

LIFE INSURANCE CORPORATION OF INDIA
CENTRAL OFFICE

Draft Circular dated 28.09.2017

Dept.: Product Development

“Yogakshema”,
Jeevan Bima Marg,
Mumbai – 400 021

Ref: CO/PD/

Date:

To
All HODs of Central Office
All Zonal Offices
All Divisional Offices
All Branch Offices (through DOs)
MDC, ZTCs, STCs, NIA and
Audit & Inspection Depts. of Zonal Offices

Re: INTRODUCTION OF LIC's CANCER COVER (Plan No. 905)

1. INTRODUCTION:

It has been decided to introduce LIC's Cancer Cover (Plan No. 905) with effect from _____.

The Unique Identification Number (UIN) for LIC's Cancer Cover is _____. This number has to be quoted in all relevant documents furnished to the policyholders and other users (public, distribution channels etc.)

It is a non-linked, regular premium payment health insurance plan which provides fixed benefit in case the Life Assured is diagnosed with any of the specified Early and/or Major Stage Cancer during the policy term, subject to certain terms and conditions.

The policy can be purchased Offline as well as Online.

The plan has two benefit options which have to be chosen by the proposer at the outset. The premium rates will vary depending on the option chosen.

Option I Level Sum Insured:

The Basic Sum Insured shall remain unchanged throughout the policy term.

Option II Increasing Sum Insured:

The Sum Insured increases by 10% of Basic Sum Insured each year for first five years starting from the first policy anniversary or until the diagnosis of first event of Cancer, whichever is earlier. On diagnosis of any specified cancer as mentioned in Para 4, all the claims payable shall be based on the Increased Sum Insured at the policy anniversary coinciding or prior to the diagnosis of the first claim and further increases to this Sum Insured will not be applicable.

The benefits payable under the plan shall be based on the Applicable Sum Insured, where the Applicable Sum Insured shall be equal to –

- The Basic Sum Insured for policies taken under Option I; or
- Basic Sum Insured during first year and Increased Sum Insured thereafter, as per the provisions detailed in Option II above, for policies taken under Option II.

2. BENEFITS:

A. Early Stage Cancer: Provided the policy is in force, on first diagnosis, of any one of the specified Early Stage Cancers (as defined in Para 4 (A) I) and if the same is admissible, the following benefits are payable subject to the limits and restrictions mentioned in Para 4:

- i). **Lump sum benefit:** 25% of Applicable Sum Insured shall be payable.
- ii). **Premium Waiver Benefit:** Premiums for next three policy years or balance policy term, whichever is lesser, shall be waived from the policy anniversary coinciding or following the date of diagnosis. Premium(s) falling due from the date of diagnosis and before the next policy anniversary shall be deducted from the claim amount as mentioned under Para 9 of this circular.

B. Major Stage Cancer:

Provided the policy is in force, on first diagnosis of any one of the specified Major Stage Cancers (as defined in Para 4 (A) II) and if the same is admissible, the following benefits are payable subject to the benefit limits and restrictions mentioned in Para 4:

- i) **Lump Sum:** 100% of Applicable Sum Insured less any previously paid claims in respect of Early Stage Cancer shall be payable.
- ii) **Income Benefit:** In addition to above lump sum benefit, Income Benefit of 1% of Applicable Sum Insured shall be payable on each policy month following the payment of Lump Sum, for a fixed period of next ten years irrespective of the survival of the Life Insured and even if this period of ten years goes beyond the policy term. In case of death of the Life Assured while receiving this Income Benefit, the remaining instalments, if any, will continue to be paid to his/her nominee.
- iii) **Premium Waiver Benefit:** All the future premiums shall be waived from the next policy anniversary and the policy shall be free from all liabilities except to the extent of Income Benefit as specified above. Premium(s) falling due from the date of diagnosis and before the next policy anniversary shall be deducted from the claim amount as mentioned under Para 9 of this circular.

