

## NEW JANA RAKSHA PLAN – (Table No. 91)

### 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 that provides financial protection against death throughout the term of plan. It pays the maturity amount on survival to the end of the term.

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

Premiums are payable yearly, half-yearly, quarterly, monthly or through Salary deductions, as opted by you, throughout the term of the policy or earlier death. After at least two full years' premiums have been paid, full insurance cover is available even when premiums are not paid for up to three years.

***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. 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 during the policy term.

***Accident Benefit:*** The Sum Assured (subject to a limit of Rs.10 lakhs) is payable in a lump sum on accidental death of the life assured during the policy term. In case of permanent disability of the life assured due to accident during the policy term, this benefit is payable in installments.

***Maturity Benefit:*** The Sum Assured plus all bonuses declared up to maturity date is payable in a lump sum on survival to the end of the policy term.

***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 will be available under 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.

*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 or at maturity. 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 premium 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 life insurance company. 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 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 dependant on a number of factors including future investment performance.”*

**Illustration (Table 91):**

Age at entry: 35 years

Policy Term: 25 years

Premium paying term: 25 years

Mode of premium payment: Yearly

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

**Annual Premium: Rs.4,246 /-**

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	4,246	1,00,000	2,100	5,500	102,100	105,500
2	8,492	1,00,000	4,200	11,000	104,200	111,000
3	12,738	1,00,000	6,300	16,500	106,300	116,500
4	16,984	1,00,000	8,400	22,000	108,400	122,000
5	21,230	1,00,000	10,500	27,500	110,500	127,500
6	25,476	1,00,000	12,600	33,000	112,600	133,000
7	29,722	1,00,000	14,700	38,500	114,700	138,500
8	33,968	1,00,000	16,800	44,000	116,800	144,000
9	38,214	1,00,000	18,900	49,500	118,900	149,500
10	42,460	1,00,000	21,000	55,000	121,000	155,000
15	63,690	1,00,000	31,500	82,500	131,500	182,500
20	84,920	1,00,000	56,000	146,000	156,000	246,000
25	106,150	1,00,000	69,500	182,500	169,500	282,500

\* - In addition to the benefits as given above, Accident Benefit of Rs.1,00,000/- will be available without payment of extra premium.

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 the policy term.*