INFORMATION TO BE PROVIDED IN SALES BROCHURE

LIC's New Group Gratuity Cash Accumulation Plan (UIN: 512N281V01)

1. Introduction:

LIC's New Group Gratuity Cash Accumulation Plan is a non–linked non-participating, fund based Variable Insurance Product.. This plan helps to meet the employer's obligation for statutory Gratuity Benefit to their employees. The plan also offers Life Cover Benefit so that in case of death of a group member an amount equal to sum assured in respect of that member will be paid. The amount of life cover in respect of each member shall be guided by the scheme rules of the employer.

2. Contribution:

Each policy year a Policyholder shall pay Contributions to secure Gratuity Benefit as per Scheme Rules and also to provide Life Cover Benefit.

The Contributions received under the scheme may include Contributions towards the past service liability and the Contributions in respect of that year. The employer/trustees may pay the Contributions at any time during the year.

All the Contributions paid by employer/ trustees will be credited to the Policy Account maintained in the name of employer/trustees.

3. Policy Account:

A single Policy Account shall be maintained in respect of all Contributions received from policyholder.

For a new scheme, a Policy Account will be created in respect of a scheme as soon as the Policyholder pays the first Contribution. The Policyholder's Account shall be credited with interest amount by providing the following types of interest rates:

i) **Minimum Floor Rate (MFR):** MFR is a guaranteed interest rate that Policy Account shall earn during the entire policy term. This plan offers a Minimum Floor Rate (MFR) of 0.5% p.a.

ii) **Additional Interest Rate (AIR):** In addition to MFR, the Corporation shall also declare a non zero-positive Additional Interest Rate (AIR) at the beginning of each financial quarter on the Policy Account. This AIR shall remain guaranteed for that quarter.

iii) **Residual Addition (RA):** Starting from the fifth policy anniversary, in addition to MFR and AIR, the Corporation may also declare a non zero- positive Residual Addition (RA) on Policy Account at the end of each policy year.

The Residual Addition shall be determined as below:

1) Gross Investment Yield earned in the shadow policy account at the end of each policy year less
2) Actual yield earned in the policy account, at the end of each policy year less
3) Yield referred in the maximum reduction in yield at that duration (stipulated by the regulator, IRDA) in accordance with the table below:

Number of years elapsed since inception	Maximum Reduction in Yield (Difference between Gross and Net Yield (%p.a.)
5	**4.00 %**
6	**3.75 %**
7	**3.50 %**
8	**3.30 %**
9	**3.15 %**
10	**3.00 %**
11 and 12	**2.75 %**
13 and 14	**2.50 %**
15 and thereafter	**2.25 %**

Note:
1. A Shadow Policy Account shall be maintained on a daily basis and shall be computed based on the actual accruals of all income elements for the Corporation like contributions, income from investments as and when received and all actual debits i.e. partial withdrawals to the policy account value as and when debited, to arrive at the actual gross investment return and reduction in yield to the policy account value, at the end of each year starting from policy year 5.

2. The yield earned on each of the policy account shall be calculated using the money weighted rate of return method at end of each policy year.

The interest amount earned by way of MFR and AIR will be credited to the Policy Account at the end of each financial quarter/at the time of exit. The interest amount earned by way of RA, if any, will be credited to the Policy Account at the end of each policy year starting from policy year 5.

4. Benefits:

a) **Benefits payable on death of a member while in service:** The benefit payable will be equal to the sum of following:

i) Sum assured and
ii) Gratuity Benefit as per the scheme rules.

b) **Benefits payable on retirement / leaving service before Retirement:** The Gratuity Benefits shall be payable as specified in the scheme rules.

5. Charges:

a) **Mortality Charges:** Mortality Charge is the amount required to secure the Life Cover Benefits to the members from year to year as per scheme rules. Mortality Charges will be deducted from Policy Account Value on monthly basis in advance.

The total Mortality Charge to be deducted from Policy Account Value shall be the sum of Mortality Charges in respect of each member covered under the policy.

