CHAPTER III
Profile of the Study Area

3.1. Profile of Thanjavur District:

Thanjavur District is one of the biggest districts in Tamil Nadu State with an area of 3,396.57 Square km. It lies on the east coast of Tamil Nadu. Basically, it is an agricultural district. The erstwhile composite Thanjavur district comprising the present Thanjavur, Thiruvarur and Nagapattinam districts along with the composite Trichirappalli district was known as Chola Nadu or Chola Mandalam in ancient days. Thanjavur was the capital of entire Chola Mandalam ruled by the Chola dynasty for many years and later it was ruled by Maratha Rulers.

The district lies between 9 50’ and 11 25’ North latitude and 78 45’ and 79 25’ of east longitude in south east central part of Tamil Nadu State. During the formation of a separate district, Thanjavur district was constituted with 15 development blocks. However, from January 1997, Valangaiman block has been attached with the newly formed Tiruvarur district. Presently the district has only 14 administrative blocks. The district is located with neighboring districts of Tiruchirappalli district in the west and north west. Perambalur district in the north, Pudukkottai district in the south and south west, Bay of Bengal in the south east and Thiruvarur and Nagapattinam districts in the east.

The soil is highly fertile which is most suited for higher paddy production and productivity. Major part of the district enjoys gentle undulating plain
bisected by the river Cauvery and its distributaries. The climate is humid tropical and the district falls in medium and high rainfall region with normal annual rainfall of around 1020 mm. Though the district receives rainfall from both south west and north east monsoons, major share comes only from north east monsoon.

As per 2001 census the total population of the district is 22.06 lakh census out of which more than fifty percent account for female population. The density of population is 649 per sq.km which is higher than the state average of 371 per sq.km. The large strength of working population, agricultural labourers and cultivators in the district indicate excessive dependence on agriculture.

The major share of economy of the district is from agriculture and allied activities. About 96 percent of sources of irrigation is from Cauvery river and many of its distributaries viz., Vennar and Grand Anaicut Canal and sub distributories viz., vettar, Kudamurutti, Thirumalairajan, Veerachozhan, Arasalar and Kalyana Odai which constitute a large network irrigation system in the district.

Paddy is the main crop in the district and it occupies nearly 60 percent of the cropped area. Sugarcane, Groundnut, Pulses, Gingelly, and Groundnut are the other important crops being cultivated in the district. Coconut and Banana plantations are concentrated in the area close to branches of Cauvery River and Kolli dam rivers. About 75 percent of the workforce in the district depends on agriculture. The district has about 45 km length of coastline, in parts of pattukottai and Sethubhavachatram blocks.

As on 31.03.2008, according to District Industrial Center, in Thanjavur there are 9271 SSI units, nine medium and large scale units, 5187 cottage industries and 7805 handicrafts units in the district, providing considerable rural employment opportunities. Being a land of temples, Thanjavur district has
always been the patron of fine arts and crafts. Bharathanatyam and Carnatic music have their strong roots here. Thanjavur paintings and Thanjavur art plates are world famous crafts.

The Thanjavur district has a vast network of commercial and co-operative bank’s branches. As many as 26 commercial banks have their offices in the district. The total number of commercial bank branches is 166 as on, 31.03.2007, of which 58 are urban, 40 are semi urban and 66 are rural branches. Thanjavur district has the distinction of having two Central Co-operative Banks with their head offices at Thanjavur and Kumbakonam which have 25 branches apart from the Tamilnadu Co-operative State Agricultural and Rural Development Bank Ltd, which has 8 branches. Tamilnadu Industrial Investment Corporation (TIIC) is also having its branch office at Thanjavur.

One of the eight LIC Divisional offices in Tamil Nadu is situated in Thanjavur. It has 27 branches, comprises ten districts, Thanjavur district is one among them. The Thanjavur district LIC has six branches and the area covered is 3,800 sq.km. Forty nine Development officers and 2045 agents are selling the insurance plans in Thanjavur district.

3.2 Industrial Profile:

International Comparison:

Life insurance penetration is the ratio between life insurance premiums to the GDP of the country. If this ratio is high the penetration is also considered as high and successful because of the increased contribution to the GDP. On the other hand if the penetration ratio is poor, the contribution of life insurance sector to the Gross Domestic Product is also considered as negligible.
As shown in the Appendix.1, the life insurance penetration ratio of India stood as 4.00 in the year 2007 which was just 2.59 in the calendar year 2007 and 2.26 in 2003. The privatizations contribute considerably for the better penetration in these six years. But it is still lower than the world average of 4.40 and the Asian average of 4.60. There are countries like South Korea, Japan, Taiwan, Hongkong, Israel, Singapore, South Africa, Trinidad and Tobago, apart from European and American countries which are having better penetration than India. So, there is still a wider scope for higher life insurance penetration.

Life Insurance density is the ratio of life insurance premium collected to the total population expressed in percentage. If this ratio is high one can assume that the per capita premium is high and so the life is also safely secured. On the other hand, if it is low the per capita premium is low and the sum assured may also be low. The life insurance density ratio of India for the calendar year 2007 was 40.4 which was just 11.7 in the year 2002. This impressive increase in density witnessed only in liberalized regime of India.

Though the figures given in Appendix: 2, over the period give the appreciable achievement in case of insurance density, it is still far below of the Asian average of 156.7 and the world’s average of 358.1 per cent. Even Latin American countries like Trinidad and Tobago, Chile, Jamaica, Panama, Brazil, and Mexico are better than India with higher rate insurance density. The density of United Kingdom Japan highest of all the countries stood as 5730.5 which is more than 100 times of Indian density. So there is still greater scope for up selling at least to the increased middle income group.

**Insurance in Indian Economy:**

India is one of the countries in the world which has achieved a high growth rate in domestic savings, and a higher propensity to save by the
household sector has been maintained over the period. The positive growth in the economy, expansion of the service sector and increase in household savings all contributed significantly to the high growth of domestic savings. Another significant aspect of household savings is the continued preference for insurance products. The life insurance business is significantly influenced by the state of the economy of a country and major factors that influence it are the rate of growth of GDP, the levels of domestic savings, household financial savings, disposable income, etc. The size of the life insurance market is also influenced by the rate of growth of population, social security and healthcare systems, changes in customs, social practices, risks etc. It has been observed that societies in which the standard of living has been steadily improving, experience a higher insurance penetration. Market competition exerts a very positive influence on market expansion, life insurance penetration as well as insurance density.

Capital formation is an essential determinant of economic growth. The Indian economy had outlines a path of capital accumulation in which the major part of the resources needed for the economic development where to be supplied by real domestic savings and a part by inflow of capital from abroad. Gross domestic formation is composed of two components-gross domestic savings and net capital inflow of abroad. Domestic savings are derived from three sectors namely, the household sector, private sector and the public sector. The savings of the household sector are broadly classified into financial savings and savings in the form of physical assets. The financial savings are in the form of currency, deposits, shares and debentures, claims on government and Insurance funds.
Table 3.2.1 Various components of Gross Financial savings of the household

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<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
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<tr>
<td>a) Currency</td>
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<td>8.9</td>
<td>8.5</td>
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<td>b) Deposits</td>
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<td>47.0</td>
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<td>i) With Banks</td>
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<td>35.5</td>
<td>35.3</td>
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<tr>
<td>ii) With non-banking compy</td>
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<td>1.0</td>
<td>1.0</td>
<td>0.8</td>
<td>1.0</td>
<td>2.7</td>
<td>2.6</td>
<td>2.9</td>
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<td>iii) With co-op banks Society</td>
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<td>0.0</td>
<td>0.0</td>
<td>2.8</td>
<td>3.6</td>
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<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>-0.1</td>
<td>-2.1</td>
<td>0.1</td>
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<tr>
<td>c) Shares and debentures</td>
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<td>6.6</td>
<td>5.1</td>
<td>1.1</td>
<td>0.1</td>
<td>1.7</td>
<td>2.7</td>
<td>4.1</td>
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<td>i) Private corporate business</td>
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<td>1.4</td>
<td>1.3</td>
<td>1.4</td>
<td>1.1</td>
<td>0.8</td>
<td>1.5</td>
<td>3.1</td>
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<tr>
<td>ii) Banking</td>
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<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
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<td>iii) Units of Unit Trust of India</td>
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<td>-0.1</td>
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<td>-20.3</td>
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<td>-0.6</td>
<td>-0.4</td>
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<td>iv) Bonds of PSU</td>
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<td>0.0</td>
<td>0.0</td>
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<td>v) Mutual fund (other than UTI)</td>
<td>3.8</td>
<td>5.2</td>
<td>3.8</td>
<td>0.4</td>
<td>1.2</td>
<td>1.3</td>
<td>1.8</td>
<td>1.3</td>
<td></td>
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<tr>
<td>d) Claims on government</td>
<td>14.6</td>
<td>5.3</td>
<td>14.6</td>
<td>24.5</td>
<td>23.0</td>
<td>17.4</td>
<td>17.9</td>
<td>15.7</td>
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<td>Investment in govt securities</td>
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<td>0.2</td>
<td>2.4</td>
<td>4.9</td>
<td>7.5</td>
<td>2.5</td>
<td>5.8</td>
<td>1.7</td>
<td></td>
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<tr>
<td>ii) Invmt in small savings, etc</td>
<td>12.2</td>
<td>5.1</td>
<td>12.2</td>
<td>19.6</td>
<td>15.5</td>
<td>14.9</td>
<td>12.1</td>
<td>14.0</td>
<td></td>
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<tr>
<td>e) Insurance funds</td>
<td>14.0</td>
<td>14.9</td>
<td>14.0</td>
<td>15.7</td>
<td>13.7</td>
<td>16.1</td>
<td>14.2</td>
<td>13.6</td>
<td></td>
</tr>
<tr>
<td>i) Life insurance funds</td>
<td>13.4</td>
<td>14.4</td>
<td>13.4</td>
<td>15.1</td>
<td>13.0</td>
<td>15.5</td>
<td>13.5</td>
<td>12.9</td>
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<tr>
<td>ii) Postal insurance</td>
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<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
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<tr>
<td>iii) State insurance</td>
<td>0.3</td>
<td>0.2</td>
<td>0.3</td>
<td>0.2</td>
<td>0.5</td>
<td>0.4</td>
<td>0.4</td>
<td>0.5</td>
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<tr>
<td>f) Provident and Pension funds</td>
<td>10.5</td>
<td>9.2</td>
<td>10.5</td>
<td>13.0</td>
<td>13.6</td>
<td>15.0</td>
<td>16.1</td>
<td>19.3</td>
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</tr>
</tbody>
</table>

