

**LIFE INSURANCE CORPORATION OF INDIA
CENTRAL OFFICE**

Dept: Product Development

"Yogakshema"
Jeevan Bima Marg
Mumbai – 400 021

Ref: CO/PD/96

20th April, 2017

To,
All HODs of Central Office
All Zonal Offices
All Divisional Offices
All Branch Offices (through DOs)
MDCs, ZTCs, STCs, NIA and
Audit & Inspection Depts. of Zonal Offices.

Re: INTRODUCTION OF LIC's AADHAAR SHILA (Plan No.844)

1. INTRODUCTION:

It has been decided to introduce LIC's Aadhaar Shila (Plan No. 844) with effect from 24th April, 2017.

The Unique Identification Number (UIN) for LIC's Aadhaar Shila Plan is **512N309V01**. This number has to be quoted in all relevant documents furnished to the Policyholders and other users (public, distribution channels).

LIC's Aadhaar Shila is non-linked, with-profits, regular premium endowment assurance plan. This plan is exclusively designed for **female lives** having Aadhaar Card issued by UIDAI (Unique Identification Authority of India). **This plan shall only be available for standard healthy lives without any medical examination and the total Basic Sum Assured under all the policies issued to an Individual under this plan shall not exceed Rs. 3 lacs.** The benefits and other details of the plan are given below.

2. BENEFITS:

The benefits payable under an inforce policy are as under:

a) Death Benefit:

On death during first five years: **"Sum Assured on Death"** shall be payable.

On death after completion of five policy years but before the date of maturity: **"Sum Assured on Death"** and Loyalty Addition, if any, shall be payable.

Where **"Sum Assured on Death"** is defined as the higher of 10 times of annualised premium OR Absolute amount assured to be paid on death, i.e. 110 % of Basic Sum Assured.

The death benefit shall not be less than 105% of all the premiums paid as on date of death.

The premium mentioned above excludes taxes, any extra amount chargeable under the policy due to underwriting decision and rider premiums, if any.

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b) Maturity Benefit:

On survival to the end of the policy term "Sum Assured on Maturity" along with Loyalty Addition, if any, shall be payable.

Where "Sum Assured on Maturity" is equal to Basic Sum Assured.

c) Participation in Profits:

Provided the policy has completed five policy years and atleast 5 full years' premium have been paid, then depending upon the Corporation's experience the policies under this plan shall be eligible for Loyalty Addition at the time of exit in the form of Death during the policy term or Maturity, at such rate and on such terms as may be declared by the Corporation. Under a paid-up policy, Loyalty Addition shall be payable for the completed policy years for which the policy was inforce.

In addition, Loyalty Addition, if any, shall also be considered in Special Surrender Value calculation on surrender of policy during the policy term, provided the policy has completed five policy years and atleast 5 full years' premium have been paid.

3. OPTIONAL BENEFIT:

This plan provides the following optional rider by payment of additional premium:

LIC's Accident Benefit Rider UIN (512B203V02): LIC's Accident Benefit Rider is available as an optional rider by payment of additional premium during the term of the policy. Under an inforce policy the LIC's Accident Benefit Rider can be opted for at any time within policy term of the Base Policy provided, the outstanding policy term of the Base Policy is atleast five years.

This rider will not be available under the policy on the life of minors, during minority of the Life Assured. However, Accident Benefit will be available from the policy anniversary following completion of age 18 years on receipt of specific request.

If there be more than one policy with which this or any other Rider covering Accidental Deaths is attached and if the total Accident Benefit Sum Assured under all such policies exceeds Rs.100 lakhs, the benefits shall apply to the first Rs. 100 lakhs Accident Benefit Sum Assured in order of date of policies issued.

The premium for this rider shall be paid along with the premium of the Base Plan. The benefit cover under this rider shall be available during the policy term after exercise of this rider.

