



**LIFE INSURANCE CORPORATION OF INDIA**  
(Established by the Life Insurance Corporation Act, 1956)  
Registration Number: 512

**Micro Insurance Product**  
**LIC's Bhagya Lakshmi (UIN: 512N292V02)**

**PART – A**

Ref : NB

Micro Insurance Unit:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Date:

Dear Policyholder,

Re: Your Policy No. \_\_\_\_\_

We have pleasure to forward herewith the above policy document which please find in order.

We would also like to draw your kind attention to the information mentioned in the Schedule of the Policy and the benefits available under the Policy.

**Free Look Period**

As per IRDA (Protection of Policyholders' interests) Regulations, 2002 we would request you to go through the terms and conditions of the Policy and in case you disagree to any of the terms and conditions, you may return the Policy within a period of 15 days from the date of receipt of policy document stating the reasons of your objections and disagreement. On receipt of the policy we shall cancel the same and the amount of premium deposited by you shall be refunded to you after deducting the **proportionate risk premium for the period on cover and charges for stamp duty**.

We would also like to draw your attention to the following two aspects:

- 1) Change of Address: In case you change your residence kindly ensure that you inform any change of address to the servicing micro insurance unit.
- 2) Assignment: Assignment should be in accordance with provision of Section 38 of the Insurance Act, 1938 as amended from time to time. The current provisions of Section 38 are enclosed as Annexure –I for reference.
- 3) Nomination: Nomination should be in accordance with provision of Section 39 of the Insurance Act, 1938 as amended from time to time. The current provisions of Section 39 are enclosed as Annexure –II for reference.
- 4) Section 45 of Insurance Act, 1938: The current provisions of the same are enclosed as Annexure –III.

These measures will enable us to serve you better.

If you find any errors in this document, you may return this Policy for corrections.

Thanking you.

Yours faithfully,

p. Manager (Micro Insurance Unit)

**PART – A (Contd.)**

THE LIFE INSURANCE CORPORATION OF INDIA (hereinafter called “the Corporation”) having received a Proposal along with Declaration and the first premium from the Life Assured named in the Schedule referred to herein below and the said Proposal and Declaration with the statements contained and referred to therein having been agreed to by the said Life Assured and the Corporation as basis of this assurance do by this Policy agree, in consideration of and subject to the due receipt of the subsequent premiums as set out in the Schedule, to pay the Benefits, but without interest, at the Micro Insurance Unit of the Corporation where this Policy is serviced, to the person or persons to whom the same is payable in terms of the said Schedule, on proof to the satisfaction of the Corporation of the Benefits having become payable as set out in the Policy Document, of the title of the said person or persons claiming payment and of the correctness of the age of the Life Assured stated in the Proposal if not previously admitted.

And it is hereby declared that this Policy of Assurance shall be subject to the Definitions, Benefits, Conditions Related To Servicing Aspects, Other Terms And Conditions and Statutory Provisions printed on the back hereof and that the following Schedule and every endorsement placed on the Policy by the Corporation shall be deemed part of the Policy.

**SCHEDULE**

**DIVISIONAL OFFICE:**

**MICRO INSURANCE UNIT:**

Policy No.:	Sum Assured (Rs.):	Due date of premium:
Date of Commencement of Policy:	Sum Assured on Maturity (Rs.):	Mode of payment of premium:
Date of Commencement of Risk:	Instalment Premium (Rs.):	Due Date of Payment of Last premium:
Plan & Policy Term:	(Service tax and / or any other Tax as applicable from time to time is charged extra.)	Date of birth of the Life Assured:
Premium Paying Term:		Age of the Life Assured:
Date of Maturity:		Whether age Admitted?
Name of Nominee under Section 39 of the Insurance Act, 1938:	Proposal No.:	Date of Proposal :
If nominee is a minor, name of the Appointee:	Date of issuance of policy:	
Name and address of Life Assured:		

Beneficiary to whom Benefits payable	The Life Assured or his Assignee under section 38 of Insurance Act, 1938 or Nominees under Section 39 of the Insurance Act, 1938 or proved Executors or Administrators or other Legal Representatives who should take out representation to his/ her Estate or limited to the moneys payable under this Policy from any Court of any State or Territory of the Union of India, as applicable.
Period during which premiums payable	Till the stipulated due date of payment of last premium or earlier death of the life assured.
Date when premium payable	On the stipulated due date in .....

Signed on behalf of the Corporation at the above mentioned Micro Insurance Unit, whose address is given on the last page and to which all communications relating to the policy should be addressed.

