

## **The Whole Life Policy**

### **Features:**

This plan is mainly devised to create an estate for the heirs of the policyholder as the plan basically provides for payment of sum assured plus bonuses on the death of the policyholder. However, considering the increased longevity of the Indian population, the Corporation has amended the above provision, thereby providing for payment of sum assured plus bonuses in the form of maturity claim on completion of age 80 years or on expiry of term of 40 years from date of commencement of the policy whichever is later.

The premiums under the policy are payable up to age 80 years of the policyholder or for a term of 35 years whichever is later.

If the payment of premium ceases after 3 years, a paid-up policy for such reduced sum assured will be automatically secured provided the reduced sum assured exclusive of any attached bonus is not less than Rs.250/-. Such reduced paid-up policy is not entitled to participate in the bonus declared thereafter but the bonuses already declared on the policy will remain attach, provided the policy is converted in to a paid-up policy after the premiums are paid for 5 years.

### **Suitable For:**

This policy is suitable for people of all ages who wish to protect their families from financial crises that may occur owing to the policyholder's premature death.

### **Benefits:**

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 a whole of life assurance plan that provides financial protection against death through out the lifetime of the Life Assured.

**Premiums:**

Under Table Nos 2 & 5 the premiums are payable yearly, half-yearly, quarterly, monthly or through Salary deductions, as opted by you. Under Table No 8 the premium is payable in one lump sum (Single Premium).

Under Table No 2 the premiums are payable for a period of 35 years or up to age 80 years, whichever is later. Under Table No 5 the premiums are payable up to the selected premium paying period.

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The premiums are payable for the periods as specified above or up to earlier death

**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. A 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.

**Maturity Benefit :**

This is a whole of life assurance plan and hence does not have a maturity date. You, however, have the option to take the Sum Assured plus all bonuses declared under the policy anytime after 40 years from the date of commencement of the policy provided you have attained, at least, 80 years of age.

**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 under the plan on earlier termination of the plan.

**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. In case of a single premium policy the guaranteed surrender value is 90% of the single premium paid excluding any extra/additional 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. 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 premiums paid.

The Corporation reviews the surrender value payable under its plans from time to time depending on the economic environment, experience and other factors.

**Survival Benefit**

Sum assured plus accrued bonuses and the terminal bonuses, if any, on the policyholder attaining age 80 years or on expiry of term of 40 years from the date of commencement of the policy whichever is later.

**Death Benefit**

Sum assured plus accrued bonuses and the terminal bonuses, if any, on the death of the policyholder are paid to his/her nominees/heirs.

## **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:**

Table No 2

Age at entry: 35 years

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

Premium Paying term: 45 years

Mode of premium payment: Yearly

Annual Premium: Rs.2917/-

<b>End of year</b>	<b>Total premiums paid till end of year</b>	<b>Benefit payable on death / maturity at the end of year</b>				
		<b>Guaranteed</b>	<b>Variable</b>		<b>Total</b>	
			<b>Scenario 1</b>	<b>Scenario 2</b>	<b>Scenario 1</b>	<b>Scenario 2</b>
1	2917	100000	3900	10800	103900	110800
2	5834	100000	7800	21600	107800	121600
3	8751	100000	11700	32400	111700	132400
4	11668	100000	15600	43200	115600	143200
5	14585	100000	19500	54000	119500	154000
6	17502	100000	23400	64800	123400	164800
7	20419	100000	27300	75600	127300	175600
8	23336	100000	31200	86400	131200	186400
9	26253	100000	35100	97200	135100	197200
10	29170	100000	39000	108000	139000	208000

15	43755	100000	58500	162000	158500	262000
20	58340	100000	104000	288000	204000	388000
25	72925	100000	130000	360000	230000	460000
30	87510	100000	156000	432000	256000	532000
35	102095	100000	182000	504000	282000	604000
40	116680	100000	208000	576000	308000	676000
45	131265	100000	234000	648000	334000	748000

**Illustration 2:**

Table No 5

Age at entry: 35 years

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

Premium Paying term: 15 years

Mode of premium payment: Yearly

Annual Premium: Rs.4,444/-

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	4444	100000	3900	10800	103900	110800
2	8888	100000	7800	21600	107800	121600
3	13332	100000	11700	32400	111700	132400
4	17776	100000	15600	43200	115600	143200
5	22220	100000	19500	54000	119500	154000
6	26664	100000	23400	64800	123400	164800
7	31108	100000	27300	75600	127300	175600
8	35552	100000	31200	86400	131200	186400
9	39996	100000	35100	97200	135100	197200
10	44440	100000	39000	108000	139000	208000
15	66660	100000	58500	162000	158500	262000
20	66660	100000	104000	288000	204000	388000
25	66660	100000	130000	360000	230000	460000
30	66660	100000	156000	432000	256000	532000

35	66660	100000	182000	504000	282000	604000
40	66660	100000	208000	576000	308000	676000
45	66660	100000	234000	648000	334000	748000

**Illustration 3:**

Table No 8

Age at entry: 35 years

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

Premium Paying term: 1 year

Single Premium: Rs.45,565/-

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	45565	100000	4300	18700	104300	118700
2	45565	100000	8600	37400	108600	137400
3	45565	100000	12900	56100	112900	156100
4	45565	100000	17200	74800	117200	174800
5	45565	100000	21500	93500	121500	193500
6	45565	100000	25800	112200	125800	212200
7	45565	100000	30100	130900	130100	230900
8	45565	100000	34400	149600	134400	249600
9	45565	100000	38700	168300	138700	268300
10	45565	100000	43000	187000	143000	287000
15	45565	100000	64500	280500	164500	380500
20	45565	100000	114500	498500	214500	598500
25	45565	100000	143000	623000	243000	723000
30	45565	100000	172000	748000	272000	848000
35	45565	100000	205000	872500	305000	972500
40	45565	100000	229000	997000	329000	1097000
45	45565	100000	258000	1122000	358000	1222000

**Note :**

- 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 LICICI 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 45 years.

**PLAN PARAMETERS:**

<b>Age at entry:</b>	Minimum - 15 years last birthday Maximum - 60 years
<b>Sum Assured:</b>	Minimum - Rs.50,000/- Maximum - No limit
<b>Mode of payment:</b>	Yearly, half-yearly, quarterly, monthly and SSS
<b>Policy Loan:</b>	Yes