

## GENERAL POINTS

### A. ACCIDENT BENEFIT

Earlier Accident Benefit was granted upto a maximum Sum Assured of Rs. 5 lack in aggregate under all policies on single life at the rate of Rs. 1/- per thousand Sum Assured. With reference to C.O. Circular Ref.: Acturial/1774/4 dated 8<sup>th</sup> March, 2001, the limit has been increased to Rs. 10 lacs. And further to our C.O. Circular Ref.: Acturial/1838/4 dated 23<sup>rd</sup> November 2002 the limit has been increased to maximum of Rs. 25 lacs. The rate of Re. 1/- per thousand S.A. Continues However, maximum S.A. under Table 91 (New Jana Raksha Plan) remains at Rs. 7.5 lacs only.

### (SOME IMPORTANT POINTS)

Table No	Name of the Plan	Inforce/ Withdrawn	Maximum A.B.	A.B. Prem per 000 S.A.	Remarks	Maximum Limit Overall or exclusive
89	Jeevan Sathi	Inforce	Rs. 25 Lac	Rs 2/-	A.B. Premium for both Husband and wife, limit for each life separately	Overall
91	New Janaraksha	Inforce	Rs. 7.5 Lac	NIL	-----	Overall
102	Jeevan Kishore	Inforce	Rs. 1 Lac	NIL	Only on attainment of age 25 yrs.	Exclusive
			Rs. 25 Lac	Rs. 1/-	A.B. can be availed within overall limit of Rs. 25 lac (on or after attainment of majority). But within S.A. amount applying therefore to branch office	Overall
111	Bima Kiran	Withdrawn	Rs. 3 Lac	NIL	Exclusive limit for A.B.	Exclusive

Table No	Name of the Plan	Inforce/ Withdrawn	Maximum A.B.	A.B. Prem per 000 S.A.	Remarks	Maximum Limit Overall or exclusive
123 124 125 126	Jeevan Sanchay Plan	Withdrawn	Rs. 5 Lac	Rs. 1/-	Exclusive limit for A.B. under all 4 plans taken together	Exclusive
128	Jeevan Sneha	Withdrawn	Rs. 5 Lac	NIL	Plan for ladies only	Exclusive
131	Jeevan Asha II	Withdrawn	Rs. 10 Lac	Rs. 1/- or Rs. 2/-	A. B. can be availed upto double the S.A.	Exclusive
140	Bima Plus	Inforce	Rs. 2 Lac	Rs. 0.50	Capital Market Oriented Plan	Exclusive
149	Jeevan Anand	Inforce	Rs. 5 Lac	NIL	----	Exclusive
150	New Bima Kiran	Inforce	Rs. 5 Lac	NIL	Exclusive limit but including A.B. under table 111	Exclusive
151	New Jeevan Shree	Withdrawn	Rs. 25 Lac	As per P.P.T.	P.P.T. = Premium paying Term	Overall
152	Jeevan Rekha	Inforce	Rs. 25 Lac	-----	Premium for A.B. are quoted separately for various ages at entry and premium paying term Ref. Annex 6 of cir 1813/4dt.16.7.2	Overall
153	Anmol Jeevan	Withdrawn	N.A.	----	-----	-----
154 155 156 157	Jeevan Samridhi	Inforce	Rs. 25 Lac	Rs. 1/-	----	Overall
160	Jeevan Bharati	Inforce	Rs. 25 Lac	Rs. 1/-	----	Overall
162	LIC's Jeevan Shree –I	Inforce	Rs. 25 Lac	Rs. 1/-	-----	Overall
164	LIC's Anmol Jeevan – I	Inforce	N.A.	----	----	----

There is an overall Limit of Rs. 25 Lac for Accident benefit under all the plans but those plans have exclusive limit as above are not counted for this overall limit.

Accident Benefit is not available under the following plans:-

1. Table 43,51,52,58,135 (Bal. Vidya), 142, 143, 153, 158 and 164
2. Annuity plans tables – 147, 148 and 163
3. During deferment period under plans 41,50,101,102 and 109

## **B. SPLITTING OF POLICIES**

We have observed that large Sum Assured proposals are often split up into many proposals for small Sum Assured. This is not in the interest of the proposer as policies for Sum Assured less than Rs. 5 lacs will be entitled for lower final additional bonus. It has been decided, under large Sum Assured cases where Sum Proposed has been split up into proposals with Sum Assured less than Rs. 5 lacs, to obtain a letter from agent giving the following declaration:

“I have fully explained to the proposer that policies with Sum Assured less than Rs. 5 lacs are entitled to lower Final Additional Bonus than the policies with Sum Assured Rs. 5 lacs and above. Proposer has fully understood the difference in final additional bonus and has still decided to split up the policies for Sum Assured lower than Rs. 5 lacs.”

