit, the Policyholder/Life Assured shall be required to exercise option for payment of net claim amount in instalments at least 3 months before the due date of maturity.

The first payment will be made on the date of maturity and thereafter, based on the mode of instalment payment opted for by the policyholder, every month or three months or six months or annually from the date of maturity, as the case may be.

**After the commencement of Installment payments under Settlement Option:**

- a. If a Life Assured, who has exercised Settlement Option against Maturity Benefit, desires to withdraw this option and commute the outstanding installments, the same shall be allowed on receipt of written request from the Life Assured. In such case, the lump sum amount which is higher of the following shall be paid and policy shall terminate,
  - discounted value of all the future installments due; or

- (the original amount for which settlement option was exercised) less (sum of total installments already paid);
- b. The interest rates applicable for discounting the future installment payments shall be as fixed by the Corporation from time to time.
- c. After the Date of Maturity, in case of death of the Life Assured, who has exercised Settlement Option, the outstanding installments will continue to be paid to the nominee as per the option exercised by the Life Assured and no alteration whatsoever shall be allowed to be made by the nominee.

**iii. Option to take Death Benefit in installments:**

This is an option to receive death benefit in instalments over the chosen period of 5 or 10 or 15 years instead of lump sum amount under an inforce as well as paid-up policy. This option can be exercised by the Policyholder during minority of the Life Assured or by Life Assured aged 18 years and above, during his/her life time; for full or part of Death benefits payable under the policy. The amount opted for by the Policyholder/Life Assured (ie. Net Claim Amount) can be either in absolute value or as a percentage of the total claim proceeds payable.

The instalments 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:

<b>Mode of Installment payment</b>	<b>Minimum installment amount</b>
Monthly	Rs. 5,000/-
Quarterly	Rs. 15,000/-
Half-Yearly	Rs. 25,000/-
Yearly	Rs. 50,000/-

If the Net Claim Amount is less than the required amount to provide the minimum instalment amount as per the option exercised by the Policyholder/Life Assured, the claim proceed shall be paid in lumpsum only.

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

For exercising option to take Death Benefit in instalments, the Policyholder during minority of the Life Assured or the Life Assured, if major, can exercise this option during his/her lifetime while in currency of the policy, specifying the period of Instalment payment and net claim amount for which the option is to be exercised. The death claim amount shall then be paid to the nominee as per the option exercised by the Policyholder/Life Assured and no alteration, whatsoever, shall be allowed to be made by the nominee.

**6. Payment of Premiums:**

Premiums can be paid either in lumpsum or for a limited period of 5 years. In case of Limited Premium payment, premium can be paid with modes of premium payment yearly, half-yearly, quarterly or monthly (through NACH or salary deductions (SSS)).

The premium payable will depend on the age at entry of the life to be assured, policy term, premium paying term and Basic Sum Assured chosen. Under Single Premium,

minimum premium shall be Rs. 39,415/-. Under Limited Premium the minimum annualised premium shall be Rs. 10,035/- for Option 1 and Rs. 10,635/- for Option 2.

**7. Grace Period for Limited Premium payment:**

A grace period of one calendar month but not less than 30 days shall be allowed for payment of yearly or half-yearly or quarterly premiums and 15 days for monthly premiums from the date of First unpaid premium. During this period, the policy is considered in force with the risk cover without any interruption as per the terms of the policy, If the premium is not paid before the expiry of the days of grace, the Policy lapses.

**8. Rebates/ Extra loadings:**

The following rebates / loadings shall be applicable:

**(i) High Basic Sum Assured Rebate:**

a) Under Single Premium:

Basic Sum Assured	Reduction in tabular single premium per Rs. 1000/- Basic Sum Assured
Rs. 1,00,000 to Rs. 1,80,000	Nil
Rs. 2,00,000 to Rs. 4,80,000	Rs. 20
Rs. 5,00,000 to Rs. 9,50,000	Rs. 25
Rs 10,00,000 and above	Rs. 35

b) Under Limited Premium Payment:

