

PENSION PLUS (Plan No 803)
Date of Introduction: 2.9.2010

1. Definition: *Unit Linked Deferred Pension Plan Without Risk Cover.*

2. Fund Types:

Fund Types	Investment in Government /Government Guaranteed Securities/Corporate Debt	Short term investments such as Money Market Instruments	Investment in Listed Equities	Details and objectives of the fund for risk/return
Debt Fund	Not less than 60%	Not more than 40%	Nil	Low Risk
Mixed Fund	Not less than 45%	Not more than 40%	Not less than 15% and not more than 35%	Steady Income-Lower to medium risk

The policyholder must opt for any one of the above 2 funds to invest his premiums.

3. Charges:

Allocation Charge:

Single Premium ... 3.30%

Regular Premium:

First Year 6.75%

2nd to 5th year..... 4.50%

6th year onwards.....2.50%

Top up 1.25%

Policy Admin Charge:

Rs.30/- per month during the first policy year and then Rs.30/- PM escalating @ 3% p.a. through the term of the policy (by cancellation of units).

Fund Management Charge:

- 0.7% PA of Unit Fund for Debt Fund.
- 0.8% PA of Unit Fund for Mixed Fund.

(This FMC will be deducted on the date of computation of NAV. The NAV will be net of FMC)

Switching Charge:

Within a given policy year, 2 switches shall be free. Thereafter, there shall be levied a charge of Rs.100/- per switch.

Bid Offer spread: NIL**Discontinuance Charge:**

Where the policy is discontinued during the year	Discontinuance charge for the policies having annualized premium upto Rs.25000/-.	Discontinuance charge for the policies having annualized premium above Rs.25000/-.
1	Lower of 10% of (AP or FV) subject to maximum of Rs.2500/-.	Lower of 6% of (AP or FV) subject maximum of Rs.6000/-.
2	Lower of 7% of (AP or FV) subject to maximum of Rs.1750/-.	Lower of 4% of (AP or FV) subject maximum of Rs.5000/-.
3	Lower of 5% of (AP or FV) subject to maximum of Rs.1250/-.	Lower of 3% of (AP or FV) subject maximum of Rs.4000/-.
4	Lower of 3% of (AP or FV) subject to maximum of Rs.750/-.	Lower of 2% of (AP or FV) subject maximum of Rs.2000/-.
5	NIL	NIL

AP- Annualised Premium

FV- Policy Holder's Fund Value excluding the fund value in respect of top up premiums paid if any on the date of discontinuance.

Date of discontinuance of the policy: shall be the date on which the insurer receives the intimation from the insured or policyholder about discontinuance of the policy (i.e. complete withdrawal from the policy) or on the expiry of the notice period of 30 days, which ever is earlier.

There shall be no discontinuance charge under single premium policy.

There shall also not be any discontinuance charge for direct business in respect of corporation employees..

Service Tax:

Service tax shall be levied on all applicable charges as per the prevailing service tax/laws and or any other laws as applicable from time to time. As on the date of this circular, the service charge rate is 10.30% (including surcharge of 3%).

4. Applicability of NAV:

Premiums received up to 3PM by the corporation through ECS or by way of local cheque or demand draft payable at par at the place where premium is received, the closing NAV of the day on which premium is received shall be applicable. For premiums received, as above, after 3PM, the closing NAV of the next business day shall be applicable.

Same rules shall apply for valid applications received for surrender, complete withdrawal, death claim, switches, etc.

In case of discontinuance, wherein the policy holder does not exercise the option within the period of 30 days of receipt of notice, the NAV as on the date of expiry of notice period shall be applicable.

In respect of amount available on vesting, the NAV of the date of vesting of annuity shall be applicable.

Outstation cheques/DD shall not be accepted.

5. Benefits:

a. Death before vesting (during deferment period):

Fund value as on the date of booking of liability shall be paid to the nominee. The benefit may be paid in one lump sum or by way of pension as the nominee chooses.

