ENDOWMENT PLAN (LIMITED PAYMENT) – (Table No. 48)

Benefit Illustration

Introduction

Insurance Regulatory & Development Authority (IRDA) requires all life insurance companies operating in India to provide official illustrations to their customers. The illustrations are based on the investment rates of return set by the Life Insurance Council (constituted under Section 64C(a) of the Insurance Act 1938) and is not intended to reflect the actual investment returns achieved or may be achieved in future by Life Insurance Corporation of India (LICI).

For the year 2004-05 the two rates of investment return declared by the Life Insurance Council are 6% and 10% per annum.

Product summary

This is an Endowment Assurance plan that provides financial protection against death throughout the term of plan. It pays the Maturity amount on survival to the end of the policy term.

Premiums:

The premiums are payable within the selected premium paying term. Alternatively, the premium may be paid in one lump sum (single premium).

Bonuses: This is a with-profit plan and participates in the profits of the Corporation's life insurance business. It gets a share of the profits in the form of bonuses. Simple Reversionary Bonuses are declared per thousand Sum Assured annually at the end of each financial year. Once declared, they form part of the guaranteed benefits of the plan. A Final (Additional) Bonus may also be payable provided a policy has run for certain minimum period.

Death Benefit: The Sum Assured plus all bonuses to date is payable in a lump sum upon the death of the life assured during the policy term.

Maturity Benefit: The Sum Assured plus all bonuses declared up to maturity date is payable in a lump sum on survival to the end of the policy term.

Supplementary/Extra Benefits: These are the optional benefits that can be added to your basic plan for extra protection/option. An additional premium is required to be paid for these benefits.

Surrender Value:

Buying a life insurance contract is a long-term commitment. However, surrender value will be available under the plan on earlier termination of the contract.

Guaranteed Surrender Value:

The policy may be surrendered after it has been in force for 3 years or more. The guaranteed surrender value is 30% of the basic premiums paid excluding the first year's premium. In case of a single premium policy the guaranteed surrender value is 90% of the single premium paid excluding any extra premium.

Corporation's policy on surrenders:

In practice, the Corporation will pay a Special Surrender Value – which is either equal to or more than the Guaranteed Surrender Value. The benefit payable on surrender reflects the discounted value of the reduced claim amount that would be payable on death or at maturity. This value will depend on the duration for which premiums have been paid and the policy duration at the date of surrender. In some circumstances, in case of early termination of the policy, the surrender value payable may be less than the total premium paid.

The Corporation reviews the surrender value payable under its plans from time to time depending on the economic environment, experience and other factors.

Note: The above is the product summary giving the key features of the plan. This is for illustrative purpose only. This does not represent a contract and for details please refer to your policy document.

Benefit Illustration:

Statutory warning
"Some benefits are guaranteed and some benefits are variable with returns based on the future performance of your Insurer carrying on life insurance business. If your policy offers guaranteed returns then these will be clearly marked "guaranteed" in the illustration table on this page. If your policy offers variable returns then the illustrations on this page will show two different rates of assumed future investment returns. These assumed rates of return are not guaranteed and they are not the upper or lower limits of what you might get back, as the value of your policy is dependent on a number of factors including future investment performance."

Illustration 1 (Table 48):
Age at entry: 35 years
Policy Term: 25 years
Premium paying term: 20 years
Mode of premium payment: Yearly
Sum Assured: Rs.1,00,000/-
Annual Premium: Rs.4,464 /-

End of year	Total premiums paid till end of year	Benefit payable on death / maturity at the end of year					
		Guaranteed	Variable		Total	
			Scenario 1	Scenario 2	Scenario 1	Scenario 2
1	4,464	100,000	2,100	5,700	102,100	105,700
2	8,928	100,000	4,200	11,400	104,200	111,400
3	13,392	100,000	6,300	17,100	106,300	117,100
4	17,856	100,000	8,400	22,800	108,400	122,800
5	22,320	100,000	10,500	28,500	110,500	128,500
6	26,784	100,000	12,600	34,200	112,600	134,200
7	31,248	100,000	14,700	39,900	114,700	139,900
8	35,712	100,000	16,800	45,600	116,800	145,600
9	40,176	100,000	18,900	51,300	118,900	151,300
10	44,640	100,000	21,000	57,000	121,000	157,000
15	66,960	100,000	31,500	85,500	131,500	185,500
20	89,280	100,000	56,000	152,000	156,000	252,000
25	89,280	100,000	69,500	189,500	169,500	289,500

Illustration 2 (Table 48):
Age at entry: 35 years
Policy Term: 25 years
Premium paying term: one
Sum Assured: Rs.1,00,000/-
Single Premium: Rs.55,215 /-

End of year	Total premiums paid till end of year	Benefit payable on death / maturity at the end of year					
		Guaranteed	Variable		Total		
			Scenario 1	Scenario 2	Scenario 1	Scenario 2
1	55,215	1,00,000	2,400	9,200	102,400	109,200
2	55,215	1,00,000	4,800	18,400	104,800	118,400
3	55,215	1,00,000	7,200	27,600	107,200	127,600
4	55,215	1,00,000	9,600	36,800	109,600	136,800
5	55,215	1,00,000	12,000	46,000	112,000	146,000
6	55,215	1,00,000	14,400	55,200	114,400	155,200
7	55,215	1,00,000	16,800	64,400	116,800	164,400
8	55,215	1,00,000	19,200	73,600	119,200	173,600
9	55,215	1,00,000	21,600	82,800	121,600	182,800
10	55,215	1,00,000	24,000	92,000	124,000	192,000
15	55,215	1,00,000	36,000	138,000	136,000	238,000
20	55,215	1,00,000	64,000	245,000	164,000	345,000
25	55,215	1,00,000	80,000	306,000	180,000	406,000

i) This illustration is applicable to a non-smoker male/female standard (from medical, life style and occupation point of view) life.

ii) The non-guaranteed benefits (1) and (2) in above illustration are calculated so that they are consistent with the Projected Investment Rate of Return assumption of 6% p.a.(Scenario 1) and 10% p.a. (Scenario 2) respectively. In other words, in preparing this benefit illustration, it is assumed that the Projected Investment Rate of Return that LICI will be able to earn ***throughout the term of the policy*** *will be 6% p.a. or 10% p.a., as the case may be. The Projected Investment Rate of Return is* ***not guaranteed****.*

iii) The main objective of the illustration is that the client is able to appreciate the features of the product and the flow of benefits in different circumstances with some level of quantification.

iv) Future bonus will depend on future profits and as such is not guaranteed. However, once bonus is declared in any year and added to the policy, the bonus so added is guaranteed.

v) The Maturity Benefit is the amount shown at the end of the policy term.