Basic Sum Assured	Reduction in tabular premium per Rs. 1000/- Basic Sum Assured
Rs. 1,00,000 to 1,80,000	Nil
Rs. 2,00,000 to 4,80,000	Rs. 5
Rs. 5,00,000 to 9,75,000	Rs. 7
Rs. 10,00,000 and above	Rs. 9

**(ii) Modal Loading (applicable for Limited Premium Payment):**

Mode	Loading (as a % of tabular annual premium)
Yearly mode	Nil
Half-yearly mode	2%
Quarterly	3%
Monthly (NACH) And SSS mode	3.5%

**(iii) Rebate for Online sale:**

For policies purchased Online, following rebate shall be applicable:

- Single Premium : 2% of tabular premium
- Limited Premium : 5% of tabular premium

**9. Paid-up Value (Applicable for Limited Premium payment):**

If less than two years' premiums have been paid, and any subsequent premium(s) be not duly paid, all the benefits under the policy shall cease after the expiry of grace period and nothing shall be payable.

However, after at least two full years' premiums have been paid and any subsequent premium(s) be not duly paid, this policy shall not be wholly void, but shall subsist as a paid-up policy.

The **Sum Assured on Death** under a paid-up policy shall be reduced to such an amount called '**Death Paid-up Sum Assured**' and shall be equal to [Sum Assured on Death \* (number of premiums paid / number of premiums payable during the premium paying term)].

The **Sum Assured on Maturity** under a paid-up policy shall be reduced to such an amount called '**Maturity Paid-up Sum Assured**' and shall be equal to [Sum Assured on Maturity \* (number of premiums paid / number of premiums payable during the premium paying term)].

No Loyalty Addition is payable under paid up policy.

Rider shall not acquire any paid-up value and the rider benefits cease to apply, if policy is in lapsed condition.

**10. Revival (Applicable for Limited Premium payment):**

If premiums are not paid within the grace period then the policy will lapse. A lapsed policy can be revived within a period of 2 consecutive years from the date of first unpaid premium or as is allowed under applicable Product Regulations, on payment of all the arrears of premium together with interest (compounding half-yearly) at such rate as fixed by the Corporation at the time of the payment. In addition, proof of continued insurability may be required.

The Corporation reserves the right to accept at original terms, accept with modified terms or decline the revival of a discontinued policy. The revival of a discontinued policy shall take effect only after the same is approved by the Corporation and is specifically communicated in writing to the Life Assured.

Revival of rider, if opted for, will be considered along with revival of the base policy, and not in isolation.

**11. Surrender Value:**

Under Single Premium payment, the policy can be surrendered at any time during the policy term. Under Limited Premium payment, the policy can be surrendered provided at least two full years' premiums have been paid. On surrender of the policy, the Corporation shall pay the Surrender Value equal to higher of Guaranteed Surrender Value or Special Surrender Value.

The Special Surrender Value is reviewable and shall be determined by the Corporation from time to time subject to prior approval of IRDAI.

The **Guaranteed Surrender Value** payable under the policy shall be:

Under Single Premium:

- First policy year: 70% of the Single Premium
- Thereafter : 90% of the Single Premium

Under Limited Premium:

The Guaranteed Surrender Value payable during the policy term shall be equal to the total premiums paid multiplied by the Guaranteed Surrender Value factor applicable to total premiums paid under the policy. These Guaranteed Surrender Value factors expressed as percentages will depend on the policy term and policy year in which the policy is surrendered and are specified as below:

Single premium/Premium referred above shall not include taxes, extra amount chargeable under the policy due to underwriting decision and rider premium, if any.