## **C. CHEQUE DISHONOUR – PROCEDURE AND RECOVERY – AS PER CIR REF. 1765/4 DATED 6/12/01**

### **1. Recovery of cheque Dishonour (CD) charge**

Cheque dishonour charge is to be charged per instrument and have to be recovered irrespective of whether fresh payment is received or not. The circular covers cheque dishonour matters for the payment received towards proposals / policies. CD charge is not to be recovered if the cheque is dishonoured for the following reasons:

- i. Words and figure do not tally, and / or
- ii. Date not valid / correct.

### **a. Cheque dishonour at proposal stage**

In case of dishonour of cheque received towards proposal deposit, if no other deposit for the same proposal is available and if fresh payment is not received within 30 days from the date of cheque- dishonour intimation sent to the proposer (a copy of which is sent to the Agent), the charge for cheque dishonour, i.e. Rs. 100/- is to be recovered from the Agent's commission, as in the case for recovery of Bank charges for cheque dishonour as per Circular No. ED/F&A/ZDB/665 dated 1/7/1991. In case of receipt of fresh payment from the proposer, the charge for cheque dishonour, i.e. Rs. 100/- shall be recovered from the proposer.

It may happen that a consolidated cheque, received for multiple proposals submitted simultaneously, may get dishonoured. In this case the CD charge of Rs. 100/- only has to be recovered from the concerned Agent. If the consolidated cheque pertains to more than one Agent, then the CD charge is to be recovered from all the Agents in equal proportion.

**b. Cheque dishonour at policy stage**

Here, the CD charge is to be recovered from policy deposits, if any, of the same policyholder. If there is no policy deposit, a special X-charge towards the CD charge is to be created under the policy. This special X-charge shall not be subject to the limits for normal X-charge under Policies. This special X-charge is to be recovered as soon as possible from any payment received from or due to the policyholder.

In case of dishonour of consolidated cheque towards several policies, the CD charge should be spread equally among the respective policies.

**2. Recovery of procession charges on cancellation of proposal (s)**

In case of cancellation of proposal either at the request of the proposer or due to non-fulfilment of requirements for completion processing fee of Rs. 50/- for each proposal, in addition to the medical fee etc. incurred have to be recovered from the proposal deposits. Processing charges are to be recovered in respect of cancelled proposals only if the proposal is registered. If no deposit for the proposal is available, the cancellation charge is to be recovered from the concerned agent.

No cancellation charge is to be recovered if a proposal is postponed, declined or dropped by the Corporation.

**3. Cancellation of proposal due to Cheque Dishonour**

If a cheque towards proposal deposit is dishonoured, then a charge as per para 1(a) above is to be recovered. As non-receipt of fresh payment would result in cancellation of proposal, additional charges will have to be recovered, depending on the stage at which the cheque is dishonoured. In addition to CD charge and processing fee we have to recover policy preparation charges and stamp duty. The policy preparation charges were fixed to Rs. 50/- vide circular issued by marketing Deptt, C.O. under Ref: Mktg./CS/439/23 dated 30<sup>th</sup> March, 2000. Since the charges for issue of duplicate policies have been revised to Rs. 75/- vide circular Ref: Act/1772/4 Dtd. 2<sup>th</sup> June 2000, the policy preparation charges are also revised by this circular. If the proposal is registered under Medical Scheme, then medical fees as usual are also to be recovered.

The stages at which a proposal deposit cheque can be dishonoured are as given below.

- i. Proposal not registered.
- ii. Proposal Registered.
- iii. Policy has been printed but not stamped.
- iv. Policy printed and stamped.

The charges to be levied in each of the above cases are as given below:

Stage of CD	CD Charges	+Processing Charges (per proposal)	+Policy Preparation charge (per policy)	+stamp charge
	Rs	Rs	Rs	Rs
Stage (i) above	100	--	---	---
Stage (ii) above	100	50	---	---
Stage (iii) above	100	50	75	--
Stage (iv) above	100	50	75	Actual stamp value

In case of single proposal the charges are to be recovered as given above.

In case of multiple proposals submitted simultaneously under one or more agency, the processing charges, policy preparation charges and stamp charges, wherever applicable, should be recovered from each proposal. In case of multiple requests in the same proposal from, the charges should be recovered in respect of each request.