**Date:**

**Examined by:**

**Form No.:**

\_\_\_\_\_  
**p. Manager (Micro Insurance Unit)**

<b>Agency Code</b>	<b>Agency Name</b>	<b>Agent’s Mobile Number / Landline Number</b>

## **PART – B: DEFINITIONS**

The definitions of terms/words used in the policy documents are as under:

1. **Age** is the age nearest birthday of the Life Assured at the time of the commencement of the policy except for age 18 years for which the age is in completed years.
2. **Appointee** is the person to whom the proceeds/benefits secured under the Policy are payable if the benefit becomes payable to the nominee and the nominee is minor as on the date of claim payment.
3. **Assignee** is the person to whom the rights and benefits are transferred by virtue of an Assignment.
4. **Assignment** is the process of transferring the rights and benefits to an "Assignee". Assignment should be in accordance with the provisions of section 38 of Insurance Act, 1938 as amended from time to time
5. **Beneficiary** means the person who is entitled to receive benefits under this Policy. The Beneficiary may be Life Assured or his Assignee or Nominees or proved Executors or Administrators or other Legal Representatives as the case may be.
6. **Corporation** means the Life Insurance Corporation of India established under Section 3 of the LIC act, 1956.
7. **Date of commencement of policy** is the start date of this Policy.
8. **Date of commencement of risk** is the date on which the Corporation accepts the risk for insurance (cover) as evidenced in the schedule of the policy.
9. **Date of issuance of policy** is a date when a proposal after underwriting is accepted as a policy and this contract gets effected.
10. **Date of Maturity** means a fixed date on which benefit may become payable either absolutely or contingently.
11. **Death Benefit** means the benefit, agreed at the inception of the contract, which is payable on death as specified in Condition 2 of "Part C" of this Policy Document.
12. **Discharge form** is the form to be filled by policyholder/claimant to claim the maturity/surrender/death benefit under the policy.
13. **Due Date** means a fixed date on which the policy premium is due and payable by the policyholder.
14. **Endorsement** means conditions attached/affixed to this Policy incorporating any amendments or modifications agreed to or issued by the Corporation.
15. **Free Look Period** is the period of 15 days from the date of receipt of the policy document by the policyholder to review the terms or conditions of this Policy and where the policyholder disagrees to any of those terms and conditions, he/she has the option to return this Policy.
16. **Grace period** is the time granted by the insurer from the due date for the payment of premium, without any penalty/ late fee, during which time the policy is considered to be in force with the insurance cover without any interruption as per the terms of the policy.
17. **Guaranteed Surrender Value** is the minimum guaranteed amount of Surrender Value payable to the policyholder on surrender of the Policy.
18. **Inforce** means all due premiums have been paid on or before the due date or within the grace period.
19. **IRDAI** means Insurance Regulatory and Development Authority of India earlier called as Insurance Regulatory and Development Authority (IRDA).
20. **Lapse** is the status of the Policy when a due premium is not paid within the grace period.
21. **Life Assured** is the person on whose life the insurance cover has been accepted.
22. **Loan** is the interest bearing repayable amount granted by the Corporation against the surrender value payable to the policyholder.
23. **Maturity Benefit** means the benefit, which is payable on maturity i.e. at the end of the policy term as specified in Condition 1 of "Part C" of this Policy Document, on Life Assured surviving the stipulated Date of Maturity.
24. **Material information** is the information already known to the Life Assured at the time of obtaining a policy which has a bearing on underwriting of the proposal/policy submitted.
25. **Minor** is a person who has not completed 18 years of age.
26. **Nomination** is the process of nominating a person who is named as "Nominee" in the proposal form or subsequently included/changed by an endorsement. Nomination should be in accordance with provisions of section 39 of the Insurance Act, 1938 as amended from time to time.
27. **Nominee** is the person who has right to give a valid discharge to the policy monies in case of the death of the Life Assured.
28. **Paid-Up** is the status of the Policy if the premiums are paid for at least one full year and subsequent premiums are not paid within the grace period.
29. **Policy Anniversary** means one year from the date of commencement of the Policy and the same date falling one year thereafter, till the date of maturity.
30. **Policy/ Policy Document** means this document along with endorsements, if any, issued by the Corporation which is a legal contract between the Policyholder and the Corporation.
31. **Policyholder** is the legal owner of this Policy.
32. **Policy term** is the period, in years, from the date of commencement of policy during which the contractual benefits are payable as per the terms and conditions of the Policy.
33. **Policy year** is the period between two consecutive policy anniversaries. This period includes the first day and excludes the next policy anniversary day.
34. **Premium** is the contractual amount payable by the Policyholder at specified times periodically as mentioned in the schedule of this Policy Document to secure the benefits under the policy. The term 'Premium' used anywhere in this Policy Document does not include any taxes.
35. **Premium paying term** means the period, in years, during which premium is payable.
36. **Proof of continued insurability** is the information sought from the policyholder to decide revival of the policy. This includes Form of declaration of Good Health, Medical Reports, Special Reports, etc.
37. **Proposer** is a person who proposes the life insurance proposal.
38. **Revival** of a policy which was discontinued due to the non-payment of premium, means restoration of the policy, by the insurer as per underwriting decision, upon receipt of all the premium due and other charges/ late fee, if any, as per the terms and conditions of the policy, upon being satisfied as to the continued insurability of the insured on the basis of the information, documents and reports furnished by the policyholder, in accordance with the then existing underwriting guidelines.