Source: Various Annual Reports of RBI  P: Provisional # : Preliminary estimate

The above table shows how the various components of savings contribute to the gross total savings of the house hold sector in the post liberalization era as a common- size- statement. It clearly depicts how the house hold sector perceives
insurance as an important destiny for saving. The life insurance remains as the
second best method of savings next only to bank deposits. As this table figures
give only relative figures to the total amount of savings, the insurance fund
savings figures explain its share over the domestic household savings. In the year
2003-04 and 2007-2008, the increased investment in government securities made
the share of insurance funds significantly reduced one. Similarly the bullish
behavior of the shares and debenture pushed down the share of the insurance
funds by 1.7 per cent in 2005-2006.

**Table 3.2.2 Proportion of Gross Financial savings of the Household to GDP**

<table>
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<tbody>
<tr>
<td>Financial Saving</td>
<td>16.7</td>
<td>18.5</td>
<td>16.7</td>
<td>13.9</td>
<td>13.8</td>
<td>12.7</td>
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<tr>
<td>(Gross)</td>
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<td></td>
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<tr>
<td>a) Currency</td>
<td>1.5</td>
<td>1.6</td>
<td>1.5</td>
<td>1.2</td>
<td>1.5</td>
<td>1.2</td>
</tr>
<tr>
<td>b) Deposits</td>
<td>7.8</td>
<td>10.3</td>
<td>7.8</td>
<td>5.2</td>
<td>5.3</td>
<td>5.4</td>
</tr>
<tr>
<td>c) Shares and Deb</td>
<td>0.9</td>
<td>1.2</td>
<td>0.9</td>
<td>0.2</td>
<td>0.0</td>
<td>0.2</td>
</tr>
<tr>
<td>d) Claims on Govt</td>
<td>2.4</td>
<td>1.0</td>
<td>2.4</td>
<td>3.4</td>
<td>3.2</td>
<td>2.3</td>
</tr>
<tr>
<td>e) Insurance funds</td>
<td>2.3</td>
<td>2.8</td>
<td>2.3</td>
<td>2.2</td>
<td>1.9</td>
<td>2.1</td>
</tr>
<tr>
<td>f) Pension P.F</td>
<td>1.7</td>
<td>1.7</td>
<td>1.7</td>
<td>1.8</td>
<td>1.9</td>
<td>2.0</td>
</tr>
</tbody>
</table>

Source: Various Annual Reports of RBI   P: Provisional #Preliminary

The table found above shows the percentage share of the financial saving
and the various components of financial savings of the house hold sector to the
total GDP at current market prices. This shows the increasing share of financial
savings to GDP from 11.95 per cent in 2000-01 to 18.5 per cent in 2006-07 and
16.7 5 per cent in 2007-08. Barring the year 2003-04, in the liberalization period, the share of insurance fund to GDP witnessed a steady and significant growth from 1.6 per cent in 2000-2001 to 2.85 per cent in 2006-07. But, the preliminary estimates predict the share of insurance fund to GDP in 2007-08 as 2.3 per cent. The adverse change in the global and in Indian economic environment might have caused this first ever fall in this ratio.

**History of Life Insurance Corporation:**

The Life Insurance Corporation (LIC) has been established by an Act of parliament, which received the assent of the president on 18th June 1956. The Act came into force on 1st July 1956 and the corporation began to function on 1st September 1956. Since that day the corporation is having the exclusive privilege of carrying on Life insurance business in India. The Corporation is an autonomous body and has been fully carrying out the role assigned to it and justifying the confidence of the public of offering absolute security, better policy conditions, cheaper rate economic management and favourable returns to the nation at large.

It will be appropriate to quote here the words of the then Finance Minister Shri C.D. Desmukh, from his broadcast to the nation on the eve of the promulgation of the Life Insurance Emergency Provision Ordinance, 1956. He said: “The nationalization of life Insurance will be another milestone on the road, the country has chosen in order to reach its goal of a socialistic pattern to society. Into the lives of millions in the rural areas it will introduce a new sense of awareness of building for the future in the spirit of calm confidence which insurance alone can give. It is a measure conceived in a genuine spirit of service
to the people”. The nationalization of life insurance widened the channels of public savings.

**Objectives of the Life Insurance Corporation of India:**

The objectives of LIC are to

1. Spread life Insurance much more widely and in particular to the rural areas and to the socially economically backward classes with a view to researching all insurable people in the country and providing them adequate financial cover against death at reasonable cost.

2. Maximize mobilization of people’s savings by making insurance-linked savings adequately attractive.

3. Bear in mind the investments fund, the primary obligation to its policy holders, whose money it holds in trust, without losing sight of the interest of the community as a whole; the funds to be deployed to the best advantage of the investors as well as the community as a whole, keeping in view national priorities and obligations of attractive returns.

4. Conduct business without most economy and with the full realization that the money belongs to the policy holders.

5. Act as trustees of the insured public their individual and collective capacities.

6. Meet the various life insurance needs of the community that would arise in the changing social and economic environment.

7. Involve all people working in the corporation to the best of their capacity in furthering the interest of the insured public by providing effected service with courtesy.
8. Promote amongst all agents and employees of the corporation sense of participation, pride and job satisfaction through discharge of the duties with dedication towards achievements of corporate objectives.

**Organization Structure of LIC:**

LIC had 5 zonal offices, 33 divisional offices and 212 branch offices, apart from its corporate office in the year 1956. Since life insurance contracts are long term contracts and during the currency of the policy it requires a variety of services need was felt in the later years to expand the operations and place a branch office at each district headquarter. Re-organization of LIC took place and large numbers of new branch offices were opened.

As a result of re-organisation servicing functions were transferred to the branches, and branches were made accounting units. It worked wonders with the performance of the corporation. It may be seen that from about 200.00 crores of New Business in 1957, LIC crossed 1000.00 crores only in the year 1969-70, and it took another 10 years for LIC to cross 2000.00 crore mark of new business. But with re-organisation happening in the early eighties, by 1985-86 LIC had already crossed 7000.00 crore sum assured on new policies. At present, LIC functions with 2048 fully computerized branch offices, 100 divisional offices, 7 zonal offices and the corporate office. It follows the organisational structure as shown in Appendix:3 with the help of which the corporation is organised successfully.

LIC’s wide area network covers 100 divisional offices and connects all the branches through a metro area network. LIC has tied up with some banks and service providers to offer on-line premium collection facility in selected cities.
LIC’s ECS and ATM premium payment facility is an addition to customer convenience. Apart from on-line kiosks and IVRS, Info Centres have been commissioned at Mumbai, Ahmedabad, Bangalore, Chennai, Hyderabad, Kolkata, New Delhi, Pune and many other cities. With a vision of providing easy access to its policyholders, LIC has launched its Satellite Sampark Offices. These offices are smaller, leaner and closer to the customer. The digitalized records of the satellite offices will facilitate anywhere servicing and many other conveniences in the future.

Performance of LIC:

The Central Office of LIC is located at Mumbai. There are 7 Zonal Offices one each at Mumbai, Calcutta, New Delhi, Kanpur, Bhopal, Chennai and Hyderabad. As at 31-3-2003, LIC had 100 divisional offices and 2048 branches in India and offices at London, Fiji, Mauritius in territories outside India, apart from joint venture operations in Kenya, Nepal and Sri Lanka.

