



**LIFE INSURANCE CORPORATION OF INDIA**  
**(Established by the Life Insurance Corporation Act, 1956)**  
**Registration Number: 512**  
**Pension and Group Schemes Department**  
**Divisional Office, \_\_\_\_\_**

**LIC's NEW GROUP GRATUITY CASH ACCUMULATION PLAN (WITHOUT PROFIT)**  
**(UIN: 512N281V02)**

Ref: NB

Unit Code / Unit Name:

\_\_\_\_\_  
\_\_\_\_\_

Date:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Dear Policyholder,

Re: Policy No. \_\_\_\_\_

We have pleasure to forward herewith the above policy document which please find in order.

As per IRDA (Protection of Policyholder's Interest) Regulations, 2002 we would request you to go through the terms and conditions of the policy and in case you disagree to any of the terms and conditions, you may return the policy within a period of 15 days stating the reasons of your objections. On receipt of the policy, the Master Policy shall be cancelled and the total contributions paid after deduction of stamp duty expenses and charges towards Risk Premium, wherever applicable, shall be refunded.

We would also like to draw your kind attention to the information (including special provisions, if any) mentioned in the Schedules and General Conditions of the policy given including the options available, if any, stated therein.

It is important that the conditions mentioned in the policy are noted carefully as it will be helpful to you.

Thanking you,

Yours faithfully,

p. Manager (P&GS)



**Life Insurance Corporation of India  
Pension and Group Schemes Department  
Divisional Office, \_\_\_\_\_**

**LIC's NEW GROUP GRATUITY CASH ACCUMULATION PLAN**  
**(UIN: 512N281V02)**

**Master Policy No. GG / CA /**

**GRANTED TO TRUSTEES**

The **Life Insurance Corporation Of India** (hereinafter called "the Corporation") has received a Proposal from the Trustees/ Employer of \_\_\_\_\_ Group Gratuity Cash Accumulation Scheme (hereinafter called "the Grantees"), being the policyholder for the Group Gratuity Benefits as described in the Rules of the aforesaid Gratuity Scheme, which Rules together with the aforesaid proposal are hereby declared to be the basis of this policy and WHEREAS the Corporation has received a Contribution of Rs. \_\_\_\_\_, in respect of \_\_\_\_ Members towards provision of Gratuity and Life Cover Benefit for a total Sum Assured of Rs. \_\_\_\_\_ on the Date of Commencement of this Policy.

**NOW THIS POLICY WITNESSES:**

1. Subject to the terms and provisions hereof, the Corporation hereby agrees to pay to the Grantees the benefits in respect of the Members calculated as herein prescribed after the Grantees shall have supplied the Corporation with proof to the satisfaction of the Corporation of the happening of the events upon which benefits are expressed to be payable.
2. Any amendment to the terms and conditions of this policy shall be given effect to by an endorsement to the policy signed by an authorized Officer of the Corporation.
3. The provisions hereinafter contained i.e. the 'General Conditions' and various 'Schedules' (Schedule I to VI) attached herewith and every endorsement placed on the Policy by the Corporation shall be deemed part of this Policy as full as if recited over the signature affixed hereto.

