

The Life Insurance handbook, developed by the Insurance Regulatory and Development Authority (IRDA), serves as a general guide to life insurance, emphasizing that it does not replace the specific terms of any insurance policy. Life insurance offers financial protection against risks related to human life, such as death or disability, providing essential support for dependents and aiding in future financial planning. It is important for both income earners and non-earners, including housewives and children, to consider life insurance based on their family's financial needs, debts, lifestyle aspirations, and educational expenses. Various life insurance products are available, including Term Insurance, which covers a specified period; Whole Life Insurance, which offers lifelong protection; Endowment Policies that combine savings with insurance; Money Back Plans that periodically return a portion of the sum assured; Children Policies aimed at securing funds for children's future needs; and Annuity Plans that provide regular income post-retirement. The handbook also covers Unit Linked Insurance Policies (ULIPs), which integrate investment and insurance, allowing policyholders to choose their premium investment options, with the associated investment risk borne by them.

Before purchasing a policy, key considerations include understanding the guarantee of returns, implications of premium payments, and conditions for policy revival. Accurate disclosures in the proposal are critical for underwriting, as inaccuracies may lead to claim denials. The handbook details the requirements for maturity claims, death claims, and the calculation of surrender values and loans against policies, while also highlighting the charges associated with ULIPs, such as premium allocation, mortality, fund management, and administration fees, which can vary by insurer. The document aims to enhance awareness and understanding of life insurance products and their benefits.

Investment options outlined in the policy document include capital appreciation, income, fixed interest, and bond funds, which invest in corporate bonds, government securities, and other fixed-income instruments, with risk levels ranging from medium to high. Cash funds, or money

market funds, characterized by low risk, invest in cash, bank deposits, and money market instruments. Balanced funds combine equity investments with fixed interest instruments and carry a medium risk level. Surrender charges may apply for premature partial or full encashment of units, and a fund switching charge may be incurred after a limited number of free switches each year. Service tax deductions are made from the risk portion of the premium before unit allotment, resulting in the premium used to purchase units being less than the total premium paid.

Policyholders are encouraged to review the approved sales brochure for details on charges, premature surrender payments, features, limitations, exclusions, lapsation consequences, and benefit illustrations based on projected returns. A 15-day free look period is provided for policyholders to seek a refund if dissatisfied, with the refund amount being the fund value minus certain deductions. The Net Asset Value (NAV) represents the value of each fund unit and is accessible on the insurer's website. In the event of a risk occurring during the policy term, the sum assured and/or the value of fund units is payable to beneficiaries, while upon maturity, the value of fund units along with any bonuses is payable.

The policy allows for additional contributions beyond regular premiums through a "TOP UP" facility and permits fund switching, with applicable fees after a specified number of free switches. Partial withdrawals are permitted through unit cancellation. If premium payments are discontinued, the policy outlines different consequences based on whether the discontinuance occurs within or after three years of commencement, including potential termination and surrender value payments.

Insurers are mandated to provide annual reports detailing fund performance, investment strategies, and risk control measures. For grievances, policyholders can register complaints through the Integrated Grievance Management System (IGMS) or other channels, including email and phone. The document specifies turnaround times for various services, including proposal processing, claim settlements, and grievance resolutions, ensuring grievances are acknowledged within three days

and resolved within 15 days. Overall, the handbook serves as a general informational resource and does not constitute legal advice.