

**COURSE: BANKING & INSURANCE
INSURANCE – II**

STD XII

To be implemented from the Academic Year 2019 – 20

**UNIT-IV
PLANS OF ASSURANCE**

ENDOWMENT ASSURANCE PLAN

The endowment assurance is one of the popular plan of the insurance. Under this plan, insurer offers the payment of the sum assured either at end of the specified term or on earlier death to his nominee or assignee or heirs the consideration is the periodic payment made by the policy holder till the end of the term or his earlier death.

Advantages:-

- 1) **It acts as an incentive to save:** - The endowment assurance contract serves as an effective vehicle to accumulate a specific sum of money over a period of time which is paid to him at the end of the period if he is then living.
- 2) **Protection against contingencies:-**the saving programme is protected by insurance against the contingency by the pre-matured death of the policy holder if after the payment of one half yearly instalment of premium the policy holder where to die the full sum assured is payable to his nominee.
- 3) **As a means of providing for an old age:-** when ones earning capacity ceases due to retirement from active work, the sum assured payable at maturity of the policy is available as a support for the policy holder

Other details/Features:-

- 1) Rebates are available with one mode of payment and sum assured.
- 2) Loans are allowed within the sum assured under this policy.
- 3) With or without profit policies are issued.
- 4) Minimum age at entry is 12 years and maximum is 65 years.
- 5) Terms of the policy are 5 years to 55 years.

- 6) Minimum sum assured is Rs 50000 and maximum sum assured is as per the income of the policy holder.
- 7) Basic sum assured plus bonus is payable on death or on maturity whichever is earlier.
- 8) Double the basic sum assured plus bonus is payable on accidental death.

WHOLE LIFE POLICY AND LIMITED PAYMENT POLICY

The sum assured under the policy is payable on death of the life assured regardless of when it may occur. Under straight whole life policy, premiums are payable throughout the life of the life assured (70years). In case of limited payment of life policy the premiums are payable for selected period of the year or until the death, if it occur within the selected period i:e premium payable term.

Merits of whole life policy:-

- 1) **Permanent protection:-** such a policy furnishes permanent protection in as much as the sum assured is payable whenever death occurs early or later.
- 2) **Moderate cost:-** It provides protection at moderate cost even when the payment of premium is limited to a fix term the premium is lower than that of endowment assurance for the same term
- 3) **It secures the entire family:** - The policy is particularly suited to the needs of those who wish to provide a sustainable amount to their/his family on his death.

Other details/ Features:-

- 1) Minimum age at entry is 18 years and maximum is 60 years.
- 2) Minimum sum assured is Rs 50000 and maximum sum assured is as per the income of the policy holder.
- 3) Maximum term of the policy is 55years.
- 4) Rebates or reductions are available on half yearly mode of payment or as well as for large sum assured.
- 5) This is a with profit policy.
- 6) Loans are available under this plan.

- 7) There is no maturity benefit, only death benefits are paid to the family.
- 8) Accident benefits are also allowed under this policy.

MONEY BACK POLICY

The money back policy provides cash at periodical intervals during the term of the policy and guarantees full protection through the period. The policy is issued for 20 years or 25 years under both plans. Full protection against premature death continuous throughout the term irrespective of periodic payment received similarly bonus is accumulated on the full face value throughout the term.

20 years (term =75)	25 years (term =95)
20% of the sum assured-5 years	15% of the sum assured – 5 years
20% of the sum assured-10 years	15% of the sum assured – 10 years
20% of the sum assured-15 years	15% of the sum assured – 15 years
40% of the sum assured-20 years	15% of the sum assured – 20 years
	40% of the sum assured – 25 years

Other details / Features:

- 1) 40% of the sum assured is paid with bonus on maturity.
- 2) Disability and accident benefit are paid under this plan.
- 3) Minimum sum assured is Rs 50000.
- 4) Minimum age of entry is 13 years, maximum age is 50 years and maximum ceasing age is 70 years.
- 5) All modes are available to affect the premiums.
- 6) Rebates are available on large sum assured and mode of payment.
- 7) No medical examination is required if conditions applicable to issue of policies under non medical scheme.
- 8) This is with profit policy.
- 9) Premiums under this policy are payable for the selected terms of the years or till death if it occurs within last period.
- 10) Bonus accrues on the policy for the full sum assured is payable at the end of selected term of years or at the life assureds death if occurs earlier.