**Dated at \_\_\_\_\_ this \_\_\_\_ day of \_\_\_\_\_, 20\_\_**

**For and on behalf of the  
LIFE INSURANCE CORPORATION OF INDIA**

**MANAGER (P&GS)**

***GENERAL CONDITIONS***

1. In this policy, where the context so admits, the masculine shall include the feminine, the singular shall include the plural and expressions referred to in the Schedules of this policy shall, unless otherwise defined, have the meaning therein specified.
2. Evidence of age of the Members, satisfactory to the Corporation must be furnished to the Corporation before payment of any benefits hereunder.
3. Subject to the condition mentioned herein, Life Cover Benefit is effected on the life of each Member under this Policy.
4. For the purpose of granting Life Cover Benefits under this policy, each Member shall produce satisfactory evidence of his health in the form and manner prescribed by the Corporation at the commencement of his Membership hereunder and on each occasion thereafter when an increase in Life Cover Benefit is to be granted. If such satisfactory evidence is not furnished or if the Member is found uninsurable on the Entry Date or the relevant Annual Renewal Date, the Life Cover Benefit or increase in Life Cover Benefit shall not be effected in respect of him.
5. The Grantees shall pay to the Corporation on the \_\_\_\_\_ day of \_\_\_\_\_ i.e. the Date of Commencement of the policy and the \_\_\_\_\_ day of \_\_\_\_\_ every year thereafter (i.e. the Annual Renewal Date) the Contribution in respect of each Member according to the Schedule II, provided that if the Grantees desire and the Corporation agrees, the Contribution hereunder shall be paid at any time during the year.
6. The Grantees shall provide the list of Members covered under the policy at the time of inception of the policy and at each Annual Renewal date. Such list which should be in soft copy in the format prescribed by the Corporation from time to time shall form part of the policy document.
7. The Grantees shall furnish the Corporation with all particulars relevant to the Scheme and for the operation of this policy and the particulars so furnished may be accepted by the Corporation as conclusive.
8. Any amendment/s or modification/s to the scheme shall have the effect for the purpose of this policy only to such extent as the Corporation shall in writing agree and the consequential changes to the relevant provisions hereof shall be given effect to by endorsements to the Policy.
9. On any Annual Renewal Date, based on the experience, the Corporation reserves right to revise the Mortality Charges for providing Life Cover Benefit after giving the Grantees a notice of one month. The right to revise equally applies to any revision previously made.
10. As soon as a Member or a beneficiary becomes entitled to receive the benefits under the scheme, the Grantees shall send the relevant particulars to the Corporation whereupon the Corporation shall pay to the Grantees appropriate benefits.
11. Proof of existence, identity and evidence of age of the Member and of the beneficiary whenever required to the satisfaction of the Corporation must be furnished to the Corporation before claiming any benefits hereunder.
12. All monies payable by the Corporation hereunder shall be paid to the Grantees through the Divisional Office at \_\_\_\_\_ and a \_\_\_\_\_ discharge receipt given by the Grantees or on their behalf by

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any person duly authorised in writing by the Grantees shall be a valid discharge to the Corporation in respect of any such payment.

13. Notwithstanding anything herein contained to the contrary, the Corporations' liability to the Grantees under this policy shall be limited to the Life Cover Benefit under this plan effected in respect of the Members subject to the terms and condition applicable to them and Policy Account Value standing to the credit of the Grantees.
14. The Corporation shall issue the Grantees as the policyholder at the end of each financial year a statement of Policy Account showing various transactions during the financial year.
15. In any case where the Corporation is liable to the revenue authorities for Income-tax or any other Tax or duties on the benefits to be made under this policy or on any account in respect to this policy, the Corporation shall be entitled to deduct the appropriate amounts for that purpose from the respective payments and shall not be liable to the Grantees for the sums so deducted.
16. Any dispute which may arise in connection with this policy shall be submitted to the appropriate Court having jurisdiction over the city/town of \_\_\_\_\_.
17. The Grantees and the Corporation reserves the right to terminate the scheme by giving three months notice to either party. In that event, the Life Cover Benefit under this Policy shall terminate forthwith and the benefit available under this policy shall be as per Schedule IV.
18. For claiming the Life Cover Benefits, the Grantees will have to submit the death certificate in original of the Member along with the claim form.
19. The Grantees shall at the request of the Corporation produce the Policy whenever necessary for the purpose of stamping, reference or inspection.
20. The LIC's New Group Gratuity Cash Accumulation Plan is a Non Participating Variable Insurance Plan and will not participate in the profits of the Corporation.
21. No loan is payable under this policy.
22. The benefits payable under this policy are strictly personal and cannot be assigned, charged or alienated in any way by the Member or the beneficiaries.
23. The Corporation shall not be liable for any action taken in good faith upon any statements and particulars furnished by the Grantees which shall be, or shall be proved to have been erroneous. Such of the Grantees' records in original as in the opinion of the Corporation have a bearing of the benefits provided or the Mortality Charges payable hereunder shall be open for inspection by the Corporation whenever required.
24. **Cooling Off Period:** The Grantees may review the terms and conditions of the Master Policy and choose to return the Master Policy within 15 days to the Corporation in case of any objection with a written communication stating the reasons of their objection. The period of 15 days shall be reckoned from the date of receipt of Master Policy by the Grantees.