39. **Revival Period** means the period of two consecutive years from the date of discontinuance of the policy, during which period the policyholder is entitled to revive the policy which was discontinued due to the non-payment of premium.
40. **Schedule** is the part of policy document that gives the details of your policy.
41. **Sum Assured** is the assured amount payable on death before the stipulated Date of Maturity.
42. **Sum Assured on Maturity** is the absolute amount payable on maturity as mentioned in Condition 1 of Part C of this Policy Document.
43. **Surrender** means complete withdrawal/ termination of the entire policy before maturity.
44. **Surrender Value** means an amount, if any, that becomes payable in case of surrender in accordance with the terms and conditions of this policy.
45. **Underwriting** is the term used to describe the process of assessing risk and ensuring that the cost of the cover is proportionate to the risks faced by the individual concerned. Based on underwriting, a decision on acceptance or rejection of cover as well as applicability of suitable premium or modified terms, if any, is taken.
46. **UIN** means the Unique Identification Number allotted to this plan by the IRDAI.

### **PART – C : BENEFITS**

The following benefits are payable under this policy:

**1) Maturity Benefit:**

On Life Assured surviving the stipulated Date of Maturity, provided the policy is in force, “**Sum Assured on Maturity**” shall be payable which is equal to 110% of total amount of premiums payable during the term of the contract excluding extra amount if charged under the policy due to underwriting decisions.

**2) Death Benefit:**

On Life Assured's death before the stipulated Date of Maturity, provided the policy is in force, “**Sum Assured on Death**” equal to **Sum Assured** under the policy shall be payable.

**3) Payment of Premiums:**

a) The policyholder has to pay the premium on the due dates as specified in the Schedule of this Policy Document along with Service Tax and or any other Tax as applicable from time to time.

b) Grace Period:

A grace period of two calendar months or 60 days whichever is higher will be allowed for all modes of payments. If the premium is not paid before the expiry of days of grace, the Policy lapses.

If death of Life Assured occurs within the grace period but before the payment of the premium then due, the Policy will still be valid and the benefits shall be paid after deduction of the said unpaid premium(s) as also the balance premium/s, if any, falling due from the date of death and before the next anniversary.

c) In case of death of Life Assured under an in force policy where in all the premiums due till the date of death have been paid and where the mode of payment of premium is other than yearly, balance premium(s), if any, falling due from the date of death and before the next policy anniversary shall be deducted from the claim amount.

### **PART – D: CONDITIONS RELATED TO SERVICING ASPECTS**

1) **Proof of Age :** The premium having been calculated on the age of the Life Assured as declared in the Proposal, in case the age is found higher than such age, without prejudice to the Corporation's other rights and remedies, including those under the Insurance Act, 1938, the premium shall be payable in such case at the rate calculated on the Sum Assured for the correct age at entry, and the accumulated difference between the premium for the correct age and the original premium, from the commencement of the Policy upto the date of such payment shall be paid to the Corporation with interest at such rate as fixed by the Corporation from time to time. However, in case the Life Assured continues to pay the premiums at the rates shown herein, and also does not pay the above mentioned accumulated debt, the accumulated difference between the premium for the correct age and the original premium from the commencement of this Policy up to the date on which the Policy becomes a claim, with interest on each instalment of such difference at such rate as may be fixed by the Corporation from time to time, shall accrue and be treated as a debt due by the Life Assured against the said Policy and shall be deducted from the Policy moneys payable on the Policy becoming a claim.