The sums assured by all policies issued by the LIC including any bonuses declared in respect thereof are guaranteed as to payment in cash by the Government of India. This provides unimpeachable security to the insuring public. As a result of investigation by actuaries in terms of section 26 of “The Life Insurance Corporation Act, 1956” if any surplus emerges, not less than 95 percent of such surplus is required to be allocated to or reserved for the policy holders of the LIC and the remainder utilized for such purpose and in such manner as the Central Government may determine.

The Corporation which was mainly transacting Insurance on individual lives, later on started doing insurance on group basis under its pension and group schemes portfolio. The group schemes provide life insurance cover at a very low
cost and a large number of needy people are given life insurance protection under group schemes.

In consultation with the Central Government, LIC has set up a social security fund transferable to Central Government after valuation with effect from 15.8.87. This fund is utilized to provide social security for the weaker and vulnerable sections of the society. Families of over one crore landless agricultural labourers are now provided free life insurance cover for Rs. 2000 each under the scheme. Over 1.5 crore beneficiaries of the Integrated Rural Development Programme (IRDP) are also provided free insurance cover of Rs. 5,000 under the scheme with effect from 1.4.88. Besides, the social security fund subsidies 50 per cent of the premium for insurance cover of Rs.5,000 on handloom weavers, rickshaw pullers, drivers and such other socially disadvantageous sections of society.

During 1989, LIC diversified its activities in many directions. LIC Mutual Fund was set up as a separate trust with a view to providing easy accessibility of investment area including stick market in the country to one and all, especially the small investors in rural and semi urban areas.

The LIC launched LIC Housing Finance Limited, on 19.6.89, as its subsidiary along with UTI, IFCI and ICICI with a view to making a greater thrust in the housing field by providing long term finance to help realize the objectives of the National Housing Policy. An off-shore Company, L.I.C. International was incorporated in Behrain in 1989 to transact life insurance business amongst non-resident India, nationals in middle-east countries.

**LIC in the Liberalised environment:**

Foreign insurance companies were also allowed to run business in collaboration with an Indian insurer, which witnessed a number of joint venture insurance companies in India. The foreign direct investment limit is limited only
to the extent of 26 per cent of the equity share capital in any insurance company as of now. The table found in Appendix 3, shows the comprehensive picture about the capital ownership of the whole insurance industry. It shows the total amount of equity share capital of the Indian promoter as well as of the foreign promoter, if any. In the life insurance industry, as on 31.03.2008, there were only two Indian private life insurance companies without the involvement of foreign insurers i.e., Reliance Life (formerly, AMP Sanmar) and Sahara India Life Insurance Company Limited As far as non life insurer is concerned, Reliance General Insurance Company Limited is the only non life private insurer without the participation of foreign promoters.

Thus, liberalization brought foreign direct investment to the tune of 3314.89 crores which is nearly 20.23 per cent share in the total equity capital of insurance sector. In life insurance sector alone 22.95 per cent of capital i.e., 1809.75 crores were pumped in the form of foreign direct investment. Similarly, in the non life insurance sector alone 18.69 per cent of capital i.e., 337.24 crores were pumped in the form of foreign direct investment. In the health insurance sector also, Rs.53.64 crores were invested by the foreign promoters. As far as the general insurance is concerned, the entire 1980 crores equity capital of GIC and its erstwhile 4 subsidiaries, ECGC and Agricultural Company Limited is not subscribed by any private sector organizations. Similarly, the LIC continues with the equity share capital of 5 crores which were entirely subscribed by the Government of India. Though a sum of 100 crores is the minimum amount of share capital that an insurance company should possess, it cannot be raised to a higher limit unless the LIC Act is amended.

The performance of LIC in the liberalized environment on select aspects is analyzed the following pages.
a) **Total Life Insurance Premium:**

The table in the appendix 4, shows how the total life insurance premium has grown in the liberalization period. From a meager 6.45 crores in the year 2000-01, the private sector mopped up the life insurance premium to 51561.42 crore. Even after LIC coming out of the monopoly status, which it enjoyed for 44 years, the total life insurance premium underwritten by it is very much appreciable, which stood as 149789.99 crore in 2007-2008 which is nearly four times higher than the amount mobilized in the year 2000-01.

Comparing the previous year figures, LIC’s growth in terms of amount of total life insurance premium is glaringly significant in all the eight years of liberalization. But the growth rate of the total life insurance premium of the private sector players has always been higher than that of LIC. But this growth phenomenon is also due to the increase in number of private players.

b) **First Year Premiums:**

The total premium collected by the insurers includes the first year premium as well as the renewal premiums. The table found in Appendix: 5, shows the first year life insurance premium collected by all the insurers. The first year life insurance premium represents only the new business underwritten. It is better parameter to measure the performance of insurers, comparing to the total premium.

First year premium including single premium recorded a growth of 23.88 per cent in 2007-08 comparing to 94.96 per cent in 2006-07 and 47.94 per cent in 2005-06, which were mainly driven by a significant jump in the unit-linked business.

The table clearly exhibits the dominance of LIC even after 7 years of liberalization, which was able to mobilize 64 per cent of the total industry’s first
year life insurance premium underwritten. Of the total first year premium Rs.93712.52 crore collected by all the insurers, an amount of Rs.59996.57 crore was collected only by LIC. This shows that LIC also grew well even in the competitive environment, in terms of first year life insurance premium amount which was 6.18 times higher than the amount in the year 2000-01.

c) Number of Offices:

After seeking approval of the IRDA, the life insurance companies open the branch offices. The table shown in Appendix:6, exhibits the network of life insurance offices all the seven years of liberalization. For the purposes of this section, "place of business" include a branch, sub-branch, inspectorate, organisation office and any other office, by whatever name called. There are 6391 offices of private insurers as on 31.03.2008 in the country which was just 3072 in the last year. ICICI Prudential, BajajAllianz, Reliance Life HDFC Standard and Birla Sunlife occupy the first five places respectively and offices of these fives constitute nearly 75% the private insurer offices.

As far as LIC is considered the growth in the number of offices till 2005 were in single digit only. But as on 31.03.2008, even in the liberalized e-enabled environment, LIC was having the widest network with a 2522 offices. It is worth to note here that LIC came into being only with 5 zonal, 33 Divisional, 212 Branch offices and 97 sub offices on 1.9. 1956.

d) Distribution of Offices:

The table found in Appendix:7, depicts the distribution of offices of life insurers as on 31.03.2008. In the four metro cities comprising Delhi, Mumbai, Chennai and Kolkata alone, nearly 10 per cent of all the life insurers’ offices are
situated. Of the total 939 metro offices 628 offices were by the 17 private insurers and 311 offices were of LIC.

Similarly in urban places comprising A class, B-1 class and B-2 class cities also the private insurers out number LIC significantly. The same fact could be observed in case of offices in the semi urban, C class cities also. In the urban places 18 per cent of all the life insurance offices are found. While LIC is having 468 offices in these places the 17 private players have 1169 offices as on 31.03.2008. Similarly, in semi-urban places alone 40 per cent all the life insurance offices are situated. While, LIC is having just 848 offices, the private players established 2692 offices in these places.

But in other places, not listed in the HRA classification, that is non-metro and non-urban places, the private players showed less interest in having their offices. The seventeen players together have only 1902 offices in these places, which was just 546 in the last year. If the top-3 private insurers are excluded from this list, the 14 other private players collectively have only 268 offices in these non-metros and non-urban places which were just 58 in the year 2006-2007. But LIC had 895 offices in these places. This number is much more than the offices that it has in metro and urban places. This shows the interest of LIC in serving even the last citizen of the country. On the other hand, the private player concentrates more on cash rich, easily accessible city segment than the rural one.

e) Number of Agents:

The table found in Appendix:8, depicts the details of number of individual agents of life insurers. As on 31st march 2008, the number of individual agents in the insurance industry crossed 25 lakhs. Of the total insurance agents, around 12 lakhs i.e., 47.36 per cent are acting for the LIC alone. Only the rest of the agents are acting for the rest of the seventeen private
players together. Though 55.34 per cent of the total agent force was with LIC as on 31st March 2007, LIC did not remain complacent with its agency strength but recruited a net of 90697, which is the highest addition by any insurer in the country. It shows the determined effort on the part of LIC to boost up the business consistently, and outshine other players.

f) Claim Settlements:

In the financial year 2007-08, the individual death claims arising in the Indian operations of LIC and other insurers are enlisted in the table given in Appendix:9, the figures pertain to individual death claims arising in the Indian operations of LIC. The life insurance sector has settled 5.53 lakh claims on individual policies with a total payout of Rs. 4235 crore. Out of these, 5,31,653 policies were settled by LIC alone and only the rest by the other seventeen insurers. Similarly, in terms of claim amount, out of the 4235 crores, LIC alone contributed to the tune of 3918.72 crores.

The claim settlement ratio of LIC is better than that of the private insurers. While LIC settled 96.71 percent of claims intimated to them the private life insurers settled only 78.93 per cent of the claims intimated. It is to be noted here that according to the IRDA annual report 2007-2008, the percentage of the repudiation for LIC was also quite low at 1.13 per cent as against 10.19 percent repudiations of the private life insurers.