The Mortality Charge Table to be applied to a group will depend on the size, mortality experience and risk profile including occupation of the group.

b) **Policy Administration Charges:** The Policy Administration Charge per year shall be Rs. 0.15 per Rs.1000/- of total Life Cover Benefit under the policy at the time of deduction of the charge. This charge will be a deducted from Policy Account on monthly basis in advance.

c) **Fund Management Charge:** The Fund Management Charge (FMC) shall be deducted from Policy Account Value at the end of each quarter/ at the time of exit based on daily Policy Account Value during that quarter. This percentage of the Fund Management Charge shall vary depending on the size of Policy Account Value of the scheme and are as under:

Fund Management Charge: (per annum)	
Size of Policy Account Value of the Scheme	**Fund Management Charge(FMC) (p.a.)**
Initial amount upto 1 crore	0.50%
On subsequent amount above 1 crore but less than or equal to 5 crores	0.45%
On subsequent amount above 5 crores but less than or equal to 25 crores	0.40%
On subsequent amount above 25 crores but less than or equal to 100 crores	0.35%
On subsequent amount above 100 crores but less than or equal to 200 crores	0.30%
On subsequent amount above 200 crores but less than or equal to 400 crores	0.25%
On subsequent amount above 400 crores but less than or equal to 800 crores	0.20%
On subsequent amount above 800 crores but less than or equal to 2000 crores	0.15%
On subsequent amount above 2000 crores	0.10%

For example, in case of Policy Account Value of Rs. 1.5 crores the charges that would apply would be Rs. 72,500, being 50,000 (0.5%) on the first one crore of the Policy Account Value and Rs 22,500 (0.45%) on the balance 50 lacs of the Policy Account Value.

d) **Market Value Adjustment:** A Market Value Adjustment (MVA) will be applicable on Bulk Exits and complete surrender of the policy. The MVA will be applicable on withdrawal amount which is over and above 25% of the Policy Account Value. The MVA amount shall be derived at the time of exit using the following formula.

MVA amount = [Maximum (0, Policy Account Value – Market Value) / Policy Account Value] * (Net amount which is over and above the amount representing Bulk Exit)

Where, Market Value is derived from the revaluation of assets at the time when MVA is carried out. The assets will be earmarked separately for this product. The MVA amount, if any, will be deducted from the Policy Account Value.

e) **Surrender Charges:** If the policy is surrendered within three policy years from the date of commencement, the surrender charge shall be 0.05% of the Policy Account Value subject to maximum of Rs.500,000/-.

No surrender charge will be levied if a policy is surrendered after completion of third policy anniversary.

f) **Service Tax Charge:** Service tax, if any, shall be as per the Service Tax laws and the rate of service tax as applicable from time to time.

g) **Right to revise charges:** The Corporation reserves the right to revise the Fund Management Charges and Policy Administration Charges. The modification in Fund Management Charges and Policy Administration Charges will be done with prospective effect with the prior approval from IRDA after giving the Policyholder a notice of one month. However, the maximum Fund Management Charges shall not exceed 1% p.a. The Policy Administration Charges shall not exceed Rs. 0.30 p.a per thousand of Life Cover Benefit, subject to a maximum of Rs. 500 per annum per member. Any modification in these charges will not be done during a policy year.

In case the Policyholder does not agree with the revision of charges the Policyholder shall have the option to withdraw the Policy Account Value. However such withdrawal shall not be treated as surrender.

6. **Bulk Exits:** If the amount to be paid on total exits in any event exceeds 25% of the total fund of the scheme at the beginning of the year, such transactions shall be treated as bulk exits, where exits shall mean exit of the member from the group. If the withdrawal amount exceeds 25% of the total Policy Account Value of the scheme at the beginning of that policy year then it will be considered as Bulk Exit. Market Value Adjustment (MVA) will be applicable on such Bulk Exits.

7. **Surrender Value:** The Policy can be surrendered by the Policyholder at any time by giving an advance notice of 3 months. The benefit available on surrender shall be Guaranteed Surrender Value. The Corporation may, however, pay Special Surrender Value if it is favourable to the policyholder.
The Life Cover Benefit will not acquire any surrender value.

