

been written, whose date of commencement is within two years of the original date of commencement of the lapsed policy. The maturity date shall not exceed the original stipulated period as applicable to certain lives at the time of taking the policy.

iv. **Loan cum revival**

Yet a third approach to revival also available with LIC and other companies is that of loan cum revival. This is not a revival alone but involves two transactions:

- the simultaneous granting of a loan and
- revival of the policy

Arrears of premium and interest are calculated as under ordinary revival. The loan that one is eligible to get under the policy as on date of revival is also determined. This loan may be utilised as consideration amount for revival purposes. If there is any balance amount subsisting after loan adjustment towards arrears of premium and interest, it is payable to the policyholder. Obviously, the facility of loan cum revival would be allowed only for policies that have acquired surrender value as on date of revival.

v. **Instalment revival**

Finally we have instalment revival which is allowed when the policyholder is not in a position to pay arrears of premium in a lump sum and neither can the policy be revived under special revival scheme. The arrears of premium in such case would be calculated in the usual manner as under an ordinary revival scheme.

Depending on the mode of payment (quarterly or half yearly) the life assured may be required to pay one half yearly or two quarterly premiums. The balance of arrears to be paid would then be spread so as to be paid with future premiums on premium due dates, during a period of two years or more, including the current policy anniversary year and two full policy anniversaries thereafter. A condition may be imposed that there should be no outstanding loan under the policy at the time of revival.

3. **Non-forfeiture provisions**

One of the important provisions under the Indian Insurance Act (Section 113) was that which allowed for accrual of certain benefits to policyholders even when they are unable to keep their policies in full force by payment of further premiums. The logic, which applies here, is that the policyholder has a claim to the cash value accumulated under the policy.

The law in India thus provided that if premiums have been paid for at least three consecutive years there shall be a guaranteed surrender value.

Recently this provision is amended saying it (GSV) will be specified by R regulations. If the policy has not been surrendered it shall subsist as a policy with a reduced paid up value. The policy provisions usually provide for a more liberal surrender value than that required by law.