C. Maturity Benefit: No maturity benefit is payable under this plan.

D. Death Benefit: No death benefit is payable under this plan.

3. ELIGIBILITY CONDITIONS AND RESTRICTIONS:

- | | |
|--------------------------------|-------------------------------|
| (a) Minimum age at entry: | 20 years (completed) |
| (b) Maximum age at entry: | 65 years (last birthday) |
| (c) Minimum Policy Term: | 10 years |
| (d) Maximum Policy Term: | 30 years |
| (e) Minimum cover ceasing age: | 50 years |
| (f) Maximum cover ceasing age: | 75 years |
| (g) Minimum Premium: | Rs. 2400/- p.a. for all modes |
| (h) Minimum Basic Sum Insured: | Rs. 10,00,000/- |
| (i) Maximum Basic Sum Insured: | Rs. 50,00,000/- |

The maximum Basic Sum Insured under this plan shall not exceed an overall limit of Rs. 50 lakh taking all existing Critical Illness Cover policies and Basic Sum Insured under this plan in respect of existing policies as well as new proposal under consideration.

Critical Illness Cover policies shall include the policies taken under:

- i). Critical Illness Rider (UIN: 512B202V01)
- ii). LIC's Critical Illness Benefit Rider (Linked) (UIN: 512A206V01)
- iii). LIC's New Critical Illness Benefit Rider (512A212V01)

The Basic Sum Insured shall be in multiples of Rs. 100,000/- only.

4. **LIMITS AND RESTRICTIONS:**

(A) The list and definitions of the Cancer covered under this plan:

I. Early Stage Cancer:

The diagnosis of any of the listed below conditions must be established by histological evidence and be confirmed by a specialist in the relevant field.

- **Carcinoma-in-situ (CIS):**
Carcinoma-in-situ means the presence of malignant cancer cells that remain within the cell group from which they arose. It must involve the full thickness of the epithelium but does not cross basement membranes and it does not invade the surrounding tissue or organ. The diagnosis of which must be positively established by microscopic examination of fixed tissues.
- **Prostate Cancer – early stage:**
Early Prostate Cancer that is histologically described using the TNM classification as T1N0M0 with a Gleason Score 2 (two) to 6 (six).
- **Thyroid Cancer – early stage:**
All thyroid cancers that are less than 2.0 cm and histologically classified as T1N0M0 according to TNM classification.
- **Bladder Cancer – early stage:**
All tumors of the urinary bladder histologically classified as TaN0M0 according to TNM classification.
- **Chronic Lymphocytic Leukaemia – early stage:**
Chronic Lymphocytic Leukaemia categorized as stage 0 (zero) to 2 (two) as per the Rai classification.
- **Cervical Intraepithelial Neoplasia:**
Severe Cervical Dysplasia reported as Cervical Intraepithelial Neoplasia 3 (CIN3) on cone biopsy.

The following are specifically excluded from all early stage cancer benefits (Exclusions):

- All tumors which are histologically described as benign, borderline malignant, or low malignant potential
- Dysplasia, intra-epithelial neoplasia or squamous intra-epithelial lesions
- Carcinoma in-situ of skin and Melanoma in-situ
- All tumors in the presence of HIV infection are excluded

II. Major Stage Cancer:

A malignant tumor characterized by the uncontrolled growth and spread of malignant cells with invasion and destruction of normal tissues. This diagnosis must be supported by histological evidence of malignancy. The term cancer includes leukemia, lymphoma and sarcoma.

The following are excluded from major stage cancer benefits (Exclusions):

- All tumors which are histologically described as carcinoma in situ, benign, pre-malignant, borderline malignant, low malignant potential, neoplasm of unknown behavior, or non-invasive, including but not limited to: Carcinoma in situ of breasts, Cervical dysplasia CIN-1, CIN -2 and CIN-3.
- Any non-melanoma skin carcinoma unless there is evidence of metastases to lymph

- nodes or beyond;
- Malignant melanoma that has not caused invasion beyond the epidermis;
- All tumors of the prostate unless histologically classified as having a Gleason score greater than 6 or having progressed to at least clinical TNM classification T2N0M0
- All Thyroid cancers histologically classified as T1N0M0 (TNM Classification) or below;
- Chronic lymphocytic leukaemia less than Rai stage 3
- Non-invasive papillary cancer of the bladder histologically described as TaN0M0 or of a lesser classification,
- All Gastro-Intestinal Stromal Tumors histologically classified as T1N0M0 (TNM Classification) or below and with mitotic count of less than or equal to 5/50 HPFs;
- All tumors in the presence of HIV infection.

