



CRM Department, Central Office.
5th Floor (Link), "Yogakshema",
Jeevan Bima Marg, P.O.Box No.19953,
Mumbai – 400 021.
Tel : 66598353, Fax : 22825829
E-mail co_crm@licindia.com

Ref: CO/CRM/ 837/23

July 28, 2011

To,
 All Zonal Managers,
 All Regional Managers (CRM)
 All Sr/Divisional Managers,
 M.D.C., Audit & Inspection

Re: CALCULATION OF ACCIDENT BENEFIT PREMIUM UNDER JEEVAN REKHA PLAN NO-152

Jeevan Rekha plan no- 152 was introduced on 22/7/2002. This plan was available for the different age at entry between 13 years (completed) to 65 years age nearer birthday. DAB/EPDB cover is available upto the policy anniversary on which the age nearer birthday of Life assured is 70 yrs. Kindly note that after the premium paying term is over and provided premiums have been paid fully for the period of premium paying term, accident benefit cover is also available up to the policy anniversary as stated above.

If policy has been taken during minority of life assured and on completion of the age of majority, if life assured desires to opt for Accident benefit; then procedure to calculate the premium for DAB was as follows (ref: co/act/pd dt 4/12/2002):-

$$= \text{DAB premium for age 18 yrs} \times \frac{\text{premium paying term original in policy}}{\text{premium paying term in yrs after attaining majority}}$$

TABULAR ANNUAL PREMIUMS PER RS.1000 SUM ASSURED FOR DAB COVER UPTO AGE 70 YRS

AGE NBD	SINGLE PREMIUM	PREMIUM PAYING TERM					
		5	10	15	20	25	LIFE PPT
*18-24	16.30	3.65	2.10	1.60	1.35	1.25	1.00
25-34	15.45	3.50	2.00	1.55	1.30	1.20	1.00
35-44	13.95	3.15	1.85	1.40	1.20	1.10	1.00
45-54	11.60	2.65	1.55	1.20	1.10	1.00	1.00
55-59	8.85	1.85	1.25	1.00	1.00	1.00	1.00
60	7.55	1.75	1.00	1.00	1.00	1.00	1.00
61	7.05	1.65	1.00	1.00	1.00	1.00	1.00
62	6.55	1.55	1.00	1.00	1.00	1.00	1.00
63	6.05	1.45	1.00	1.00	1.00	1.00	1.00
64	5.45	1.30	1.00	1.00	1.00	1.00	1.00
65	4.85	1.00	1.00	1.00	1.00	1.00	1.00

* 18 YRS COMPLETED AS PER CO/ACT/1816/4 DT 20/7/2002

Now, the Actuarial Dept, central office has reviewed the method of calculation of Accident benefit premium for the policies which were taken during minority and now life assured desire to opt for accident benefit on completion of age of majority OR under those policies where accident benefit has not been taken at proposal stage and now policyholder wish to opt for the same, which is as follows:-

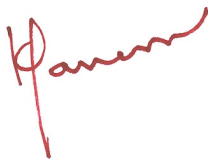
- Accident benefit under the policy will be granted after completion of 18 years of age and upto 65 years age nearer birthday.
- For arriving at the rate of Accident benefit premium per 1000 sum assured , the age nearer birthday (other than 18 years) and outstanding premium paying term on the policy anniversary from which the life assured wishes to take the accident benefit cover will be taken into consideration. For the age 18 years, it should be 18 years completed as on date of policy anniversary.
- If the outstanding premium paying term is in between the terms given in above chart of accident benefit premium, then the tabular accident benefit premium should be calculated by interpolation. For this, premium paying term will be taken from above chart of accident benefit premium which is next and earliest to calculated outstanding premium paying term. (This is explained in examples given below.)
- The tabular accident benefit premium is to be rounded off to next higher 5 paise.
- If policyholder opts for the accident benefit cover in between of two policy anniversaries, then age nearer birthday and outstanding premium paying term (nearest year) on the date of application of life assured requesting for the accident benefit cover should be taken and accident benefit should be granted from said policy anniversary. Needless to add that the premium for accident benefit as calculated above is to be charged for full year.
- If the outstanding premium paying term is less than 5 years, then quotation for accident benefit premium will be given by Actuarial Dept, Central Office. Premium rates for premium paying term between 5 to 25 years are given above.
- The example of calculation of accident premium is given below.

	Example 1
Date of commencement	18/7/2005
Date of birth of life assured	5/11/1988
Age at entry	17 yrs
Original premium paying term	25 years
Date of application for accident benefit	18/7/2011
Policy anniversary from which accident benefit will be granted	18/7/2011
Age as on date of policy anniversary of granting accident benefit	23 yrs
o/s premium paying term as on 18/7/2011	19 years
Tabular annual accident premium rate for o/s premium paying term of 15 years (rate available for earlier term to o/s term of 19 years) and age 23 yrs NBD as on date of granting accident	1.60
Tabular annual accident premium rate for o/s premium paying term of 20 years (next rate available to o/s term of 19 years) and age 23 yrs NBD as on date of granting accident	1.35
Effective annual rate of accident benefit per 1000 sum assured for outstanding premium paying term 19 years and age 23 years NBD	$= 1.60 - \left(\frac{1.60 - 1.35}{5} \right) \times 4$ $= 1.60 - (0.05 \times 4)$ $= 1.60 - 0.20$ $= 1.40$

	Example 2
Date of commencement	18/7/2005
Date of birth of life assured	5/11/1985
Age at entry	20 yrs
Original premium paying term	25 yrs
Date of application for accident benefit	18/12/2011
Policy anniversary from which accident benefit will be granted	18/7/2011
Age as on date of policy anniversary of granting accident benefit	26 yrs
o/s premium paying term as on 18/7/2011	19 yrs
Tabular annual accident premium rate for o/s premium paying term of 15 years (rate available for earlier term to o/s term of 19 years) and age 26 yrs NBD as on date of granting accident	1.55
Tabular annual accident premium rate for o/s premium paying term of 20 years (next rate available to o/s term of 19 years) and age 26 yrs NBD as on date of granting accident	1.30
Effective annual rate of accident benefit per 1000 sum assured for outstanding premium paying term 19 years and age 26 years NBD	$= 1.55 - \frac{(1.55 - 1.30) \times 4}{5}$ $= 1.55 - (0.05 \times 4)$ $= 1.55 - 0.20$ $= 1.35$

All other rules and conditions for granting accident benefit will remain same.

Kindly bring the provisions of this circular to the notice of all the offices under your control.



Executive Director (CRM)