

- v. **Payment of overdue premiums with interest:** The policy owner is required to make payment of all overdue premiums with interest from due date of each premium.
- vi. **Payment of outstanding loan:** The insured must also pay any outstanding policy loan or reinstate any indebtedness that may have existed.

Perhaps the most significant of the above conditions is that which requires **evidence of insurability at revival**. The type of evidence called for would depend on the circumstances of each individual policy. If the policy has been in a lapsed state for a very short period of time, the insurer may reinstate the policy without any evidence of insurability or may only require a simple statement from the insured certifying that he is in good health.

The company may however require a medical examination or other evidence of insurability under certain circumstances:

- i. One is where the grace period has expired since long and the policy is in a lapsed condition for say, nearly a year.
- ii. Another situation is where the insurer has reason to suspect that a health or other problem may be present. Fresh medical examination may also be required if the sum assured or face amount of the policy is large.

Since a revival may require the policyholder to pay a sizeable sum of money (past arrears of premium and interest) for the purpose, each policyholder must decide whether it would be more advantageous to revive the original policy or purchase a new policy. **Revival is often more advantageous because buying a new policy would call for a higher premium rate based on the age the insured has attained on date of revival.**

#### a) Policy revival measures

Let us now look at some of the ways through which policy revival can be accomplished. In general one can revive a lapsed policy if the revival is within a certain period (say 5 years) from the date of first unpaid premium.

##### i. Ordinary revival

The simplest form of revival is one that involves payment of arrears of premium with interest. This has been termed as ordinary revival and is affected when the policy has acquired surrender value. The insurer would also call for a declaration of good health or some other evidence of insurability like a medical examination.

##### iii. Special revival

What do we do when the policy has run for less than three years and has not acquired minimum surrender value (i.e. the accumulated reserves or cash value is insignificant) but the period of lapse is large?, say the policy is coming up for revival after a period of one year or more since the date of first unpaid premium.

One way to revive it is through a scheme known as special revival (which is for instance prevalent in LIC of India). Here it is as though a new policy has