The explanation of TNM and Rai classification is as given below:

TNM Classification:

TNM classification referenced above is as per the 7th edition 2010 AJCC Cancer Staging Manual. A brief explanation of the TNM classification is provided below.

The TNM classification system is internationally recognized and is used to stage and measure a tumour. The "T" element measures the size and extent of the primary tumour, "N" element measures the degree of spread to regional lymph nodes and the "M" element measures the presence of distant metastasis (spread of cancer from one part of the body to another part of the body).

Rai Classification:

Any reference to 'Rai classification' will be in accordance to the table mentioned below

Stage	Description
0	Lymphocyte count >15,000/mm ³ (15 x 10 ⁹ /L) No other abnormalities i.e. no lymph nodes, no hepatosplenomegaly, hemoglobin >11 g/dl, platelets >100,000/mm ³
I	Lymph nodes present
II	Enlarged liver or spleen
III	Anemia - hemoglobin <11 g/dl
IV	Thrombocytopenia - platelets <100,000/mm ³

- (B) Early Stage Cancer Benefit shall be payable only once for the first ever event and Life Assured shall not be entitled to make another claim for the Early Stage Cancer of same or any other cancer. However, the coverage for the Major Stage Cancer under the policy shall continue until the policy terminates.
- (C) Once a Major Stage Cancer Benefit is paid no payment for any future claims under Early Stage Cancer or Major Stage Cancer would be admissible.
- (D) Total benefit under the Policy including Early Stage Cancer Benefit and Major Stage Cancer Benefit shall not exceed the maximum claim amount of 220% (i.e. 100% as lump sum plus 120% in the form of Income benefit) of Applicable Sum Insured.
- (E) If the life assured claims for different stages of the same Cancer at the same time, the benefit shall only be payable for the higher claim admitted under the policy. However, such benefit shall be payable only after 7 days survival period from the date of diagnosis of such Major stage cancer.
- (F) If there is more than one Cancer diagnosed in an event, the Corporation will only pay one benefit. That benefit will be the amount relating to the stage of Cancer which has the highest

benefit amount. However, such benefit shall be payable only after 7 days survival period from the date of diagnosis of such Cancer.

(G) WAITING PERIOD:

A waiting period of 180 days will apply from the date of issuance of policy or date of revival of risk cover whichever is later, to the first diagnosis of "any stage" cancer. **"Any stage" here means all stages of Cancer that occur during the waiting period.** This would mean that nothing shall be paid under this policy and the policy shall terminate if any stage of Cancer occur:

- i) At any time on or after the date of issuance of the Policy but before the expiry of 180 days reckoned from that date; or
- ii) Before the expiry of 180 days from the Date of Revival.

(H) SURVIVAL PERIOD:

No benefit shall be payable if the Life Assured dies within a period of 7 days from the date of diagnosis of any of the specified Early Stage Cancer or Major Stage Cancer. The 7 days survival period includes the date of diagnosis.

Benefit under this plan shall be payable subject to fulfilling all of the below criteria:

- 7 days survival period from the date of diagnosis
- Signs and symptoms relevant to the cancer should have been present and documented before death
- All investigations to confirm the diagnosis of cancer should have been done before the death of the insured.
- Satisfaction of the cancer definition as per the policy condition

(I) EXCLUSIONS:

The Corporation shall not be liable to pay any of the benefit under this product if the covered conditions resulting directly or indirectly from any of the following causes:

- (i) Any Pre-Existing Condition i.e. any cancer condition (primary or metastatic); precancerous condition or related condition(s) for which the policyholder had signs or symptoms, and / or were diagnosed, and / or received medical advice / treatment within 48 months prior to the date of issuance of policy or revival of the policy.
- (ii) If the diagnosis of any stage of Cancer was made within 180 days from the Date of issuance of policy or date of revival of risk cover whichever is later;
- (iii) For any medical conditions suffered by the life assured or any medical procedure undergone by the life assured if that medical condition or that medical procedure was caused directly or indirectly by Acquired Immunodeficiency Syndrome (AIDS), AIDS related complex or infection by Human Immunodeficiency Virus (HIV);
- (iv) For any medical condition or any medical procedure arising from the donation of any of the Life Assured's organs;
- (v) For any medical conditions suffered by the Life Assured or any medical procedure undergone by the Life Assured, if that medical condition or that medical procedure was caused directly or indirectly by alcohol or drug (except under the direction of a registered medical practitioner)
- (vi) For any medical condition or any medical procedure arising from nuclear contamination; the radioactive, explosive or hazardous nature of nuclear fuel materials or property contaminated by nuclear fuel materials or accident arising from such nature.

