

INFORMATION TO BE PROVIDED IN SALES BROCHURE

LIC's New Group Leave Encashment Plan (UIN: 512N282V0 3) (A Non-Linked, Non-participating Life Group Savings Insurance Plan)

1. Introduction:

LIC's New Group Leave Encashment Plan is a Non-Linked Non-Participating, Life, Group Savings Insurance Product. This plan helps to meet the employer's liability for providing Leave Encashment facility to their employees. The plan also offers Life Cover Benefit so that in case of death of a group Member an amount equal to Sum Assured in respect of that Member will be paid. The amount of life cover in respect of each Member shall be guided by the Scheme Rules of the employer.

2. Eligibility Criteria:

Minimum Entry Age:	18 years (completed)
Maximum Entry Age	75 years (nearer birthday)
Maximum Maturity Age	80 years (nearer birthday)
Minimum Contribution	The minimum contribution shall be the total amount required to provide Leave Encashment Benefit as per AS-15 (Revised) or IND AS 19 or any other standards applicable for long term Employee Benefits (subject to a minimum of Rs.10000/- at the time of inception of the policy) along with Risk Premium for providing the Life Cover Benefit as per Scheme Rules
Maximum Contribution	No limit. The maximum contribution shall be the total amount required to provide Leave Encashment benefit as per AS-15 (Revised) or IND AS 19 or any other standards applicable for long term Employee Benefits along with Risk Premium for providing the Life Cover Benefit as per Scheme Rules
Minimum Group Size for new Scheme	10
Maximum Group Size	No restriction
Minimum Sum Assured	Rs. 5000
Maximum Sum Assured	As Per Leave Encashment Scheme Rules
Policy Term	Annually renewable

Note: Entry of new members is restricted up to 75 years (nearer birthday). However, renewal of the cover is allowed up to 80 years (nearer birthday) at the time of renewal.

3. Benefits:

The following benefits are payable under a policy during the policy term

- On death of a Member whilst in service before Normal Retirement Age, the Leave Encashment benefit in respect of a Member as per the Scheme Rules will be payable along with the Sum Assured as specified below:

- i. **If all due Risk Premiums have been paid:**
Sum Assured in respect of the Member as per the Scheme Rules shall be payable,
- ii. **If death occurs during the period of 30 days after ARD but before completion of the renewal process:** Sum Assured in respect of the Member as per the Scheme Rules shall be payable provided the renewal process is completed by Master Policyholder within 30 days from ARD (as per details mentioned in condition 5 below),
- iii. **If death occurs after expiry of the period of 30 days from ARD (i.e. after the expiry of the period given for completion of renewal process):** Sum Assured of Rs. 5000/- shall be payable. Any outstanding monthly Risk Premium(s), if any, from the date of death to the next ARD shall also be deducted from the Group Policy Account.

In case, the balance in the Group Policy Account of the Scheme is insufficient to pay out the benefits as per the Scheme Rules, it will be the responsibility of the Master Policyholder to first make the payment to the Corporation so as to enable the Corporation to pay such benefits. However, in any case for the Leave Encashment Benefit, the Corporation's total liability towards the Master Policyholder shall be limited to the Group Policy Account Value remaining in the Policy Account.

- On resignation or retirement (including normal retirement, voluntary retirement and retirement on medical grounds as per Scheme Rules) or termination of service of a Member, the Leave Encashment Benefit shall be payable as specified in the Scheme Rules.

In case, the balance in the Policy Account of the Scheme is insufficient to pay out the benefits as per the Scheme Rules, it will be the responsibility of the Master Policyholder to first make the payment to the Corporation so as to enable the Corporation to pay such benefits. However, for the Leave Encashment Benefit, the Corporation's total liability towards the Master Policyholder shall be limited to the Group Policy Account Value remaining in the Policy Account.

