

# Postal life insurance

5.1.1

# What is insurance

- Insurance is a **contract between two parties** where by one party called the **insurer** undertakes in exchange for a fixed sum called premium to pay to the other party called **insured** a fixed amount of money on the happening of a certain event or mishappening.
- Sum Assurance
- Bonus- Depends on SA not on Premium Paid and period

# Pre PLI Era in India

- Life Insurance in its modern form came to India from England in the year **1818**.
- **Oriental Life Insurance Company** started by Europeans in **Calcutta** was the first life insurance company on Indian Soil.
- Insurance benefit for **Europeans** only.
- Due to the effort of **Babu Muttylal Seal**, company started insuring the lives of Indian native too but at very high rate.
- **Bombay Mutual Life Assurance Society** heralded the birth of first Indian life insurance company in the year 1870, and covered Indian lives at normal rates.

# Postal Life Insurance: History

- **Postal Life Insurance (PLI)** was introduced on **1st February 1884**.
- It started as a welfare scheme for the benefit of postal employees and was later extended to the employees of the **Telegraph Department** in **1888**.
- In **1894**, PLI extended insurance cover to **female employees** of the erstwhile **P & T Department** at a time when no other insurance company covered female lives.
- It is one of the oldest life insurer in this country.
- Over the years, PLI has grown substantially from a few hundred policies in 1884 to more than 50 Lacs policies as on 31.03.2021.

# Benefits:-

Life Insurance has triple benefits.

- **Insurance** (Financial Risk Covers)
- **Investment** (Gives you good return)
- **Income Tax** (You get tax rebate)
- Lower the age higher the benefits.

# Postal Life Insurance

- Insurance scheme by the Central Government
- Low Premium High Bonus
- Eligibility
  - Central Government
  - Defence Services
  - Para Military forces
  - State Government
  - Local Bodies
  - Government-aided Educational Institutions
  - Reserve Bank of India
  - Public Sector Undertakings
  - Financial Institutions
  - Nationalized Banks
  - Autonomous Bodies
  - Gramin Dak Sevak

# Postal Life Insurance- Eligibility

The following are also now eligible to take policy under PLI

- employees engaged/appointed on contract basis by Central/State Governments where the contract is extendable,
- Employees of all scheduled Commercial Banks.
- Employees of Credit Co-operative Societies and other Co-operative Societies registered with Government under the Co-operative Societies Act and partly or fully funded from the Central/ State Government/RBI/ SBI/ Nationalized Banks/ NABARD and other such institutions notified by Government
- Employees of deemed Universities, an educational institutes accredited by recognized bodies such a National Assessment and Accreditation Council, All India Council of Technical Education, Medical council of India etc.
- Employees (teaching/non-teaching staff) of all private educational institutions/schools/colleges etc. affiliated to recognized Boards (recognized by Central /State Government) of Secondary/Senior Secondary education i.e. CBSE, ICSE, State Boards, Open School, etc

# Postal Life Insurance-Eligibility

The following are also now eligible to take policy under PLI

- Professionals such as **Doctors** (including Doctors pursuing Post Graduate degree courses through any Govt/Private Hospitals, Residents Doctors employed on contract/permanent basis in any Govt/Private Hospitals etc), **Engineers** (including Engineers pursuing Master's/Post Graduate degree after having passed GATE entrance test), **Management Consultants, Chartered Accountants** registered with Institute of Chartered Accountants of India, **Architects, Lawyers** registered with Bar Council of India/States, **Bankers** working in Nationalised Banks and its Associate Banks, Foreign Banks, Regional Rural Banks, Scheduled Commercial Banks including Private Sector Banks etc.
- **Employees** of listed companies of **NSE** (National Stock Exchange) and Bombay Stock Exchange (**BSE**) in IT, Banking & Finance, Healthcare/Pharma, Energy/Power, Telecom, Infrastructure Sector etc, where employees are covered for Provident Fund/Gratuity and/or their leave records are maintained by the establishment. (5.1.8)

# Types of PLI policies and their features

- Minimum and maximum sum assured are **Rs.20,000/-** and **Rs.50 Lakhs** respectively.
- Sum assured should be multiples of **Rs.10,000/-**
- Maximum sum assured is restricted as under (for professional):

|                            |                                                                                              |
|----------------------------|----------------------------------------------------------------------------------------------|
| Till 40 years age at entry | Sum assured should be 10 times Annual income subject to total aggregate of maximum 50 Lakhs. |
| For 41 years and above     | Sum assured should be 7 times Annual income subject to total aggregate of Maximum 50 Lakhs.  |

# Who can procure PLI/RPLI business?

- Any official of the Department **except PLI DO.**
  - Gramin Dak Sevak (GDS)
  - Field Officers (FO)
  - Direct Agents (DA)
  - For availing the facility the customer can visit any nearby post office.
- PLI Development Office is not eligible to procure direct business, they only monitors the agents under their jurisdiction.

# Field Officers

- Retired Central/ State Govt. employees
- Age to apply: 18 to 65.
- Retention of license till -75 years, beyond this- DH to interview
- Requirement of cash security of Rs 5000 if selected in form of NSC/ KVP to be pledged to the President of India.
- 3 days in house training by Development Officer, IP/ASP
- 3 days practical training at CPC
- To pass licentiate examination within 3 years of engagement.
- Validity of license 5 years, thereafter renewable yearly.
- Provisional /duplicate license fee, Renewal –Rs 50
- Permanent License fee- Rs 100
- Incentive as usual, No TA to be paid.

# Direct Agents

- Agent engaged from open market
- Age limit 18 to 50 years
- Security of Rs 5000 in form of NSC/KVP to be pledged to the President of India.
- 3 days In house training
- 3 days practical training
- To pass licentiate examination within 3 years of engagement.
- Validity of license 5 years, thereafter renewable yearly.
- Provisional /duplicate license fee, Renewal –Rs 50
- Permanent License fee- Rs 100
- License retention age 65, Beyond this interview by DH.
- Incentive as usual, no TA to be paid.

# Plans available

- Whole life Assurance (Suraksha)
- Convertible Whole Life Assurance (Suvidha)
- Endowment Assurance (Santhosh)
- Anticipated Endowment Assurance (Sumangal)
- Joint Life Assurance (Yugal Suraksha )
- Children's Policy

# Types of policies

## 1. Whole life assurance (SURAKSHA)

Bonus Rs. 76 per thousand  
(as on 01.04.2020)

**Note:- The Bonus rates are as per  
Gazette Notification dated 31<sup>st</sup> March,  
2020**

- Minimum age **19 years, Maximum 55 years.**
- Loan facility after 4 Years.
- Surrender facility after 3 years.
- PLI upto Rs 2 Lakh will be Non Medical Policy irrespective of age limit.
- No medical examination required if age is ~~35~~ 40 years or less and sum assured is not more than ~~Rs 1 Lakh~~ Rs. 5 lakh (together all non Medical).
- Payable on attaining age of 80 years or after the death of the policy holder which ever occurs earlier
- Not eligible for bonus if surrendered before 5 years.
- Premium payable upto 55/58/60 years

## 2.Convertible whole life assurance(SUVIDHA)

- Minimum age at entry is **19 years** and maximum **age is 55 years**.
- A PLI policy upto Rs. 2,00,000/- (Rs. Two lakh) of sum assured will be a non -medical policy irrespective of age limit.
- No medical examination required if age is ~~35~~ 40 years or less and sum assured is not more than Rs ~~1 lakhs~~ 5 Lakhs.
- Can be converted into Endowment assurance(Santosh) after 5 years and **before expiry of 6 years**.
- On conversion premium and terms will vary accordingly.
- Loan after 4 years, surrender after 3 years.
- Age as on the date of conversion should not be more than 55 years.

# Types of policies

## 3. Endowment assurance (SANTOSH)

- Bonus: Rs.52 per thousand  
(as on 01.04.2020)
- Maturing at the age of  
35/40/45/50/55/ 58/60 years

- Minimum age at entry is 19 years.
- Maximum age at **entry is 55 years.**
- Loan facility available after 3 years.
- Policy can be surrendered after **3 years.**
- Nomination facility mandatory. (max-3)
- No medical examination required if age is 40 years or less and sum assured is not more than Rs.5 lakh
- Not eligible for bonus if surrendered or assigned for loan before 5 years.
- Payable to the insurant after maturity of the policy
- In case of death, nominee will be paid full amount of the sum assured with accrued bonus .

# Types of policies

## 4. Anticipated endowment assurance (SUMANGAL)

- Introduced on 01.02.1984
- It is a money back policy
- There are two types;
  - 15 years policy
  - 20 years policy
- Bonus Rs.48 per thousand
- No loan and surrender facility.
- Medical examination is compulsory.
- Minimum age at entry is 19 years.
- Maximum age at entry 40/45 yrs

| Benefits     |       | Paid             |
|--------------|-------|------------------|
| Policy 15yrs | 20yrs |                  |
| After 6yrs   | 8 yrs | 20%              |
| After 9yrs   | 12yrs | 20%              |
| After 12yrs  | 16yrs | 20%              |
| After 15yrs  | 20yrs |                  |
|              |       | <b>40%+bonus</b> |

# AEA

- Survival benefits are paid to the insurant periodically (6/9/12 or 8/12/16).
- Such payments will not be taken into consideration in the event of unexpected death of the insurant. In such cases, full sum assured with accrued bonus is payable to the assignee, nominee of legal heir.

# Types of policies

## 5. Joint Life Assurance (Yugal Suraksha)

- Introduce on 01.08.1997
- The sum assured payable at the end of the endowment term or on the death of either of the two lives assured
- Bonus Rs. 52 per thousand(as on 01.04.2020)
- Only one can have this policy
- Spouse should be literate.
- On divorce may be converted to EA.
- Term of the policy is 5 to 20 years.
- Minimum age at entry is 21 years and maximum 45 years.
- Medical examination is compulsory.
- Loan/Surrender facility available after 3 years.
- Premium is payable either maturity or up to the death of one of the spouses, whichever is earlier.

# Types of policies continued

6.Children's policy: This is an add on policy

- Introduce from 20.01.2006 and available under both PLI/RPLI.
- Maximum two children in a family are eligible.
- One policy and own policy of parents.
- Main policy holder shoulder not be over 45 year of age.
- No loan & no surrender are admissible.
- Non-medical policy
- Minimum limit is Rs,20,000/ and
- Maximum is Rs.3,00,000/
- Parent should also have a policy equivalent to amount of sum assured of the child
- Bonus Rs 52 per thousand (as on 01.04.2020)

# Children's policy

- Child's age should be between 5 and 20 years
- One EA policy per child
- Only two children
- The same child should not be covered under more than one policy.
- Premium ceasing age at 19,20,21,22,23,24 & 25 Yrs.
- In case of death of insured of main policy before expiry of children's policy no further premium to be paid

# Age conditions

|                        | Minimum/maximum                     |       |
|------------------------|-------------------------------------|-------|
| Whole life/EA          | 19                                  | 55    |
| • Yugal Suraksha       | 21                                  | 45    |
| • AEA                  | 19                                  | 40/45 |
| • Convertible W/L      | 19                                  | 55    |
| • Children's policy    | Child's age 5-20<br>Parent's age 45 |       |
| • Non-medical          | 19                                  | 40    |
| • <b>Above 5 lakhs</b> | 19                                  | 50    |

# Bonus at a Glance

| <b><u>Type of Insurance Policy</u></b>                                     | <b><u>Rate of Bonus</u></b>                                                                                                                                      |
|----------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| i. Whole Life Assurance (WLA)                                              | Rs. 76/- per thousand of sum assured                                                                                                                             |
| ii. Endowment Assurance (EA)<br>(including Joint life & children policies) | Rs. 52/- per thousand of sum assured                                                                                                                             |
| iii. Anticipated Endowment Assurance (AEA)                                 | Rs. 48/- per thousand of sum assured                                                                                                                             |
| iv. Convertible Whole Life Policies (CWA)                                  | Whole Life bonus rate would be applicable, but on conversion, Endowment Assurance bonus rate will be applicable                                                  |
| v. Terminal Bonus                                                          | Rs. 20/- per sum assured of Rs. 10,000/- subject to maximum of Rs. 1000 for Whole life assurance and Endowment assurance policies with term of 20 years or more. |

2. The rates of Bonus for the Financial Year 2020-21 will be applicable from 01.04.2020.

# PLI

- Policies should be units of Rs.10,000/ minimum being Rs.20,000/
- Maximum Rs.50,00,000/
- For non-medical –Maximum Rs.5,00,000/
- For Physically handicapped Maximum Rs.50,00,000/ with normal or slightly higher premium

# Medical report

Medical report is necessary in following cases:

- When age at entry exceeds 40 years
- When aggregate sum assured exceeds 5,00,000
- **When policy maturing at the 35 years of age**
- AEA and Yugal Suraksha policies

# Rebate for premium calculation

- Policies of Rs.20,000 and above Re 1 rebate is given in monthly premium.
- For Yugal Suraksha rebate of Re.1 is allowed for first Rs.40,000 and Re.1 for every additional Rs.10,000.

# PLI : Calculation of Premium, Bonus & Maturity Value

**Example:**

An employee of 30 years age takes a policy of Rs. 1 lakh, maturity at the age 58 years.

**Calculation would be as under:**

|                 |             |                    |
|-----------------|-------------|--------------------|
| Monthly Premium | Rs. 28/-    | For Rs. 10,000/-   |
|                 | Rs. 280/-   | For Rs. 1,00,000/- |
|                 | (-) Rs. 5/- | Rebate             |
|                 | -----       |                    |
|                 | Rs. 275/-   |                    |

**Premium payable during the span of policy:**

Monthly Rs. 275/- X 12 months = Rs. 3,300/- per year  
Span of 28 years (30 years to 58 years of age)

**Total Premium payable : 28 X 3,300 = Rs. 92,400/-**

**Earning Bonus:**

Present rate of Rs. 52/- per thousand per year  
Rs. 5,200/- For Rs. 1 lakh per year  
Total Bonus for 28 years 28 X 5,200/- = Rs. 1,45,600/-

**Amount Payable on Maturity:**

|                 |                                             |
|-----------------|---------------------------------------------|
| 1. Policy Value | Rs. 1,00,000/-                              |
| 2. Bonus        | Rs. 1,45,600/-                              |
|                 | -----                                       |
| <b>Total</b>    | <b>Rs. 2,45,600/- - 92,400 = 1,53,200/-</b> |

# Rebate for advance premium

- ❖ 12 months: 2% total premium
- ❖ 6 months : 1% total premium
- ❖ 3 months : 0.5% (for RPLI only)
- ❖ Yugal Suraksha
  - ❖ 12 months :50% of one month's premium
  - ❖ 6 months :10% of one month's premium
  - ❖ 3 months : 2% of one month's premium

# Other salient features

- Premium paid is eligible for income tax rebate
- Premium can be paid in Post office by presenting premium receipt book
- Premium can be paid online
- Risk on life Assured is covered from the date of acceptance

# Features continued..

- The validity of the Medical certificate is 60 days
- If it is not accepted within that period, second medical examination is to be done
- Customer has to bear the cost if medical not accepted due to the reason of customer.

# Few Terms

- **“Due date of premium”** means the first day of the month for which the premium is payable.
- **“Free Look Period”** means a period of 15 days from the date of delivery of the policy at the address of the insurant during which the insurant may make a request to the Department of Posts for cancellation of his policy.

Limits: 25-1/2020-LI dtd. 21.08.2020

**For new proposals, revival, surrender, forced surrender, maturity survival, death claim (except early death claims)- PLI & RPLI**

| S.No | Approving Authority/ Approver                                                                                               | Revised approver limit (for single or aggregate sum assured) |
|------|-----------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|
| 1    | Postmaster (HSG I/HSG II),<br>Sr. Postmaster(Gr B),<br>Dy. Chief Postmaster (Gr B),<br>A.D. of HO (Gr B) headed by Director | Upto and equal to Rs. 20 lakhs                               |
| 2    | Head of Division (Gr B/ Gr A),<br>Chief Postmaster (Gr A),<br>Dy. Director of HO (Gr A) headed by a Director                | Greater than Rs. 20 Lakhs and upto and equal to Rs. 50 Lakhs |

# Limits: Early Death Claim

- Early Death Claim means death within 3 years of acceptance of Policy. Limit for PLI/RPLI is as follows:

| S.No | Approving Authority/ Approver                         | Revised approver limits for early death claim<br>(for single or aggregate sum assured) |
|------|-------------------------------------------------------|----------------------------------------------------------------------------------------|
| 1    | Director GPO (JAG),<br>Director(HQ)/Regional DPS(JAG) | All Cases<br>(irrespective of Sum Assured)                                             |

# Continuation premium receipt book

- Sub postmasters are authorised to issue continuation PRB
- SPMs to obtain blank PRBs from H.O. and maintain stock register
- The first page entries of old pass book to be copied, like policy No., Name of the insurant, class & sum assured, monthly rate of premium, date of last installment, date of maturity, premium paid up to, non-credits etc

# After sale service

## Financial Service

1. Collection of premium
2. Disbursement
3. Revival and Reinstatement
4. Commutation
5. Loan
6. Reduced Paid up
7. Conversion
8. Surrender

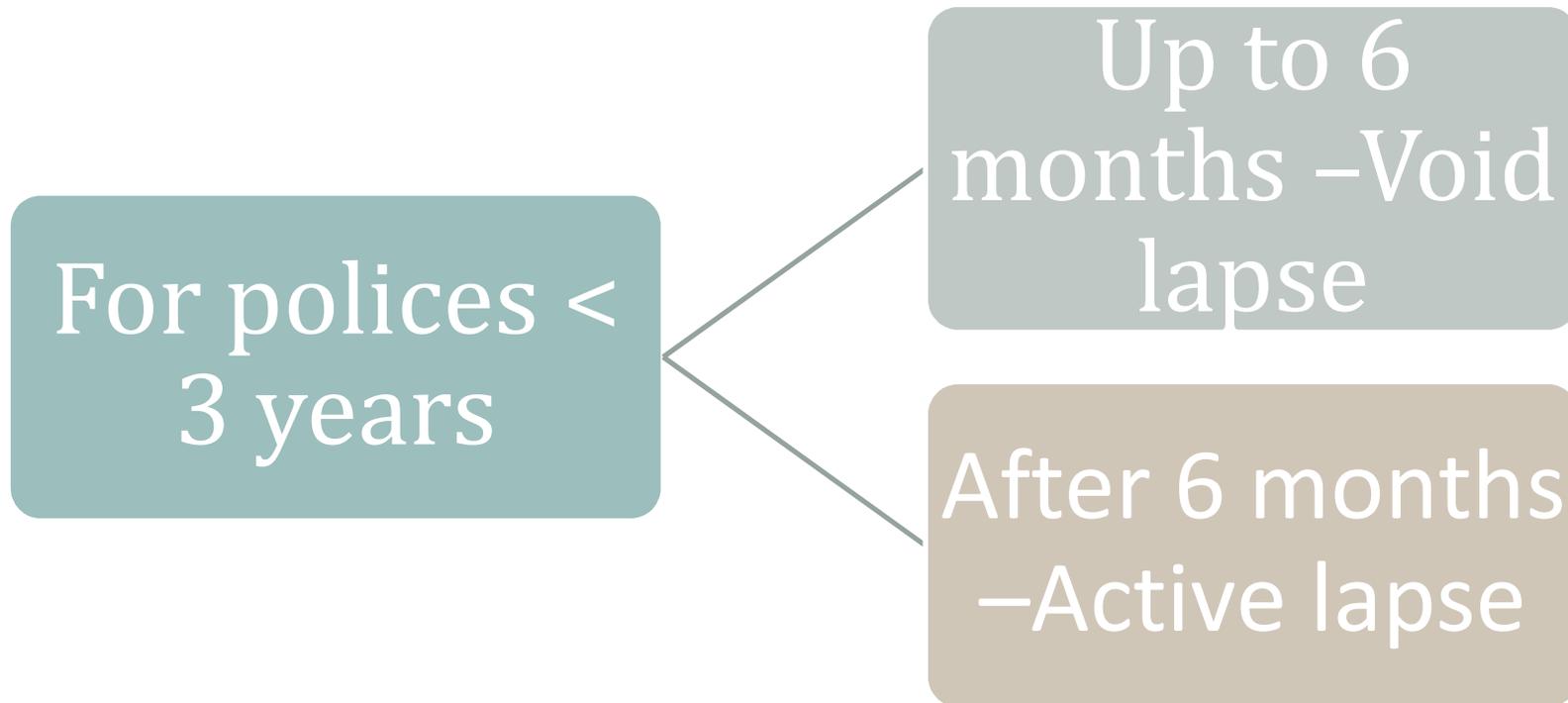
# Revival and Reinstatement

- Grace Period
  - Grace Period refers to a specified time period after a premium payment is due for an insurance policy.
  - The Grace period shall extend upto last working day of the calendar month for which the premium is due
  - If last day is holiday or Sunday, previous working day.
  - During the Grace Period, the policyholder can pay the premium without any penalty.
  - If the due premium is paid within this period, the policy protection continues

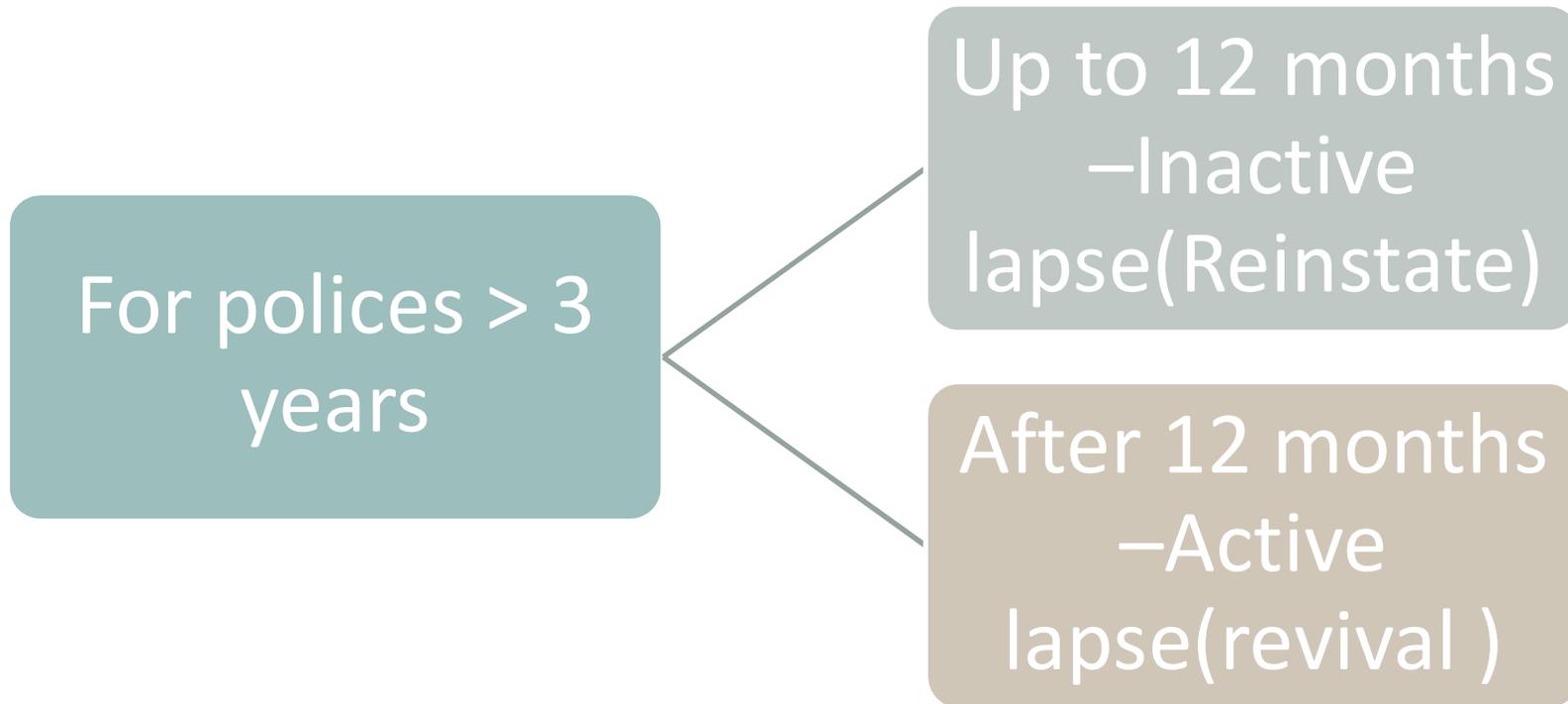
# Revival and Reinstatement

- What happens on expiry of grace period?
  - Upon ending of the Grace Period, the status of the policy changes to Void

# Revival and Reinstatement



# Revival and Reinstatement



# Void & Lapse

- Void :
  - A policy which is less than 3 years duration, any premium that had become due, not paid either on the first day of the month for which premium is due or within the period of grace.
- Lapse :
  - A policy which is in existence for a period of more than 3 years shall be treated as lapsed, if the premia remain unpaid for more than 12 months
  - A policy which is in existence for a period less than 3 years shall be treated as lapsed, if the premia remain unpaid for more than 6 months

# Lapsing of Insurance Policy

- An insurance policy can lapse or become void, if the insured fails to make payments on it.
- Once a policy is lapsed, it can be processed for revival or reinstatement, subject to conditions
- Reinstatement
  - If the policy is less than 3 years old premium can be accepted in a lapsed one, within 6 months from the date from which first premium was due with interest @12%
  - If the policy is more than 3 years old, premium can be accepted within 12 months from the date from which first premium was due with interest @12%

## Calculation of interest for defaulted months premium

- Formula:  $n \times (n+1) \times \text{premium}$

-----

200

n= no. of months

Or

No. of defaults x premium

-----

100

# Revival of an Insurance Policy

- Revival of an Insurance Policy means activating a policy that has not been reinstated.
- The revival of the policy is possible only if
  - the policy has not attained the date of maturity
  - The life assured is insurable at the time of revival

# Reinstatement of a Insurance Policy

- Reinstatement allows a previously terminated policy to resume active coverage.
- Depending on the circumstance of the termination, such as failure to pay the premium, the insured person may be required to compensate the insurer before reinstatement occurs
- Before reviving or reinstating a policy, users must ensure that a single request is raised for reviving or reinstating even if the insured has multiple policies that need to be reinstated or revived

# Commutation

Means any alteration in a contract of insurance excepting

1. One in the date of maturity,
2. Includes alteration in the amount of premium
3. The premium-term,
4. In the sum assured

# Loan

| PLI Scheme      | Period                      | Loan Amount                                                       | RPLI Scheme  | Period                      | Loan Amount                                                       |
|-----------------|-----------------------------|-------------------------------------------------------------------|--------------|-----------------------------|-------------------------------------------------------------------|
| WLA             | After 4 years               | 90 % of Surrender Value Min. Rs. 1000/- and multiple of Rs. 100/- | WLA          | After 4 years               | 90 % of Surrender Value Min. Rs. 1000/- and multiple of Rs. 100/- |
| CWLA            | After 4 years               | -do-                                                              | CLWA         | After 4 years               | -do-                                                              |
| EA              | After 3 years               | -do-                                                              | EA           | After 3 years               | -do-                                                              |
| Joint Assurance | After 3 years               | -do-                                                              | AEA          | Loan facility not available | N/A                                                               |
| AEA             | Loan facility not available | N/A                                                               | 10 years     | Loan facility not available | N/A                                                               |
| Child Policy    | Loan facility not available | N/A                                                               | Child Policy | Loan facility not available | N/A                                                               |

# Loan

- Interest @10% per annum compounded half yearly
- Multiple of Rs 100/-
- The second or subsequent loan shall not, however, be granted until full repayment of the previous loan
- Issue of reminder by Postmaster or Manager, CPC:

|                          |                                                |
|--------------------------|------------------------------------------------|
| 1 <sup>st</sup> reminder | When Loan+ Interest = 90 % of Surrender value  |
| 2 <sup>nd</sup> reminder | When Loan+ Interest = 95 % of Surrender value  |
| 3 <sup>rd</sup> reminder | When Loan+ Interest = 100 % of Surrender value |

If the due amount is unpaid within 30 days from the date of issue of 3rd reminder, the policy shall be forcibly surrendered and the balance, if any of such surrender value will be paid to policy holder thereto.

# Reduced Paid up

## Policy

- The Reduced Paid-Up feature allows the policy holder to stop further premium payments resulting in reduction in Sum Assured (SA) Without altering the term of original policy.
- The Sum Assured gets reduced as per the premium paid till date, and the policy remains in the reduced paid up state till maturity.

# Conversion

- Conversion means any change that affects the date of maturity of an insurance contract.
- Conversion also results in increase or decrease of the policy premium.
- At the time of Conversion, date of maturity can be ante-dated or post-dated.

# Surrender

- Endowment and whole life policy can be surrendered after 3 years
- Original policy bond
- Premium receipt book or pay drawing officer's certificate
- Surrender of policy to be discouraged

# Suicide Cases

- Payment of 80% of premia paid or surrender value whichever is higher, in case of suicide committed before expiry of one year from the date of acceptance or date of revival of the policy, whichever is later and
- Treated suicide case at par with other death claim cases if suicide committed after one year from date of acceptance or date of revival of the policy, whichever is later.

# Rural Postal Life Insurance

# RURAL PLI (RPLI)

- For Rural people
  - Whole Life (GRAMA SURAKSHA) (WL)
  - Endowment Assurance (GRAMA SANTOSH)(EA)
  - Convertible Whole Life (GRAMA SUVIDHA)(CWL)
  - Anticipated endowment assurance (GRAMA SUMANGAL)(AEA)
  - Ten years Rural PLI policy (GRAMA PRIYA)
  - Children's policy

# WLA

- SA and accrued bonus is paid to insured either on attaining the age of 80 years, or to his/her legal representatives or assignees on death of the insured, whichever occurs earlier
- Minimum & Maximum age at entry: 19-55 years
- Minimum Sum Assured ₹ 10,000; Maximum ₹ 10 lac
- Loan facility after 4 years , Surrender after 3 years
- Not eligible for bonus if surrendered before 5 years
- Premium paying age can be opted for as 55,58 or 60 years
- Last declared Bonus- ₹ 60/- per ₹ 1000 sum assured per year

# CWLA

- Minimum age & Maximum age at entry: 19-45 years
- Can be converted into Endowment Assurance after 5 years not later than 6 years of taking policy. If not converted, policy will be treated as WLA.
- Minimum sum assured ₹ 10,000; Maximum ₹ 10 lac
- Loan facility after 4 years, Surrender after 3 years
- Not eligible for bonus if surrendered before completion of 5 years
- Last declared Bonus- ₹ 60/- per ₹ 1000 per year (for WLA policy if not converted to Endowment Assurance)
- On conversion, bonus of EA will be payable.

# EA

- Age of maturity may be 35,40,45,50,55,58 & 60 years of age.
- Minimum & maximum age at entry: 19-55 years
- Minimum sum assured ₹ 10,000; Maximum ₹ 10 lac
- Loan facility after 3 years, Surrender after 3 years
- Not eligible for bonus if surrendered before completion of 5 years
- Proportionate bonus on reduced sum assured is paid if policy is surrendered after 5 years
- Last declared Bonus- ₹ 48/- per ₹ 1000 sum assured per year

# Gram Priya (10 Year RPLI)

- Insurant is given life cover to the extent of Sum Assured for 10 years.
- Survival benefits are paid after 4 years- 20% after 7 years- 20%, and after 10 years – 60% with accrued bonus
- Minimum & maximum age at entry 20 – 45 years
- Minimum sum assured ₹ 10,000, maximum 10 lacs
- No interest is charged upto one year as arrears of premia in case of natural calamities like flood, drought, earthquake, cyclone etc.
- Last declared Bonus- ₹ 45/- per ₹ 1000 sum assured per year

# AEA

- It is a Money Back Policy with maximum sum assured of ₹ 10 lacs, best suited to those who need periodical returns.
- Survival benefits are paid to the insurant periodically. Such payments will not be taken into consideration in the event of unexpected death of the insurant. In such cases, full sum assured with accrued bonus is payable to the assignee, nominee of legal heir.
- Policy term: 15 years and 20 years
- Minimum age 19 years; maximum age at entry 40 years  
Survival benefits paid periodically as under: -
- 15 years Policy- 20% each on completion of 6 years, 9 years & 12 years and 40% with accrued bonus on maturity
- 20 years Policy- 20% each on completion of 8 years, 12 years & 16 years and 40% with accrued bonus on maturity
- Last declared Bonus- ₹ 45/- per ₹ 1000 sum assured per year

# Children Policy

- The scheme provides life insurance cover to children of policy holders
- Maximum two children of policy holder (parent) are eligible
- Children between 5- 20 years of age are eligible
- Maximum SA ₹ 1 lac or equal to the SA of the parent, whichever is less.
- Policy holder (parent) should not be over 45 years of age.
- No premium to be paid on the Children Policy, on the death of policy holder (parent).
- Full sum assured and bonus accrued shall be paid on completion of term
- Policy holder (parent) shall be responsible for payment of Children policy
- No loan or no surrender is admissible
- No medical examination of child necessary.
- Bonus at Rs 48 per 1000 as EA.

# RPLI-LIMITS

- Minimum- Rs.10,000
- In Multiple of Rs 5,000
- Maximum-
  - Rs.1,00,000 (without medical)
  - Rs.10,00,000 (on medical)
  - Rs.1,00,000(for non-standard age-proof and above 45 years)

# RPLI-AGE LIMIT

- Minimum- 19 on next DOB
- Maximum:

|                   |           |
|-------------------|-----------|
| <b>WL and EA</b>  | <b>55</b> |
| <b>CWL</b>        | <b>45</b> |
| <b>10 yr Plan</b> | <b>45</b> |
| <b>AEA</b>        | <b>40</b> |
- Above 35 years only medical policies
- Above 45 years policy up to 1,00,000

# RPLI-AGE LIMIT

- Age proof
  - *Standard*
  - *Non-standard*

# RPLI-Non-standard age proof

- Horoscope- genuine
- Elder's declaration in the presence of Magistrate on stamped paper
- Declaration by proposer before (not on stamp paper)
  - Secretary or Member of Panchayat
  - Tahasildar
  - BDO
- Age as per the self declaration by the proposer and as assessed by Medical Officer whichever is higher

# RPLI-Non-standard age proof...

- 5 % extra premium for non-standard age proof

# RPLI - Rebate

- Low Premium with following rate of rebate
  - Monthly            Re.1/ per 20,000
  - Quarterly        Rs.3/ -----do-----
  - Half yearly      Rs.6/-----do-----
  - Yearly            Rs.12/-----do-----

# RPLI

- Rebate for advance payment of monthly premium
  - 12 months 2.0%
  - 06 months 1.0%
  - 03 months 0.5%

# RPLI

- Loan
  - EA            after 3 years
  - WL            after 4 years
- **Surrender/paid up; after 3 years of payment of premia**
- Non lapsation;
  - **after 3 years automatically kept alive to paid up value**

# RPLI

- Bonus for the year 2020-21
  - Endowment Rs.48
  - Children Policy Rs 48
  - W/L Rs.60
  - Antcipated Endowment Rs. 45
  - Gram Priya Policy Rs 45

\* Note:- The bonus rates as on 01.04.2020

# RPLI

- If not paid within due period DF at 12% collected
- Calculation of DF for arrears of monthly premiums – as in the case of PLI
- For quarterly, Half Yearly and Yearly premiums calculated with the help of the following formula.

# Calculation of Penalty on Default

- No. of defaulted months x premium

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# Time Limit for various works

| Nature of work                                                                  | Service Standards |
|---------------------------------------------------------------------------------|-------------------|
| Issue of acceptance letter<br>Issue of policy bond                              | 15 Days           |
| Maturity claim settlement/Paid up value of policy/<br>Survival benefit payment. | 15 Days           |
| Settlement of PLI/RPLI death claims (No inquiry is required)                    | 30 Days           |
| (Involving investigation)                                                       | 90 Days           |
| Revival of policy Conversion of policy                                          | 15 Days           |
| Loan against policies                                                           | 10 Days           |
| Change of address                                                               | 5 Days            |
| Change of nomination                                                            | 10 Days           |
| Assignment of policy                                                            | 10 Days           |
| Issue of duplicate policy bond                                                  | 10 Days           |

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# Preservation Period

| S.L. No | Type of Policy                                                                                                      | Schedule                                                                                                                                                     |
|---------|---------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1       | Policies where less than 3 years of <u>premia paid</u> and policy is lapsed                                         | 5 years after maturity date is over                                                                                                                          |
| 2       | Policies where at least 3 years of <u>premia paid</u> and policy is surrendered                                     | 5 years after payment of Surrender value                                                                                                                     |
| 3       | Policies where at least 3 years of <u>premia paid</u> and policy is Forced Surrendered                              | 5 years after the date of 'Forced Surrender                                                                                                                  |
| 4       | Policies where at least 3 years of <u>premia paid</u> and insurance contract is discharged due to Maturity or Death | 5 years after payment of Maturity/Death Claim amount                                                                                                         |
| 5       | Policies cancelled at the option of Insurant during 'Free Look' period                                              | 5 years after cancellation of the policy                                                                                                                     |
| 6       | Policies which are subject matter of any case filed in any court of law                                             | 3 years after final clearance from arbitration, litigation, enquiry or audit as the case may be or till the prescribed retention period, whichever is later. |

# Bonus at a glance

| SL. No. | Name of the Schemes/Plans        | Bonus rates declared for the FY 2020-2021 (In Rs. Per thousand) |          |
|---------|----------------------------------|-----------------------------------------------------------------|----------|
|         |                                  | PLI                                                             | RPLI     |
| (i)     | Whole Life Assurance             | Rs. 76/-                                                        | Rs. 60/- |
| (ii)    | Convertible Whole Life Assurance | Rs. 76/-                                                        | Rs. 60/- |
| (iii)   | Endowment Assurance              | Rs. 52/-                                                        | Rs. 48/- |
| (iv)    | Anticipated Endowment Assurance  | Rs. 48/-                                                        | Rs. 45/- |
| (v)     | Joint Life Assurance             | Rs. 52/-                                                        | --       |
| (vi)    | Children Policy                  | Rs. 52/-                                                        | Rs. 48/- |
| (vii)   | 10 Years' RPLI                   | --                                                              | Rs. 45/- |

# Charges of Various Service

| S.L.No. | Service                        | Fee Amount |
|---------|--------------------------------|------------|
| 1       | Duplicate policy Bond          | Rs. 100/-  |
| 2       | Conversion charge              | Rs. 20/-   |
| 3       | Duplicate Premium Receipt book | Rs. 20/-   |
| 4       | Duplicate Loan Receipt book    | Rs. 5/-    |

## Non medical policy becoming Death Claim

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| S.L.No. | Occurred Death from date of acceptance            | Amount ( <u>S. A.+ Accrued Bonus</u> ) |
|---------|---------------------------------------------------|----------------------------------------|
| 1.      | Before one year                                   | 35%                                    |
| 2.      | After <u>one year</u> but before <u>two years</u> | 60%                                    |
| 3.      | After <u>two years</u> but before three years     | 90%                                    |
| 4.      | After <u>three years</u>                          | 100 %                                  |

# Fee for Medical Examination

| S.L.No. | Sum Assured                   | Fee      |
|---------|-------------------------------|----------|
| 1.      | Up to 10 lakhs                | Rs. 50/- |
| 2.      | Above 10 lakhs up to 20 Lakhs | Rs. 70/- |
| 3.      | Above 20 Lakhs                | Rs 120/- |

# Surrender of Policies

| PLI Scheme      | Period                           | RPLI Scheme           | Period                           |
|-----------------|----------------------------------|-----------------------|----------------------------------|
| WLA             | After 3 years                    | WLA                   | After 3 years                    |
| CWLA            | After 3 years                    | CLWA                  | After 3 years                    |
| EA              | After 3 years                    | EA                    | After 3 years                    |
| Joint Assurance | After 3 years                    | AEA                   | Surrender facility not available |
| AEA             | Surrender facility not available | 10 years (Gram Priya) | Surrender facility not available |
| Child Policy    | Surrender facility not available | Child Policy          | Surrender facility not available |

# Incentives

## New Incentive Structure of PLI

### 3. Procurement Incentive:

#### 3.1 Procurement Incentive rate for PLI policies other than Anticipated Endowment Assurance(i.e. WLA, CWLA, EA, Children Policy and Yugal Suraksha):

| Premium paying term                                   | Incentive Structure              |
|-------------------------------------------------------|----------------------------------|
| Up to and equal to 15 years                           | 4% of first year premium income  |
| More than 15 years but less than or equal to 25 years | 10% of first year premium income |
| More than 25 years                                    | 20% of first year premium income |

#### 3.2 Procurement Incentive rate for PLI Anticipated Endowment Assurance Policies:

| Premium paying term            | Incentive Structure             |
|--------------------------------|---------------------------------|
| less than or equal to 15 years | 5% of first year premium income |
| with term beyond 15 years      | 7% of first year premium income |

#### 3.3 Procurement Incentive rate on PLI policy for Development Officer (DO):

DO will be paid incentive @ 1% of total PLI new business premium (NBP) procured by Direct Agents attached to that DO.

### 4. Renewal Incentive:

4.1 Renewal incentive @ 1% of renewal premium will be payable to all sales force of PLI.

4.2 No renewal incentive on PLI policies will be paid to Development Officer.

# Incentives

## New Incentive Structure for RPLI

### **5. Procurement Incentive**

5.1. For all types of RPLI policies, each category of sales force will get procurement incentive @ 10% of procurement premium.

5.2. DO will be paid procurement incentive @ 1% of total RPLI new business premium (NBP) procured by Direct Agents attached to that DO.

### **6. Renewal Incentive:**

6.1. For all types of RPLI policies, each category of sales force will get renewal incentive @ 2.5% of renewal premium.

6.2. No renewal incentive on RPLI policies will be paid to Development Officer.

### **7. Incentive on Online/Cash/Pay policies:**

7.1 Procurement incentive at the rate prescribed above will be payable on PLI/RPLI policies in case of online/cash/pay policies.

7.2 Renewal incentive at the rate prescribed above will be payable on PLI/RPLI policies in case of online/cash policies. No renewal incentive will be payable in case of pay policies.

### **8. Termination of Agency/Superannuation/Discharge from service:**

8.1 No procurement/renewal incentive will be payable to sales force of PLI and RPLI after the termination of her/his agency.

8.2 No procurement/renewal incentive will be payable to Departmental Employees/GDS after superannuation/discharge from the service of the official.

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# PLI Transactions in McCamish

- PLI transactions should be done in McCamish.
- Demo on Indexing the new proposal
- Demo on collection the regular premium
- Demo on providing the various financial service.

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**Thank you**