If this benefit is opted for, and if Life Assured is involved in an accident, leading to death and such incident shall occur within 180 days from the date of accident then an additional amount equal to the Accident Benefit Sum Assured is payable. However, the policy shall have to be in force at the time of accident irrespective of whether or not it is in force at the time of death.

The premium rate for this rider is as under;

- i. Rs. 0.50 per thousand Accident Benefit Sum Assured irrespective of age.
- ii. Rs. 1.00 per thousand Accident Benefit Sum Assured, if the Life Assured is engaged in police duty either in any military, naval or police organization and opts for this cover while engaged in police duty.

Accident Benefit Rider shall not acquire any paid-up value and the rider benefit will cease to apply, if policy is in lapsed condition.

Beyond the specific details as mentioned in this circular in respect of this rider, additional details i.e. requirements of claim etc. may be referred from the rider circulars Ref: CO/DP/36 dated 9th November 2013.

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4. ELIGIBILITY CONDITIONS AND RESTRICTIONS:

A. For Base Plan:

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|---------------------------------------|-------------------------------|
| 1) Minimum Age at entry | : 8 years (completed) |
| 2) Maximum Age at entry | : 55 years (nearest birthday) |
| 3) Minimum Policy Term | : 10 years |
| 4) Maximum Policy Term | : 20 years |
| 5) Maximum Age at Maturity | : 70 years (nearest birthday) |
| 6) Minimum Basic Sum Assured per life | : Rs. 75,000/- |
| 7) Maximum Basic Sum Assured per life | : Rs. 300,000/- |

The Basic Sum Assured shall be in multiples of Rs.5,000/- from Basic Sum Assured Rs. 75,000 to Rs. 1,50,000/- and Rs.10,000/- for Basic Sum Assured above Rs.1,50,000/-.

"The total Basic Sum Assured under all policies issued to an individual under this plan shall not exceed Rs. 3 lakh". These wordings have to appear in the First Premium Receipt (FPR) and in the policy document for every policy under this plan.

Age at entry for the Policyholder is to be taken as age nearest birthday except for the minimum age at entry i.e. 8 years, where it is in completed years.

Date of Commencement of Risk: Under this plan the risk will commence immediately from the Date of issuance of policy.

Date of issuance of policy is a date when a proposal after underwriting is accepted as a policy and the contract gets effected.

Date of Vesting under the plan (Applicable only if the Life Assured is below 18 years on the date of commencement of policy): If the policy is in force and the Life Assured is alive on the vesting date and if a request in writing for surrendering the policy has not been received by Corporation before such vesting date from the person entitled to the policy moneys, this policy shall automatically vest in the Life Assured on such vesting date i.e. on the policy anniversary coinciding with or immediately following the completion of 18 years of age and shall on such vesting be deemed to be a contract between the Corporation and the Life Assured.

B. For Accident Benefit Rider:

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| 1) Minimum Entry Age | : 18 years (completed) |
| 2) Maximum Entry Age | : The cover can be opted for at any time within policy term of the Base Policy provided, the outstanding policy term of the Base Policy is at least five years. |
| 3) Maximum cover ceasing Age | : Same as under the base plan. |
| 4) Minimum Accident Benefit Sum Assured | : Rs. 20,000/- |
| 5) Maximum Accident Benefit Sum Assured | : An amount equal to the Basic Sum Assured under the Basic Plan subject to the maximum of Rs.100 lakh overall limit taking all existing policies of the Life Assured under individual as well as group schemes including policies with inbuilt accident benefit taken with Life Insurance Corporation of India and the Accident Benefit Sum Assured under the new proposal into consideration. |

The Accident Benefit Sum Assured shall be in multiples of Rs. 5,000/-.

5. MODE OF PREMIUM PAYMENT:

The modes of premium payment allowable are Yearly, Half Yearly, Quarterly, and Monthly (through NACH only) or through salary deductions.

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6. PREMIUM RATES:

The tabular premium rates per thousand Basic Sum Assured are enclosed as **Annexure 1**.