Provided further that if the Life Assured's correct age at entry is such as would have made him/her uninsurable under the class or terms of assurance specified in the said Schedule hereto, the class or terms shall stand altered to such Plan of Assurance as are granted by the Corporation according to the practice in force at the commencement of this policy subject to the consent of the Policyholder, otherwise the policy will be cancelled.

**2) Forfeiture and Non-forfeiture Regulations:**

**Forfeiture Regulations:**

(i) If less than one year's premiums have been paid in respect of this policy and any subsequent premium be not duly paid, all the benefits shall cease after the expiry of grace period from the date of first unpaid premium and nothing shall be payable and the premiums paid thitherto are also not refundable.

- (ii) **Forfeiture in Certain Other Events:** In case any condition herein contained or endorsed hereon shall be contravened or in case it is found that any untrue or incorrect statement is contained in the proposal, personal statement, declaration and connected documents or any material information is withheld, then and in every such case this policy shall be void and all claims to any benefit by virtue hereof shall be subject to the provisions of Section 45 of the Insurance Act, 1938, as amended from time to time.

**Non-forfeiture Regulations:**

If after at least one full year's premium has been paid and any subsequent premium be not duly paid, this policy shall not be wholly void, but shall subsist as a paid-up policy.

The **Sum Assured on Death** under a paid-up policy shall be reduced to such a sum, called '**Death Paid-up Sum Assured**' and shall be equal to [**Sum Assured on Death** \* (no. of premiums paid / no. of premiums payable during the premium paying term)].

The **Sum Assured on Maturity** under a paid-up policy shall be reduced to such a sum called '**Maturity Paid-up Sum Assured**' and shall be equal to [**Sum Assured on Maturity** \* (no. of premiums paid / no. of premiums payable during the premium paying term)].

In any case, the Death Paid-up Sum Assured or Maturity Paid-up Sum Assured mentioned above shall not be less than the total premiums paid under the policy.

Notwithstanding what is stated above, if after at least three full years' premiums have been paid in respect of this policy and any subsequent premium be not duly paid, in the event of death of the Life Assured within six months from the due date of first unpaid premium, the "Sum Assured on Death" will be paid after deduction of (a) the premium(s) unpaid for the policy with interest thereon upto the date of death on the same terms as for revival of the Policy during such period, and (b) the balance premium(s) for the policy falling due from the date death and before the next Policy anniversary.

Notwithstanding what is stated above, if after at least five full years' premiums have been paid in respect of this policy and any subsequent premium be not duly paid, in the event of death of the Life Assured within 12 months from the due date of first unpaid premium, the "Sum Assured on Death" will be paid after deduction of (a) the premium(s) unpaid for the policy with interest thereon upto the date of death on the same terms as for revival of the Policy during such period, and (b) the balance premium(s) for the policy falling due from the date death and before the next Policy anniversary.

**3) Revival of lapsed Policies:**

If the Policy has been lapsed due to non payment of due premium within the days of grace, it may be revived during the life time of the Life Assured, but within a period of 2 consecutive years from the date of the first unpaid premium and before the date of maturity, on submission of proof of continued insurability to the satisfaction of the Corporation and the payment of all the arrears of premium together with interest (compounding half-yearly) at such rate as fixed by the Corporation from time to time. The Corporation however, reserves the right to accept at original terms, accept with modified terms or decline the revival of a discontinued policy. The revival of a discontinued policy shall take effect only after the same is approved by the Corporation and is specifically communicated to the Life Assured.

**4) Surrender:**

The policy can be surrendered at any time during the policy term provided premiums have been paid for atleast one full year.

The Guaranteed Surrender Value shall be equal to the total premiums paid excluding any extra amount if charged under the policy due to underwriting decisions multiplied by the Guaranteed Surrender Value factor. These Guaranteed Surrender Value factors expressed as percentages will depend on the policy term and policy year in which the policy is surrendered and are as under:

<b>GSV factors applicable to total premiums paid</b>									
<b>Policy year/ PolicyTerm</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>	<b>13</b>	<b>14</b>	<b>15</b>
<b>1</b>	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
<b>2</b>	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
<b>3</b>	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
<b>4</b>	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
<b>5</b>	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
<b>6</b>	80.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
<b>7</b>	80.00%	80.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
<b>8</b>	-	80.00%	80.00%	65.00%	60.00%	57.50%	56.00%	55.00%	54.29%
<b>9</b>	-	-	80.00%	80.00%	70.00%	65.00%	62.00%	60.00%	58.57%