5. TERMINATION OF POLICY:

The policy shall be terminated upon the happening of the first of the following events.

- i) On the death of the Life Assured; or
- ii) On the date of maturity; or
- iii) On payment of the Major Stage Cancer, however, Income Benefit shall continue to be payable as and when due; or
- iv) On the diagnosis of any stage cancer during the waiting period; or
- v) On cancellation of the policy by the Life Assured or insurer; or
- vi) On expiry of revival period; or
- vii) On grounds of misrepresentation, fraud, non-disclosure or non-cooperation of the insured; or
- viii) In case the policyholder does not renew the policy after premium review, if any.

6. MODES OF PREMIUM PAYMENT:

Premiums can be paid regularly during the policy term at yearly or half-yearly intervals.

7. PREMIUM RATES:

The tabular annual premium rates (exclusive of any taxes) per thousand Basic Sum Insured for benefit option I viz. Level Sum Insured, separately for male and female lives, are enclosed as **Annexure I** and **Annexure II** respectively.

The tabular annual premium rates (exclusive of any taxes) per thousand Basic Sum Insured for benefit option II viz. Increasing Sum Insured, separately for male and female lives, are enclosed as **Annexure III** and **Annexure IV** respectively.

8. REVIEW OF PREMIUMS:

The premium rates are guaranteed for a period of first 5 years from the date of issuance of the policy. Based on the experience of the portfolio under this plan, the Corporation reserves the right to revise the premium rates any time after the completion of 5 policy years starting from the date of issuance of the policy, the premium rates for future years will be subject to applicable revised rates. However, such revised rates shall be guaranteed for a further period of at least 5 years. The installment premium on each review will be based on age at entry i.e. age as on the date of issuance of policy and original policy term.

Any such revision in premium rates under a policy shall be notified to each policy holder at least ninety days prior to the date when such revision or modification comes into effect. However, the Life Assured shall have the right to discontinue this plan in case the revised installment premium is not acceptable. These rates shall be applicable to the new policyholders also.

9. GRACE PERIOD FOR PAYMENT OF PREMIUM:

A grace period of one month but not less than 30 days shall be allowed for payment of yearly or half-yearly premiums. If the premium is not paid before the expiry of grace period, the Policy lapses.

In case of diagnosis of any Early Stage or Major Stage Cancer under an inforce policy wherein all the premiums due till the date of diagnosis have been paid and where the mode of payment of premium is other than yearly, balance premium(s), if any, falling due from the date of diagnosis and before the next policy anniversary shall be deducted from the claim amount.

10. LOADING/ REBATES:

Mode Loading:

Yearly mode	-	Nil
Half-yearly mode	-	2% of Tabular Premium

High Sum Insured Rebate: - Nil

Rebate for policies sold Online - 7% of Tabular Premium

11. CORPORATION EMPLOYEES' INSURANCE SCHEME (CEIS) REBATE:

Policy completed under Corporation Employees' Insurance Scheme (CEIS) will be eligible for the CEIS rebate of 7% on tabular premium provided policy is not taken through online sale or any intermediary such as Agent/ Corporate Agent/ Broker/ IMFs/ Direct Sales Executive etc.

