

## **JEEVAN CHHAYA – (Table No. 103)**

### **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 an Endowment Assurance plan that provides financial protection against death throughout the term of the plan. Besides payment of Sum Assured immediately on death, one-fourth of Sum Assured is payable at the end of each of last four years of policy term whether the life assured dies or survives the term of the policy.

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

Premiums are payable yearly, half-yearly, quarterly, monthly or through salary deductions as opted by you throughout the term of the policy or till the earlier death.

***Bonuses:*** This is a with-profits plan and participates in the profits of the Corporation's life insurance business. It gets a share of 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. Bonuses for full term on the full Sum assured are paid at the end of the term even if death occurs during policy term. Final (Additional) Bonus may also be payable provided policy has run for certain minimum period.

**Benefits on death/survival:** One fourth of the sum assured is payable at the end of each of last four years of the policy term. On death/survival all bonuses declared during the term of policy will also be paid along with the last instalment. These benefits are payable whether the life assured survives the policy term or dies during the term of policy. Further, on death during the policy term, an amount equal to Sum Assured is also payable immediately.

***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 guaranteed surrender value is 30% of the basic premiums paid excluding the first year's premium and the fixed benefit already paid.

*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 on death or at maturity. This value will depend on the premiums paid and the duration at which surrender value is calculated. 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 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 (Table 103)**

Age at entry : 35 Years

Policy Term : 25 Years

Mode of premium payment : Yearly

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

**Annual Premium: Rs. 4653 /-**

End of year	Total premiums paid till end of year	Benefit on death during the year				
		Guaranteed	Variable		Total	
			Scenario 1	Scenario 2	Scenario 1	Scenario 2
1	4653	100000	0	0	100000	100000
2	9306	100000	0	0	100000	100000
3	13959	100000	0	0	100000	100000
4	18612	100000	0	0	100000	100000
5	23265	100000	0	0	100000	100000
6	27918	100000	0	0	100000	100000
7	32571	100000	0	0	100000	100000
8	37224	100000	0	0	100000	100000
9	41877	100000	0	0	100000	100000
10	46530	100000	0	0	100000	100000
15	69795	100000	0	0	100000	100000
20	93060	100000	0	0	100000	100000
25	116325	100000	0	0	100000	100000

In addition,

Year	Total Premiums paid till end of year	Benefit payable on death/survival upto the end of policy term				
		Guaranteed	Variable		Total	
			Scenario 1	Scenario 2	Scenario 1	Scenario 2
22	102366	25000	0	0	25000	25000
23	107019	25000	0	0	25000	25000
24	111672	25000	0	0	25000	25000
25	116325	25000	69500	182500	94500	207500

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 bonuses 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.