

WHOLE LIFE PLAN – (Table No. 2)

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 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. The premiums are payable for a period of 35 years or up to age 80 years, whichever is later.

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.”

Illustration:

Table No 2

Age at entry: 35 years

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

Premium Paying term: 45 years

Mode of premium payment: Yearly

Annual Premium: Rs.2917/-

| 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 | 2917 | 100000 | 3900 | 10800 | 103900 | 110800 |
| 2 | 5834 | 100000 | 7800 | 21600 | 107800 | 121600 |
| 3 | 8751 | 100000 | 11700 | 32400 | 111700 | 132400 |
| 4 | 11668 | 100000 | 15600 | 43200 | 115600 | 143200 |
| 5 | 14585 | 100000 | 19500 | 54000 | 119500 | 154000 |
| 6 | 17502 | 100000 | 23400 | 64800 | 123400 | 164800 |
| 7 | 20419 | 100000 | 27300 | 75600 | 127300 | 175600 |
| 8 | 23336 | 100000 | 31200 | 86400 | 131200 | 186400 |
| 9 | 26253 | 100000 | 35100 | 97200 | 135100 | 197200 |
| 10 | 29170 | 100000 | 39000 | 108000 | 139000 | 208000 |
| 15 | 43755 | 100000 | 58500 | 162000 | 158500 | 262000 |
| 20 | 58340 | 100000 | 104000 | 288000 | 204000 | 388000 |
| 25 | 72925 | 100000 | 130000 | 360000 | 230000 | 460000 |
| 30 | 87510 | 100000 | 156000 | 432000 | 256000 | 532000 |
| 35 | 102095 | 100000 | 182000 | 504000 | 282000 | 604000 |
| 40 | 116680 | 100000 | 208000 | 576000 | 308000 | 676000 |
| 45 | 131265 | 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.