The Class – I extra premium rates per thousand Basic Sum Assured, which may be applicable at revival stage (as only standard lives shall be eligible at NB stage), are enclosed as **Annexure 2**.

The above premium rates are exclusive of taxes.

7. GRACE PERIOD FOR PAYMENT OF PREMIUM:

A grace period of one calendar month but not less than 30 days will be allowed for payment of yearly, half-yearly or quarterly premiums and 15 days for monthly mode of premium payment.

If the death of the Life Assured occurs within the grace period but before the payment of premium then due, the policy will be treated as inforce and the benefits will be paid after deduction of the said unpaid premium and also the unpaid premium/s falling due before the next policy anniversary.

If premium is not paid before the expiry of the days of grace, the Policy lapses.

If the Policy has not lapsed and the claim is admitted in case of death under the policy where the mode of payment of premium is other than yearly, unpaid premium(s), if any, falling due before the next policy anniversary shall be deducted from the claim amount.

The above grace period will also apply to Accident Benefit rider premiums as the rider premiums are to be paid along with premium for the base policy.

8. REBATES:

The rebates for base plan are as under:

Mode Rebate:

Yearly mode : 2% of tabular premium
Half-yearly mode : 1% of tabular premium
Quarterly and monthly mode : NIL

High Basic Sum Assured Rebate:

<u>Basic Sum Assured</u>	<u>Rebate (Rs.)</u>
75,000 to 1,90,000	: Nil
2,00,000 to 2,90,000	: 1.50 % Basic Sum Assured
3,00,000	: 2.00 % Basic Sum Assured

9. CORPORATION EMPLOYEES' INSURANCE SCHEME (CEIS) REBATE:

Policy completed under Corporation Employees' Insurance Scheme (CEIS) will be eligible for the CEIS rebate as a percentage of tabular premium for the base plan as well as on LIC's Accident Benefit rider premium, if opted for, at the following rates provided policy is not taken through any intermediary such as Agent/ Corporate Agent/Broker/Direct Sales Executive etc.

Policy Term	Percentage of tabular premium as well as AB rider premium
10 to 14 years	5%
15 to 20 years	10%

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10. COMMISSION PAYABLE TO INTERMEDIARIES & CREDIT TO DEVELOPMENT OFFICERS:

a) Commission rates (as a percentage of premium net of taxes) during the policy term are as under:

Agents and Corporate Agents:

<u>Policy Term</u>	<u>1st Year</u>	<u>2nd & 3rd Year</u>	<u>Subsequent Years</u>
10 to 14 years	20%	7.5%	5%
15 to 20 years	25%	7.5%	5%

Bonus Commission: 40% of 1st year commission.

Brokers:

<u>Policy Term</u>	<u>1st Year</u>	<u>Subsequent Years</u>
10 to 14 years	25%	5%
15 to 20 years	30%	5%

Bonus Commission: No bonus commission is payable to brokers.

b) Development Officer's Credit:

<u>Policy Term</u>	<u>Credit (as a % of the first year premium net of taxes)</u>
10 to 14 years	60%
15 to 20 years	100%

11. PAID-UP VALUE:

If at least three full years' premiums have been paid and any subsequent premiums be not duly paid, the policy shall continue as a paid-up policy. However, under such policies Auto Cover Period shall be applicable as mentioned below:

Auto Cover Period:

"Auto Cover Period" under a paid-up policy is the period from due date of first unpaid premium (FUP), which includes the Grace Period. The applicable duration of Auto Cover Period shall be as under:

1. If at least three full years' but less than five full years' premiums have been paid in respect of a policy and any subsequent premium is not duly paid: Auto Cover Period of six months from the due date of first unpaid premium (FUP) shall be available.
2. If at least five full years' premiums have been paid in respect of a policy and any subsequent premium is not duly paid: Auto Cover Period of two years from the due date of first unpaid premium (FUP) shall be available.