Thus, LIC continues to be the dominant life insurer even in the liberalized scenario of Indian insurance, issuing more than one crore policies and is moving fast on a new growth trajectory surpassing its own past records. LIC has issued over one crore policies during the year 2005-06.
Life Insurance in Thanjavur:

The New Business Communication details of the Thanjavur Division’s LIC Main branch for the period 2007-08 are analyzed in the following pages so as to understand the existing trend of life insurance in Thanjavur district.

The table found in Appendix:10 explains the new business figures of LIC Main branch of Thanjavur Division for the financial year 2007-08. The total new businesses were from a total of 17511 policies, assuring 145.16 crores fetching FPI of 1313.41 lakhs. The composite business in non-linked business alone came from 14389 policies for the total sum assured of 133.54 lakhs, fetching FPI of 450.17 lakhs. When comparing the last year’s performance, this is a fall to the tune of 19.84 percent 13.80 per cent and 10.21 per cent in the number of new policies, amount of sum assured and amount of FPI, respectively. This fall is mainly due to the launch of linked business. The composite linked business transacted was from 3122 policies assuring a sum of 11.62 crores, fetching a FPI of 863.24 lakhs.

Though there is a slight fall in the number of policies and sum assured comparing the last year figures, FPI grew at 161.94 per cent. Of all linked business the sum assured in traditional non pension business alone was to the tune of 99.56 per cent and only the rest is for the pension business. On the other hand 60 percent of the new policies and 80 per cent of the FPI were only form the pension business. Similarly of all the new non linked business, traditional non- pension plans dominates in all the three parameters namely number of policies, sum assured and FPI. Of all the total new business, though negligible amount of sum assured and only 10.89 per cent of number of policies were from the pension plans, nearly 55 per cent of the FPI were only from the pension plans. On the other hand, though the non pension business contributes only 45
per cent of the FPI, 89.10 percent of the total new policies under written assuring 99.82 per cent of the total sum on the new policies were from these traditional plans only.

a) Sum Assured-wise Analysis:

The sum assured analysis as found in Appendix:11 shows that the policies with the sum assured less than Rs. 25,000 was the priority among the people who opted individual pension plans. 98.79 per cent of the total number of pension policies, fetching 99.84 per cent of the First Premium Income (FPI), was only from the policies for which the sum assured is less than Rs.25,000.

Similarly, 27.61 per cent of number of new single premium policies was mainly in this lowest sum assured segment. But the FPI to the LIC is at its high from the policies for which the sum assured is between Rs.5,00,000 – Rs.9,99,999. In case of conventional business the highest number of new life insurance policies i.e., 41.23 per cent was mainly for the sum assured between Rs. 50,000 – Rs. 99,999.

But the new policies for which the sum assured is between Rs.1,00,000 – Rs.2,99,999 were main contributors to the FPI of 49.76 per cent assuring a high 49.13 per cent sum. Policies with a minimum sum assured of Rs.3,00,000 contribute only 4 per cent of number of policies of conventional business and 7 per cent of number of single premium policies and only 0.05 percent of the number of pension plan.

b) Term-wise Analysis:

The table found in Appendix:12, explains the new business underwritten by the Thanjavur Main of LIC in the year 2007-08 in terms of the period of the plan. While there is no plan accepted for the period less than 5 years, only negligible amount of policies were for the period exceeding 24 years. Only 15.87
per cent of the number of new policies in the conventional business, 9.69 per cent of the number of new policies in the single premium plans, and 0.15 per cent of the number of new policies in the individual pension plans underwritten were for the term exceeding 24 years. In case of conventional business newly underwritten in the year 2007-08, a majority of 43.66 per cent of the number of policies assuring the sum of 43.74 per cent fetching a high 35.57 per cent of FPI was from the policies with a term of 20 to 24 years.

Similarly, in case of both single premium and individual pension policies underwritten the policy term of 10 to 14 years was preferred by the policy holders. A high 30.59 and 45.07 per cent of the number of new policies were underwritten in case of single premium segment and pension plan segment respectively. But the FPI of both these two segments was mainly contributed by the policies with term of five to nine years. Nearly 25 per cent of premium of single premium plans and 46 per cent of premium of pension plans were for the policies with a term of five to nine years.

c) Sex-wise Analysis:

While 9969 new policies were underwritten in the year 2007-08 for male lives, only 5500 policies were for female lives in case of conventional business. Even these 35.55 per cent number of policies for female lives were for the lower sum assured of 31.65 per cent. The table found in Appendix: 13, show clearly that female lives not only remain uninsured but also under-insured. Similarly, the female lives were covered by a moderate 43.28 per cent of the number of new single premium policies and 44.54 per cent of the number of new pension plans.

d) Age-wise Analysis:

A maximum of sum assured of Rs. 1 Crore in case of Childrens’Deferred Annuity plans and a maximum sum assured of 50 lakhs in case of other plans are
allowed for minors below 18 years. A high 30.39 per cent of the number of new policies underwritten in the single premium business was for the life cover of these people under the age of 18 years. Even 7.58 per cent of the number of conventional policies, fetching 11.44 per cent of premium was for this segment only. Obviously, pension plans which are meant for post retired life are not taken for those who are yet to attain 18 years of age. On the other hand, a high 26.78 per cent of the people of the age 51 to 60 years have opted for pension plans.

Incase of the conventional business, in all the three counts namely number of new lives covered (39.01 per cent), sum assured (40.79 per cent) and FPI (33.66 per cent), the insured of the age group 18-30 years are found as the prime contributors of the business.

e) Plan-wise Analysis:

Incase of new conventional business the preference of the policies were in the order of endowment policies, money-back policies, children policies and whole-life policies. Other types of policies constitute more than 50 per cent of all the three business in all the three counts namely new number of policies, new sum assured and FPI. As these were novel policies including ULIP the conventional classification as shown in Appendix:15, failed to explain the complete business underwritten.

f) Age proof-wise Analysis:

The certificates like school or college certificate, certified extract from service register, certified extract from municipal records, certificate of baptism, marriage certificate passport are generally accepted as standard age proof. However, LIC accepts. Non-Standard Age Proof (NSAP), if the proposer does not have any of the standard age proof, which includes PAN card, driving
license, Election identity card, horoscope, elder’s declaration, self declaration sanctioned etc.

There are some restrictions imposed on a maximum age at entry, maximum sum insured especially on term insurance policies, for the lives producing NSAP. For widows, falling under Female Category III only standard age proof can be accepted.

Similarly, when age at entry is 51 or more standard age proof is must. The table in annexure: 16, explains the new business procurement on the basis of these proofs. Standard proof was obtained in case of 75.27 per cent of the number of new conventional policies underwritten 90.29 per cent of the single premium policies and 78.87 per cent of new individual pension policies. Only the rest of policies were underwritten on NSAPs.

g) Mode -wise Analysis:

As found in Appendix:16, in case of individual pension plans, only the single premium mode and yearly premium payment mode were the main attractions. Other modes are negligible in number.

In case of new conventional business, the policies under quarterly premium payment mode are preferred by a high 34.15 per cent of the number of policies. But it is the policies falling under half-yearly premium payment mode which covers a high 28.44 per cent of the sum assured and the policies falling under the yearly premium payment mode that fetches a high of 0.31 per cent of the total FPI in case of conventional business.

g) Policy –wise Analysis:

Though there are a number of plans marketed by LIC only a handful of them reach successfully. In Thanjavur, plans like New Bima Gold, Market Plus,
Money Plus, Jeevan Tarang, Jeevan Ananad, New Jana Raksha and Endowment Plan are the important seven plans as found in Appendix:17.

The new Jana Raksha Policy is the LIC policy which is best suited for people with irregular income and whose job is not secured. But it is not allowed to widows belonging to category III. Only literate female having independent income is eligible to this plan. In the year 2007-08, a high of 20.09 per cent of the number of new polices were the new Jana Raksha policies. This shows the initiative of LIC in securing lives of people in unorganized category.

The endowment policy which have been in force with effect from 15.12.1956 enjoys the fourth place both in terms of percentage of number of new polices under written i.e. 10.43 percent and in terms of sum assured i.e. 9.61 per cent.

LIC’s New Bima Gold is a unique money back plan with an extended term which will be half of the policy term in which no premiums are payable. This plan occupies the number one place in terms of the sum assured in the new business, underwriting assuring a high of 19.45 per cent of the sums. In terms of the number of new policies also, this policy with 19.71 per cent of share, occupies the second position. LIC’s Market Plus is a unit linked deferred pension plan with single or regular premium with or without risk cover. In terms of percentage of First Insurance Premium, LIC’s Market Plus occupies the first place, contributing 54.49 per cent. Similarly, in terms of number of policies under written Market Plus occupies the third place with 10.77 per cent of number of policies.

Jeevan Ananad is a combination of whole life and endowment assurance plan, in which even after the premium paying term is over, risk cover continues till death of the policy holder. This policy is found as the second preferred policy
in terms of the sum assurance and fourth preferred policy in terms of the FPI fetching 6.47 per cent of total first premium income.