On receipt of such a communication, the Master Policy shall be cancelled and the amounts received shall be refunded to grantees after deduction in respect of following:

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- a) Stamp duty expenses.
  - b) Proportionate Mortality Charges for the period on cover.
25. In case of Schemes which are cancelled during the cooling off period, no interest will be credited to their Policy Account.
26. The Scheme Rules shall form part of the policy document. In case of a conflict between Scheme Rules and condition of policy, the terms of the policy conditions shall prevail.

### SCHEDULE-I

1.	Proposal No.	
2.	Date of Commencement	
3.	Name of Grantees	
4.	Registered Address of Grantees	
5.	Name of the scheme	
6.	Term	Annually Renewable
7.	Member	A Member of the Scheme who is admitted to the benefits of this Policy
8.	Annual Renewal Date	In relation to the scheme shall mean the-----and the----- every year.
9.	Beneficiary	The person nominated by the Member to receive the benefits under the scheme in the event of death
10.	Eligibility	All permanent employees who are aged not less than 18 years and not more than ----- years as per scheme rules.
11.	Entry Date	Entry Date' shall mean (a) in relation to original Members the Annual Renewal Date and (b) in relation to new Members admitted to the Scheme after the Annual Renewal Date, the 1 <sup>st</sup> of the month or Annual Renewal Date which is coincident with or immediately next follows the date on which they become eligible.
12.	Normal Retirement Date	The date on which Member attains the age of ----- years.
13.	Sum Assured	Lumpsum amount (i.e. Life Cover Benefit) payable on death in respect of a Member.
14.	Death Benefit	Sum Assured in respect of a Member under this plan as mentioned in Schedule- III along with Gratuity Benefit as per scheme rules.
15.	Resignation / Retirement Benefit	Gratuity Benefit as per scheme rules.
16.	Policy Account	Policy Account shall mean the account to be maintained by the Corporation in favour of the Grantees to which will be credited the Contribution (as described in Schedule-II). Gratuity Benefits shall be paid out of Policy Account.
17.	Interest Payable	As per Para 3of Schedule –II
18.	Charges	As per Para 4 of Schedule –II
19.	Bulk Exit	As per Para 7 of Schedule –IV

20.	Surrender	As per Para 8 of Schedule –IV
21.	Market Value Adjustment	Market Value Adjustment (MVA) is a reduction in the Policy Account Value to cover the market losses of underlying investment. It shall be calculated as per para 4(iv) of Schedule II.

**SCHEDULE II- Contribution and Management of Policy Account**

1. **Contributions:** Such amount as is required to secure the Life Cover Benefit and Gratuity Benefits in respect of the members of the scheme. The amount payable towards past service Gratuity Benefit may be wholly paid on the date of entry or partly on the date of entry and partly on Annual Renewal Date as specified in the scheme rules and amount payable every year as required to secure the Gratuity Benefit relating to the current year service as per AS-15(Revised).

The Contribution is payable on the due date, being the date on which is the Member is admitted to the benefits of the policy and on each Annual Renewal Date. The payment of Contribution shall be continued until the Normal Retirement Date of each Member unless otherwise specified under the policy.

2. **Management of Policy Account:** All the Contributions paid by the Grantees will be credited to the maintained Policy Account.