A. The benefits payable under a paid-up policy during Auto Cover Period shall be as follows:

1. On death: Death benefit, as payable under an inforce policy will be paid after deduction of (a) the unpaid premium(s) in respect of the base policy with interest (the rate of interest being same as applicable on revival of policies) thereon upto the date of death, and (b) the balance premium(s) for the base policy falling due from the date of death and before the next policy anniversary, if any.
2. On maturity: The **Sum Assured on Maturity** under paid-up policy shall be altered to such an amount called "**Maturity Paid-up Sum Assured**" and shall be equal to [(Number of premiums paid/Total Number of premiums payable) x (**Sum Assured on Maturity**)]. In addition to the Maturity Paid-up Sum Assured, Loyalty Addition, if any, shall also be payable on maturity.

B. The benefits payable under a paid-up policy after the expiry of Auto Cover Period shall be as follows:

1. **On death:** **Sum Assured on Death** under a paid-up policy shall be reduced to such an amount, called "**Death Paid-up Sum Assured**" and shall be equal to $[\text{Sum Assured on Death} \times (\text{Number of premiums paid} / \text{Total number of premiums payable})]$. In addition to the Death Paid-up Sum Assured, Loyalty Addition, if any, shall also be payable on death after the expiry of Auto Cover Period.
2. **On maturity:** The **Sum Assured on Maturity** under paid-up policy shall be altered to such an amount called "**Maturity Paid-up Sum Assured**" and shall be equal to $[(\text{Number of premiums paid} / \text{Total Number of premiums payable}) \times (\text{Sum Assured on Maturity})]$. In addition to the Maturity Paid-up Sum Assured, Loyalty Addition, if any, shall also be payable on maturity.

Under a Paid-up policy, Loyalty Addition, if any, shall be payable in respect of the completed policy years for which the policy was in force, provided the premiums have been paid for at least 5 full years and the policy has completed 5 policy years. This Loyalty Addition shall correspond to complete policy years as on the date of first unpaid premiums.

In case the premiums are not duly paid, the policy shall cease to participate in future profits irrespective of whether or not the policy has acquired paid up value.

These provisions do not apply to Riders as they do not acquire any paid up value.

Cover for Rider Benefits will not continue during the Auto Cover Period beyond grace period.

12. SURRENDER VALUE:

The policy can be surrendered at any time during the policy term provided at least three full years' premiums have been paid.

1) **Guaranteed Surrender Value:**

The Guaranteed Surrender Value payable during the policy term shall be total premiums paid multiplied by the Guaranteed Surrender Value factor applicable to total premiums paid.

The Guaranteed Surrender Value factors expressed as percentages will depend on the policy term and policy year in which the policy is surrendered and are enclosed as **Annexure 3**.

Premiums referred above shall not include any taxes, extra amount chargeable under the policy due to underwriting decision and rider premium(s), if any.

2) **Special Surrender Value:**

The Corporation may, however, pay Special Surrender Value as applicable on the date of surrender, provided the same is higher than Guaranteed Surrender Value.

The Special Surrender Value will be the SSV factor multiplied by Maturity Paid-up Sum Assured (as defined in Para 11 above). The Special Surrender Value factors shall be as provided in Table-1A of Special Surrender Value booklet used for Endowment Assurance plan, and will depend on the policy term and the duration elapsed as on date of surrender since the commencement of the policy.

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In addition to the Special Surrender Value, Loyalty Addition shall also be payable under an inforce and paid-up policy; provided policy has completed 5 policy years and atleast 5 full years' premiums have been paid. This Loyalty Addition shall correspond to complete policy years as on the date of first unpaid premiums.

Further, if the policy is surrendered during the last policy year before date of maturity, the surrender value payable shall be the discounted value of maturity claim.