#### D. APPORTIONMENT OF UNDERWRITING WORK

The underwriting work will be apportioned among branch Offices, Divisional Offices, Zonal Offices and the Central Office as shown below:

Office	Standard Living	Sub- standard Lives			
		EMR Class I, II & III	EMR Class IV & V	EMR Class VI	EMR Class VII & Above
Branch Offices	Up to Rs. 10,00,000	Rs. 5,00,000	NIL		
Divisional Offices	Up to Rs. 25,00,000	Rs. 15,00,000	Rs. 10,00,000	Rs. 5,00,000	NIL
Zonal Office	Up to Rs. 60,00,000	Rs. 50,00,000	Rs. 50,00,000	Rs. 50,00,000	Rs. 5,00,000 For overweight only
Central Office	Over Rs. 60,00,000	Over Rs. 50,00,000	Over Rs. 50,00,000	Over Rs. 50,00,000	Over Rs. 5,00,000 for overweight and all other cases

#### Note :

- i. Limits shown above are based upon Sum under Consideration.
- ii. Branch offices should underwrite standard proposal/ policies of sum under consideration up to Rs.10 lacs and substandard proposals/ policies attracting extra of Class 1 to ii due to build alone up to sum under consideration of Rs. 5 Lacs. All the other proposals / policies should be referred to Divisional Office.

- iii. Substandard proposals attracting class I to VI on account of health and / or hypertension / hypo tension (BP) should be underwritten at Divisional Office within the prescribe financial limits after referring to DMR.
- iv. Proposals with any special reports should be referred to Divisional Office.
- v. Proposals with age at entry (ANB) on date of proposal 61 years and above should be referred to Divisional Office irrespective of the sum assured. Proposals for sum proposed not exceeding Rs. 5 lacs can be underwritten at the divisional level, and sum proposed not exceeding Rs. 15 lacs at the Zonal level. In the case of substandard lives, there limits should be taken as half of the sum proposed as stated above together with existing rules regarding apportionment of underwriting work.
- vi. All proposals / policies with age at maturity of above 60 years and having adverse family history (as mentioned in section "Ratings for family history" of chapter "Medical Underwriting") should be referred to Divisional Offices only if additional/ ratings for adverse family history become attractable as per numerical ratings.
- vii. Divisional Office should underwrite, all those proposals coming within the financial limits of Divisional office (Ref. Chapter-III of FPSO, 1960 as amended from time to time) and covered by the apportionment of under writing powers given above.

However, proposal with personal history of

- a. Diabetes Mellitus
- b. Cardio – vascular diseases

Should be referred to Zonal Office, without being referred to DMR

Viii. Zonal office should underwrite all those proposals coming within the financial limits of Zonal Office (Ref. Chapter III of FPSO, 1960 as amended from time to time) and covered by the apportionment of underwriting power given above. However, proposals with sum under consideration in excess of Rs. 5 Lacs with personal history of following impairments should be referred to Central Office by Zonal Office.

- a. Diabetes Mellitus – Other than isolated personal history of Non-insulin Dependent Diabetes Mellitus (NIDDM), Gestational Diabetes and potential Diabetes.
- b. Cardio Vascular diseases such as
  - Complete heart block
  - Left bundle branch block
  - Right bundle branch block
  - Rheumatic heart disease
  - Myocardial / infarction
  - Coronary Artery by – pass surgery /PTCA
- c. Kidney failure and kidney transplantation.
- d. Proposals with personal history of cancer including malignant tumours, insanity and such other similar impairment, which are likely to be declined, should also be referred to C.O.

- ix. Proposals with previous policies accepted by DO/ZO/CO should be referred to the respective offices only, provided earlier acceptance was with health extra only. While doing so, previous policy extract with corresponding proposal number/key number should also be sent. However zonal offices can underwrite proposals up to sum under consideration of Rs. 5 lacs whereunder previous policies were accepted by Central Office with health extra. In such cases, it should be ensured that the EMR class to be charged by the zonal offices is not less than the EMR class charged previously by the Central office.
- x. All proposals requiring facultative reinsurance irrespective of sum assured and proposals under high risk plans where total Sum Assured/ Sum under Consideration including current proposal exceeds Rs. 10 lacs attracting EMR beyond class – III should be referred to Central Office.
- xi. All proposals beyond the limit of Zonal Office should be referred directly to Central Office by Divisional Office.