Jeevan Tarang is a whole life plan which provides for annual survival benefit at the rate of 5.50 of the sum assured for life time after one year from the chosen accumulation period. With 16.46 percent of the total new sum assured and 7.48 per cent of the new FPI. This policy is found as the third preferred policy in both these counts.

Jeevan Bharathi is the money back plan with female critical illness and congenital disability benefit exclusively meant for women. The table dealing with sex wise analysis reveals that 6408 new policies were taken for female lives in Thanjavur. But from the table it is clear that, only five policies assuring the female lives for a sum of just 4,50,000 were taken . So it is evident that the women only plan, Jeeven Bharathi, which has been in force with effect from March 08, 2003 is not at all popular even among the women policy holders.

3.3 Product Profile:
A.Life Insurance Products:
I Children Plans:
1. Jeevan Anurag:
   LIC’s Jeevan Anurag is a with profit plan specifically designed to take care of the educational needs of children. The plan can be taken by a parent on his or her own life. Benefits under the plan are payable at pre-specified durations irrespective of whether the life assured survives to the end of the policy term or dies during the term of the policy. In addition, this plan also provides for an immediate payment of basic sum assured amount on death of the life assured
during the term of the policy. Payment of 20 per cent of the basic sum assured at the start of every year during last three policy years before maturity. At maturity, 40 per cent of the basic sum assured along with reversionary bonuses declared from time to time on full sum assured for the full term and the terminal bonus, if any, shall be payable. Payment of an amount equal to sum assured under the basic plan is made immediately on the death of the life assured.

2 & 3. Children’s Deferred Endowment Assurance Plan (vesting at 21 and 18):

This is an Endowment Assurance plan designed to enable a parent or a legal guardian or any near relative of the child to provide insurance cover on the life of the child. The plan has two stages, one covering the period from the date of commencement of policy to the deferred date and the other covering the period from the deferred date to the date of maturity. The insurance cover on the child’s life starts from the deferred date and is available during the latter period. The deferred date in case of CDA Endowment vesting at 21 is the policy anniversary date coinciding with or next following the date on which the child completes 21 years of age. In case of CDA Endowment vesting at 18 it is the policy anniversary date coinciding with or next following the 18th birthday of the child. This is a with-profits plan.

4. Jeevan Kishore:

This is an endowment assurance plan available for children of less than 12 years of age. The policy may be purchased by any of the parent/grand parent. The risk commences either after two years from the date of commencement of policy or from the policy anniversary immediately following the completion of 7 years of age of child, whichever is later. This is a with-profits plan.
5. Child Career Plan:

This plan is specially designed to meet the increasing educational and other needs of growing children. It provides the risk cover on the life of child not only during the policy term but also during the extended term (i.e. 7 years after the expiry of policy term). Survival benefits are payable on surviving by the life assured to the end of the specified durations.

6. Child Fortune Plus:

To ensure the best possible future for children, Child Fortune Plus policy was designed. With the cost of education sky rocketing, it is all the more important that an early provision is made to ensure a good head start for the children, in life. LIC’s Child fortune plus is a total solution to the education and other needs of the children. The plan is a unit linked one offering the prospects of long term capital appreciation. The maturity benefit will be payable on the earlier of either the child attaining 25 years of age or the life assured attaining 75 years. On the date of maturity, an amount equal to the policy holder’s fund value is payable. In the unfortunate event of death of the policy holder, the nominee child will be paid the sum assured under the policy. Further all future premiums will be waived and units equivalent thereof shall be credited to the policy fund account at the applicable unit price. A parent, with a child aged 17 years or less can go in for Child fortune plus. The policy will cover the life of the parent also.

7. Komal Jeevan:

This is a Children’s Money back plan that provides financial protection against death during the term of plan with periodic payments on survival at specified durations. This plan can be purchased by any of the parent or grand parent for a child aged zero to ten years. The risk commences either after 2 years from the date of commencement of policy or from the policy
anniversary immediately following the completion of 7 years of age of child, whichever is later. This is a with-profit plan.

8 & 9 Marriage Endowment or Education Annuity plan:

This is an endowment assurance plan that provides for benefits on or from the selected maturity date to meet the marriage/educational expenses of the named child. Premiums are payable yearly, half-yearly, quarterly, monthly or through Salary deductions, as opted, throughout the term of the policy or earlier death. This is a with-profit plan.

10. Jeevan Chhaya:

This is an endowment assurance plan that provides financial protection against death throughout the term of the plan. Besides payment of sum assured immediately on death, one-fourth of sum assured is payable at the end of each of last four years of policy term whether the life assured dies or survives the term of the policy. This is a with-profit plan.

11. Child future plan:

This plan is specially designed to meet the increasing educational, marriage and other needs of growing children. It provides the risk cover on the life of child not only during the policy term but also during the extended term. A number of survival benefits are payable on surviving by the life assured to the end of the specified durations. Policy holders can choose sum assured, maturity age, policy term, mode of premium payment and premium waiver benefit. Premiums may be paid either for 6 years or up to 5 years before the policy term.

II PLANS FOR HANDICAPED DEPENDENTS:

1. Jeevan Adhar:

This plan may be offered to a person who has a handicapped dependant satisfying conditions as specified in Section 80DDA of Income Tax Act, 1961.
The plan provides life insurance cover throughout the lifetime of the purchaser. The benefits under the plan are for the handicapped dependant who is partly in lump sum and partly in the form of an annuity. The policy provides for the guaranteed additions at the rate of Rs.100 per thousand sum assured for each completed policy year. The guaranteed additions will accrue up to age 65 of the life assured or till his/her death, if earlier. This is a with-profits plan.

2. Jeevan Vishwas:

This is an Endowment assurance plan designed for the benefit of handicapped dependants. The policy provides for the guaranteed additions at the rate of Rs.60 per thousand sum assured for each completed policy year while the policy is in full force. The guaranteed additions are payable at the end of the policy term or on earlier death. This is a with-profit plan.

III The Endowment Assurance Plans:

1. The Endowment Assurance Policy:

This policy not only makes provisions for the family of the life assured in event of one’s early death but also assures a lump sum at a desired age. The lump sum can be reinvested to provide an annuity during the remainder of one’s life or in any other way considered suitable at that time. Premiums are usually payable for the selected term of years or until death if it occurs during the term period. Being an endowment assurance policy, this plan is apt for people of all ages and social groups who wish to protect their families from a financial setback that may occur owing to their demise.

2. The Endowment Assurance Policy-Limited Payment:

Just as in the case of limited payment whole life polices, the payment of premium can be limited either to a single payment or to a term shorter than the
policy. The endowment is, however, payable only at the end of the policy term, or on death of the policy holder if it takes place earlier. If payment of the premiums ceases after at least three years’ premiums have been paid, a free paid-up policy for an amount bearing the same proportion to the sum assured as the number of premiums actually paid bears to the number stipulated for in the policy, will be automatically secured provided the reduced sum assured. This is a with-profit plan.

3  Jeevan Mitra (Double & Triple Cover Endowment Plan):

This is an Endowment assurance plan that provides greater financial protection against death throughout the term of plan. It pays the maturity amount on survival to the end of the policy term. This is a with-profit plan.

4. Jeevan Anand:

This plan is a combination of endowment assurance and whole life plans. It provides financial protection against death throughout the lifetime of the life assured with the provision of payment of a lump sum at the end of the selected term in case of his survival. This is a with-profit plan.

5. New Janaraksha Plan:

This is an endowment assurance plan that provides financial protection against death throughout the term of plan. It pays the maturity amount on survival to the end of the term. Premiums are payable yearly, half-yearly, quarterly, monthly or through salary deductions, as opted. After at least two full years’ premiums have been paid, full insurance cover is available even when premiums are not paid for up to three years. This is a with-profit plan.
6. Jeevan Amrit:

Some people, particularly the younger ones, want to have high cover at a low cost. Further, many of them do not want commitment to pay premiums for a longer duration. LIC’s Jeevan Amrit is most suitable for such persons. Under this plan premium payment is limited to 3 or 4 or 5 years and the premium payable during the first year is higher than the premiums payable in subsequent years.

IV  PLANS FOR HIGH NETWORTH INDIVIDUALS:

1. Jeevan Shree-I:

This is an endowment assurance plan offering the choice of many convenient premiums paying terms. It provides financial protection against death throughout the term of plan with the payment of maturity amount on survival to the end of the policy term. The policy provides for the guaranteed additions at the rate of Rs. 50/- per thousand sum assured for each completed year for first five years of the policy. The policy participates in the profits of the LIC’s business from the 6th year onwards.