<b>10</b>	-	-	-	80.00%	80.00%	72.50%	68.00%	65.00%	62.86%
<b>11</b>	-	-	-	-	80.00%	80.00%	74.00%	70.00%	67.14%
<b>12</b>	-	-	-	-	-	80.00%	80.00%	75.00%	71.43%
<b>13</b>	-	-	-	-	-	-	80.00%	80.00%	75.71%
<b>14</b>	-	-	-	-	-	-	-	80.00%	80.00%
<b>15</b>	-	-	-	-	-	-	-	-	80.00%

However, under this policy, **Special Surrender Value** will be payable if it is more favorable to the policyholder. The Special Surrender Value will be the Special Surrender Value factor multiplied by the Maturity Paid-up Sum Assured (as defined in Condition 2 of Part D). The Special Surrender Value factors applicable to this policy may change from time to time with prior approval of the IRDAI.

**5) Policy Loan:**

No loan will be available under this policy.

**6) Free look period:**

During the Free Look period, if the Policyholder is not satisfied with the Terms or Conditions of the policy, he/she may return the policy to the Corporation stating the reason of objections. On receipt of the same the Corporation shall cancel the policy and return the amount of premium deposited after deducting **the proportionate risk premium for the period on cover and charges for stamp duty.**

**PART E**

Not Applicable

**PART – F: OTHER TERMS AND CONDITIONS**

**1) a) Assignments:** Assignment is allowed under this plan as per Section 38 of the Insurance Act, 1938 as amended from time to time. The current provisions of Section 38 are contained in **Annexure-I** of this Policy Document. The notice of assignment should be submitted for registration to the office of the Corporation, where the policy is serviced.

**b) Nominations:** Nomination by the holder of a policy of life assurance is required as per Section 39 of the Insurance Act, 1938 as amended from time to time. The current provisions of Section 39 are contained in **Annexure-II** of this Policy Document. The notice of nomination or change of nomination should be submitted for registration to the office of the Corporation, where the policy is serviced. In registering nomination the Corporation does not accept any responsibility or express any opinion as to its validity or legal effect.

**2) Suicide:**

This policy shall be void

- i. If the Life Assured (whether sane or insane) commits suicide at any time within 12 months from the date of commencement of risk, the Corporation will not entertain any claim under this policy except for 80% of the premiums paid excluding any extra amount, if charged under the policy due to underwriting decisions, provided the policy is in force.
- ii. If the Life Assured (whether sane or insane) commits suicide within 12 months from date of revival, an amount which is higher of 80% of the premiums paid till the date of death excluding any extra amount, if charged under the policy due to underwriting decisions or the surrender value shall be payable. The Corporation will not entertain any other claim under this policy.

**3) Normal requirements for a claim:** The normal documents which the claimant shall submit while lodging the claim in case of death of the Life Assured shall be claim forms, as prescribed by the Corporation, accompanied with original policy document, NEFT mandate from the claimant for direct credit of the claim amount to the bank account, proof of title, proof of death, medical treatment prior to the death, school/ college/ employer's certificate, whichever is applicable, to the satisfaction of the Corporation. If the age is not admitted under the policy, the proof of age of the Life assured shall also be submitted.

Where the policy results into a maturity claim or in case of surrender of the policy, the Life Assured shall submit the discharge form along with the original policy document, NEFT mandate from the claimant for direct credit of the claim amount to the bank account besides proof of age, if the age is not admitted earlier.

**4) 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 Service Tax payable as per the prevailing rates shall be payable by the policyholder on premiums including extra amount if charged under the policy due to underwriting decision, which shall be collected separately over and above in addition to the premiums payable by the policyholder. The amount of Tax paid shall not be considered for the calculation of benefits payable under the plan.

- 5) **Legislative Changes:** The Terms and Conditions including the premiums and benefits payable under this policy are subject to variation in accordance with the relevant Legislation & Regulations.

## **PART – G: STATUTORY PROVISIONS**

### **Grievance Redressal Mechanism:**

The Corporation has Grievance Redressal Officers at Branch/ Divisional/ Zonal/ Central Office to redress grievances of customers. For ensuring quick redressal of customer grievances the Corporation has introduced Customer friendly Integrated Complaint Management System through our Customer Portal (website) which is <http://www.licindia.in>, where a registered policy holder can directly register complaint/ grievance and track its status. Customers can also contact at e-mail id [co\\_crmgrv@licindia.com](mailto:co_crmgrv@licindia.com) for redressal of any grievances.