#### **E. FINANCIAL POWERS**

The financial powers relating to underwriting are as per chapter III of Financial Power Standing Order, 1960 as amended from time to time. Presently the powers relating to revival of lapsed policies and underwriting of new proposals are as under: -  
(Refer Circular C.O., Act/1885/4 dated 22.07.2003)

Nature of power	Authority	Extent of financial Power (up to and including)	
a. Revivals : (Sum to be revived on the basis of DGH)	HGA/ SH/ Suptd/AAO/ AO/ BM/SBM	Full	
b. Original Term Revivals (Sum to be revived) & Standard Lives-underwriting on New Proposals (Sum under Consideration)		Non – Medical	Medical
In Branch Offices	HGA / SH	1,00,000	1,00,000
	AAO	4,00,000	3,00,000
	AO	5,00,000	4,00,000
	SBM/ BM in charge	7,00,000	6,00,000
	BMC	10,00,000	8,00,000
In Divisional Offices	HGA/ SH	2,00,000	2,00,000
	AAO	5,00,000	5,00,000
	AO	7,00,000	10,00,000
	ADM/M (NB)	10,00,000	15,00,000
	DM/M (NB)	10,00,000	20,00,000

	SDM/ DM in charge	10,00,000	25,00,000
In Zonal Offices	AAO		7,00,000
	AO		15,00,000
	ADM		25,00,000
	DM (Secy)		35,00,000
	SDM/ RM (Actl)		50,00,000
	ZM in charge		60,00,000
In Central Office	AAO		10,00,000
	AO		20,00,000
	ADM		50,00,000
	DM		1,00,00,000
	SDM		2,00,00,000
	Chief/ Director		Above 2,00,000,00

Nature of Power	Authority	Extent of financial Power (up to and including)
c. Other than original terms-Revivals (sum to be revived) & Sub-Standard Lives-Underwriting of New proposals (Sum Under Consideration)		
In branch offices	HGA/SH	50,000
	AAO	1,50,000
	AO	2,00,000
	SBM/ BM in charge	3,00,000
	BMC	5,00,000
In Divisional Offices	HGA/SH	1,00,000
	AAO	2,50,000
	AO	5,00,000
	ADM/M (NB)	7,50,000
	DM/ M (NB)	10,00,000
	SDM/ DM in charge	15,00,000
In Zonal Office	AAO	3,50,000
	AO	7,50,000
	ADM	12,50,000
	DM/ (Secy)	17,50,000
	SDM/ RM(Actl)	25,00,000
	ZM In Charge	50,00,000
In Central Office	AAO	10,00,000
	AO	20,00,000
	ADM	50,00,000
	DM	1,00,000,00
	SDM	2,00,000,00
	Chief / Director	Above 2,00,000,00



**FORMULA**  
**New Jeevan Suraksha – I (Plan No. 147)**  
**&**  
**New Jeevan Dhara – I (Plan No. 148)**

**1. To Calculate Premium (NCO Fixed)**

$$\text{Annual Premium} = \frac{\text{NCO}}{\text{-----}} \times \text{Tabular Premium rate (After mode \& large NCO rebate)}$$

**2. To Calculate NCO (Premium Fixed)**

$$\text{NCO} = \frac{\text{Annual Premium/ Single Premium} \times 1000}{\text{-----}}$$

Tabular Premium rate (Inc case of Annual Premium, after Mode and large NCO rebate & for Single Premium, only after large NCO rebate)

**3. To Calculate Pension**

$$\text{Pension Per Month} = \frac{\text{NCO}}{12000} \times \text{Pension rate}$$

Where Pension rate = Basic Pension rate + Incentive

**4. To Calculate NCO and Premium (Pension Fixed)**

a) 
$$\text{NCO} = \frac{\text{Monthly Pension Required}}{\text{Pension Rate}} \times 12000$$

b) 
$$\text{Yearly Premium} = \frac{\text{NCO}}{1000} \times \text{Tabular Premium rate (After mode \& Large NCO rebate)}$$

**Note :** 1) Minimum Annual Premium is Rs. 2500/-

2) For Plan No. 147 & 148, the annuity rate will be that available under the version of New Jeevan Akshay Plan current at the date of vesting

3) The NCO together with Reversionary Bonuses and Final Additional Bonus (if any) will also be increased for 3% rebate, which will be available on the date of vesting for determining the purchase price for pension and pension amount will be calculated on the basis of that purchase price.

$$\text{Purchase Price} = \frac{[\text{NCO} + \text{Reversionary Bonus} + \text{FAB (if any)}]}{97} \times 100$$

- 4) Option for the annuity type is to be exercised at least of 6 months before the date of vesting.