Guaranteed Surrender Value:
The Guaranteed Surrender Value shall be equal to the 90% of the total Contributions (net of Mortality Charges and Policy Administration Charges already deducted till date) paid less all the benefits paid since the inception of the policy.

Special Surrender Value:

The Special Surrender Value shall be equal to the Policy Account Value on the day of surrender less the applicable surrender charges less Market Value Adjustment, if any.

8. **Compulsory Termination:** If at any point of time, the Policyholder's Account Value is not sufficient to cover the relevant charges as given in Para 5, the policy shall be compulsorily terminated. In such a case, the balance in the Policyholder's Account, if any, shall be refunded to the Policyholder.

9. **Eligibility Criteria:**

Minimum Entry Age:	18 years (completed)
Maximum Entry Age	75 years
Maximum Age at Renewal:	80 years
Minimum Contribution	The total amount required to provide Gratuity

	Benefit as per AS-15 (Revised) (subject to a minimum of Rs.10000/- at the time of inception of the policy) along with total mortality charges and other applicable charges to be deducted during the policy year
Maximum Contribution	No limit. The maximum contribution shall be the amount required to provide Gratuity benefit as per AS-15 (Revised) along with total mortality charges and other applicable charges to be deducted during the policy year
Minimum Group Size for existing scheme	No restriction
Minimum Group Size for new scheme	10
Maximum Group Size	No restriction
Minimum Sum Assured	Rs.1000
Maximum Sum Assured	No restriction
Policy Term	Annually renewable

10. Cooling-off period:

The Policyholder may review the terms and conditions of the Master Policy and choose to return the Master Policy within 15 days to the Corporation in case of any objection with a written communication stating the reasons of their objection. The period of 15 days shall be reckoned from the date of receipt of Master Policy by the Policyholder.
On receipt of such a communication, the Master Policy shall be cancelled and the amounts received shall be refunded to Policyholder after deduction in respect of following.

a) Stamp duty expenses.
b) Proportionate Mortality Charges for the period on cover .

11. Loan:

No loan will be available under the policy.

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

Benefit Illustration

PRODUCT FEATURES :

1	**Name of the Product:**	LIC's New Group Gratuity Cash Accumulation Plan
2	**Unique Identification No.**	512N281V01
3	**Par/Non-Par**	Non Par
4	**Minimum Guaranteed Floor rate of Interest**	0.5% p.a.
5	**Linked/Non-Linked**	Non-Linked
6	**Policy Term**	Annually renewable
7	**Mode of Contribution**	Annual
8	**Initial Contribution**	20000000
9	**Annual Contribution**	2400000
10	**Life Cover**	15000000
11	**Mortality Charge used**	Table X1
12	**Average age of member**	20