A single Policy Account shall be maintained in respect of all contributions received from Grantees.

Member’s Gratuity Benefits shall be paid out of the Policy Account of the scheme on the happening of the events as described in the scheme rules.

3. **Interest payable on Policy Account:**

The following types of interest rates shall be provided on the Policy Account Value:

- (a) **Minimum Floor Rate (MFR):** MFR is a guaranteed interest rate that Policy Account shall earn during the entire policy term. This plan offers a Minimum Floor Rate (MFR) of 0.5% p.a.
- (b) **Additional Interest Rate (AIR):** In addition to MFR, the Corporation shall also declare a non zero-positive Additional Interest Rate (AIR) at the beginning of every financial quarter on the Policy Account and AIR shall remain guaranteed for that financial quarter. This AIR shall remain guaranteed for that quarter.
- (c) **Residual Addition (RA):** Starting from the fifth policy anniversary, in addition to MFR and AIR, the Corporation may also declare a non zero-positive Residual Addition (RA) on Policy Account at the end of each policy year.

The Residual Addition shall be determined as below:

- 1) Gross Investment Yield earned in the shadow policy account at the end of each policy year less
- 2) Actual yield earned in the policy account, at the end of each policy year less
- 3) Yield referred in the maximum reduction in yield at that duration (stipulated by the regulator, IRDAI) in accordance with the table below:

Number of years elapsed since inception	Maximum Reduction in Yield (Difference between Gross and Net Yield (% p.a.))
5	4.00 %
6	3.75 %
7	3.50 %
8	3.30 %
9	3.15 %
10	3.00 %
11 and 12	2.75 %
13 and 14	2.50 %
15 and thereafter	2.25 %

**Note:** The yield earned on each of the policy account shall be calculated using the money weighted rate of return method at end of each policy year.

The interest amount earned by way of MFR and AIR will be credited to the Policy Account at the end of each quarter/at the time of exit. The interest amount earned by way of RA, if any, will be credited to the Policy Account at the end of each policy year starting from policy year 5.

**Glossary:**

**Gross Investment Yield:** The yield on an investment earned by the Corporation on the entire Group Gratuity pooled fund. Gross yield is expressed in percentage terms.

**Actual Investment Yield:** The yield earned (through MFR and AIR) by the policyholder on his Policy Account Value after the deduction of all charges.

**Money weighted rate of return:** It is the rate of return for a portfolio that will set the present values of all cash flows and terminal values equal to the value of the initial investment, i.e. it is the discount rate on which the Net Present Value (NPV) = 0, or the present value of inflows = present value of outflows. A money-weighted approach can be used as a measure of the rate of return for an asset (or portfolio of assets) where the schedule of cash flows is not necessarily periodic, i.e. where transactions can occur irregularly.

**Shadow Policy Account:** A Shadow Policy Account shall be maintained on a daily basis and shall be computed based on the actual accruals of all income elements for the Corporation like contributions, income from investments as and when received and all actual debits i.e. partial withdrawals to the policy account value as and when debited, to arrive at the actual gross investment return and reduction in yield to the policy account value, at the end of each year starting from policy year 5.

**4. Charges:**

- i) Mortality Charges: Mortality Charge is the amount required to secure the Life Cover Benefits to the members from year to year as per scheme rules. Mortality Charges will be deducted from Policy Account Value on monthly basis in advance.

The total Mortality Charge to be deducted from Policy Account Value shall be the sum of Mortality Charges in respect of each member covered under the policy. Total Mortality Charge, during a policy year, will be based on the age nearer birthday of each member as at the date of entry in to the scheme or the Annual Renewal Date coinciding with or immediately preceding the

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due date of deduction of Mortality Charges and hence may change every year on each Annual

Renewal Date(ARD). Mortality Charges will be deducted in respect of each member till his date of exit from the policy.