The nominee may also choose to take part of the fund value in lump sum and part by way of annuity. This will be subject to the terms and conditions applicable to an immediate annuity at that time.

b. On vesting:

On policy holder surviving to the date of vesting, higher of the policy's fund value and Guaranteed Maturity proceeds, as given hereinbelow, will be compulsorily utilized to provide an annuity.

c. Surrender/Discontinuance of premium: The benefit amount shall be compulsorily utilized to provide an annuity subject to the following conditions.

1. The policy holder will have an option to commute upto a maximum of 1/3rd of
 - i. Higher of policy holder's fund value and Guaranteed Maturity Proceeds, in the event of vesting, OR
 - ii. Proceeds of the discontinued policy, if policy is discontinued or surrendered within 5 years from the date of commencement of policy, OR
 - iii. Policy holder's fund policy, if policy is discontinued or surrendered after 5 years from the date of commencement of policy,

Whichever is applicable.

Commutation will be allowed provided the balance amount is sufficient to purchase the minimum amount of annuity as per the provisions of section 4 of the Insurance Act 1938, as applicable on the date of payment of annuity.

2. The minimum amount of annuity payable shall be subject to the provisions of section 4 of the Insurance Act 1938, as applicable on the date of payment of annuity. In case, the application amount mentioned in paras (i) to (iii) above, then the said amount shall be refunded as a lump sum to the policy holder.
3. The policy holder shall have the option to purchase immediate annuity from any other life insurance company (registered with IRDA) subject to regulatory provisions. In such case, LIC will transfer the fund value directly to the chosen insurer.

If a policy holder opts to purchase immediate annuity from any other life insurance company, he/she will have to inform his/her intention to LIC six months prior to the vesting date.

6. Surrender:

Within 5 years from the Date of Commencement:

The fund value after deduction of discontinuance charges shall be converted into monetary terms and credited to Discontinued Policy Fund. No charges shall be deducted

thereafter. This fund value (together with accrued interest as defined later in this note) shall be utilized for calculation of annuity amount payable after completion of 5 years from the date of commencement of the policy.

After 5 years from the Date of Commencement:

The Fund Value, as at the date of surrender, shall be utilized for payment of annuity subject to conditions given in 5c above. There will be no surrender charge.

7. Discontinuance of Premium:

If premiums under the policy have not been paid within the days of grace, a notice shall be sent to the policy holder within a period of 15 days from the date of expiry of grace period to exercise one of the following options within a period of 30 days of receipt of such notice:

- i) revive the policy, or
- ii) complete withdrawal

During the notice period of 30 days, the policy shall be treated as in force till the date of discontinuance of the policy (i.e. till the date on which the intimation is received from the policy holder for complete withdrawal of the policy or till the expiry of the notice period) and recovery of all charges as specified for an in force policy shall continue by canceling appropriate number of units out of the policy holder's fund value.

Benefits payable when the policy holder exercises the option for complete withdrawal or does not exercise any option during the notice period shall be as under:

- i) If the policy is discontinued within 5 years from the date of commencement of the policy: If the policy holder exercises the option for complete withdrawal from the policy, or does not exercise the option within the period of 30 days of the receipt of notice, then the policy shall be compulsorily terminated. The policy holder's fund value as on the date of discontinuance of policy after deduction of discontinuance charge as specified above, shall be converted into monetary terms and the proceeds shall be compulsorily utilized to provide an annuity as given in 5c above after 5 years from the date of commencement of the policy.
- ii) If the policy is discontinued after 5 years from the date of commencement of the policy: If the policy holder exercises the option for complete withdrawal from the policy, or does not exercise the option within the period of 30 days of receipt of notice, then the

policy shall be compulsorily terminated and policy holder's fund value will be compulsorily utilized to provide an annuity as specified in para 5c.

8. Method of calculation of Monetary amount and proceeds of discontinued policy:

The NAV on the date of application for surrender or as on the date of discontinuance of the policy (in case of complete withdrawal of the policy), as the case may be, multiplied by the number of units in the policy holder's fund value as on that date will be the monetary amount.

