

LIC's JEEVAN ANURAG (Table No. 168)

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 a with-profits plan under which benefits are payable at prespecified durations irrespective of whether the Life Assured survives to the end of the policy term or dies during the term of the policy. The plan also provides for an additional immediate payment of Sum Assured on death during the term of the policy. This plan is therefore suitable to take care of the educational and other needs of children.

Premiums :

Premiums are payable yearly, half-yearly, quarterly, monthly or through Salary deduction, as opted by you, till the end of premium paying term of the policy or till earlier death. Premium paying term may either be equal to the term of policy or three years less than it. Alternatively, the premium may be paid in one lump sum (single premium).

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 throughout the term of the plan until final payment has been made under the policy. 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 is payable in a lump sum immediately on death of Life Assured during the policy term. No premiums are payable thereafter. Benefits as per following table are payable in addition:

Table giving prespecified benefits:

Date on which payable	Payable Amount
Three years before date of maturity	20% of Sum Assured
Two years before date of maturity	20% of Sum Assured
One year before date of maturity	20% of Sum Assured
On date of maturity	40% of Sum Assured + vested Simple Reversionary Bonuses + Final (Additional) Bonus, if any

Survival Benefits : Benefits as per above table (giving prespecified benefits) are payable on survival of the policyholder till the end of 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 is 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 premiums under Basic Plan paid excluding the first year's premium and the extra premiums, if any. In case of a single premium policy the guaranteed surrender value is 90% of the single premium paid excluding any extra premium.

Corporation's policy on surrenders :

In practice, the Corporation will pay a Special Surrender Value – which is either equal to or more than 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 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 1:

Age at Entry (Life Assured) : 35 years
Policy Term : 25 years
Premium Paying Term : 25 years

Sum Assured (Rs.): 105000
Yearly Premium (Rs.): 4606

End of year	Total Premium paid till end of year (Rs.)	Benefit payable on Death during the year				
		Guaranteed	Variable		Total	
			Scenario 1	Scenario 2	Scenario 1	Scenario 2
1	4606	105000	0	0	105000	105000
2	9212	105000	0	0	105000	105000
3	13818	105000	0	0	105000	105000
4	18424	105000	0	0	105000	105000
5	23030	105000	0	0	105000	105000
6	27636	105000	0	0	105000	105000
7	32242	105000	0	0	105000	105000
8	36848	105000	0	0	105000	105000
9	41454	105000	0	0	105000	105000
10	46060	105000	0	0	105000	105000
15	69090	105000	0	0	105000	105000
20	92120	105000	0	0	105000	105000
25	115150	105000	0	0	105000	105000

Additional Benefits:

End of year	Total Premiums paid till end of year (Rs.)	Fixed benefits payable at the end of the specified years irrespective of whether the policyholder dies or survives during the policy term				
		Guaranteed	Variable		Total	
			Scenario 1	Scenario 2	Scenario 1	Scenario 2
22	101332	21000	0	0	21000	21000
23	105938	21000	0	0	21000	21000
24	110544	21000	0	0	21000	21000
25	115150	42000	72975	191625	114975	233625

ILLUSTRATION 2:

Age at Entry (Life Assured) : 35 years
 Policy Term : 25 years
 Premium Paying Term : 1 year

Sum Assured (Rs.) : 105000
 Single Premium (Rs.) : 59157

End of year	Total Premium paid till end of year (Rs.)	Benefit payable on Death during the year				
		Guaranteed	Variable		Total	
			Scenario 1	Scenario 2	Scenario 1	Scenario 2
1	59157	105000	0	0	105000	105000
2	59157	105000	0	0	105000	105000
3	59157	105000	0	0	105000	105000
4	59157	105000	0	0	105000	105000
5	59157	105000	0	0	105000	105000
6	59157	105000	0	0	105000	105000
7	59157	105000	0	0	105000	105000
8	59157	105000	0	0	105000	105000
9	59157	105000	0	0	105000	105000
10	59157	105000	0	0	105000	105000
15	59157	105000	0	0	105000	105000
20	59157	105000	0	0	105000	105000
25	59157	105000	0	0	105000	105000

Additional Benefits:

End of year	Total Premiums paid till end of year (Rs.)	Fixed benefits payable at the end of the specified years irrespective of whether the policyholder dies or survives during the policy term				
		Guaranteed	Variable		Total	
			Scenario 1	Scenario 2	Scenario 1	Scenario 2
22	59157	21000	0	0	0	0
23	59157	21000	0	0	0	0
24	59157	21000	0	0	0	0
25	59157	42000	84000	321300	126000	363300

- 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 LICl 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.*