



Buying insurance is not like buying a washing machine immediately after you have seen the demonstration. Neither is it a one-time purchase. We have to keep evaluating our risks constantly and enhance our cover. Most of us measure insurance in terms of costs. May be so, but it's a cost that covers our lives.

"Retirement solutions" have become popular as people become more aware of the needs to save for their golden years. There are many investment options but ideally one would look for an investment that provides regular periodic returns during retired life coupled with security.

LIC's New Jeevan Suraksha I offers cool comfort to serve the young, the middle aged and the old which has also the security and safety backing of Government of India. It is an ideal solution for people as it not only offers retirement benefits but also takes care of our protection needs (with term rider option). To combat the increase in longevity, this plan provides regular guaranteed income at old age and helps in planning to meet requirements for current and future needs. This plan provides a lot of flexibility in terms of various pension options for you to choose from. Additionally you can also opt for an insurance cover during the deferment period by taking the Term Rider add on. At the end of the deferment period when the premium ceases, this policy can, at your option, pay you a lumpsum amount and a suitable pension for your lifetime.

The similar product marketed by ICICI

Prudential Life Insurance Company is Forever Life, a comprehensive retirement solution that is developed keeping in mind your capabilities and needs with respect to your retirement planning. The salient features of this plan are as under:

- A deferment pension plan to build up your retirement benefits.
- It provides regular income for life, after a stipulated date.
- The amount you receive depends on the premium you pay till the stipulated date and the option you choose.
- It also offers life cover during the deferment period.
- Postponement of retirement age.
- Health cover till age 65 through add-on benefits, not only while paying premium, but also while receiving pension.

A COMPARATIVE ANALYSIS : LIC's NEW JEEVAN SURAKSHA-I Vs. ICICI's FOREVER LIFE

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The table below shows the summarised comparison of LIC's New Jeevan Suraksha-I vs. ICICI's Forever Life.

Sr. No.	Features	Jeevan Suraksha-I	Forever Life
1.	Age at entry	18-70 years last birthday	18 - 60 years
2.	Vesting age	50-79 years last birthday	50 - 70 years
3.	Deferment period	2 - 35 years	Min. term = 5 years Max. term = 30 years
4.	Mode of premium payment	Single, yearly, half-yearly, quarterly, monthly, SSS	—
5.	Minimum single premium	Rs. 10,000	Min. SA = Rs. 50,000/-
6.	Minimum Notional Cash Option	Rs. 50,000/- for regular premium policies	—
7.	Minimum amount of annual premium	Rs. 2,500	—
8.	Modes of annuity payment	Yearly, half-yearly, quarterly & monthly	Yearly, half-yearly, quarterly & monthly
9.	Term rider option	Available on payment of nominal additional premium. Min. Term Assurance SA =Rs.1 lac. Max. Term Assurance SA=twice NCO subject to a max. of Rs. 25 lacs for all plans put together	You can opt for one or more of the following riders at a marginally increased cost (a) Accident & Disability benefit (b) Major surgical assistance (c) Level Term Insurance
10.	Benefits: (a) On vesting:	The NCO together with Reversionary Bonuses and Final additional Bonuses with or without 25% commutation will be compulsorily converted into annuity	Based on the option you choose, the annuitant may take 25% of the SA, GA & vested bonuses as an immediate lump sum. The remaining 75% will provide with a regular stream of income for life by way of annuity. GA @3.5% compounding for first 4 years + vested bonuses (depending on the company's performance and are not guaranteed).
	b) During deferment :	On death of the policyholder who has opted for the term rider option, the term rider Sum Assured alongwith all premiums paid upto the date of death accumulated at	In case of unfortunate death during this phase, a regular income stream is provided to the spouse, the amount of which is determined on the