<b>Guaranteed Surrender Value factors applicable to total premiums paid</b>									
<b>Policy Year</b>	<b>Policy Term</b>								
	<b>10</b>	<b>11</b>	<b>12</b>	<b>13</b>	<b>14</b>	<b>15</b>	<b>16</b>	<b>17</b>	<b>18</b>
<b>1</b>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>2</b>	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
<b>3</b>	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
<b>4</b>	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
<b>5</b>	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
<b>6</b>	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
<b>7</b>	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
<b>8</b>	65.00%	60.00%	57.50%	56.00%	55.00%	54.29%	53.75%	53.33%	53.00%
<b>9</b>	80.00%	70.00%	65.00%	62.00%	60.00%	58.57%	57.50%	56.67%	56.00%
<b>10</b>	80.00%	80.00%	72.50%	68.00%	65.00%	62.86%	61.25%	60.00%	59.00%
<b>11</b>		80.00%	80.00%	74.00%	70.00%	67.14%	65.00%	63.33%	62.00%
<b>12</b>			80.00%	80.00%	75.00%	71.43%	68.75%	66.67%	65.00%
<b>13</b>				80.00%	80.00%	75.71%	72.50%	70.00%	68.00%
<b>14</b>					80.00%	80.00%	76.25%	73.33%	71.00%
<b>15</b>						80.00%	80.00%	76.67%	74.00%
<b>16</b>							80.00%	80.00%	77.00%
<b>17</b>								80.00%	80.00%
<b>18</b>									80.00%



## **12. Policy Loan:**

Under Single Premium payment policies, loan can be availed at any time after three months from completion of the policy (i.e. 3 months from the date of issuance of policy) or after expiry of the Free-Look Period, whichever is later. Under Limited Premium payment policies, loan can be availed provided atleast two full years' premiums have been paid.

The maximum loan allowed under the policy, as a percentage of Surrender Value, shall be as under:

For Single Premium payment policy: upto 80%.

For Limited Premium payment policy:

- For inforce policies – upto 80%
- For paid-up policies – upto 70%

The interest rate to be charged for policy loan and as applicable for entire term of the loan shall be determined at periodic intervals. The applicable interest rate shall be as declared by the Corporation based on the method approved by the IRDAI.

Any loan outstanding along with interest shall be recovered from the claim proceeds at the time of exit.

## **13. Tax:**

- i. 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 as applicable from time to time.

The amount of applicable taxes, as per the prevailing rates, shall be payable by the policyholder on premium(s) payable under the policy, which shall be collected separately over and above in addition to the premium(s) payable by the policyholder. The amount of Tax paid shall not be considered for the calculation of benefits payable under the plan.

- ii. Regarding Income tax benefits/implications on premium(s) paid and benefits payable under this plan, please consult your tax advisor for details.

## **14. Free Look Period:**

If the Policyholder is not satisfied with the "Terms and Conditions" of the policy, the policy may be returned to the Corporation within 15 days (30 days if this policy is purchased online) from the date of receipt of the policy bond stating the reason of objections. On receipt of the same the Corporation shall cancel the policy and return the amount of premium deposited after deducting the proportionate risk premium (for base plan and rider, if any) for the period on cover, expenses incurred on medical examination, special reports, if any and stamp duty charges.

## **15. Suicide Exclusion:**

### **(i) Under Single Premium Policy:**

The policy shall be void if the Life Assured (whether sane or insane at the time) commits suicide at any time within 12 months from the date of commencement of the risk, an amount which is higher of 90% of the Single Premium paid or Surrender Value shall be payable. The Corporation will not entertain any other claim.

**(ii) Under Limited Premium Policy:**

A Policy shall be void;

- 1) If the Life assured (whether sane or insane) commits suicide at any time within 12 months from the date of commencement of the risk, the Corporation will not entertain any claim except for 80% of the premiums paid, provided the policy is in force.
- 2) If the Life assured (whether sane or insane) commits suicide at any time within 12 months from the date of revival, an amount which is higher of 80% of the premiums paid till the date of death or the surrender value as available on the date of death shall be payable. The Corporation will not entertain any other claim.

This clause shall not be applicable for a policy lapsed without acquiring paid-up value and nothing shall be payable under such policies.

This clause shall not apply in case of Life Assured whose age at the time of entry/revival is below 8 years i.e. if age of the Life assured is below 8 years normal death benefit shall be payable.

**Note:** Single Premium/Premium referred above shall not include any taxes, extra amount if charged under the policy due to underwriting decision and any rider premium.