In case of inforce policy, the maturity claim is Sum Assured on Maturity along with Loyalty Addition, if any. Loyalty Addition, if any, shall be corresponding to the full term of the policy. In case of paid-up policy, the maturity claim is Maturity Paid-up Sum Assured (as mentioned in Para 11 above) along with Loyalty Addition, if any. Loyalty Addition, if any, shall be corresponding to complete policy years as on the date of First Unpaid Premium.

LIC's Accident Benefit Rider will not acquire any surrender value.

13. REVIVALS:

If any premium is not paid within the grace period then the policy will lapse. A lapsed policy may be revived during the lifetime of the Life Assured, but within a period of 2 consecutive years from the date of first unpaid premium and before the date of maturity, on submission of proof of continued insurability to the satisfaction of the Corporation and the payment of all the arrears of premium together with interest (compounding half-yearly) at such rate as fixed by the Corporation from time to time.

Though only standard lives shall be eligible at NB stage, on revival of a policy sub-standard lives shall also be considered based on underwriting decision.

The Corporation reserves the right to accept at original terms, accept at modified terms or decline the revival of a discontinued policy. The revival of discontinued policy shall take effect only after the same is approved by the Corporation and is specifically communicated to the Life Assured.

Revival period and Auto Cover Period shall run concurrently i.e. Auto Cover period does not extend period of revival.

Revival of LIC's Accident Benefit Rider, if opted for, will be considered only along with revival of the Base Policy, and not in isolation.

14. LOAN:

Loan facility is available under this plan, after payment of premiums for at least 3 full years subject to following conditions:

- a) The maximum loan that can be granted as a percentage of surrender value are as under:
 - For inforce policies – upto 90%
 - For paid-up policies – upto 80%However, the above percentages may vary from time to time.
- b) The rate of interest to be charged for the loan amount would be determined from time to time by the Corporation.
- c) **Foreclosure action shall be taken in the event of default in payment of loan interest on the due dates, and when the outstanding loan along with interest is to exceed the surrender value.** Such policies when being foreclosed shall be entitled to payment of the difference of surrender value and the outstanding loan amount along with interest, if any.

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15. UNDERWRITING, AGE PROOF AND MEDICAL REQUIREMENTS :

NB & R department will issue detailed instructions in this regard including procedure to be followed for acceptance of Aadhaar Card as KYC.

16. SUICIDE CLAUSE:

This policy shall be void

- a) If the Life Assured (whether sane or insane) commits suicide at any time within 12 months from the date of commencement of risk, the Corporation will not entertain any claim under this policy except to the extent of 80% of the premiums paid excluding any taxes, extra premium and rider premiums, if any, provided the policy is in force.
- b) If the Life Assured (whether sane or insane) commits suicide within 12 months from date of revival, an amount which is higher of 80% of the premiums paid till the date of death (excluding any taxes, extra premium and rider premiums, if any) or the surrender value, shall be payable. The Corporation will not entertain any other claim under such policy. This clause shall not be applicable for a policy lapsed without acquiring paid up value and hence nothing shall be payable under such policies.

17. FORFEITURE IN CERTAIN EVENTS:

In case it is found that any untrue or incorrect statement is contained in the proposal, personal statement, declaration and connected documents or any material information is withheld, then and in every such case the policy shall be void and all claims to any benefit by virtue thereof shall be subject to the provisions of Section 45 of the Insurance Act, 1938 as amended from time to time.

18. TAXES:

Statutory Taxes, if any, imposed on such insurance plans by the Govt. of India or any other constitutional tax Authority of India shall be as per the Tax laws and the rate of tax shall be as applicable from time to time.

The amount of Service Tax payable as per the prevailing rates shall be payable by the policyholder on premiums (for base policy & rider, if any) including extra amount if charged under the policy due to underwriting decision. The amount of Tax paid shall not be considered for the calculation of benefits payable under the plan.

The instructions regarding issues related to taxes will be issued by Finance & Accounts Department, Central office, separately, as applicable from time to time.