4. Payment of Contributions and Risk Premium:

- i) The Master Policyholder can pay the Contributions to the Corporation at any time during the policy year. However, the Risk Premium for Life Cover Benefit along with applicable Taxes shall be paid at inception and thereafter, on or before each ARD in respect of all the Members covered from the date of joining the Scheme in respect of new Members as per details mentioned in Condition 5 below.
- ii) In case of non completion of renewal process (i.e. submission of Members' data and payment of Risk Premium within the period of 30 days from ARD), after the expiry of the said period of 30 days, the Life Cover Benefit will be reduced to Rs. 5000/- per Member with effect from that ARD. In this case, monthly Risk Premium instalment shall be deducted from Group Policy Account. The monthly Risk Premium shall be arrived at by applying the monthly loading factor to the yearly Risk Premium.

5. Risk Premium:

The age-wise Risk Premium rates in respect of each Member will depend on the Sum Assured, size of the group, mortality experience and risk profile including occupation of the group at commencement and on subsequent renewals on or before ARD.

A new Member can be admitted to the Scheme in any month on a date coinciding with the calendar date of Annual Renewal Date (ARD). A proportionate Risk Premium of in respect of each of the new Member(s) will be based on the age nearer birthday as at the date of entry in to the Scheme and the duration from date of entry till the next ARD. In this case, Life Cover Benefit will commence only after the receipt of Risk Premium and Members' data.

On or before each ARD, the Master Policyholder shall provide employees' data along with Risk Premium for Life Cover Benefit to complete the renewal process. Risk Premium shall be collected with interest (from ARD to date of receipt of Risk Premium), if any, for delay in payment of Risk Premium along with applicable taxes, if any. A maximum period of 30 days shall be provided by the Corporation to the Master Policyholder to complete the renewal process (i.e. submission of Members' data and payment of Risk Premium).

In case of non completion of renewal process within the period of 30 days from ARD, after the expiry of the said period of 30 days, the Life Cover Benefit will be reduced to Rs. 5000/- per Member with effect from ARD. Based on existing Members' data as provided on ARD, the corresponding monthly instalment Risk Premium for one month for such Members from ARD along with interest, if any, on account of late receipt of Risk Premium along with advance premium for the next month and applicable taxes, if any, shall be auto debited from the Group Policy Account for the reduced Life Cover benefit of Rs. 5000/- at the beginning of the second month from ARD.

Once the Life Cover Benefit is reduced to the minimum level of Rs. 5000/- per Member, it will remain at that level in respect of all the existing Members as well as the new Members joining during for that policy year and the monthly Risk Premium instalment will continue to be deducted for the reduced Risk cover Benefit of Rs. 5000/-. For this purpose, New Member would mean any Member as informed by the Master Policyholder during the year in addition to the Members already covered as on ARD. Once the Risk Cover is reduced to Rs 5000/- per Member, the Master Policyholder may be allowed to restore the increased Life Cover Benefit only at next ARD for the surviving Members by payment of full Risk Premium as decided by the Corporation together with Members' data and any other details/ documents required as per the Underwriting Policy of the Corporation subject to the explicit consent received in writing from the Master Policyholder and approval of the Corporation in this regard.

On renewal of a policy under this plan, there may be revision in Risk Premium rates, using lighter rates when mortality experience is favourable and using heavier rates when the mortality experience worsens. For revision in Risk Premium rates, number/amount of expected claims is compared with the number/amount of actual claims during the policy year under consideration.

6. Group Policy Account:

A Group Policy Account shall be maintained in respect of all Contributions received from Master Policyholder.

For a new Scheme, a Group Policy Account will be created in respect of a Scheme as soon as the Policyholder pays the first Contribution.

All the Contributions paid to secure Leave Encashment Benefit by employer/ trustees will be credited to the Group Policy Account maintained.

A non-negative Interest Rate subject to a minimum interest rate of 0.5% p.a. shall be declared at the end of each financial year. The minimum interest rate of 0.5% p.a. shall remain guaranteed during the entire term of the contract. At the end of each financial year, the declaration of interest rate in respect of each Scheme shall be based on the actual investment performance of the fund for each financial year after appropriate deductions as per the Interest Declaration and Expenses policy of the Corporation.

Risk Premium paid separately or deducted from the Group Policy Account (along with interest for delay in payment and applicable taxes, if any) will not be considered for interest rate calculation.