								Assuming Gross Investment Return of 4% p.a.						
Policy Year	Policy Account Value at the Beginning	Initial Contribution	Annual contribution	Mortality charge	Service Tax charge on mortality	Pol. Admin Charge	Service Tax on pol. admin charge	Interest amount @ Minimum Floor Rate (MFR)	Interest amount @Non zero-postive Additional Interest Rate (AIR)	Policy Balance before FMC	Fund Management Charge (FMC)	Service Tax Charge	Policy Account Value at the end	Suurender Value
1	0	20000000	2400000	10050	1242	2250	278	113471	783624	23172741	107461	13282	23162531	23150950
2	23162531	0	2400000	10350	1279	2250	278	129498	894302	26446753	121936	15071	26435166	26421948
3	26435166	0	2400000	10650	1316	2250	278	146082	1008834	29834762	136915	16923	29821751	29806840
4	29821751	0	2400000	10800	1335	2250	278	163245	1127357	33340921	152415	18839	33326436	33326436
5	33326436	0	2400000	10950	1353	2250	278	181006	1250014	36969358	168456	20821	36953347	36953347
6	36953347	0	2400000	11100	1372	2250	278	199386	1376948	40724342	185057	22873	40706751	40706751
7	40706751	0	2400000	11250	1391	2250	278	218408	1508310	44610292	202236	24996	44591068	44591068
8	44591068	0	2400000	11250	1391	2250	278	238093	1644256	48631954	220016	27194	48611039	48611039
9	48611039	0	2400000	11400	1409	2250	278	258468	1784962	52794891	237430	29346	52772356	52772356
10	52772356	0	2400000	11700	1446	2250	278	279562	1930635	57105216	254368	31440	57081070	57081070
11	57081070	0	2400000	11850	1465	2250	278	301403	2081470	61568401	271907	33608	61542586	61542586
12	61542586	0	2400000	12150	1502	2250	278	324019	2237652	66189700	290067	35852	66162157	66162157
13	66162157	0	2400000	12600	1557	2250	278	347435	2399364	70974556	308870	38176	70945224	70945224
14	70945224	0	2400000	13050	1613	2250	278	371680	2566799	75928774	328339	40583	75897590	75897590
15	75897590	0	2400000	13650	1687	2250	278	396783	2740158	81058197	348497	43074	81025096	81025096
16	81025096	0	2400000	14400	1780	2250	278	422773	2919645	86368873	369367	45654	86333786	86333786
17	86333786	0	2400000	15300	1891	2250	278	449682	3105472	91867064	390974	48324	91829922	91829922
18	91829922	0	2400000	16200	2002	2250	278	477540	3297861	97559429	413344	51089	97520159	97520159
19	97520159	0	2400000	17400	2151	2250	278	506382	3497038	103452518	436504	53952	103411044	103411044
20	103411044	0	2400000	18750	2318	2250	278	536240	3703237	109553285	460480	56915	109509530	109509530

Note: **1) Minimum Floor Rate has been applied on policy account**
2) Actual interest rate is applicable on the policy account on daily basis.
3) A service tax charge of 12.36% has been considered in the calculation
4) FMC is levied on Policy Account Value
5) Surrender value calculation does not include any Market Value Adjustment
6) Service tax charge, if any, is not included in the calculation of surrender value
7) Above calculations have been done assuming total investment return of 4% p.a. i.e. MFR=0.5%p.a. and AIR= 3.5% p.a.
8) Mortality charge is the cost of life cover of the member. This charge has been deducted on monthly basis.

I ……………………….(Name), having received the information with respect to the above , have understood the above statement before entering into the contract.

Marketing officials' Signature:
Company Seal:

Place:
Date:

Benefit Illustration

PRODUCT FEATURES :

1	**Name of the Product:**	LIC's New Group Gratuity Cash Accumulation Plan
2	**Unique Identification No.**	512N281V01
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9	**Annual Contribution**	2400000
10	**Life Cover**	15000000
11	**Mortality Charge used**	Table X1
12	**Average age of member**	20