In case the customer is not satisfied with the response or do not receive a response from us within 15 days, then the customer may approach the Grievance Cell of the IRDAI through any of the following modes:

- Calling Toll Free Number 155255 / 18004254732 (i.e. IRDAI Grievance Call Centre)
- Sending an email to [complaints@irda.gov.in](mailto:complaints@irda.gov.in)
- Register the complaint online at <http://www.igms.irda.gov.in>
- Address for sending the complaint through courier / letter:  
Consumer Affairs Department, Insurance Regulatory and Development Authority of India, 9<sup>th</sup> Floor, United India Towers, Basheerbagh, Hyderabad – 500 029, Andhra Pradesh.
- Sending the complaint by Fax to 040-66789768

Claimants not satisfied with the decision of death claim repudiation have the option of referring their cases for review to Zonal Office Claims Dispute Redressal Committee or Central Office Claims Dispute Redressal Committee. A retired High Court/ District Court Judge is member of each of the Claims Dispute Redressal Committees. For Redressal of Claims related grievances, claimants can also approach Insurance Ombudsmen who provides for low cost and speedy arbitration to customers.

### **NOTE:**

In case you have any Complaints/Grievance, you may approach Grievance Redressal Officer/ Ombudsman, whose address is as under:

Address of Micro Insurance Unit:

Address of Grievance Redressal officer:

Address of Insurance Ombudsman:

Note: In case of dispute in respect of interpretation of these terms and conditions and special provisions/conditions the English version shall stand valid.

**YOU ARE REQUESTED TO EXAMINE THIS POLICY, AND IF ANY MISTAKE BE FOUND THEREIN, RETURN IT IMMEDIATELY FOR CORRECTION.**

**Assignment - As per Section 38 of the Insurance Act 1938, as amended by the Insurance Laws (Amendment) Act, 2015**

(1) A transfer or assignment of a policy of insurance, wholly or in part, whether with or without consideration, may be made only by an endorsement upon the policy itself or by a separate instrument, signed in either case by the transferor or by the assignor or his duly authorised agent and attested by at least one witness, specifically setting forth the fact of transfer or assignment and the reasons thereof, the antecedents of the assignee and the terms on which the assignment is made.

(2) An insurer may, accept the transfer or assignment, or decline to act upon any endorsement made under sub-section(1), where it has sufficient reason to believe that such transfer or assignment is not bonafide or is not in the interest of the policyholder or in public interest or is for the purpose of trading of insurance policy.

(3) The insurer shall, before refusing to act upon the endorsement, record in writing the reasons for such refusal and communicate the same to the policyholder not later than thirty days from the date of the policy-holder giving notice of such transfer or assignment.

(4) Any person aggrieved by the decision of an insurer to decline to act upon such transfer or assignment may within a period of thirty days from the date of receipt of the communication from the insurer containing reasons for such refusal, prefer a claim to the Authority.

(5) Subject to the provisions in sub-section (2), the transfer or assignment shall be complete and effectual upon the execution of such endorsement or instrument duly attested but except, where the transfer or assignment is in favour of the insurer, shall not be operative as against an insurer, and shall not confer upon the transferee or assignee, or his legal representative, any right to sue for the amount of such policy or the moneys secured thereby until a notice in writing of the transfer or assignment and either the said endorsement or instrument itself or a copy thereof certified to be correct by both transferor and transferee or their duly authorised agents have been delivered to the insurer:

Provided that where the insurer maintains one or more places of business in India, such notice shall be delivered only at the place where the policy is being serviced.

(6) The date on which the notice referred to in sub-section (5) is delivered to the insurer shall regulate the priority of all claims under a transfer or assignment as between persons interested in the policy; and where there is more than one instrument of transfer or assignment the priority of the claims under such instruments shall be governed by the order in which the notices referred to in sub-section (5) are delivered:

Provided that if any dispute as to priority of payment arises as between assignees, the dispute shall be referred to the Authority.

(7) Upon the receipt of the notice referred to in sub-section (5), the insurer shall record the fact of such transfer or assignment together with the date thereof and the name of the transferee or the assignee and shall, on the request of the person by whom the notice was given, or of the transferee or assignee, on payment of such fee as may be specified by the regulations, grant a written acknowledgement of the receipt of such notice; and any such acknowledgement shall be conclusive evidence against the insurer that he has duly received the notice to which such acknowledgement relates.