7. Bulk Exits:

If the amount to be paid on total exits in any event exceeds 25% of the total fund of the Scheme at the beginning of the year, such transactions shall be treated as bulk exits, where exits shall mean total exit of the Members from the group as defined in the Scheme Rules. If the withdrawal amount exceeds 25% of the Policy Account Value of the Scheme at the beginning of that policy year subject to minimum of Rs. 10 crores then it will be considered as Bulk Exit. Market Value Adjustment (MVA) will be applicable on such Bulk Exits. The withdrawal amount which is below Rs. 10 Crores shall not be treated as Bulk Exit.

8. Surrender Value:

The Policy can be surrendered by the Policyholder at any time by giving an advance notice of 3 months. On surrender of the policy, the Corporation shall pay the Surrender Value equal to higher of Guaranteed Surrender Value and Special Surrender Value. The policy will terminate on surrender.

The Life Cover Benefit will not acquire any surrender value.

Guaranteed Surrender Value:

The Guaranteed Surrender Value shall be equal to the 90% of the total Contributions (net of total Risk Premium paid separately or deducted from the Group Policy Account along with interest and applicable taxes, if any, from inception till the date of surrender) paid less all the benefits paid other than Life Cover Benefits since the inception of the policy.

Special Surrender Value:

The Special Surrender Value shall be equal to the Policy Account Value on the day of surrender less the applicable surrender charges less Market Value Adjustment, if any.

The surrender charge shall be 0.05% of the Policy Account Value subject to maximum of Rs.500,000/- if the policy is surrendered within third policy anniversary.

In addition, a Market Value Adjustment (MVA) will be applicable on Bulk Exit and complete surrender of the policy. The MVA will be applicable on total withdrawal amount during a policy year which is over and above 25% of the Group Policy Account Value subject to minimum of Rs. 10 crore. The withdrawal amount which is below Rs. 10 Crores shall not be treated as Bulk Exit in such cases MVA shall not apply.

9. Compulsory Termination:

The policy may be terminated, after giving the Master Policyholder 3 months notice, on the happening of any of the following events:

- a. The balance in the Group Policyholder's Account falls below Rs. 10000/-;
- b. The numbers of members covered under the policy are less than 3.

In such a case, the balance in the Group Policyholder's Account, if any, shall be refunded to the Policyholder.

10. Free- Look period:

The Policyholder may review the terms and conditions of the Master Policy and choose to return the Master Policy within 15 days to the Corporation in case of any objection with a written communication stating the reasons of their objection.

On receipt of the same the Corporation shall cancel the policy and return the amount of Contribution deposited after deducting charges for stamp duty, if applicable and proportionate Risk Premium for the period of cover.

If this Policy is cancelled during the Free Look period, no interest will be credited to their Group Policy Account.

11. Policy Loan:

No loan will be available under the policy.

12. Taxes :

Statutory Taxes, if any, imposed on such insurance plans by the Government 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 Master Policyholder shall not be considered for the calculation of benefits payable under the product.

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 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 policywhichever 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 policywhichever 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 Insurance Laws (Amendment) Act, 2015 and only a simplified version prepared for general information. Policy Holders are advised to refer to the Insurance Act, 1938, for complete and accurate details.]

PROHIBITION OF REBATES SECTION 41 OF THE INSURANCE ACT, 1938 :

- 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: provided that acceptance by an insurance agent of commission in connection with a policy of life insurance taken out by himself on his own life shall not be deemed to be acceptance of a rebate of premium within the meaning of this sub-section if at the time of such acceptance the insurance agent satisfies the prescribed conditions establishing that he is a bona fide insurance agent employed by the insurer.
- 2) Any person making default in complying with the provisions of this section shall be punishable with fine which may extend to ten lakh rupees.

This product brochure gives only salient features of the plan. For further details please refer to the Policy document on our website www.licindia.in or contact our nearest P&GS units.

BEWARE OF SPURIOUS PHONE CALLS AND FICTITIOUS / FRAUDULENT OFFERS

IRDAI is not involved in activities like selling insurance policies, announcing bonus or investment of premiums. Public receiving such phone calls are requested to lodge a police complaint alongwith details of phone call and number.

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Registration Number: 512