12. COMMISSION PAYABLE TO INTERMEDIARIES & CREDIT TO DEVELOPMENT OFFICERS:

Commission rates (as a percentage of premium net of Goods and Services Taxes) during the policy term are as under:

A. Offline Sale:

a) Agents and Corporate Agents :

<u>Policy Term</u>	<u>1st Year</u>	<u>2nd & 3rd Year</u>	<u>Subsequent</u>
10 to 14	20%	7.5%	5%
15 & above	25%	7.5%	5%

Bonus Commission: 40% of 1st year's commission

b) Brokers and IMFs:

<u>Policy Term</u>	<u>1st Year</u>	<u>Subsequent</u>
10 to 14	25%	5%
15 & above	30%	5%

Bonus Commission: No bonus commission is payable to brokers and IMFs.

c) Development Officer's Credit:

<u>Policy Term</u>	<u>Credit</u> (as a % of the first year premium net of taxes)
10 to 14	60%
15 & above	100%

B. Online Sale: No commission/Development Officer's Credit is payable for Online Sale.

13. PAID-UP VALUE AND SURRENDER VALUE:

The policy will not acquire any paid up value and no surrender value shall be available. All the benefits will cease, if policy is in lapsed condition.

14. REVIVALS:

If premiums are not paid by the end of the grace period then the policy will lapse. A lapsed policy can be revived during the lifetime of the Life Assured, but within a period of two consecutive years from the date of the first unpaid premium and before the date of maturity, on submission of proof of continued insurability to the satisfaction of the Corporation and the payment of all the arrears of premium(s) together with interest (compounding half-yearly) at such rate as may be decided by the Corporation from time to time.

The Corporation however, reserves the right to accept at original terms, accept with modified terms or decline the revival of a lapsed policy. The revival of the lapsed policy shall take effect only after the same is approved by the Corporation and is specifically communicated to the Life Assured.

Waiting period, survival period and Exclusions as mentioned in Para 4 will also apply on revival. The Date of Revival will be when all requirements for revival are met and approved by the Corporation at its sole discretion.

No benefit will be paid for an event that occurred during the lapse period till the Date of Revival when the Policy was in a discontinued state.

Further, if the premiums review date falls during the revival period and revival is done after the premium review date, the premium before and after the review date may be different on account of

revision in rates. In such a case, rate as applicable on respective due dates shall apply.

The policy will terminate at the end of revival period if the same is not revived.

15. POLICY LOAN:

No loan shall be available under this plan.

16. UNDERWRITING, AGE PROOF AND MEDICAL REQUIREMENTS:

NB & R Department will issue instructions in this regard.

17. ONLINE SALE OF POLICIES:

Instructions related to online sale of policies, if any, shall be issued by Direct Marketing Department, Central Office.

18. FORFEITURE IN CERTAIN EVENTS:

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

19. TAXES:

Statutory Taxes, if any, imposed on such insurance plans by the Government of India or any other constitutional tax authority of India shall be as per the Tax laws and the rate of tax as applicable from time to time.

The amount of applicable taxes, as per the prevailing rates, shall be payable by the policyholder which shall be collected separately over and above in addition to the premiums payable by the policyholder. The amount of tax paid shall not be considered for the calculation of any benefits payable under the plan.

The instructions regarding issues related to taxes will be issued by Finance & Accounts Department, Central office, separately, as applicable from time to time.

20. NORMAL REQUIREMENTS FOR CLAIM:

Within 120 days from the date on which any of the contingencies mentioned under definitions of Early Stage Cancer or Major Stage Cancer herein above has occurred, full particulars hereof must be notified in writing to the office of the Corporation where this Policy is serviced together with the then address and whereabouts of the Life Assured. Proof satisfactory to the Corporation of the contingency that has occurred, shall be furnished in the manner required as below:

1. Claim Form duly signed by the insured along with NEFT mandate from the Claimant for direct credit of the claim amount to the bank account;
2. Original Policy document;
3. Treating doctor certificate filled by the doctor treating the Life Assured for the diagnosed ailment. The treating doctor should be a Medical Practitioner registered in India/other country as approved by the Corporation, not being the policyholder, Life Assured or the respective partner or spouse or relatives.
4. Hospital certificate/Discharge Summary duly filled by the hospital where Life Assured was admitted.
5. Confirmatory investigations including, but not limited to, clinical, radiological, histological & laboratory evidence;
6. If the insured event requires the surgical procedure to be performed, the procedure must be the usual treatment for the condition and be medically necessary;
7. The benefit under this policy shall be payable only on confirmation of the diagnosis by a registered Medical Practitioner appointed/approved by the Corporation;
8. Any other document or information as asked for by the Corporation depending on the facts &

circumstances of each case; proof of title, proof of death, medical treatment prior to the death, school/ college/ employer's certificate, whichever is applicable.