The age-wise Mortality Charges in respect of each member will depend on the size, mortality experience and risk profile including occupation of the group at commencement. The table of Mortality Charges (per annum) applicable at inception is given in Schedule V.

On each Annual Renewal Date, The Mortality Charge applicable at inception may vary depending upon the mortality experience of the scheme and size of the group.

A new Member can be admitted to the scheme in any month on a date coinciding with the calendar date of Annual Renewal Date.

The Corporation shall furnish separately, the applicable Mortality Charge to the Grantees on each Annual Renewal Date. The Mortality Charge paid shall carry the Life Cover Benefit for the Member for the period in respect of which it is paid and no further.

- ii) Policy Administration Charge: The Policy Administration Charge per year shall be Rs. 0.15 per Rs.1000/- of total Life Cover Benefit under the policy at the time of deduction of the charge. This charge will be a deducted from Policy Account on monthly basis in advance.
- iii) Fund Management Charge (FMC): The Fund Management Charge shall be deducted from Policy Account Value at the end of each quarter/at the time of exit based on daily Policy Account Value during that quarter.. This percentage of the Fund Management Charge shall vary depending on the size of Policy Account Value and are as under:

<b>Fund Management Charge: (per annum)</b>	
<b>Size of Policy Account Value of the Scheme</b>	<b>Fund Management Charge (FMC)</b>
Initial amount upto 1 crore	0.50%
On subsequent amount above 1 crore but less than or equal to 5 crores	0.45%
On subsequent amount above 5 crores but less than or equal to 25 crores	0.40%
On subsequent amount above 25 crores but less than or equal to 100 crores	0.35%
On subsequent amount above 100 crores but less than or equal to 200 crores	0.30%
On subsequent amount above 200 crores but less than or equal to 400 crores	0.25%
On subsequent amount above 400 crores but less than or equal to 800 crores	0.20%
On subsequent amount above 800 crores but less than or equal to 2000 crores	0.15%
On subsequent amount above 2000 crores	0.10%



- iv) Market Value Adjustment: A Market Value Adjustment (MVA) will be applicable on Bulk Exits and complete surrender of the policy. The MVA will be applicable on withdrawal amount which is over and above 25% of the Policy Account Value. The MVA amount shall be derived at the time of exit using the following formula.
  - v) MVA amount = [Maximum (0, Policy Account Value – Market Value) / Policy Account Value] \* (Net amount which is over and above the amount representing Bulk Exit)  
Where, Market Value is derived from the revaluation of assets at the time when MVA is carried out. The assets will be earmarked separately for this product. The MVA amount, if any, will be deducted from the Policy Account Value.
  - vi) Surrender Charges: If this policy is surrendered within three policy years from the Date of Commencement mentioned in Schedule I of this document a surrender charge will be levied. The applicable surrender charge shall be 0.05% of the Policy Account Value subject to maximum of Rs.500, 000/-.
  - vii) Service tax Charges: Service tax, if any, shall be as per the Service Tax laws and the rate of service tax as applicable from time to time. Service tax shall not be included in the contractual Mortality Charge and it will be collected from the policyholder separately as over and above such Mortality Charge.
5. **Right to revise charges**: The Corporation reserves the right to revise the Fund Management Charges and Policy Administration Charges. The modification in Fund Management Charges and Policy Administration Charges will be done with prospective effect with the prior approval from IRDAI after giving the Policyholder a notice of one month. However the maximum Fund Management Charges shall not exceed 1% p.a. The Policy Administration Charges shall not exceed Rs. 0.30 p.a. per thousand of Life Cover Benefit, subject to a maximum of Rs. 500 per annum per member. Any modification in these charges will not be done during a policy year.

In case the Policyholder does not agree with the revision of charges the Policyholder shall have the option to withdraw the Policy Account Value. However such withdrawal shall not be treated as surrender.