Sr. No.	Features	Jeevan Suraksha-I	Forever Life
		the rate of 5% p.a. compounding or at such rates as decided by the Corporation from time to time will be paid to the nominee.	basis of sum assured plus guaranteed additions plus vested bonuses.
11.	Annuity options	<p>a) Annuity for life</p> <p>b) Annuity for life with guaranteed period of 5, 10, 15 & 20 years</p> <p>c) Joint life last survivor annuity to the annuitant and his/her spouse, under which annuity payable to the spouse on death of the purchaser will be 50% of that payable to the annuitant.</p> <p>d) Annuity for life with return of purchase price on death of the annuitant.</p> <p>e) Life annuity increasing yearly at a simple rate of 3% p.a. The option has to be exercised atleast 6 months before the date of vesting.</p>	<p>Same as in case of Jeevan Suraksha I</p> <p>Life time annuity certain for 5,10 & 15 years</p> <p>Life annuity to the annuitant and then to the beneficiary with return of purchase price on death of last survivor</p> <p>Same as in case of Jeevan Suraksha I.</p> <p>Not available.</p> <p>Same as in case of Jeevan Suraksha-I.</p>
12.	Commutation of NCO	Commutation of 25% NCO together with Reversionary bonuses and FABs is allowed, which is free from any tax liability.	25% of aggregate of SA, guaranteed additions and vested bonus (if any) can be taken as lumpsum.
13.	Tax benefits	Tax benefits u/s 80CCC(l) for investment upto Rs. 10,000/- (deducted from taxable income).	Same as in case of Jeevan Suraksha –I.
14.	Choice of retirement date	Flexibility option not available.	The annuitant has the flexibility to postpone the vesting from originally chosen vesting date upto a maximum of 70 years of age.
15.	Open Market Option	Flexibility option not available.	This option gives annuitant the flexibility to buy a pension from any other Company of his choice.

BENEFIT ILLUSTRATION:

Age = 30 years

Mode of annuity payment = yearly

Premium payment mode = yearly

Annuity start age = 60 years

Annuity option = for life time

Annual premium = Rs. 10000/-

	LIC's New Jeevan Suraksha - I	ICICI's Forever Life
Notional Cash Option (NCO) Reversionary *	Rs. 4,10,462	<p>The yearly annuity payable for 30 - 60 age - vesting age combination with an annual premium of Rs. 10,000/- is Rs. 1,22,583 *</p> <p>* The calculation is based on the current annuity rate and the assumptions taken in the benefit illustration. The annuities shown in the table are indicative and are not guaranteed.</p> <p>The fine-print newspaper advertisement of The Times of India (LOWE ICICI PRU 22 205 TOI MUM) reads as under: "Investments are subject to market risks. Refer policy document for risk factor - ICICI Prudential Life Insurance Company Ltd."</p>
Bonus %0 (Rs.)	Rs. 40	
Estimated Bonus	Rs. 4,92,554	
Final additional **	850	
Bonus %0 (Rs.)		
Estimated FAB	Rs. 3,48,893	
NCO inclusive of Bonus (Rs.)	Rs. 12,51,909	
Annuity for lifetime***	Rs. 1,25,070	
* To be declared by LIC depending on experience of interest earning, Mortality and expenses from time to time.		
**Final additional bonus has been presumed at the current rate.		
*** Calculated @ current annuity purchase price prevalent under New Jeevan Akshay-I plan of LIC with a rebate of 3% on the purchase price of New Jeevan Akshay-I policy.		

As you have seen that the rate of bonus/Guaranteed addition to be paid by ICICI is have parity with LIC of India. Could it become a reality for a company which could take seven years to just break even (to pay a similar bonus as that of LIC).

The life time annuity in case of New Jeevan Suraksha-I is more by Rs. 2487 p.a. as against the annuity of ICICI's Forever Life (projected as "**conditions apply**"). The investment in LIC is characterised by the following features :

1. Highest safety (Sovereign Guarantee).
2. LIC is No. 1 amongst India's top 500 companies on the basis of net worth in 2001 (INR 1547951 million).

Source: Dun & Bradstreet, International Rating Agency.

3. LIC is No. 1 organisation generating highest amount of net profit (surplus) in India.

Source: Dun & Bradstreet, International Rating Agency.

LIC is the largest pension provider to the nation. When you buy New Jeevan Suraksha - I policy from LIC, you buy peace of mind. With over 33.56 lakh people already covered under pension plans, LIC is the **single largest pension provider to the nation**. So when you decide to plan for your future, you can be sure with LIC's New Jeevan Suraksha-I, the just right plan for you. You will also benefit from a saving Rs. 10,000 per annum from the tax burden during the premium paying

period, under Sec. 80 CCC(I) of Income Tax Act. Ideally, you should be between 30 - 35 years of age to take the maximum benefit of this plan. This gives you a longer period for your retirement plan, thus giving advantage of compounding over a long period of time to create a sizeable retirement kitty.

DISCLAIMER: The views expressed above are based on the market information available and all efforts have been made to represent the facts in the best possible manner. The terms and conditions on which the policies are sold by insurance companies are subject to changes from time to time depending on various factors. The author does not guarantee that the information in the article reflects the latest amendments/information. ■