2. Jeevan Pramukh:

This is an endowment assurance plan offering the choice of three premium paying terms. It provides financial protection against death throughout the term of the plan with the payment of maturity amount on survival to the end of the policy term. The policy provides for the guaranteed additions at the rate of Rs. 50/- per thousand sum assured for each completed year for first five years of the policy.
V MONEY BACK PLANS:

1 Money Back with Profit 20 Years & 25 years:

Unlike ordinary endowment insurance plans where the survival benefits are payable only at the end of the endowment period, this scheme provides for periodic payments of partial survival benefits as follows during the term of the policy so long as the policy holder is alive. In the case of a 20-year money-back policy, 20 per cent of the sum assured becomes payable each after 5, 10, 15 years, and the balance of 40% plus the accrued bonus become payable at the 20th year. For a money-back policy of 25 years 15 per cent of the sum assured becomes payable each after 5, 10, 15 and 20 years, and the balance 40 per cent plus the accrued bonus become payable at the 25th year. An important feature of this type of policies is that in the event of death at any time within the policy term, the death claim comprises full sum assured without deducting any of the survival benefit amounts, which have already been paid. Similarly, the bonus is also calculated on the full sum assured.

2 Jeevan Surabhi 15 Years and 20 Years 25 years:

Jeevan Surabhi plan is similar to other money back plans. But, in Jeevan Surabhi maturity term is more than premium paying term. If 15 years is the actual term and the premium paying term for this plan are 12 years. Full sum assured is paid back as survival benefit by the end of premium paying term. However, the risk cover and additional risk cover continue and the policy participates in profits till the end of policy term. Accident benefit is restricted to the premium paying period and to the overall limit of Rs.5 lakhs on a single life.

3. Bima Bachat:

LIC’s Bima Bachat is a money-back policy. It offers financial security and assurance to the policy holder and his family. Bima Bachat requires
the policy holder to pay only one premium. The amount paid for the premium depends on the duration of the policy taken and life insurance is available till the date of maturity. For a term of 9 years, the policy holder will receive 15 per cent of the sum assured at the end of every 3rd and 6th policy year. For a term 12 years, the policy holder will receive 15 per cent of the sum assured at the end of every 3rd, 6th and 9th policy year.

VI SPECIAL MONEY BACK PLAN FOR WOMEN:

1. *Jeevan Bharathi – I:*

   LIC’s Jeevan Bharati-I is a plan exclusively for women. It is a with profit plan having special features considering the needs of women. The plan also provides for accident benefit, critical illness benefit and congenital disability benefit as optional riders. The policyholder at her option may avail the survival benefit any time on or after its due date. If opted to avail later, increased survival benefit at the rate decided by the LIC from time to time will be payable.

   The mode of premium payment is only yearly under this plan. However, policyholder may pay the next yearly premium in advance in installments during the year. If premiums are paid in advance a premium rebate may be allowed as may be decided by the LIC from time to time. Option to receive maturity proceeds in the form of an annuity is offered. The policyholder shall have the option to receive the maturity proceeds in the form of annuity. The rate of annuity will be based on the annuity rates prevalent at the time of stipulated date of maturity. After two years premiums have been paid, whenever premium payment is discontinued, the life cover for full sum assured will continue for 3 years from the due date of first unpaid premium.
If death occurs during the auto cover period, then death benefit after deducting unpaid premiums, with interest is payable along with the vested bonus, if any. The auto cover shall not be available for rider benefits. The riders are available under this plan are critical illness rider, accident benefit rider, and congenital disabilities benefit rider.

Critical illness rider means sum assured will be payable in case of diagnosis of defined categories of critical illnesses. A person is eligible for this benefit up to a maximum age of 60 years but subject to a maximum of the policy term. This benefit can be availed for a minimum sum of Rs 50,000 and for a maximum sum equal to the sum assured under the basic plan subject to the maximum of Rs 5 lakh overall limit taking all critical illness riders under all existing policies of the life assured.

Accident benefit rider provides an additional amount equal to the sum assured is payable upon death or total and permanent disability due to accident during the policy term. This benefit can be availed for a minimum sum of Rs 50000 and for a maximum sum equal to the sum assured under the basic plan subject to the maximum of Rs.50 lakhs.

Congenital disabilities benefit rider can be opted for by a female between the ages of 18 years and 35 years. An amount equal to 50 per cent of the congenital disabilities benefit sum assured is payable if the life assured gives birth to a child with specified congenital disabilities. This benefit is available for a maximum of two such children and this benefit ceases at the age of 40 years. This benefit can be availed for a minimum sum of Rs.50,000 and a maximum sum of Rs 5,00,000.

Loan is available under the plan after the policy acquires paid-up value. A grace period of one-month but not less than 30 days will be allowed for payment
of premium. Revival during the auto cover period is if critical illness rider is not opted then during the auto cover period, the life assured can pay one or more instalments of premiums with interest without submission of any evidence of health.

If any survival benefit falls due during the above 3-year auto cover period, the same will be paid after deduction of unpaid premiums with interest until the due date of the survival benefit, provided it is more than the unpaid premiums with interest. If the survival benefit is insufficient to cover the arrears of premiums with interest up to the due date of such survival benefit, then the survival benefit will be payable only on payment of such arrears of premiums with interest, during the period of the aforesaid 3 years or on revival of the policy thereafter.

If Critical illness rider is opted then, during the auto cover period, the policy can be revived by payment of full arrears of premium together with interest and subject to submission of proof of continued insurability of the life assured to the satisfaction of the Corporation. The Corporation reserves the right to accept at original terms, accept at revised terms or decline the revival of the policy. The revival of the policy shall take effect only after the same is approved by the Corporation and is specifically communicated to the life assured. If any survival benefit falls due during the above 3-year auto cover period the same will be paid only after revival of the policy as stated above.

Other than during auto cover period, if the policy has lapsed, and the policy is not under the period of auto cover, the policy can be revived within a period of 5 years from the date of first unpaid premium and before the date of maturity by payment of full arrears of premium together with interest and subject to submission of proof of continued insurability of the life assured to the
satisfaction of the LIC. It reserves the right to accept at original terms, accept at revised terms or decline the revival of a discontinued policy. The revival of discontinued policy shall take effect only after the same is approved by the LIC and is specifically communicated to the life assured. The Rider shall be revived along with the basic plan and not in isolation.

If after at least three full years’ premiums have been paid and any subsequent premium not paid, this policy shall not be wholly void after the expiry of three years auto cover period, but shall continue as a paid up policy. The sum assured of the policy shall be reduced in the same proportion as the number of premiums actually paid bears to the total number of premiums stipulated for in the policy, less any survival benefit paid. This reduced sum is called the paid up value.

The policy thereafter shall be free from all liabilities for payment of the premiums, but shall not be entitled to the future bonuses. The existing vested reversionary bonuses, if any, will remain attached to the reduced paid-up policy. This paid up value shall be payable on the date of maturity or at life assured’s prior death. No survival benefit shall be payable under paid up policies. The rider benefits will cease to apply if the policy is in lapsed condition and will not acquire any paid up value.

The Guaranteed surrender value will be available after the expiry of 3 policy years provided the premiums have been paid for at least three years. The guaranteed surrender value is equal to 30 per cent of the total amount of premiums paid excluding the premiums paid for the first year, any premiums paid towards riders, all extra premiums that may have been paid less the amount of survival benefits paid earlier. The cash value of any existing bonuses, if any, will also be paid. The LIC may, however, pay special surrender value as the
discounted value of paid up sum assured and vested bonus, if any, as applicable on date of surrender, provided the same is higher than guaranteed surrender value.

This policy shall be void if the life assured commits suicide at any time on or after the date on which the risk under the policy has commenced but before the expiry of one year from the date of commencement of risk under the policy and the LIC will not entertain any claim by virtue of this policy except to the extent of a third party’s bonafide beneficial interest acquired in the policy for valuable consideration of which notice has been given in writing to the branch where the policy is being presently serviced, at least one calendar month prior to death.

VII Whole Life Plans:

1. The Whole Life Policy:

   This plan is mainly devised to create an estate for the heirs of the policyholder as the plan basically provides for payment of sum assured plus bonuses on the death of the policyholder. However, considering the increased longevity of the Indian population, the Corporation has amended the above provision, thereby providing for payment of sum assured plus bonuses in the form of maturity claim on completion of age 80 years or on expiry of term of 40 years from date of commencement of the policy whichever is later. The premiums under the policy are payable up to age 80 years of the policyholder or for a term of 35 years whichever is later.

2. The Whole Life Policy- Limited Payment:

   This is the best form of life assurance for family provision since it enables the life assured to pay all the premiums during the ordinarily vigorous and most
productive years of life. With profits limited payments policies do not cease to participate in profits after completion of the premium paying period but continue to share in the periodical Bonus Distribution until the death of the Life assured. The Without-Profit option is available, if the policyholder pays at least 3 years’ premiums and then discontinues paying any more premium, a reduced paid-up assurance policy comes into force.

3. The Whole Life Policy- Single Premium:

This is the best form of life assurance for family provision since it enables the life assured to pay the premium during the ordinarily vigorous and most productive years of life, relieving him from the necessity of making payments later in life when they might become a burden. Being a limited-payment life assurance policy, this plan is suitable for people of all ages and social groups who wish to protect their families from a financial setback that may occur owing to their demise.

4. Jeevan Anand:

This plan is a combination of endowment assurance and whole life plans. It provides financial protection against death throughout the lifetime of the life assured with the provision of payment of a lump sum at the end of the selected term in case of his survival. This is a with-profit plan.