### **SCHEDULE III – BENEFITS**

6. The benefits payable on various events are as follows:
- a. **Benefits payable on death of Member before Normal Retirement Age:**  
  
On death of a Member whilst in service before Normal Retirement Age, the benefit payable will be equal to the sum of following:
    - i) Sum assured
    - ii) Gratuity Benefit as per the scheme rules.  
However, for the Gratuity Benefit, the Corporation's liability towards the Policyholder shall be limited to the Policy Account Value remaining in the Policy Account.
  - b. **Benefits payable on retirement/ Leaving Service:**  
  
On retirement of a Member, the Gratuity Benefit shall be payable as specified in the scheme rules. However, the Corporation's liability towards the policyholder shall be limited to the Policy Account Value remaining in the Policy Account.

**SCHEDULE IV - DISCONTINUANCE OF CONTRIBUTIONS**

7. Bulk Exits: If the amount to be paid on total exits in any event exceeds 25% of the total fund of the scheme at the beginning of the year, such transactions shall be treated as bulk exits, where exits shall mean exit of the member from the group. If the withdrawal amount exceeds 25% of the total Policy Account Value of the scheme at the beginning of that policy year then it will be considered as Bulk Exit. Market Value Adjustment (MVA) as defined in Schedule II will be applicable on such Bulk Exit.

8. **Surrender:** The Policy can be surrendered by the Grantees at any time by giving an advance notice of 3 months. The benefit available on surrender shall be higher of Guaranteed Surrender Value and Special Surrender Value. The policy will terminate on surrender. **The Life Cover Benefit effected in this policy carries no Surrender value.**

**Guaranteed Surrender Value:**

The Guaranteed Surrender Value shall be equal to the 90% of the total Contributions (net of Mortality Charges and Policy Administration Charges already deducted till date) paid less all the benefits paid since the inception of the policy.

**Special Surrender Value:**

The Special Surrender Value shall be equal to the Policy Account Value on the day of surrender less the applicable surrender charges, less Market Value Adjustment, if any, as mentioned in Para 4(iv) of Schedule II.

9. Compulsory Termination: If at any point of time, the Policyholder's Account Value is not sufficient to cover the relevant charges as specified Para 4 of Schedule II, the policy shall be compulsorily terminated. In such a case, the balance in the Policyholder's Account, if any, shall be refunded to the Policyholder.

**SCHEDULE V – Mortality Charge**

The Age nearer birthday of the Member on the Entry Date/Annual Renewable Date Yrs	Mortality Charge (per annum) required to secure Life Cover Benefit of Rs.1,000 for One year	The Age nearer birthday of the Member on the Entry Date/Annual Renewable Date Yrs	Mortality Charge (per annum) required to secure Life Cover Benefit of Rs.1,000 for One year
18		48	
19		49	
20		50	
21		51	
22		52	
23		55	
24		56	
25		57	
26		58	
27		59	
28		60	
29		61	
30		62	
31		63	
32		64	

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33		65	
34		66	
35		67	
36		68	
37		69	
38		70	
39		71	
40		72	
41		73	
42		74	
43		75	
44		76	
45		77	
46		78	
47		79	
		80	

Insert Tabular Rates here – In case of uniform rates mention the rate and age band)  
The above Mortality Charges are exclusive of service tax.

**Section 45 of Insurance Act, 1938:**

The provisions of Section 45 of the Insurance Act, 1938 shall be as amended from time to time. The current provisions are contained in Annexure-1 of this policy document.

- All communication in relation to this policy shall be addressed to:

LIFE INSURANCE CORPORATION OF INDIA  
..... DIVISIONAL OFFICE  
PENSION & GROUP SCHEMES DEPT.

.....  
.....

Any change in the above address shall be communicated to the Grantees.

- In case you have any Complaints/Grievance, you may approach Grievance Redressal Officer/ Ombudsman, whose address is as under:

Address of Grievance Redressal officer:

Address of Ombudsman:

Note: In case of dispute in respect of interpretation of these terms and conditions and special provisions/conditions the English version shall stand valid.