(8) Subject to the terms and conditions of the transfer or assignment, the insurer shall, from the date of the receipt of the notice referred to in sub-section (5), recognize the transferee or assignee named in the notice as the absolute transferee or assignee entitled to benefit under the policy, and such person shall be subject to all liabilities and equities to which the transferor or assignor was subject at the date of the transfer or assignment and may institute any proceedings in relation to the policy, obtain a loan under the policy or surrender the policy without obtaining the consent of the transferor or assignor or making him a party to such proceedings.

Explanation – Except where the endorsement referred to in sub-section (1) expressly indicates that the assignment or transfer is conditional in terms of subsection (10) hereunder, every assignment or transfer shall be deemed to be an absolute assignment or transfer and the assignee or transferee, as the case may be, shall be deemed to be the absolute assignee or transferee respectively.

(9) Any rights and remedies of an assignee or transferee of a policy of life insurance under an assignment or transfer effected prior to the commencement of the Insurance Laws (Amendment) Act, 2015 shall not be affected by the provisions of this section.

(10) Notwithstanding any law or custom having the force of law to the contrary, an assignment in favour of a person made upon the condition that-

- a. The proceeds under the policy shall become payable to the policyholder or the nominee or nominees in the event of either the assignee or transferee predeceasing the insured; or
- b. The insured surviving the term of the policy, shall be valid:

Provided that a conditional assignee shall not be entitled to obtain a loan on the policy or surrender a policy.

(11) In the case of the partial assignment or transfer of a policy of insurance under sub-section (1), the liability of the insurer shall be limited to the amount secured by partial assignment or transfer and such policyholder shall not be entitled to further assign or transfer the residual amount payable under the same policy.



**Nomination - As per Section 39 of the Insurance Act 1938, as amended by the Insurance Laws (Amendment) Act, 2015**

(1) The holder of a policy of life insurance on his own life may, when effecting the policy or at any time before the policy matures for payment, nominate the person or persons to whom the money secured by the policy shall be paid in the event of his death:

Provided that, where any nominee is a minor, it shall be lawful for the policy holder to appoint any person in the manner laid down by the insurer, to receive the money secured by policy in the event of his death during the minority of the nominee.

(2) Any such nomination in order to be effectual shall, unless it is incorporated in the text of the policy itself, be made by an endorsement on the policy communicated to the insurer and registered by him in the records relating to the policy and any such nomination may at any time before the policy matures for payment be cancelled or changed by an endorsement or a further endorsement or a will, as the case may be, but unless notice in writing of any such cancellation or change has been delivered to the insurer, the insurer shall not be liable for any payment under the policy made bona fide by him to a nominee mentioned in the text of the policy or registered in records of the insurer.

(3) The insurer shall furnish to the policy holder a written acknowledgement of having registered a nomination or a cancellation or change thereof, and may charge such fee as may be specified by regulations for registering such cancellation or change.

(4) A transfer or assignment of a policy made in accordance with section 38 shall automatically cancel a nomination:

Provided that the assignment of a policy to the insurer who bears the risk on the policy at the time of the assignment, in consideration of a loan granted by that insurer on the security of the policy within its surrender value, or its reassignment on repayment of the loan shall not cancel a nomination, but shall affect the rights of the nominee only to the extent of the insurer's interest in the policy:

Provided further that the transfer or assignment of a policy, whether wholly or in part, in consideration of a loan advanced by the transferee or assignee to the policyholder, shall not cancel the nomination but shall affect the rights of the nominee only to the extent of the interest of the transferee or assignee, as the case may be, in the policy:

Provided also that the nomination, which has been automatically cancelled consequent upon the transfer or assignment, the same nomination shall stand automatically revived when the policy is reassigned by the assignee or retransferred by the transferee in favour of the policyholder on repayment of loan other than on a security of policy to the insurer.

(5) Where the policy matures for payment during the lifetime of the person whose life is insured or where the nominee or, if there are more nominees than one, all the nominees die before the policy matures for payment, the amount secured by the policy shall be payable to the policyholder or his heirs or legal representatives or the holder of a succession certificate, as the case may be.

(6) Where the nominee or if there are more nominees than one, a nominee or nominees survive the person whose life is insured, the amount secured by the policy shall be payable to such survivor or survivors.