5. Jeevan Tarang:

This is a with-profit whole of life plan which provides for annual survival benefit at a rate of 5½ % of the sum assured after the chosen accumulation period. The vested bonuses in a lump sum are payable on survival to the end of the accumulation period or on earlier death. Further, the sum assured, along with loyalty additions, if any, is payable on survival to age 100
years or on earlier death. The plan offers three accumulation periods – 10, 15 and 20 years.

VIII  TERM ASSURANCE PLANS:
1. The Two Year Temporary Assurance Policy:

The two year temporary assurance policy is designed for the insuring public who requires risk cover for a maximum of two years. Under the two year temporary assurance policy a single premium is required to be paid at the outset of the policy to cover the entire period of term. The proposer is required to pay the medical examination fee.

2. Convertible Term Assurance Policy:

This plan of assurance is designed to meet the needs of those who are initially unable to pay the larger premium required for a whole life or endowment assurance policy, but hope to be able to pay for such a policy in the near future. This plan would be found useful also in cases where it is desired to leave the final decision as to the plan to a later date when, perhaps a better choice could be made. Policy holders get an option of converting a policy into endowment assurance or limited payment whole life assurance.

3. Anmol Jeevan-I:

In this plan, minimum sum assured is Rs.5,00,000/-and maximum sum assured is less than 25,00,000. The plan is available to Standard and Sub-standard lives. This plan is also available to female lives (category I and II lives only) and to physically handicapped persons subject to certain conditions. Standard age proof will have to be submitted along with the proposal form. The policy will not acquire any paid-up value. No surrender value will be available under this plan. No loan will be granted under this plan.
4 Jeevan Amulya-I:

For taking Jeevan Amulya, the policy holder’s minimum age at entry is 18 years and maximum age at entry is 60 years. Maximum age at maturity is 70 years. In case of unfortunate death of the life assured during the term of the policy, the sum assured is payable, provided the policy is kept in force. Maturity benefit is nil. The policy term is 5 to 35 years. The minimum sum assured is Rs.25,00,000/- and no upper limit for maximum sum assured.

IX JOINT LIFE PLAN:

1. Jeevan Saathi:

This is an endowment assurance plan issued on the lives of husband and wife. The plan provides financial protection against death of both the lives. It pays the maturity amount on survival of one or both the lives to the end of the policy term. This is a with-profit plan.

X Decreasing Term Assurance to cover Home Loan Repayment:

1. Mortgage Redemption:

The Mortgage redemption assurance policy is a without profits plan, designed to meet the requirements of the policy holding individual who seeks to ensure that all his outstanding loans and debts are automatically paid up in the event of his demise. The proponent will have to bear the cost of the mandatory medical examination. The policies are usually issued only to male lives aged 50 years or lesser.

B. PENSION PLAN:

1. Jeevan Nidhi:

LIC's Jeevan Nidhi is a with profits deferred annuity plan. On survival of the policyholder beyond term of the policy the accumulated amount which is
sum assured added with guaranteed additions which are again added with bonuses used to generate a pension for the policyholder. The plan also provides a risk cover during the deferment period. Guaranteed additions Rs.50/- per thousand sum assured for each completed year, for the first five years. The policy shall participate in profits of the Corporation from the 6th year onwards. There is an option to commute up to one third of the amount available on vesting, which shall include the sum assured under the basic plan together with accrued guaranteed additions, simple reversionary bonuses and terminal bonus.

2. **Jeevan Akshay** ;

   It is an immediate annuity plan, which can be purchased by paying a lump sum amount. The plan provides for annuity payments of a stated amount throughout the life time of the annuitant. Various options are available for the type and mode of payment of annuities. No medical examination is required under the plan.

3. **New Jeevan Dhara-I**:

   These are Deferred Annuity plans that allow the policyholder to make provision for regular income after the selected term. These are with-profit plans and participate in the profits of the LIC’s annuity business.

4. **New Jeevan Suraksha-I**:

   These are Deferred Annuity plans that allow the policyholder to make provision for regular income after the selected term. Regarding bonuses, these are with-profit plans and participate in the profits of the Corporation’s annuity / pension business.
C. **Unit plans:**

1. **Market plus:**

   This is a unit linked pension plan wherein the pension is payable after a specified period. Four types of investment funds namely bond fund, secured fund, balanced and growth fund are offered. Though primarily a pension product, the plan has many attractive features and options which make it an ideal retirement solution for the future. While vesting the benefits of the fund value will be utilized to provide a pension based on the then prevailing annuity rates. An option to commute up to one third of the payable benefit in a lump sum is available. The plan also allows a policy holder to switch from one type of fund to another up to four times a year, free of charge.

2. **Profit Plus:**

   It is a unit linked endowment plan where the premium payment term is limited to single lump sum, or uniformly over 3, 4 or 5 years. Four types of investment funds are offered. Policy holders can also switch between any fund types for the entire fund value during the policy term subject to switching charges.

3. **Fortune Plus:**

   It is a unit-linked assurance plan where premium payment term is 5 years and the premium payable in the first year will be 50 per cent of total premium payable under the policy. The level of cover will depend on the level of premium policy holders agree to pay. The minimum first year premium will be Rs.20,000/- and policy holder may pay any amount exceeding it. From second year onwards each year’s premium will be 25 per cent of the first year premium.
4. **Money Plus-I:**

   This is a unit linked endowment plan with regular premium paying term which offers investment cum insurance during the term of the policy. Policy holder can choose the level of cover within the limits, which will depend on the level of premium agree to pay. The minimum annual premium will be Rs.5,000/- increasing thereafter in multiples of Rs.1,000/-. The minimum monthly premium will be Rs. 1000/- increasing thereafter in multiples of Rs. 250/-.

5. **Child Fortune Plus:**

   The policy is designed to ensure the best possible future for children. With the cost of education sky rocketing, it is all the more important that an early provision is made to ensure a good head start in life. LIC’s Child Fortune Plus is a total solution to education and other needs of the children. The plan is a unit linked one offering the prospects of long term capital appreciation. On the date of maturity, an amount equal to the policy holder’s fund value is payable. In the unfortunate event of death of the policy holder, the nominee child will be paid the sum assured under the policy. Further all future premiums will be waived and unit’s equivalent thereof shall be credited to the policy fund account at the applicable unit price.

D. **SPECIAL PLANS:**

1. **New Bima Gold:**

   It is a plan where premiums paid over the term of plan are paid back during the policy term in installments and life insurance cover is available not only during the term but also during the extended term of the plan.
2. Health Protection Plus plan:

It is a unique long term health insurance plan that can combine health insurance covers for the entire family (husband, wife and the children) Hospital Cash Benefit (HCB) and Major Surgical Benefit (MSB) along with a ULIP component (investment in the form of Units) that is specifically designed to meet Domiciliary Treatment Benefit (DTB) / Out Patient Department (OPD) expenses for the insured members.

3. Health Plus:

It is a unique long term health insurance plan that combines health insurance covers for the entire family, HCB and MSB along with a ULIP component investment in the form of units that is specifically designed to meet DTB related expenses for the insured members.

E. Group Insurance Plans:

The group insurance policies offered by LIC include Group Gratuity Scheme, Group Super Annuation Scheme, Group Leave Encashment Scheme, Group Mortgage Redemption Assurance Scheme, Gratuity Plus, Group Critical Illness Rider. Further, social security schemes like Jana Shree Bima Yojana, Shiksha Sahayog Yojana, Aam Admi Bima Yojana are also offered by LIC.

Apart from the above said policies which are currently in force a number of policies were withdrawn by LIC for various reasons. Though, a person cannot take up that policy now, those who are insured under these policies continue to enjoy the benefits of those policies.

A summary of important features of the policies of LIC including number and name of the plan, maximum sum assurable under the plan,
minimum sum assurable, maximum maturity date, term of the policy, and the applicability of the plan to the female lives are tabulated in the Appendix:18

3.4 PROCESS PROFILE: Under Writing of Female Life:

In India, in the early years of the insurance industry, the trend was to insure only male lives. Prior to nationalization many private insurance companies offered insurance to female lives with some extra premium or on restrictive conditions. (http://www.licindia.in/knowLic.htm). The logic was that the women was home-bound anyway, wasn't exposed to any risk, and consequently didn't need any sort of insurance. The bread winner was the male and it was against his lost income that cover was required. A major additional disincentive was the extra risk to female lives that was an inevitable part of the childbirth process.

The scenario has changed drastically in recent times. The Indian woman's transition from home maker to bread winner has been phenomenal. Moreover, they have taken a march over their male counterparts by playing multidimensional roles professional, home-maker, mother and financial planner. Today, all women not considering whether married, unmarried, widowed, dependent or handicapped, can be insured and those who work and earn an income are treated at par with men.

In life insurance terms, women are broadly divided into three categories: working women, women with income by way of interest, dividend, rent, etc., that are taxable and housewives who do not have an income. The women of first two categories are treated on par with them for insurance purposes. A housewife, on the other hand, has her insurability tied to adequate life insurance cover for her husband as well as his income. For instance, a housewife's life insurance cover cannot exceed her husband's life. (www.apnainsurance.com/lifeinsuranceindia/womenslifeinsurance- policies.html)
Insurance of Female Lives:

Proposals for assurance will not be entertained if the proposals are received with in 3 months from the date of last delivery. And similarly, from Proposals from who has had many miscarriages and pregnant women who are in advance state of pregnancy i.e., more than 4 months will not be entertained.