19. NORMAL REQUIREMENTS FOR CLAIM:

The normal documents which the claimant shall submit while lodging the claim in case of death of the Life Assured shall be claim forms, as prescribed by the Corporation, accompanied with original policy document, NEFT mandate from the claimant for direct credit of the claim amount to the bank account, Discharge form, proof of title, proof of death, proof of accident, to the satisfaction of the Corporation. If the age is not admitted under the policy, the proof of age of the Life assured shall also be submitted.

Where the policy results into a maturity claim or in case of surrender of the policy, the Life Assured shall submit the discharge form along with the original policy document, NEFT mandate from the claimant for direct credit of the claim amount to the bank account besides proof of age, if the age is not admitted earlier.

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20. FREE LOOK PERIOD:

If a Policyholder is not satisfied with the "Terms and Conditions" of the policy, he/she may return the policy stating the reasons thereof to the Corporation within 15 days from the date of receipt of the policy.

The refund of premium to the Policyholder shall be subject to following deductions:

1. Stamp duty on policy;
2. Proportionate risk premium (in respect of Base Plan and Riders, if opted for) for the period on cover as per C.O. Circular Ref: CO/ PD/ 39 dated 31st December, 2013.

21. BACK-DATING INTEREST:

The policies can be dated back within the same financial year. Back-dating interest as applicable at the time of completion of the policy (at the rate as fixed by the Corporation from time to time) will be charged for the period in excess of one month. However, if the policy is back dated to lean months, viz. April, May, July & August, interest is to be charged for period in excess of three months. The period upto 14 days is to be ignored and 15 days or more is to be rounded to a month for this calculation.

Any further instructions would be issued by Actuarial Department, Central Office, as applicable from time to time.

22. POLICY STAMPING:

For Base Plan, policy stamping charges will be at the rate of 20 paise per thousand Sum Assured on Death.

For Rider, policy stamping charges will be at the rate of 20 paise per thousand Rider Sum Assured, if opted for.

Any update in this regard to be issued by Legal Department, Central Office.

23. REINSURANCE:

Normal procedure for Reinsurance shall apply as per applicable Reinsurance Treaty.

24. ASSIGNMENTS/NOMINATIONS:

a) **Assignments:** Assignment is allowed under this plan as per Section 38 of Insurance Act, 1938, as amended from time to time.

The notice of assignment should be submitted for registration to the office of the Corporation, where the policy is serviced.

b) **Nominations:** Nomination by the holder of a policy of life assurance is required as per Section 39 of the Insurance Act, 1938, as amended from time to time.

The notice of nomination or change of nomination should be submitted for registration to the office of the Corporation, where the policy is serviced. In registering nomination the Corporation does not accept any responsibility or express any opinion as to its validity or legal effect.

25. ACCOUNTING OF INCOME AND OUTGO:

Instructions regarding the accounting procedure to be followed under the plan shall be issued separately by Finance & Accounts Department, Central office.

26. PROPOSAL FORM :

Proposal Form No. 501 and 502 shall be used under this plan and are enclosed as **Annexure – 4 and Annexure - 5.**

27. POLICY DOCUMENT :

The specimen Policy Document will be sent by the Corporate Communications Department, Central Office.

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28. DISCLOSURES:


At the time of sale, a client specific Benefit Illustration shall be provided to the Policyholder. Such Benefit Illustration shall be signed by both the prospective policyholder and intermediary and shall form part of the policy document.

29. ADDRESS OF OMBUDSMAN:

At the stage of issuance of policy the address of the nearest Ombudsman is to be mentioned in the Policy Document. In case of any change in address by policyholder, the address of the nearest Ombudsman from the transferring in branch has to be informed to the policyholder along with confirmation of change in address.

Further, instructions in this regard to be issued by CRM Department, Central office.


Chief (Marketing)


Encl – Annexure 1, 2, 3, 4 & 5