**16. Benefit Illustrations:**

**Illustration 1- Single Premium:**

Age of Life Assured (nearer birthday)	8
Policy Term (years)	18
Premium payment mode	Single Premium
Basic Sum Assured (Rs)	5,00,000
Premium (excluding Taxes) (Rs)	1,87,425
Sum Assured on Death (Rs)	19,99,250
Sum Assured on Maturity (Rs)	5,00,000

**Benefits under different scenarios:**

Policy Year	Guaranteed Benefit		Non Guaranteed Benefit		Total Death Benefit		Total Maturity Benefit	
	Sum Assured on Death	Sum Assured on Maturity	Loyalty Addition		Scenario 1	Scenario 2	Scenario 1	Scenario 2
			Scenario 1	Scenario 2				
(1)	(2)	(3)	(4)	(1)+(3)	(1)+(4)	(2)+(3)	(2)+(4)	
4	19,99,250	-	-	-	19,99,250	19,99,250	-	-
6	19,99,250	-	-	10,000	19,99,250	20,09,250	-	-
10	19,99,250	-	-	25,000	19,99,250	20,24,250	-	-
18	19,99,250	5,00,000	-	75,000	19,99,250	20,74,250	5,00,000	5,75,000

**Illustration 2- Limited Premium (Option 1):**

Age of Life Assured (nearer birthday)	35
Policy Term (years)	18
Premium Paying term (years)	5
Premium payment mode	Yearly
Basic Sum Assured (Rs.)	5,00,000
Premium (excluding Taxes) (Rs.)	47,775
Sum Assured on Death (Rs)	5,12,750
Sum Assured on Maturity (Rs)	5,00,000

**Benefits under different scenarios:**

Policy Year	Total Premium Paid (Rs)	Guaranteed Benefit		Non Guaranteed Benefit		Total Death Benefit		Total Maturity Benefit	
		Sum Assured on Death (1)	Sum Assured on Maturity (2)	Loyalty Addition		Scenario 1 (1)+(3)	Scenario 2 (1)+(4)	Scenario 1 (2)+(3)	Scenario 2 (2)+(4)
				Scenario 1 (3)	Scenario 2 (4)				
4	1,91,100	5,12,750	-	-	-	5,12,750	5,12,750	-	-
6	2,38,875	5,12,750	-	-	7,500	5,12,750	5,20,250	-	-
10	2,38,875	5,12,750	-	-	27,500	5,12,750	5,40,250	-	-
18	2,38,875	5,12,750	5,00,000	-	92,500	5,12,750	6,05,250	5,00,000	5,92,500

**Illustration 3- Limited Premium (Option 2):**

Age of Life Assured (nearer birthday)	50
Policy Term (years)	18
Premium Paying term (years)	5
Premium payment mode	Yearly
Basic Sum Assured (Rs.)	5,00,000
Premium (excluding Taxes) (Rs.)	51,525
Sum Assured on Death (Rs.)	5,00,000
Sum Assured on Maturity (Rs)	5,00,000

**Benefits under different scenarios:**

Policy Year	Total Premium Paid (Rs)	Guaranteed Benefit		Non Guaranteed Benefit		Total Death Benefit		Total Maturity Benefit	
		Sum Assured on Death  (1)	Sum Assured on Maturity  (2)	Loyalty Addition		Scenario 1  (1)+(3)	Scenario 2  (1)+(4)	Scenario 1  (2)+(3)	Scenario 2  (2)+(4)
				Scenario 1  p.a.  (3)	Scenario 2  (4)				
4	2,06,100	5,00,000	-	-	-	5,00,000	5,00,000	-	-
6	2,57,625	5,00,000	-	-	7,500	5,00,000	5,07,500	-	-
10	2,57,625	5,00,000	-	-	27,500	5,00,000	5,27,500	-	-
18	2,57,625	5,00,000	5,00,000	-	92,500	5,00,000	5,92,500	5,00,000	5,92,500

**Disclaimer:**

- i) *This illustration is applicable to a non-smoker male/female standard (from medical, life style and occupation point of view) life for a policy purchased offline, wherein LIC's Accidental Death and Disability Benefit Rider is not opted.*
- ii) *The non-guaranteed benefit (Loyalty Addition) in the above illustration has been given assuming that the death occurs at the end of policy year and has been calculated so that they are consistent with the Projected Investment Rate of Return assumption of 4% p.a ( Scenario 1). and 8% p.a(Scenario 2). 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 4% p.a. or 8% p.a., as the case may be. The Projected Investment Rate of Return is not guaranteed.*
- iii) *One time Loyalty Addition would be payable only if policy completes 5 years. The Loyalty Addition is not guaranteed but would depend on the experience of the Corporation.*
- iv) *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.*

