



CRM Department, Central Office.
5th Floor (Link), "Yogakshema",
Jeevan Bima Marg, P.O.Box No.19953,
Mumbai - 400 021.
Tel : 66598353, Fax : 22825829
E-mail co_crm@licindia.com

Ref: CO/CRM/852/23

February 17, 2012

To,
All Zonal Managers,
All Regional Managers (CRM)
All Sr/Divisional Managers,
M.D.C., Audit & Inspection

Re: Conditional Assignment under Employer- Employee scheme

When an employer takes insurance on the life of its employees, it is known as Employer-Employee insurance. The employer himself may pay the premium or he may finance loan to employee towards payment of premium. As per condition of scheme, if the employer is the proposer, the policy shall be assigned to the life assured soon after it is issued. At the proposal stage, separate letter from the employer stating 1) the object of insurance, 2) that the employer will assign the policy in favour of the Life Assured 3) the restrictions he desires to be considered in respect of surrender, loan etc, and state clearly that the letter will form part of the proposal papers. Generally, the assignment which will be executed by employer after issue of policy will be of absolute nature transferring all the right, title and ownership under the policy in favour of employee/ life assured.

We have received some references enquiring whether conditional assignment is allowed under employer-employee scheme. We have referred the matter to Legal Dept, Central office and the matter has been clarified as under.

- As per sub-section (7) of section 38 of the Insurance Act,1938 which deals with conditional assignment, notwithstanding any law or custom having the force of law to the contrary, an assignment in favour of a person made with the condition that it shall be inoperative or that the interest shall pass to some other person on the happening of a specified event during the life time of the person whose life is insured and an assignment in favour of the survivor or survivors of a number of persons shall be valid.
- The condition which will be part of conditional assignment should happen not only during the lifetime of the person whose life is insured, but also during the currency/ term of the policy and not after the term of the policy.
- Some of the conditions that can be put in such conditional assignment will be :-
 1. Employer may assign the policy with a condition that in the event of life assured leaving/ resigning his employment for any reason except death before the normal retirement age, the policy shall revert to employer with effect from date of termination of his/her service.
 2. The above condition may be like in the event of life assured leaving/resigning from the company says within 5 or 10 years from date of issue of the policy or before a date specified by the employer, the policy shall revert to employer. After completion of said period, policy will be treated as assigned in favour of life assured.
 3. Policy can be assigned with a condition that loan, surrender or further assignment under the policy can not be availed without consent of employer.

However, the employer can not put the condition in the assignment that when the maturity claim or survival benefit claim fall due or when the Life Assured dies, the title under the policy will revert to employer.

In case, policy is absolutely assigned in favour of life assured or after expiry of the period of condition stated in conditional assignment; the right, title and ownership under the policy will be transferred to life assured. Further, life assured can then deal with the policy like nomination or raising the loan under the policy. All other rules for registering the assignments issued from time to time will be applicable.

We are enclosing the specimen copy of conditional assignment form. This form may be used with proper modification, if required.

A handwritten signature in blue ink, appearing to read 'Panem', with a vertical line extending downwards from the end of the signature.

Executive Director (CRM)

LIFE INSURANCE CORPORATION OF INDIA

.....Divisional Office.....branch name and code no-----

FORM OF CONDITIONAL ASSIGNMENT OF POLICY FROM EMPLOYER/ PROPOSER IN FAVOUR OF LIFE ASSURED /EMPLOYEE UNDER EMPLOYER-EMPLOYEE SCHEME

I (Name of employer) in consideration of policy issued under employee-employee scheme do hereby assign the benefit of all moneys payable under the policy including survival benefit/ maturity benefit to become payable under the within policy of assurance no..... of the Life Insurance Corporation Of India, on the life oftaken under employer-employee scheme, sum assured of Rupees.....to Shri/ Smt..... and declare that his/ her receipt shall be a sufficient discharge to the Corporation for the same, provided however that in the event of

..... (mention any one condition as stated below), the benefit of the policy and the right to receive the money there under shall revert to us as if this assignment had not been made. In such event, the policy will be compulsorily surrendered to the Corporation for cash value on that day and policy contract will come to end.

- In the event of life assured leaving/ resigning his employment for any reason (except death) before the normal retirement age, the policy shall revert to employer with effect from date of termination of his/her service.
- In the event of life assured leaving/resigning from the company within 5 or 10 years from date of issue of the policy or before a date (Date to be specified by the employer), the policy shall revert to employer.
- loan, surrender or further assignment under the policy can not be done without consent of employer.

Dated atthisday of20....

Witness:-

Signature of witness:

Full name of witness

designation

Address

(the wording of this form, if found suitable, should be copied out either on the back of the policy itself, or in the alternative, on a proper stamp paper of the requisite value)

.....
(Signature of authorized person on behalf of employer/
proposer With proper seal of the employer)

NOTICE OF CONDITIONAL ASSIGNMENT UNDER EMPLOYER-EMPLOYEE SCHEME

The Chief/ Sr./Branch Manager
Life Insurance Corporation Of India
.....branch

place:-
Date:-

Dear sir,

Policy no :-

I hereby give you notice that we have assigned the above policy to Sri/ Smt..... whose address is as

.....on..... please acknowledge receipt of this notice and forward the enclosed policy/ Deed of Assignment to Sri/ Smt.....after registering the assignment thereon in your books.

Yours faithfully,

Signature of witness
Name and address

(Signature of authorized person on behalf of Employer/ proposer with proper seal)