Where a lady is having a history of miscarriage or abortion or she has undergone a caesarian operation for child birth, risk of death due to pregnancy shall be excluded by imposing general pregnancy clause. However, this can be substituted with Rs. 2/- single extra on party’s request (who are expected to go to qualified Doctors/Nursing homes for delivery). All such cases are to be considered by manager at Divisional office only.

Medical examination of female lives:

Female lives should be examined only by appointed lady doctors or by male gynecologists authorized to examine ladies and, in their absence by government lady doctors, if available. When the examination has to be conducted by a male examiner or a gynecologist such examination should be carried out only if the female proposer has no objection to having the full examination including per vaginal examination made by such examiner without the aid of a nurse or midwife.

PROPOSALS ON THE LIVES OF PREGNANT LADIES:

Proposal will be entertained if the proposal is received and completed within the first 24 weeks of pregnancy. Life to be assured should be in Category I and Category II i.e., having regular employment of Govt. or Semi Govt. or reputed commercial firms which can furnish details of leave taken by her during the preceding three years or she is engaged in a profession such as Doctor, Lawyer, and Chartered Accountant etc. category 1 only. Report in Form.no.3341
from Gynecologist under whose treatment the proposer is undergoing at present, at her cost. Full medical examination is essential irrespective of the sum assured.

Moral hazard report must be obtained from competent authority irrespective of the sum assured. If the proposer has not had full time confinement or normal delivery or if there is a history of abnormal delivery or abortion, a lien of Rs. 500 per thousand sum-assured shall be imposed. Plans with term assurance element like Table No. 88, 89, 103, 106, 107, 108, 150 & 153 and other term insurance plans will not be entertained. A sonography report also must be obtained if the sum under consideration is above Rs.5 lakhs. Sum-assured should be reasonable in relation to her income, and should not exceed insurance on her husband life.

**Restrictions and Conditions on the Lives of Ladies and Minor Girls:**

For women who do not have an earned income from employment or a profession, there is generally no adequate reason for insurance. When such ladies suffer from serious diseases of the types proposals, on their lives would not be entertained as a rule. Proposals for assurance on the lives of ladies will be considered in relation to their income and employment, educational standard, socio-economic background, marital status, etc on the terms and conditions and subject to such restrictions as are laid down in the schedule of ratings for female lives.

However the LIC may offer smaller amounts of insurance than the maximum amounts specified in the ratio schedule or refuse insurance altogether, if the merits of an individual case warrant such treatment. Ordinarily proposals will not be entertained from ladies who have no income of their own. Further, proposals for assurance on the lives of ladies will be accepted subject to the following restrictions and conditions.
Figure:3.4.1 **RATING FOR FEMALELIVES:**

<table>
<thead>
<tr>
<th>CATEGORIES</th>
<th>MAXIMUM INSURANCE RATING</th>
<th>PLANS ALLOWED</th>
<th>REQUIREMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Category I</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i) Women with earned income by virtue of employment in institutions eligible for NM (S)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>For ages upto 30yrs : 22 times of Annual income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>31 to 40 yrs : 17 times of Annual income</td>
<td>Same as for men</td>
<td>MHR as for men</td>
<td></td>
</tr>
<tr>
<td>41 to 50 years : 12 times of Annual income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Above 50 years : 10 times of Annual income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ii) Professionals Such as Doctors, Lawyers, C.A. Architects, etc, and Career Lady agents of LIC</td>
<td>-do-</td>
<td>-do-</td>
<td>MHR from competent authority</td>
</tr>
<tr>
<td><strong>Category II</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Women with unearned income attracting income tax or with sizeable personal properties, investment yielding income attracting income tax.</td>
<td>For ages upto 30yrs : 22 times of Annual income</td>
<td></td>
<td>1) Copies of I. T. assessment order or Chartered Account’s Certificates for the last 3 years with GIR Number or permanent Account Number. Other members of the family should be adequately insured. She should have good Educational and social background.</td>
</tr>
<tr>
<td>31 to 40 yrs : 17 times of Annual income</td>
<td>2) MHR from competent authority with source of income to determine income sufficiency.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>41 to 50 years : 12 times of Annual income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Above 50 Years : 10 times of Annual income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A maximum insurance 1 core can be offered with certain restrictions.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Category III</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i) Self – employed women like vegetable vendors, fisher-women, agricultural labourers, milk maids etc.,</td>
<td>Max S.A 1, 00,000 or 5 times the average annual income as stated in the MHR whichever is less.</td>
<td>Acceptance depending upon satisfactory MHR by competent authority (High risk plans not allowed.)</td>
<td>MHR by Sr. BM/BM</td>
</tr>
<tr>
<td>ii) Not covered by I, II &amp; III above</td>
<td>Not to exceed Rs. 5 lakhs</td>
<td>Acceptance depending upon insurance needs provided the father &amp; other insurable members of the family are adequately insured. T.Nos 58,88,103,106, 107 &amp; 108 not allowed)</td>
<td>CL 4(b) for ages between 18 &amp; 30 MHR from Sr. BM/BM.</td>
</tr>
<tr>
<td>a) Single women</td>
<td>The actual amount depending on the financial status of family &amp; father and adequacy of insurance of other family members.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Married women</td>
<td>Maximum Rs. 30 lakhs not exceeding husband’s insurance in force (under risk cover plans)</td>
<td>Table 58, 88, 91,103,106,107 &amp; 108 not allowed.</td>
<td>CL 4(b) for ages between 18 &amp; 30 MHR by competent authority. Proof of husband’s income should be obtained wherever necessary.</td>
</tr>
<tr>
<td>c) Widows</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) No Income</td>
<td>No Insurance be allowed</td>
<td>Cl 4(b) as above</td>
<td>CL 4(b): Special M.H.R in the prescribed format from D.O/ABM (S)</td>
</tr>
<tr>
<td>b) With Income</td>
<td>7 times maximum of 1 lakhs at DO &amp; Maximum of Rs. 1 lac to 2 lacs by ZUS</td>
<td></td>
<td>Should have studied upto 9th</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Should have minor children</td>
</tr>
</tbody>
</table>

Source: Manual for Insurance Agents
1. Proposals for assurance on the lives of ladies after a child birth will be considered only three months after delivery. Where menstruation has not been re-established even after three months from the date of delivery, the acceptance of proposals in such cases will be subject to a single extra of Rs.3/- per thousand sum-assured.

2. Proposals on the lives of ladies who are pregnant at the time of proposal will be entertained only if the proposal in submitted within the 24 weeks of pregnancy, and provided the life to be assured is in regular employment of government of a quasi government organisation or a reputed commercial firm which can furnish details of leave taken by her during the preceding three years or she is engaged in a profession, such as Chartered Accountant, lawyer, Doctor etc.,

3. The basis on which the corporation entertains proposals, on female lives under different plans is given in figure 3.4.1.

4. The LIC will not entertain a proposal for assurance in the life of a lady, who he granted to all female lives, at the same rate and terms and conditions as applicable to male lives.

**Proposal earmarking for marriage of dependant female relatives:**

If a proposer desires to earmark the policy moneys at the time of affecting the policy, the proposer should, in reply to a question regarding this in the proposal Form no.300, write the words ‘See Slip.’ A Slip containing the following wordings: “being the relative who is dependant upon me for the necessaries of life and for whose marriage this policy has been earmarked” shall be attached. The proposer should fill in the particulars of the dependant female relative’s name and their relationship and affix his/her signature at the foot of the slip.
Nomination of such a policy is permissible only in favour of the particular female dependant. The nomination in her favour can be effected in the proposal form as said above. The proposer should also, mention the name, address, age and relationship of the nominee. Where a policy is earmarked for the marriage of a dependant female relative of the proposer, the following endorsement will be placed on the policy. If subsequent to the issue of a policy, the assured desires to earmark it for the marriage of this dependent female relative, he can do so by a written notice to the LIC. Such a written notice need not be in a particular form but the language thereof must be clear and must show an intention that the policy.

The applicability of various individual life insurance plans to the female lives category are detailed in the table placed in Appendix: 18 also. As the children deferred assured plans (plan no.41, 50), Jeevan Balya, Jeevan Kishore and Jeevan Sukanya are exclusively for children, it is not applicable to female lives. Similarly Temporary assurance policy (plan no.43) ,Mortage Redemption Policy are the policies which are not allowed to the category II and III women.

Similarly, Convertible term assurance (plan no.58), Jeevan Mitra ( plan no 88),Jeevan Chhaya, Jeevan Surabhi,(106,107,108)Asha Deep II , Jeevan Asha II, Jeevan Mitra II cover, Bima plus, Bima Nivesh triple cover, New Bima Kiran, and Anmol Jeevan , Komal Jeevan, are the policies which are not allowed to the category III women.