**Section 45 of the Insurance Act, 1938:**

The provision of Section 45 of the Insurance Act, 1938 shall be as amended from time to time. The simplified version of this provision is as under:

Provisions regarding policy not being called into question in terms of Section 45 of the Insurance Act, 1938, as amended by Insurance Laws (Amendment) Act, 2015 are as follows:

1. No Policy of Life Insurance shall be called in question on any ground whatsoever after expiry of 3 yrs from
  - a. the date of issuance of policy or
  - b. the date of commencement of risk or

- c. the date of revival of policy or
- d. the date of rider to the policy  
whichever is later.

2. On the ground of fraud, a policy of Life Insurance may be called in question within 3 years from

- a. the date of issuance of policy or
- b. the date of commencement of risk or
- c. the date of revival of policy or
- d. the date of rider to the policy  
whichever is later.

For this, the insurer should communicate in writing to the insured or legal representative or nominee or assignees of insured, as applicable, mentioning the ground and materials on which such decision is based.

3. Fraud means any of the following acts committed by insured or by his agent, with the intent to deceive the insurer or to induce the insurer to issue a life insurance policy:

- a. The suggestion, as a fact of that which is not true and which the insured does not believe to be true;
- b. The active concealment of a fact by the insured having knowledge or belief of the fact;
- c. Any other act fitted to deceive; and
- d. Any such act or omission as the law specifically declares to be fraudulent.

4. Mere silence is not fraud unless, depending on circumstances of the case, it is the duty of the insured or his agent keeping silence to speak or silence is in itself equivalent to speak.

5. No Insurer shall repudiate a life insurance Policy on the ground of Fraud, if the Insured / beneficiary can prove that the misstatement was true to the best of his knowledge and there was no deliberate intention to suppress the fact or that such mis-statement of or suppression of material fact are within the knowledge of the insurer. Onus of disproving is upon the policyholder, if alive, or beneficiaries.

6. Life insurance Policy can be called in question within 3 years on the ground that any statement of or suppression of a fact material to expectancy of life of the insured was incorrectly made in the proposal or other document basis which policy was issued or revived or rider issued. For this, the insurer should communicate in writing to the insured or legal representative or nominee or assignees of insured, as applicable, mentioning the ground and materials on which decision to repudiate the policy of life insurance is based.

7. In case repudiation is on ground of mis-statement and not on fraud, the premium collected on policy till the date of repudiation shall be paid to the insured or legal representative or nominee or assignees of insured, within a period of 90 days from the date of repudiation.

8. Fact shall not be considered material unless it has a direct bearing on the risk undertaken by the insurer. The onus is on insurer to show that if the insurer had been aware of the said fact, no life insurance policy would have been issued to the insured.

9. The insurer can call for proof of age at any time if he is entitled to do so and no policy shall be deemed to be called in question merely because the terms of the policy are adjusted on subsequent proof of age of life insured. So, this Section will not be

applicable for questioning age or adjustment based on proof of age submitted subsequently.

*[Disclaimer: This is not a comprehensive list of Section 45 of the Insurance Act, 1938, as amended by the Insurance Laws (Amendment) Act, 2015 and only a simplified version prepared for general information. Policyholders are advised to refer to the Insurance Laws (Amendment) Act, 2015, for complete and accurate details.]*

**Prohibition of Rebates (Section 41 of the Insurance Act, 1938 as amended by the Insurance Laws (Amendment) Act, 2015)**

- 1) No person shall allow or offer to allow, either directly or indirectly, as an inducement to any person to take out or renew or continue an insurance in respect of any kind of risk relating to lives or property in India, any rebate of the whole or part of the commission payable or any rebate of the premium shown on the policy, nor shall any person taking out or renewing or continuing a policy accept any rebate, except such rebate as may be allowed in accordance with the published prospectuses or tables of the insurer.
- 2) Any person making default in complying with the provisions of this section shall be liable for a penalty which may extend to ten lakh rupees.

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