(7) Subject to the other provisions of this section, where the holder of a policy of insurance on his own life nominates his parents, or his spouse, or his children, or his spouse and children, or any of them, the nominee or nominees shall be beneficially entitled to the amount payable by the insurer to him or them under sub-section (6) unless it is proved that the holder of the policy, having regard to the nature of his title to the policy, could not have conferred any such beneficial title on the nominee.

(8) Subject as aforesaid, where the nominee, or if there are more nominees than one, a nominee or nominees, to whom sub-section (7) applies, die after the person whose life is insured but before the amount secured by the policy is paid, the amount secured by the policy, or so much of the amount secured by the policy as represents the share of the nominee or nominees so dying (as the case may be), shall be payable to the heirs or legal representatives of the nominee or nominees or the holder of a succession certificate, as the case may be, and they shall be beneficially entitled to such amount.

(9) Nothing in sub-sections (7) and (8) shall operate to destroy or impede the right of any creditor to be paid out of the proceeds of any policy of life insurance.

(10) The provisions of sub-sections (7) and (8) shall apply to all policies of life insurance maturing for payment after the commencement of the Insurance Laws (Amendment) Act, 2015.

(11) Where a policyholder dies after the maturity of the policy but the proceeds and benefit of his policy has not been made to him because of his death, in such a case, his nominee shall be entitled to the proceeds and benefit of his policy.

(12) The provisions of this section shall not apply to any policy of life insurance to which section 6 of the Married Women's Property Act, 1874, applies or has at any time applied;

Provided that where a nomination made whether before or after the commencement of the Insurance Laws (Amendment) Act, 2015, in favour of the wife of the person who has insured his life or of his wife and children or any of them is expressed, whether or not on the face of the policy, as being made under this section, the said section 6 shall be deemed not to apply or not to have applied to the policy.

**Section 45 as per the Insurance Act 1938, as amended by the Insurance Laws (Amendment) Act, 2015**

(1) No policy of life insurance shall be called in question on any ground whatsoever after the expiry of three years from the date of the policy, i.e. from the date of issuance of the policy or the date of commencement of risk or the date of revival of the policy or the date of the rider to the policy, whichever is later.

(2) A policy of life insurance may be called in question at any time within three years from the date of issuance of the policy or the date of commencement of risk or the date of revival of the policy or the date of the rider to the policy, whichever is later on the ground of fraud:

Provided that the insurer shall have to communicate in writing to the insured or the legal representatives or nominees or assignees of the insured the grounds and materials on which such decision is based.

Explanation I- For the purposes of this sub-section, the expression "fraud" means any of the following acts committed by the 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 specially declares to be fraudulent.

Explanation II- Mere silence as to facts likely to affect the assessment of the risk by the insurer is not fraud, unless the circumstances of the case are such that regard being had to them, it is the duty of the insured or his agent, keeping silence to speak, or unless his silence is, in itself, equivalent to speak.

(3) Notwithstanding anything contained in subsection (2), no insurer shall repudiate a life insurance policy on the ground of fraud if the insured can prove that the misstatement of or suppression of a material fact was true to the best of his knowledge and belief or that there was no deliberate intention to suppress the fact or that such misstatement of or suppression of a material fact are within the knowledge of the insurer:

Provided that in case of fraud, the onus of disproving lies upon the beneficiaries, in case the policyholder is not alive.

Explanation – A person who solicits and negotiates a contract of insurance shall be deemed for the purpose of the formation of the contract, to be the agent of the insurer.

(4) A policy of life insurance may be called in question at any time within three years from the date of issuance of the policy or the date of commencement of risk or the date of revival of the policy or the date of the rider to the policy, whichever is later, on the ground that any statement of or suppression of a fact material to the expectancy of the life of the insured was incorrectly made in the proposal or other document on the basis of which the policy was issued or revived or rider issued:

Provided that the insurer shall have to communicate in writing to the insured or the legal representatives or nominees or assignees of the insured the grounds and materials on which such decision to repudiate the policy of life insurance is based:

Provided further that in case of repudiation of the policy on the ground of misstatement or suppression of a material fact, and not on the ground of fraud the premiums collected on the policy till the date of repudiation shall be paid to the insured or the legal representatives or nominees or assignees of the insured within a period of ninety days from the date of such repudiation.

Explanation - For the purposes of this sub-section, the misstatement of or suppression of fact shall not be considered material unless it has a direct bearing on the risk undertaken by the insurer, the onus is on the insurer to show that had the insurer been aware of the said fact no life insurance policy would have been issued to the insured.

(5) 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 insured was incorrectly stated in the proposal.