a) New traditional products will have a higher death cover.
  i. For **single premium policies** it will be 125% of the single premium for those below 45 years and 110% of single premium for those above 45 years.
  ii. For **regular premium policies**, the cover will be 10 times the annualised premium paid for those below 45 and seven times for others.

b) The **minimum death benefit** in case of traditional plan is at least the amount of sum assured and the additional benefits (if any).

c) In addition to the sum assured, the **bonus / additional benefits** as specific edin the policy and accrued till date of death shall become payable on death if not paid earlier.

d) These plans would continue to come in **two variants**, participating and non-participating plans.
  1. For **participating polices** the bonus is linked to the performance of the fund and is not declared or guaranteed before. But, the **bonus once announced becomes a guarantee**. It is usually paid in case of death of the policyholder or maturity benefit. This bonus is also called **reversionary bonus**.
  2. In case of **non-participating policies**, the return on the policy is disclosed in the beginning of the policy itself.

Overview of non-traditional life insurance products.

1. Non-traditional life insurance products - Purpose and need

In the previous chapters we have considered some of the traditional life insurance products which have insurance as well as a savings element in them. These products have often been considered as being part of the financial market and compared with other instruments of capital accumulation.

One of the principal purposes of saving and investing, we must note, is to **achieve inter-temporal allocation of resources, which is both efficient and effective**.

  I. **Inter-temporal allocation** means allocation across time. The term **effective** here implies that sufficient funds are available to successfully satisfy various needs as they arise in different stages of the life cycle.
  II. **Efficient allocation** on the other hand implies a faster rate of accumulation and more funds available in future. Higher the return for a given level of risk, the more efficient would the investment be.

A critical point of concern with respect to life insurance policies has been the issue of giving a competitive rate of return which is comparable to that of other assets in the financial market place. It would be useful to examine some of the features of the traditional cash value plans of life insurance that we discussed in the previous chapter. These have been called bundled plans because of the way their structure is bundled and presented as a single package of benefits and premium.

2. Limitations of traditional products

A critical examination would reveal the following areas of concern: