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A Non-Linked, Non-Participating, Individual Immediate Annuity Plan

UIN-512N37V04

Plan No. 857

LIC / M1 / 2022-23 / 30 / Eng

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LIC's Jeevan Akshay-VII (UIN: 512N337V04) (A Non-Linked, Non-Participating, Individual Immediate Annuity Plan)

1. Introduction:

- This is an Immediate Annuity plan wherein the Policyholder has an option to choose type of annuity from 10 available options on payment of a lump sum amount.
- The annuity rates are guaranteed at the inception of the policy and annuities are payable throughout the life time of Annuitant(s).

This plan can be purchased offline as well as online.

2. Annuity Options:

The available annuity options under this plan are as under:

- Option A: Immediate Annuity for life.
- Option B: Immediate Annuity with guaranteed period of 5 years and life thereafter.
- Option C: Immediate Annuity with guaranteed period of 10 years and life thereafter.
- Option D: Immediate Annuity with guaranteed period of 15 years and life thereafter.
- Option E: Immediate Annuity with guaranteed period of 20 years and life thereafter.
- Option F: Immediate Annuity for life with return of Purchase Price.
- Option G: Immediate Annuity for life increasing at a simple rate of 3% p.a.
- Option H: Joint Life Immediate Annuity for life with a provision for 50% of the annuity to the Secondary Annuitant on death of the Primary Annuitant.
- Option I: Joint Life Immediate Annuity for life with a provision for 100% of the annuity payable as long as one of the Annuitant survives.
- Option J: Joint Life Immediate Annuity for life with a provision for 100% of the annuity payable as long as one of the Annuitant survives and return of Purchase Price on death of last survivor.

Annuity option once chosen cannot be altered.

3. Benefits:

Benefits payable under above options are:

Option	Benefits
Option A	<ul style="list-style-type: none"> The annuity payments shall be made in arrears for as long as the Annuitant is alive, as per the chosen mode of annuity payment. On death of Annuitant, nothing shall be payable and the annuity payment shall cease immediately.
Option B,C,D,E	<ul style="list-style-type: none"> The annuity payments shall be made in arrears for as long as the Annuitant is alive, as per the chosen mode of annuity payment. On death of the Annuitant during the guaranteed period of 5/10/15/20 years, the annuity shall be payable to the nominee(s) till the end of the guaranteed period. On death of the Annuitant after the guaranteed period, nothing shall be payable and the annuity payment shall cease immediately.
Option F	<ul style="list-style-type: none"> The annuity payments shall be made in arrears for as long as the Annuitant is alive, as per the chosen mode of annuity payment. On death of the annuitant, the annuity payment shall cease immediately and Purchase Price shall be payable to nominee(s) as per the option exercised by the Annuitant as specified in Para 9.
Option G	<ul style="list-style-type: none"> The annuity payments shall be made in arrears for as long as the Annuitant is alive, as per the chosen mode of annuity payment. The annuity payment will be increased by a simple rate of 3% per annum for each completed policy year. On death of annuitant nothing shall be payable and the annuity payment shall cease immediately.
Option H	<ul style="list-style-type: none"> The annuity payments shall be made in arrears for as long as the Primary Annuitant is alive, as per the chosen mode of annuity payment. On death of Primary Annuitant, 50% of the annuity amount shall be payable to the surviving Secondary Annuitant as long as the Secondary Annuitant is alive. The annuity payments will cease on the subsequent death of the Secondary Annuitant. If the Secondary Annuitant predeceases the Primary Annuitant, the annuity payments shall continue to be paid and will cease upon the death of the Primary Annuitant.

Option I	<ul style="list-style-type: none"> 100% of the annuity amount shall be paid in arrears for as long as the Primary Annuitant and/or Secondary Annuitant is alive, as per the chosen mode of annuity payment. On death of the last survivor, the annuity payments will cease immediately and nothing shall be payable.
Option J	<ul style="list-style-type: none"> 100% of the annuity amount shall be paid in arrears for as long as the Primary Annuitant and/or Secondary Annuitant is alive, as per the chosen mode of annuity payment. On death of the last survivor, the annuity payments will cease immediately and Purchase Price shall be payable to the nominee(s) as per the option exercised by the Primary Annuitant as specified in Para 9.

4. Eligibility Criteria:

i. Minimum Purchase Price*:

Age at entry (in completed years)	Minimum Purchase Price
25 years to 29 years	₹10,00,000/-
30 years and above	₹1,00,000/- subject to Minimum Annuity as specified below

- Note: The above mentioned minimum purchase price would be increased appropriately to meet minimum annuity criterion as specified below.
- For Purchase Price less than ₹1,50,000/-, annuity rates given under this plan shall be reduced with Reduction Factors as given in Para 7 below.

ii. Maximum Purchase Price: No Limit

iii. Minimum Age at Entry : 25 years (completed) subject to minimum Purchase Price as specified under 4(i) above

iv. Maximum Age at Entry : 85 years (completed) except Option F
100 years (completed) for Option F

v. Minimum Annuity* :

Annuity Mode	Monthly	Quarterly	Half-yearly	Annual
Minimum Annuity	₹1,000 per month	₹3,000 per quarter	₹6,000 per half year	₹12,000 per annum

Joint Life: The joint life annuity can be taken between any two lineal descendant/ascendant of a family (i.e. Grandparent, Parent, Children, Grandchildren) or spouse or siblings.

***Exceptional cases where minimum Purchase Price and minimum annuity as specified above shall not be applicable:**

- i. If the plan has been purchased for the benefit of dependant person with disability(Divyangjan) as specified in Para 9.iii below, the proposal shall be allowed without any restriction on minimum annuity and the minimum Purchase Price under such cases shall be ₹50,000/-. In such cases, the annuity rates shall be applicable without any reduction factor as specified in Para 7.
- ii. If the plan has been purchased on exit by the subscribers of NPS regulated by the Pension Fund Regulatory and Development Authority (PFRDA) as specified in Para 9.ii below, the restriction on minimum annuity and the minimum Purchase Price shall be as per PFRDA Rules and Regulations as amended from time to time.

5. Mode of Annuity payment:

The modes of annuity available are yearly, half-yearly, quarterly, and monthly. The Annuity shall be payable in arrears i.e. the annuity payment shall be after 1 year, 6 months, 3 months and 1 month from the date of commencement of policy depending on whether the mode of annuity payment is Yearly, Half yearly, Quarterly and Monthly respectively.

6. Incentives:

The following incentives are available under this plan:

- i. Incentive for higher purchase price:
Incentive for higher purchase price by way of increase in the annuity rate is provided for four slabs of purchase price i) ₹5,00,000 to ₹9,99,999 ii) ₹10,00,000 to ₹24,99,999 iii) ₹25,00,000 to ₹99,99,999 iv) ₹1,00,00,000 and above.

The incentive for higher purchase price depends on the

purchase price slab and on mode of annuity payments. The incentive increases as the purchase price moves from the lower slab to higher slab of the purchase price. The incentive also increases with the reduction in frequency of annuity payments.

- ii. Incentive for Direct Sale by way of increase in the annuity rate is as under:

A rebate of 2% by way of increase in the annuity rate shall be applicable for policies purchased Online, by NPS subscribers and as QROPS.

7. Reduction Factor for Purchase Price less than ₹1,50,000/-:

For Purchase Price less than ₹1,50,000/-, annuity rates given under this plan shall be reduced with Reduction Factors.

Reduction factor is provided for two slabs of purchase price, first slab being ₹1,00,000 to ₹1,49,999 and second slab being less than ₹1,00,000. The reduction factor for the first slab is lower than for the second slab.

The Reduction Factor specified above shall not be applicable where the plan has been purchased for the benefit of dependent person with disability (Divyangjan).

8. Illustration:

Purchase Price	: ₹10 lakh (excluding applicable taxes)
Age of Annuitant at entry	: 45 years (completed)
Annuity Mode	: Yearly
Age of Secondary Annuitant at entry	: 35 years (completed) (applicable for Joint life annuity only)

Annuity Option	Annuity Amount (₹)
Option A: Immediate Annuity for life	74,200
Option B: Immediate Annuity with guaranteed period of 5 years and life thereafter	74,100
Option C: Immediate Annuity with guaranteed period of 10 years and life thereafter	73,800
Option D: Immediate Annuity with guaranteed period of 15 years and life thereafter	73,300

Option E: Immediate Annuity with guaranteed period of 20 years and life thereafter	72,800
Option F: Immediate Annuity for life with return of Purchase Price	64,800
Option G: Immediate Annuity for life increasing at a simple rate of 3% p.a.	56,400
Option H: Joint Life Immediate Annuity for life with a provision for 50% of the annuity to the Secondary Annuitant on death of the Primary Annuitant	70,700
Option I: Joint Life Immediate Annuity for life with a provision for 100% of the annuity payable as long as one of the Annuitant survives	67,500
Option J: Joint Life Immediate Annuity for life with a provision for 100% of the annuity payable as long as one of the Annuitant survives and return of Purchase Price on death of last survivor	63,900

For death benefit under above options, please refer to Para 3 above.

9. Options:

i) Options available for payment of Death Benefit:

Under the annuity options where the benefit is payable on death i.e. Option F and Option J, the Annuitant(s) will have to choose one of the following options for the payment of the death benefit to the nominee(s). The death claim amount shall then be paid to the nominee(s) as per the option exercised by the Annuitant(s) and no alteration whatsoever shall be allowed to be made by the nominee(s).

- **Lumpsum Death Benefit:** Under this option the entire Purchase Price shall be payable to the nominee(s) in lumpsum.
- **Annuitisation of Death Benefit:** Under this option the benefit amount payable on death i.e. Purchase Price shall be utilized for purchasing an Immediate Annuity from the Corporation for nominee(s). The annuity amount payable to the nominee(s) on the admission of death claim shall be based on the age of nominee(s) and immediate annuity rates prevailing as on the date of death of Annuitant (last survivor in case of Joint Life Annuity). This option can be opted for full or part of the benefit amount payable on death. However, the annuity payments for each nominee(s) shall be subject to the eligibility conditions of

the annuity plan available at that time and then prevailing Regulatory provisions on the minimum limits for annuities.

- **In Instalment:** Under this option the benefit amount payable on death i.e. Purchase Price can be received in instalments over the chosen period of 5 years instead of lumpsum amount. This option can be exercised for full or part of the Death Benefit payable under the policy. The amount opted by the Annuitant(s) (i.e. net claim amount) can be either in absolute value or as a percentage of the total claim proceeds payable.

The instalments shall be paid in advance at yearly or half-yearly or quarterly or monthly intervals, as opted for, subject to minimum instalment amount for different modes of payments being as under:

Mode of Instalment payment	Minimum instalment amount
Monthly	₹5,000/-
Quarterly	₹15,000/-
Half-Yearly	₹25,000/-
Yearly	₹50,000/-

If the Net Claim Amount is less than the required amount to provide the minimum instalment amount as per the option exercised by the Annuitant(s), the claim proceed shall be paid in lumpsum only.

For all the installment payment options commencing during the 12 months' period from 1st May to 30th April, the interest rate applicable for arriving at the instalment amount shall be annual effective \ rate not lower than the 5 year semi-annual G-Sec rate **minus** 200 basis points; where, the 5 year semi-annual G-Sec rate shall be as at last trading day of previous financial year.

Accordingly, for the 12 months' period commencing from 1st May, 2022 to 30th April, 2023, the applicable interest rate for the calculation of installment amount shall be 4.84% p.a. effective.

For example, if this option has been exercised for the Net Claim Amount of Rs. 10,00,000/-, the amount of each instalment payable in advance for installment payment options commencing during the 12 months' period beginning from 1st May, 2022 to 30th April, 2023, shall be as below

Specified numbers of years	Amount of each instalment for ₹ 10,00,000 Net claim amount (Payable in Advance)			
	Yearly	Half-Yearly	Quarterly	Monthly
5	2,19,338	1,10,965	55,810	18,677

ii) Option to take Annuity by NPS subscriber:

The annuity options as allowed as per PFRDA Regulations shall be available to NPS subscribers.

If a Government Sector NPS subscriber purchases this plan as a Default Option, then Option J shall be available to the subscriber whose spouse is surviving on the date of purchase. Option F shall be available to the subscriber in the absence of his or her spouse. Thereafter on the death of subscriber and his or her spouse, the purchase price shall be used to purchase annuity Option F or J on the life of living dependant mother/father and shall be subject to the eligibility conditions of the annuity plan available at that time.

Subject to the specific Plan features, all other terms and condition including the Default Option applicable shall be as per the Rules, Regulations, Guidelines, and Circulars etc. issued by Pension Fund Regulatory and Development Authority (PFRDA) from time to time in this regard.

iii) Option to take the plan for the benefit of dependant person with disability (Divyangjan):

If the Proposer has a dependant person with disability (Divyangjan) , the plan can be purchased for the benefit of Divyangjan as Nominee/Secondary Annuitant, subject to minimum Purchase Price of ₹50,000/- without any limit on minimum annuity payment and minimum age at entry (for Divyangjan life), in following ways:

- The Proposer can purchase Immediate Annuity with Return of Purchase Price (Option F) on own life. In case of death of the Annuitant (Proposer), the Death Benefit shall compulsorily be utilized to purchase Immediate Annuity (as per option chosen by the Annuitant) on the life of the Divyangjan.
- The Proposer can purchase Joint Life Annuity (Option I or J) with Divyangjan as Secondary Annuitant.

10. Plan purchased as QROPS (Qualifying Recognized Overseas Pension Scheme):

This plan can be purchased as QROPS, through transfer of UK tax relieved assets subject to listing and terms and conditions

prescribed by HMRC (Her Majesty Revenue & Customs) such as:

- i. Minimum age shall be 55 years of age.
- ii. If the policy is cancelled during the Free Look Period, the proceeds from cancellation shall only be transferred back to the fund house from where the money was received.
- iii. Other terms and conditions of HMRC shall also apply as applicable from time to time.

11. Plan purchased through Point of Sales Persons-Life Insurance (POSP-LI) and Common Public Service Centers (CPSC-SPV):

This plan can be purchased through Point of Sales Persons-Life Insurance (POSP-LI) and CPSC-SPV. The annuity options allowed, eligibility conditions and other terms and conditions shall be as per the Guidelines, Circulars and Regulations etc. issued by the IRDAI applicable to POS Plans and POSP-LI.

Currently, the Plan Features/Parameters/Eligibility conditions are as follows:

Type of Immediate Annuity Option allowed : Only Option F and J

Minimum Age at Entry : 40 years (completed)

Maximum Age at Entry : 70 years (completed)

12. Surrender Value:

Only under the following annuity options, the policy can be surrendered at any time after three months from the completion of policy (i.e. 3 months from the Date of issuance of policy) or after expiry of the free-look period, whichever is later,;

- Option F: Immediate Annuity for life with return of Purchase Price.
- Option J: Joint Life Immediate Annuity for life with a provision for 100% of the annuity payable as long as one of the Annuitant survives and return of Purchase Price on death of last survivor.

The surrender value payable shall depend on the age (last birthday) of the Annuitant at the time of surrender of the policy.

If the chosen annuity option is other than specified above, surrender of policy shall not be allowed.

On the payment of the surrender value, the policy shall terminate and all other benefits shall cease.

The Surrender Value is reviewable and shall be determined by the Corporation from time to time subject to prior approval

of IRDAI.

The Corporation may review conditions of surrender from time to time as per its policy in this regard.

In case of NPS or QROPS, the surrender provisions shall be further subject to any specific provisions regarding procedures as per Rules and Regulations of the respective Regulator/Authority (PFRDA/HMRC).

Note: The insurance policy being a long term contract should be taken from the long term perspective of continuing the policy. While there is provision for surrender under various annuity options mentioned above, it may be noted that there can be significant loss on surrender of a policy and hence, it is advisable to continue the policy.

13. Loan:

Loan facility shall be available at any time after three months from the completion of policy (i.e. 3 months from the date of issuance of policy) or after expiry of the free-look period, whichever is later, subject to terms and conditions as the Corporation may specify from time to time.

As per current provisions, policy loan shall be allowed under the following annuity options only:

- Option F: Immediate Annuity for life with return of Purchase Price.
- Option J: Joint Life Immediate Annuity for life with a provision for 100% of the annuity payable as long as one of the Annuitant survives and return of Purchase Price on death of last survivor.

The maximum amount of loan that can be granted under the policy shall be such that the effective annual interest amount payable on loan does not exceed 50% of the annual annuity amount and shall be subject to maximum of 80% of Surrender Value. Loan interest will be recovered from annuity amount payable under the policy. The loan outstanding shall be recovered from the claim proceeds at the time of exit.

The loan interest rate for all the loans commencing during the 12 months' period from 1st May to 30th April, shall be annual effective rate not exceeding 10 year G-Sec rate p.a. compounding half-yearly **plus** 300 basis points. The 10 year G-Sec rate shall be as at last trading date of previous financial year. The calculated interest rate shall be applicable for full term of Loan.

For the loan sanctioned during the 12 months' period commencing from 1st May, 2022 to 30th April, 2023, the applicable interest rate is 9.50% p.a. compounding half-yearly

for entire term of the loan.

Any change in basis of determination of interest rate for policy loan shall be subject to prior approval of IRDAI.

14. Tax:

Statutory Taxes, if any, imposed on such insurance plans by the Govt. of India or any other constitutional Tax Authority of India shall be as per the Tax laws and the rate of tax as applicable from time to time.

The amount of any applicable taxes, as per the prevailing rates, shall be payable by the policyholder on Purchase Price payable under the policy, which shall be collected separately in addition to the Purchase Price payable by the policyholder. The amount of Tax paid shall not be considered for the calculation of benefits payable under the plan.

Regarding, Income tax benefits/implications on premium(s) paid and benefits payable under this plan, please consult your tax advisor for details.

15. Free Look Period:

If the Policyholder is not satisfied with the "Terms and Conditions" of the policy, the policy may be returned to the Corporation within 30 days from the date of receipt of the electronic or physical mode policy bond, whichever is earlier, stating the reasons for objections. On receipt of the same the Corporation shall cancel the policy and return the Purchase Price paid after deducting the charges for stamp duty and annuity paid, if any. The treatment of the policy shall be as below:

- a) For standalone immediate annuity policies: The proceeds from cancellation shall be returned to the policyholder.
- b) If the policy is purchased out of proceeds of a deferred pension plan of any other insurance company: The proceeds from cancellation will be transferred back to that insurance company

In case of NPS or QROPS, the Free Look provisions shall be further subject to any specific provisions regarding procedures as per Rules and Regulations of the respective Regulator/Authority (PFRDA/HMRC).

16. SECTION 45 OF INSURANCE ACT, 1938:

The provision of Section 45 of the Insurance Act, 1938 shall be as amended from time to time. The simplified version of this provision is as under:

Provisions regarding policy not being called into question in terms of Section 45 of the Insurance Act, 1938 are as follows:

1. No Policy of Life Insurance shall be called in question on any ground whatsoever after expiry of 3 years from
 - a. the date of issuance of policy or
 - b. the date of commencement of risk or
 - c. the date of revival of policy or
 - d. the date of rider to the policy
whichever is later.

2. On the ground of fraud, a policy of Life Insurance may be called in question within 3 years from
 - a. the date of issuance of policy or
 - b. the date of commencement of risk or
 - c. the date of revival of policy or
 - d. the date of rider to the policy
whichever is later.

For this, the insurer should communicate in writing to the insured or legal representative or nominee or assignees of insured, as applicable, mentioning the ground and materials on which such decision is based.

3. Fraud means any of the following acts committed by 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 specifically declares to be fraudulent.

4. Mere silence is not fraud unless, depending on circumstances of the case, it is the duty of the insured or his agent keeping silence to speak or silence is in itself equivalent to speak.

5. No Insurer shall repudiate a life insurance Policy on the ground of Fraud, if the Insured / beneficiary can prove that the misstatement was true to the best of his knowledge and there was no deliberate intention to suppress the fact or that such mis-statement of or suppression of material fact are within the knowledge of the insurer. Onus of disproving is upon the policyholder, if alive, or beneficiaries.

6. Life insurance Policy can be called in question within 3 years on the ground that any statement of or suppression of a fact material to expectancy of life of the insured was incorrectly made in the proposal or other document basis which policy was issued or revived or rider issued.

For this, the insurer should communicate in writing to the insured or legal representative or nominee or assignees of insured, as applicable, mentioning the ground and materials on which decision to repudiate the policy of life insurance is based.

7. In case repudiation is on ground of mis-statement and not on fraud, the premium collected on policy till the date of repudiation shall be paid to the insured or legal representative or nominee or assignees of insured, within a period of 90 days from the date of repudiation.
8. Fact shall not be considered material unless it has a direct bearing on the risk undertaken by the insurer. The onus is on insurer to show that if the insurer had been aware of the said fact, no life insurance policy would have been issued to the insured.
9. The insurer can call 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 of age of life insured. So, this Section will not be applicable for questioning age or adjustment based on proof of age submitted subsequently.

[Disclaimer: This is not a comprehensive list of Section 45 of the Insurance Act, 1938 and only a simplified version prepared for general information. Policyholders are advised to refer Section 45 of the Insurance Act, 1938, for complete and accurate details.]

17. Prohibition of rebates Section 41 of Insurance Act, 1938:

- 1) No person shall allow or offer to allow, either directly or indirectly, as an inducement to any person to take out or renew or continue an insurance in respect of any kind of risk relating to lives or property in India, any rebate of the whole or part of the commission payable or any rebate of the premium shown on the policy, nor shall any person taking out or renewing or continuing a policy accept any rebate, except such rebate as may be allowed in accordance with the published prospectuses or tables of the insurer.
- 2) Any person making default in complying with the provisions of this section shall be liable for a penalty which may extend to ten lakh rupees.

Various Sections of the Insurance Act, 1938, applicable to LIC to apply as amended from time to time.

This product brochure gives only salient features of the plan. For further details please refer to the Policy document on our website www.licindia.in or contact our nearest Branch Office. To purchase the policy online please log on to www.licindia.in

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