								Assuming Gross Investment Return of 8% p.a.						
Policy Year	**Policy Account Value at the Beginning**	**Initial Contribution**	**Annual contribution**	**Mortality Charge**	**Service Tax charge on mortality**	**Pol. Admin Charge**	**Service Tax on pol. admin charge**	**Interest amount @ Minimum Floor Rate (MFR)**	**Interest amount @Non zero-postive Additional Interest Rate (AIR)**	**Policy Balance before FMC**	**Fund Management Charge (FMC)**	**Service Tax Charge**	**Policy Account Value at the end**	**Suurender Value**
1	0	20000000	2400000	10050	1242	2250	278	115479	1679185	24068279	109605	13547	24057692	24045663
2	24057692	0	2400000	10350	1279	2250	278	136406	1983486	28431392	128565	15891	28418971	28404762
3	28418971	0	2400000	10650	1316	2250	278	158899	2310555	33120970	148944	18410	33106577	33090024
4	33106577	0	2400000	10800	1335	2250	278	183075	2662104	38161640	170849	21117	38145128	38145128
5	38145128	0	2400000	10950	1353	2250	278	209062	3039973	43579702	194393	24027	43560911	43560911
6	43560911	0	2400000	11100	1372	2250	278	236994	3446133	49403423	219700	27155	49382184	49382184
7	49382184	0	2400000	11250	1391	2250	278	267021	3882764	55665152	244977	30279	55641544	55641544
8	55641544	0	2400000	11250	1391	2250	278	299313	4352318	62399650	270989	33494	62373524	62373524
9	62373524	0	2400000	11400	1409	2250	278	334043	4857320	69642467	298965	36952	69613633	69613633
10	69613633	0	2400000	11700	1446	2250	278	371393	5400434	77431808	329052	40671	77400063	77400063
11	77400063	0	2400000	11850	1465	2250	278	411562	5984537	85809117	361410	44670	85774239	85774239
12	85774239	0	2400000	12150	1502	2250	278	454763	6612724	94818611	396210	48972	94780365	94780365
13	94780365	0	2400000	12600	1557	2250	278	501224	7288310	104507849	433635	53597	104465981	104465981
14	104465981	0	2400000	13050	1613	2250	278	551190	8014870	114928157	473885	58572	114882393	114882393
15	114882393	0	2400000	13650	1687	2250	278	604926	8796245	126134558	517171	63922	126084605	126084605
16	126084605	0	2400000	14400	1780	2250	278	662715	9636560	138186233	563723	69676	138131774	138131774
17	138131774	0	2400000	15300	1891	2250	278	724863	10540255	151146828	613785	75864	151087524	151087524
18	151087524	0	2400000	16200	2002	2250	278	791699	11512108	165084973	667623	82518	165020458	165020458
19	165020458	0	2400000	17400	2151	2250	278	863574	12557252	180074128	725522	89674	180004010	180004010
20	180004010	0	2400000	18750	2318	2250	278	940869	13681203	196193475	787786	97370	196117330	196117330

Note: **1) Minimum Floor Rate has been applied on policy account**

2) Actual interest rate is applicable on the policy account on daily basis.

3) A service tax charge of 12.36% has been considered in the calculation

4) FMC is levied on Policy Account Value

5) Surrender value calculation does not include any Market Value Adjustment

6) Service tax charge, if any, is not included in the calculation of surrender value

7) Above calculations have been done assuming total investment return of 8% p.a. i.e. MFR=0.5%p.a. and AIR= 7.5% p.a.

8) Mortality charge is the cost of life cover of the member. This charge has been deducted on monthly basis.

I ……………………….(Name), having received the information with respect to the above , have understood the above statement before entering into the contract.

Marketing officials' Signature:
Company Seal:

Place:
Date:

Notes:

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

- *The bonuses/non-guaranteed benefits in above illustration are calculated so that they are consistent with the Projected Investment Rate of Return assumption of 4% p.a and 8% p.a. respectively. In other words, in preparing this benefit illustration, it is assumed that the Projected Investment Rate of Return that LICI will be able to earn* ***throughout the term of the policy*** *will be 4% p.a. or 8% p.a., as the case may be.*

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

SECTION 45 OF INSURANCE ACT, 1938:

No policy of life insurance shall after the expiry of two years from the date on which it was effected, be called in question by an insurer on the ground that a statement made in the proposal for insurance or in any report of a medical officer, or referee, or friend of the insured, or in any other document leading to the issue of the policy, was inaccurate or false, unless the insurer shows that such statement was on a material matter or suppressed facts which it was material to disclose and that it was fraudulently made by the policyholder and that the policyholder knew at the time of making it that the statement was false or that it suppressed facts which it was material to disclose.

Provided that nothing in this section shall prevent the insurer from calling 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 that the age of the life assured was incorrectly stated in the proposal.

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: provided that acceptance by an insurance agent of commission in connection with a policy of life insurance taken out by himself on his own life shall not be deemed to be acceptance of a rebate of premium within the meaning of this sub-section if at the time of such acceptance the insurance agent satisfies the prescribed conditions establishing that he is a bona fide insurance agent employed by the insurer.

(2) Any person making default in complying with the provisions of this section shall be punishable with fine which may extend to five hundred rupees.

Note: "Conditions apply" for which please refer to the Policy document or contact our nearest Branch Office.

"Insurance is the subject matter of solicitation."

Registered Office:
Life Insurance Corporation of India
Central Office, Yogakshema ,
Jeevan Bima Marg,
Mumbai-400021
Website: www.licindia.in
Registration Number: 512