The monetary amount calculated as above shall be transferred to Discontinued Policy Fund. This fund will earn a minimum interest of 3.5% p.a. from the date of discontinuance of the policy to the date of completion of 5 years from the commencement of policy. In case of death of the life assured after discontinuance of policy but before completion of 5 years, the interest shall accrue from the date of discontinuance of the policy to the date of booking of liability. The Proceeds of the discontinued policy shall consist of the monetary amount + interest accrued.

9. Guaranteed Maturity Proceeds:

If all due premiums are paid till maturity, a guaranteed interest shall accrue on the gross premium, including Top Up premium, if any, at the end of each financial year. The guaranteed interest rate shall be 50 basis points above the average of reverse repo rate prevailing as on the last working day of June, September, December and March of the preceding year. However, the guaranteed interest rate shall be subject of a maximum of 6% and a minimum of 3%. This guaranteed interest rate is not applicable to a discontinued policy.

The minimum guaranteed rate of 4.5% p.a. is applicable to all premiums received up to 31st March 2011, including any top-up premiums paid.

10. Eligibility conditions and features.

Minimum SA	NIL
Maximum SA	NIL
Minimum Premium	Single.. 30000/- Regular.. Mly ECS 1500/- Regular.. YLY/HLY/Qly.. 15000/- (Annualised)
Maximum Premium	Single.. No Limit Regular.. 1,00,000 (Annualised)
Modes	Yly, Hly, Qly, Mly(ECS), Single

Min Age At entry	18 last birth day
Maximum Age at entry	75 nearest birth day
Minimum deferment period	10 years
Maximum Vesting age	85 nearest birth day
Multiple	Annualised Premium to be multiple of 1000 for other than monthly ECS. Mly ECS has to be multiple of Rs.250/-. Single Premium to be multiple of 1000/-

Age at entry to be nearer birth except for minimum age at entry of 18 when it has to be LBD.

11. a. Switching. Switching is allowed between the fund types during the deferment period. On switching the entire amount will be transferred to the fund type opted for. Within a given policy year, 2 switches are free; all subsequent switched will be charged Rs.100/- per switch.

Switching will be allowed only if the due premiums have been paid.

11. b. Top Up: No upper limit. Top up amount to be multiple of 1000/-. No top up allowed during the last 5 years of the deferment period.

12. No mode rebate.

13. Commission/Credit:

Regular Premium Policies	1st year comm.....7.5% of premium Subsequent year comm.....2% of premium
Single Premium Policies	2% of premium
Top Ups	1% of top amount
Bonus Commission	NIL

Development Officers Credit

20% of the FY premium in Regular Premium Policies
5% of the Single Premium.

14. CEIS rebate.. NIL

15. Loans .. Not allowed.

16. Underwriting: No risk cover.

17. Grace Period: 30 days for regular premium policies (Yly, Hly, and Qly modes) and 15 days for Mly ECS mode.

18. Revivals: If premium is not paid within the days of grace, a notice shall be sent to the policy holder within a period of 15 days from the expiry of grace period to exercise the option for revival within a period of 30 days of the receipt of such notice. If the policy holder exercises the option to revive the policy, the arrears of premium without interest shall be required to be paid.

19. Cooling Off: If the policy holder is not satisfied with the terms and conditions of the policy, he/she may return the policy to the Corporation within 15 days of the receipt of the policy. The amount to be refunded in case the policy is returned within the cooling off period shall be as under:

Fund value of units in the policy holders' fund value
Plus unallocated premium
Plus policy admin charges deducted
Less charges @ .2% of total premiums payable during entire term of policy.

Commission paid to agent shall be recovered and credit given to Development Officer shall be withdrawn.

20. Back dating: Not allowed.

21. Policy Stamping: Rs. 0.20 per thousand of total premiums payable during the entire term of the policy.

22. Assignment: Not allowed. Nomination: allowed.