

## **Money Back with Profit – 20 years**

### **Features:**

Unlike ordinary endowment insurance plans where the survival benefits are payable only at the end of the endowment period, this scheme provides for periodic payments of partial survival benefits as follows during the term of the policy, of course so long as the policy holder is alive.

In the case of a 20-year Money-Back Policy (Table 75), 20% of the sum assured becomes payable each after 5, 10, 15 years, and the balance of 40% plus the accrued bonus become payable at the 20th year.

For a Money-Back Policy of 25 years (Table 93), 15% of the sum assured becomes payable each after 5, 10, 15 and 20 years, and the balance 40% plus the accrued bonus become payable at the 25th year.

An important feature of this type of policies is that in the event of death at any time within the policy term, the death claim comprises full sum assured without deducting any of the survival benefit amounts, which have already been paid. Similarly, the bonus is also calculated on the full sum assured.

### **Benefits**

#### **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**

These are Money Back type Assurance plans that provide financial protection against death throughout the term of plan along with the periodic payments on survival at specified durations during 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 till the earlier death.

**Bonuses :**

This is a with-profit plan and participate 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 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 irrespective of the Survival benefit /benefits paid earlier.

**Survival Benefits:**

The percentage of Sum Assured as mentioned below will be paid on survival to the end of specified durations:

% of Sum Assured paid at the end of specified duration		
Duration	Plan	
	75	93
5	20%	15%
10	20%	15%
15	20%	15%
20	40%	15%
25	-	40%

All bonuses declared upto the maturity date will also be paid alongwith the final survival benefit.

**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 values are 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 and all survival benefits paid earlier.

**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 is 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 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.

**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.

<b>Plan/ Term</b>	<b>75/ 20 Years</b>	<b>93/ 25 Years</b>
At the end of 5 years	20%	15%
At the end of 10 years	20%	15%
At the end of 15 years	20%	15%
At the end of 20 years	balance 40% + bonus	15%
At the end of 25 years	NIL	balance 40% + bonus

**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 the 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 : 35 years

Policy Term : 20 Years

Mode of premium payment : Yearly

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

Annual Premium : Rs. 6564 /-

End of year	Total premiums paid till end of year	Benefit on Death during the year (Rs.)				
		Guaranteed	Variable		Total	
			Scenario 1	Scenario 2	Scenario 1	Scenario 2
1	6564	100000	2400	4800	102400	104800
2	13128	100000	4800	9600	104800	109600
3	19692	100000	7200	14400	107200	114400
4	26256	100000	9600	19200	109600	119200
5	32820	100000	12000	24000	112000	124000
6	39384	100000	14400	28800	114400	128800
7	45948	100000	16800	33600	116800	133600
8	52512	100000	19200	38400	119200	138400
9	59076	100000	21600	43200	121600	143200
10	65640	100000	24000	48000	124000	148000
15	98460	100000	36000	72000	136000	172000
20	131280	100000	48000	96000	148000	196000

End of year	Total premiums paid till end of year	Benefit on survival / maturity at the end of year				
		Guaranteed	Variable		Total	
			Scenario 1	Scenario 2	Scenario 1	Scenario 2
1	6564	0	0	0	0	0
2	13128	0	0	0	0	0
3	19692	0	0	0	0	0
4	26256	0	0	0	0	0
5	32820	20000	0	0	20000	20000
6	39384	0	0	0	0	0
7	45948	0	0	0	0	0
8	52512	0	0	0	0	0
9	59076	0	0	0	0	0
10	65640	20000	0	0	20000	20000
15	98460	20000	0	0	20000	20000
20	131280	40000	53000	106000	93000	146000

**Illustration 2:**

Age at entry : 35 years

Policy Term : 25 Years

Mode of premium payment : Yearly

Sum Assured : Rs. 1,00,000 /- Annual Premium : Rs. 5507 /-

End of year	Total premiums paid till end of year	Benefit on Death during the year (Rs.)				
		Guaranteed	Variable		Total	
			Scenario 1	Scenario 2	Scenario 1	Scenario 2
1	5507	100000	2700	4800	102700	105800
2	11014	100000	5400	9600	105400	111600
3	16521	100000	8100	14400	108100	117400
4	22028	100000	10800	19200	110800	123200
5	27535	100000	13500	24000	113500	129000
6	33042	100000	16200	28800	116200	134800
7	38549	100000	18900	33600	118900	140600
8	44056	100000	21600	38400	121600	146400
9	49563	100000	24300	43200	124300	152200
10	55070	100000	27000	48000	127000	158000
15	82605	100000	40500	72000	140500	187000
20	110140	100000	54000	116000	154000	216000
25	137675	100000	67500	145000	167500	245000

End of year	Total premiums paid till end of year	Benefit on survival / maturity at the end of year				
		Guaranteed	Variable		Total	
			Scenario 1	Scenario 2	Scenario 1	Scenario 2
1	5507	0	0	0	0	0
2	11014	0	0	0	0	0
3	16521	0	0	0	0	0
4	22028	0	0	0	0	0
5	27535	15000	0	0	15000	15000
6	33042	0	0	0	0	0
7	38549	0	0	0	0	0
8	44056	0	0	0	0	0
9	49563	0	0	0	0	0
10	55070	15000	0	0	15000	15000
15	82605	15000	0	0	15000	15000
20	110140	15000	0	0	15000	15000
25	137675	40000	74500	161000	114500	201000

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.

**Plan parameters:**

<b>Minimum</b>	<b>Maximum</b>	
<b>Entry age</b>	13 (lbd)	50
<b>Sum assured (Rs.)</b>	50,000	NO LIMIT
<b>Term (years)</b>	Fixed at 20 for plan 75 and 25 for plan 93	-

<b>Mode of Payment</b>	<b>Maximum Maturity Age</b>	<b>Policy loan available</b>
Yearly, Half-yearly, Quarterly, Monthly, Salary Saving Scheme	70 years	No