THE GRANTEEES ARE REQUESTED TO EXAMINE THIS POLICY AND SATISFY THEMSELVES THAT THE VARIOUS PROVISIONS CONTAINED THEREIN CONFORM TO THEIR REQUIREMENTS. IF ANY AMENDMENT OR MODIFICATION IS FOUND NECESSARY, THE CORPORATION MAY PLEASE BE ADDRESSED IN THE MATTER IMMEDIATELY.

**Annexure 1**

**Section 45 as per the Insurance Act 1938, as amended by the Insurance Laws (Amendment) Act, 2015**

(1) No policy of life insurance shall be called in question on any ground whatsoever after the expiry of three years from the date of the policy, i.e. from the date of issuance of the policy or the date of commencement of risk or the date of revival of the policy or the date of the rider to the policy, whichever is later.

(2) A policy of life insurance may be called in question at any time within three years from the date of issuance of the policy or the date of commencement of risk or the date of revival of the policy or the date of the rider to the policy, whichever is later on the ground of fraud:

Provided that the insurer shall have to communicate in writing to the insured or the legal representatives or nominees or assignees of the insured the grounds and materials on which such decision is based.

*Explanation I-* For the purposes of this sub-section, the expression “fraud” means any of the following acts committed by the insured or by his agent, with the intent to deceive the insurer or to induce the insurer to issue a life insurance policy:-

- (a) the suggestion, as a fact of that which is not true and which the insured does not believe to be true;
- (b) the active concealment of a fact by the insured having knowledge or belief of the fact;
- (c) any other act fitted to deceive; and
- (d) any such act or omission as the law specially declares to be fraudulent.

*Explanation II-* Mere silence as to facts likely to affect the assessment of the risk by the insurer is not fraud, unless the circumstances of the case are such that regard being had to them, it is the duty of the insured or his agent, keeping silence to speak, or unless his silence is, in itself, equivalent to speak.

(3) Notwithstanding anything contained in subsection (2), no insurer shall repudiate a life insurance policy on the ground of fraud if the insured can prove that the misstatement of or suppression of a material fact was true to the best of his knowledge and belief or that there was no deliberate intention to suppress the fact or that such misstatement of or suppression of a material fact are within the knowledge of the insurer:

Provided that in case of fraud, the onus of disproving lies upon the beneficiaries, in case the policyholder is not alive.

*Explanation –* A person who solicits and negotiates a contract of insurance shall be deemed for the purpose of the formation of the contract, to be the agent of the insurer.

(4) A policy of life insurance may be called in question at any time within three years from the date of issuance of the policy or the date of commencement of risk or the date of revival of the policy or the date of the rider to the policy, whichever is later, on the ground that any statement of or suppression of a fact material to the expectancy of the life of the insured was incorrectly made in the proposal or other document on the basis of which the policy was issued or revived or rider issued:

Provided that the insurer shall have to communicate in writing to the insured or the legal representatives or nominees or assignees of the insured the grounds and materials on which such decision to repudiate the policy of life insurance is based:

Provided further that in case of repudiation of the policy on the ground of misstatement or suppression of a material fact, and not on the ground of fraud the premiums collected on the policy till the date of

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repudiation shall be paid to the insured or the legal representatives or nominees or assignees of the insured within a period of ninety days from the date of such repudiation.

*Explanation* - For the purposes of this sub-section, the misstatement of or suppression of fact shall not be considered material unless it has a direct bearing on the risk undertaken by the insurer, the onus is on the insurer to show that had the insurer been aware of the said fact no life insurance policy would have been issued to the insured.

(5) Nothing in this section shall prevent the insurer from calling for proof of age at any time if he is entitled to do so, and no policy shall be deemed to be called in question merely because the terms of the policy are adjusted on subsequent proof that the age of the life insured was incorrectly stated in the proposal.