However, any delay in intimation of the claim by the claimant, if any, where delay is proved to be beyond his/her control may be condoned by the Corporation.

If the claim is not settled within 30 days (or 45 days where the circumstances of claim warrant an investigation) from the date of receipt of last necessary document, then the Corporation shall be liable to pay interest at a rate 2% above the bank rate. This interest shall be payable for the period starting from the date of receipt of last necessary document. The bank rate shall be as fixed by Reserve Bank of India (RBI) at the beginning of the financial year in which claim is reviewed by the Corporation or any such interest rate as may be prescribed by IRDAI from time to time.

Further instructions, if any, in this regard shall be issued by Health Insurance Department, Central Office.

21. FREE LOOK (COOLING OFF) PERIOD:

If a policyholder is not satisfied with the "Terms and Conditions" of the plan, he/she may return the policy to the Corporation stating the reasons of objections, within 15 days (30 days if the policy is purchased online) from the date of receipt of the Policy document by the policyholder.

The refund of premium to the policyholder shall be subject to the deductions:-

- a. Stamp duty on policy.
- b. Proportionate risk premium for the "period on cover" i.e. for the exact number of days from the elapsation of waiting period to the date of receipt of returned policy bond from the policyholder for cancellation of this policy. The age-wise per day risk premium charges for Male and female lives are enclosed for standard life as **Annexure V**.

Though the above provision of deduction of risk premium for the period on cover has been made, it shall not be applicable during the waiting period of 180 days. Such deduction can only be made applicable after the waiting period is over. Therefore, it is important to ensure that there is no delay in issuance of the policy document in respect of this plan so that the provision of deduction of the risk premium is not invoked due to delay by our offices.

22. BACK-DATING INTEREST:

Back dating will not be allowed under this plan.

23. POLICY STAMPING:

Policy stamping charges will be at the rate of 20 paise per thousand of maximum Applicable Sum Insured. Where the maximum Applicable Sum Insured shall be equal to-

- The Basic Sum Insured for policies taken under Option I; or
- 150% of Basic Sum Insured for policies taken under Option II.

Any update in this regard shall be issued by Legal Department, Central Office.

24. REINSURANCE:

All the policies issued under this plan shall be reinsured. The overall retention limit for this plan shall be Rs. 5 lakhs under each policy.

Since there may be multiple claim payments under each policy, the lump sum benefit payable in case of Early Stage Cancer and/or Major Stage Cancer will be shared between the Corporation and the Reinsurer in the ratio of Retention limit (i.e. 5 lakhs) to the Basic Sum Insured.

The entire Income Benefits payable on occurrence of Major Stage Cancer will be settled by Reinsurer in all cases.

25. ASSIGNMENTS / NOMINATIONS:

a) Assignments: Assignment is allowed under this plan as per Section 38 of the Insurance Act, 1938, as amended from time to time.

The notice of assignment should be submitted for registration to the office of the Corporation, where the policy is serviced.

b) Nominations: Nomination by the holder of a policy of life assurance is required as per Section 39 of the Insurance Act, 1938 as amended from time to time.

The notice of nomination or change of nomination should be submitted for registration to the office of the Corporation, where the policy is serviced. In registering nomination the Corporation does not accept any responsibility or express any opinion as to its validity or legal effect.

26. ACCOUNTING OF INCOME AND OUTGO:

Instructions regarding the accounting procedure to be followed under the plan shall be issued separately by Finance and Accounts department, Central Office.

27. PROPOSAL FORM:

Proposal Form *URN: HPF-1* shall be used under this plan and is enclosed as **Annexure VI**.

28. POLICY DOCUMENT:

The specimen Endorsement to Policy Document will be sent by the Corporate Communications Department, Central Office.

29. ADDRESS OF OMBUDSMAN:

At the stage of issuance of policy the address of the nearest Ombudsman is to be mentioned in the Policy Document. In case of any change in address by policyholder, the address of the nearest Ombudsman from the transferring in branch has to be informed to the policyholder along with confirmation of change in address.

Further, instructions in this regard to be issued by CRM Department, Central Office.

Executive Director (Marketing & Product Development)

Encl: Annexure I, II, III, IV, V and VI.