

Circular	
Ref: IRDAI/Life/Cir/Misc/254/10/2020	Date: 15-10-2020
Guidelines on Standard Individual Term Life Insurance Product, “Saral Jeevan Bima”	
Ref: IRDAI/Life/Cir/Misc/254/10/2020 Date:14/10/2020	
To All Life Insurers,	
Re: Guidelines on Standard Individual Term Life Insurance Product, “Saral Jeevan Bima”	
<u>A: Preamble:</u>	
<p>It is observed that during the last few years, there has been an increased customer preference towards pure term life insurance products. In line with this growing demand, the Life Insurers have been introducing innovative protection products, with different features, options, riders, etc. .</p> <p>There are many term products in the market with varying terms and conditions. Customers who cannot devote adequate time and energy to make informed choices find it difficult to select the right product. Also, products may not be available for the intended sum assured. To take care of this situation and to make available a product by all Life Insurers that will broadly meet the needs of an average customer, it is felt necessary to introduce a standard, individual term life insurance product, with simple features and standard terms and conditions. Such a standard product will make it easier for the customers to make an informed choice, enhance the trust between the Insurers and the insured, and reduce mis-selling as well as potential disputes at the time of claim settlement.</p> <p>Therefore, in exercise of powers under Section 34 (1) (a) of the Insurance Act, all Life Insurers are directed to offer the following product mandatorily.</p>	
<u>B. The Standard Term Life Insurance Product:</u>	
<ol style="list-style-type: none"> 1) The standard individual term life insurance product shall be called, “Saral Jeevan Bima”; the Insurer’s name shall be prefixed to the product name. 2) “Saral Jeevan Bima” is a non-linked non-participating individual pure risk premium life insurance plan, which provides for payment of Sum Assured in lump sum to the nominee in case of the Life Assured’s unfortunate death during the policy term. 3) Apart from the benefits and riders stated in the Annexure, no other riders / benefits / options / variants shall be offered. There shall be no exclusions under the product other than the suicide exclusion. 4) The product shall be offered to individuals without restrictions on gender, place of residence, travel, occupation or educational qualifications. 5) The Insurers shall have to file the product as per the above parameters and in compliance with the extant regulatory provisions through File and Use (F&U). The policy document and the terms and conditions of the Standard Product shall be in the format specified in Annexure -1 to this Circular. 	

C: Plan Features and Parameters:

Sl. No.	Particulars	Norms
1	Minimum Age at Entry	18 Years
2	Maximum Age at Entry	65 Years
3	Policy Term	5 to 40 years
4	Maximum Maturity Age	70 years
5	Sum Assured	Minimum ₹5,00,000; Maximum ₹25,00,000* (SA would be allowed only in the multiple of ₹50,000) *Insurers have the option of offering Sum Assured beyond ₹ 25,00,000 under Saral Jeevan Bima with all other terms and conditions remaining the same.
6	Large Sum Assured rebate	If any, it shall be clearly indicated in F&U
7	Premium Payment Options	i) Regular Premium; ii) Limited Premium Payment Term for 5 years and 10 years; iii) Single Premium
8	Mode of Premium Payment	Regular and Limited Premium Payment Options: - Yearly; Half Yearly; - Monthly (only under ECS / NACH) Single Premium: In Lump sum.
9	Death Benefit	For Regular & Limited Premium Payment policies: Highest of: - 10 times of annualized premium; - 105% of all the premiums paid as on the date of death; - Absolute amount assured to be paid on death. For Single premium policies: Higher of: - 125% of single premium; - absolute amount assured to be paid on death.
10	Maturity Benefit	There shall be no maturity benefit under the policy.
11	Exclusions	Only suicide clause, as per extant regulations.
12	Waiting period	45 days from the date of commencement of risk. In case of revival of Policy, the Waiting Period shall not be applicable.

		<p>The following words shall be prominently displayed in BOLD, on the welcome letter of Policy Document as well as on the first page of Sales Literature.</p> <p>“This Policy will cover death due to accident only during the waiting period of 45 days from the date of commencement of risk.</p> <p>In case of death of the life assured other than due to accident during the waiting period, an amount equal to 100% of all premiums received excluding taxes, if any, shall be paid and the Sum Assured shall not be paid.”</p>
13	Surrender Value	Surrender Value is not applicable under this Policy.
14	Policy Cancellation Value	<p>Policy Cancellation Value shall be payable:</p> <ul style="list-style-type: none"> - upon the Policyholder applying for the same before the stipulated date of maturity in case of Single Premium Policy; - upon the Policyholder applying for the same before the stipulated date of maturity or at the end of revival period if the policy is not revived, in case of Limited Premium Payment Policies. <p>The amount payable shall be as follows:</p> <p>For Single Premium: The Policy Cancellation Value acquires immediately after receipt of Single Premium and is calculated as follows:</p> $= 70\% \times \text{Single Premium paid} \times \frac{\text{Unexpired Policy Term}}{\text{Original Policy Term}}$ <p>Single Premium shall be inclusive of extra premium, if any.</p> <p>Limited Premium Payment Term (LPPT): 5 and 10 years: Policy Cancellation Value acquires if at least two (2) consecutive full years' premiums are paid and is calculated as follows:</p> $= 70\% \times \text{Total Premiums paid} \times \frac{\text{Unexpired Policy Term}}{\text{Original Policy Term}}$ <p>Total Premiums Paid shall be inclusive of extra premiums, if any.</p> <p>No policy cancellation value shall be payable in respect of regular premium policies.</p>
15	Loan	No loan will be allowed against the policy

16	Optional Riders	Approved Accident Benefit and Permanent Disability Benefit Riders can be attached.
17	Pricing	As per the F&U
18	Underwriting and Medical Requirements	As per the Board Approved Underwriting Policy of the Insurer, subject to above criteria and any statutory requirements.
19	Interest on delayed payment of premiums	The rate of interest on delayed payment of premiums shall be as per the Insurer's policy for similar products.

The Insurer may suitably modify the definitions and other clauses of the policy contract prospectively based on the regulations or guidelines that may be issued by the Authority from time to time.

All Life Insurers permitted to transact new business shall mandatorily offer the standard product with effect from 1st January, 2021. The product may be filed by the Insurers latest by 1st December, 2020. However, Insurers may file the product earlier and offer the same on approval even before 1st January, 2021.

This is issued with the approval of the Competent Authority.

**Signed/-
Chief General Manager (Life)**

Encl: Annexure 1 – Policy Bond.

All Copy Rights Reserved. 2013 IRDA