LIC'S JEEVAN PRAMUKH (Table No. 167)

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 offering the choice of three premium paying terms. It provides financial protection against death throughout the term of the plan with the payment of maturity amount on survival to the end of the policy term.

Premiums:
Premiums are payable yearly, half-yearly, quarterly or monthly, as opted by you, throughout the premium paying term or till earlier death.

Guaranteed Additions: The policy provides for the Guaranteed Additions at the rate of Rs. 50/- per thousand Sum Assured for each completed year for first five years of the policy. The Guaranteed Additions are payable along with the Sum Assured at the time of claim.

Bonuses: The policy participates in the profits of the Corporation's life insurance business from the 6th year onwards. It will get a share of the profits in the form of bonuses. Simple Reversionary Bonuses will be declared per thousand Sum Assured annually at the end of each financial year. Once declared, they will form part of the guaranteed benefits of the policy.

Death Benefit: The Sum Assured along with accrued guaranteed additions and vested simple reversionary bonuses and Terminal Bonus, if any, is payable in a lump sum on death of the life assured during the policy term.

Maturity Benefit: The Sum Assured along with accrued guaranteed additions and vested simple reversionary bonuses and Terminal Bonus, if any, is payable in a lump sum on survival to the end of the policy term.

Surrender Value:
Buying a life insurance contract is a long-term commitment. However, surrender value is available on the plan on earlier termination of the contract.

Guaranteed Surrender Value:
The policy may be surrendered for cash after more than one year's premium have been paid. The guaranteed surrender value will be 30% of the total amount of premiums paid excluding the first year's premium and the extra premiums, if any.

Corporation's policy on surrenders:
In practice, the Corporation will pay a Special Surrender Value – which is available after completion of at least 3 years from the date of commencement of your policy. 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 especially 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 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."

Age at Entry: 35 years
Policy Term: 25 years
Premium Paying Term: 3 years

Sum Assured (Rs.): 1000000
Yearly Premium (Rs.): 178213

End of year	Total Premium paid till end of year (Rs.)	Death Benefit / Maturity Benefit (Rs.) payable at end of year				
		Guaranteed	Variable		Total	
			Scenario 1	Scenario 2	Scenario 1	Scenario 2
1	178213	1000000	0	0	1000000	1000000
2	356426	1050000	0	0	1050000	1050000
3	534639	1100000	0	0	1100000	1100000
4	534639	1150000	0	0	1150000	1150000
5	534639	1200000	0	0	1200000	1200000
6	534639	1250000	22000	104000	1272000	1354000
7	534639	1250000	44000	208000	1294000	1458000
8	534639	1250000	66000	312000	1316000	1562000
9	534639	1250000	88000	416000	1338000	1666000
10	534639	1250000	110000	520000	1360000	1770000
15	534639	1250000	220000	1040000	1470000	2290000
20	534639	1250000	440000	2080000	1690000	3330000
25	534639	1250000	586000	2773000	1836000	4023000

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 LICI 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.