NEW JANA RAKSHA PLAN

The speciality of this plan is that if at least 2 years premiums are paid, default occurs in payment of premium, full death cover is continued for 3 years from the date of unpaid premium. By paying full/partial premium, this extended cover can be extended for further 3 years, provided the arrears are paid within 36 months of the first unpaid premium. If revival is affected after 36 months but within 60 months, declaration of good health will be required.

Other Features:-

- 1) The basic premium provides for payment of accident benefit for an amount equal to the sum assured.
- 2) Rebates are allowed on mode of payment and sum assured.
- 3) Minimum age at entry is 18 years and maximum age at entry is 50 years.
- 4) This policy is specially designed for farmers.
- 5) The policy will be issued for 12 years, 15 years and 30 years term only.
- 6) This is with profit policy.
- 7) Bonus will be allotted with reference to the no of years for which premiums have been actually paid.

JEEVAN SATHI POLICY

Under jeevan sati plan, basic sum assured is payable on the first death of any of the life assured. The survivor gets the basic sum assured again, the basic sum assured with bonuses, is payable to the surviving partner on the expiry of selected term or in the event of the pre-matured death. Of the second partner to the nominee. Under this plan, premium ceases on the first death and surviving partners need not pay any more premiums. The policy will continue to participate in the bonuses, which will accrue till maturity subject to payment of additional premium of Rs 1 per 100 sum assured per year on each life. Double accident benefit can be granted to one if both life accident benefits would be paid on the first death occurring due to accident, if both the lives simultaneously as a result of the same accident, the accident benefit will be available in respect of both lives.

Features:

- 1) This is with profit policy.
- 2) This plan cannot be available under non medical scheme.
- 3) Rebates are allowed on mode of payment and large sum assured.
- 4) Minimum sum assured under this plan is Rs 50000.
- 5) The term available under this plan is 12 years, 15years and 30years.
- 6) The age of the older life at maturity shall not be more than 70years.
- 7) This plan is designed to give a total protection of families particularly for the working people.

JEEVAN ANAND POLICY

The person who require the financial security of the family. High risk cover and to meet all long and short term financial needs may go for this plan.

Maturity benefit: - sum assured plus bonus is payable with final additional bonus if any at the end of the premium paying term

Death benefit: - if policy holder dies before premium paying term the sum assured plus bonus will be paid. If the policyholder dies after the policy paying term additional amount equal to sum assured is payable and no bonus will be paid.

Accident benefit:- Here the double accident benefit is available during the premium paying term and then after up to the age of 70years. The premiums for this plans have been built into tabular table premium rates so no extra charges for accident benefit are being charged.

Features:-

- 1) This is with profit policy.
- 2) Loans will be granted against the surrender value of the policy.
- 3) On large sum assured rebate is available, if the sum assured is more than Rs 300000.
- 4) No extra charges for accident benefit.
- 5) Minimum age at entry is 18 years and maximum age is 65 years and maximum ceasing age is 75 years.
- 6) Minimum sum assured is Rs 100000 and maximum no limit.
- 7) Even after premium paying term is over, the risk cover continues till the death of the policy holder.
- 8) Double accident benefit is available up to age 70 under this policy.
- 9) Special rebate on large sum assured is also available.

KOMAL JEEVAN PLAN

Parents decide to make provision in advance for good education for their children and also their financial need to support their career. A new plan is introduced by the LIC of India to take care of their needs. The komal jeevan money back assurance plan with payment of premium ceasing on policy anniversary immediately after the child attains 18 years of age. The plan also offers payment of sum assured in instalment at age 18 years, 20 years, 22 years, 24years and guarantees addition at age of 26 years.

Survival benefit: - sum assured will be paid in instalment as under.

20% on attainment of 18 age.

20% on 20 years

30% on 22 years

30% on 24years

26- Bonus for the applicable form.

Guaranteed addition:-Rs 75 p.a per 1000 sum assured will be added at the end of each policy years and will be available on attainment of age 26 or on death if earlier.

Death benefit:- if the child dies before policy risk commencement, the policy shall stand cancelled and the premium paid till death shall be refunded with deduction if any but if the child dies after the commencement of risk, but before maturity then full sum assured plus guaranteed addition will be paid without deducting the survival benefit paid earlier.

Features:-

- 1) This is a with profit policy
- 2) No medical examination is required.
- 3) Premium wavier benefit is available to the proposer up to the age of 50
- 4) Rebates are available on mode of payment but rebates are not available on large sum assured
- 5) Loans are not granted under this plan
- 6) Minimum age 0 to 10years and maximum maturity age is 26 years
- 7) Premium paying term is 18 years.

- 8) Minimum sum assured is Rs100000.
- 9) All modes are available including saving scheme.
- 10) Accident benefit is not allowed under this plan.

JEEVAN SURABHI PLAN

Jeevan surabhi plan is similar to other money back policy plans. Maturity term is more than premium paying term. Early and higher rate of survival benefit. The risk cover increases every 5 years. The actual term and premium paying term for these plans are as under

Plan no	Policy Term	Premium paying Term
106	15years	12years
107	20 years	15years
108	25 years	18 years

Full sum assured is paid back as survival benefit by the end of premium paying term. However the risk cover and additional risk cover continue and the policy participates in profits till end of policy term. Accident benefit is restricted to the premium paying period and to the overall limit of Rs 5 lakhs on a single life.

This plan holds special interest to people who besides wishing to provide for their old age and family feel the need for lump sum benefits at periodical interval.

SALARY SAVINGS SCHEME

It is a scheme which is introduced by the LIC of India in terms of which confirmed employees of the business organisation can avail insurance by deducting the amount of premium directly from the salary the amount of premium directly from the salary the amount to collect by the employer, there after shall be remitted to LIC of India.

Features of salary saving scheme:-

- 1) **Membership:** - any organisation can introduce salary saving scheme provided there is minimum membership. The membership shall be minimum 15 employees incase if the total employees are less than 100 and if it is more than 100minimum number of employees is 25.

- 2) **Consent of the employer:** - as the employer is taking the responsibility of paying the premium personally to the LIC of India in respect of all employees, consent and willingness of the employer is must.
- 3) **Letter of authority:** - this is the letter issued by the employee authorising the employer to deduct the premium amount from the salary of the employee at the end of every month.
- 4) **Wavier of 5% extra:-** under salary saving scheme the LIC of India shall not chare 5% extra which is otherwise charged as extra under monthly ordinary mode.
- 5) **Two instalment premium in advance:** - the insured is required to pay two instalment premiums in advance. At the time of submitting the proposal form and subsequently attend of every month.
- 6) **Proposal to be marked as SSS:** - The proposal form incase of salary saving scheme shall be marked as SSS on the top of the front page in order to distinguish it from other proposal.

Letter of Authority

It is a letter which is issued by the respective employee who is covered under salary saving scheme. This letter authorises the employer to deduct the premium amount from the salary of the employee at the end of every month. The LIC of India issues printed forms for this letter of authority. Every employee joining salary saving scheme has to submit this authority letter in duplicate to LIC of India along with proposal form. LIC of India thereafter on the acceptance of proposal form shall retain one copy and the other copy shall be sent to the employer for his record.

Demand list or demand invoice

It is a notice that is sent by the LIC of India to t he employer at the end of every month to enable the employer to make premium deduction from the salary of respective employee.

Demand list shall consist of the name of the employer the paying authority code number, the names of all the employees covered under, SSS the total amount of premium, contribution of each employee etc. Demand list shall be sent by the LIC of India to every paying authority by the 15th of every month.