

12.07.2011

Mr. Rajesh Sud
Managing Director & CEO
MAX NEW YORK LIFE INSURANCE Co. Ltd.
11th Floor, DLF Square, Jacaranda Marg
DLF City, Phase II,
GURGAON - 122 002

Fax: 0124 256 1765

Dear Sir,

Re: Option to Participate in Progressive Bonuses (OPPB) – UIN 104B008V01

This has reference to your Appointed Actuary's email dated 21.06.2011 regarding the captioned subject. In this regard, we reiterate that though the said benefit is named as "option", it is an add-on benefit which is available in addition to the basic benefits under a policy for which a separate premium is charged to the policyholder. The Authority has allotted a UIN for this rider and also informed you vide letter dated 27.06.2007 that this benefit cannot be considered as an option and it shall be a rider only. Therefore, OPBB has to be in compliance with the terms & conditions of the rider as specified in the IRDA (Protection of Policyholders' interests) Regulations, 2002.

We understand from the said mail that the company is not considering the said benefit as a rider and also not complying with the said regulations. Hence, you are requested to give an explanation for the non-compliance.

Yours faithfully,

(J. Meenakumari)
HOD (Actuarial)

के. सुब्रह्मण्यम
कार्यकारी निदेशक
K. Subrahmanyam
Executive Director



बीमा विनियामक और विकास प्राधिकरण
INSURANCE REGULATORY AND
DEVELOPMENT AUTHORITY

Ref: 912/IRDA/Actl/MNYLI-ID/2007-08/LRP/7534

27.06.2007

Original MR Ajay Seth

Mr. Gary R. Bennett
Managing Director & CEO
MAX NEW YORK LIFE INSURANCE Co. Ltd.
11th Floor, DLF Square, Jacaranda Marg
DLF City, Phase II,
GURGAON - 122 002
Fax: 0124 256 1765

*Given by
Shipra on
22 Sep, 11*

Dear Sir,

Re: Life insurance Products - Unique Identification Number (ID) – Option to Purchase Paid Up Additions (UIN 104B008V01)

This has reference to the Appointed Actuary's letter dated 14.06.2007 regarding the above subject. Please note that Option to Purchase Paid Up Additions cannot be considered as an option as it is providing an additional benefit to the policyholder and hence it shall be a rider only. The same was conveyed to you in 2004 at the time of filing of the product "Life Partner".

As per the relevant File & Use Application and Authority's clearance letter dated 12.10.2001, the name of this rider is **Option to Participate in Progressive Bonus**. Please note the relevant updation of the UIN List.

Yours faithfully,

K. S. Manjare
(K. SUBRAHMANYAM)

Max New York Life	
ADGN	
Received	
Date	4/06/07
Time	12:30 PM
Quality/Qty./Service	YES/NO
Name	
Signature	<i>[Signature]</i>

Desai/Executives/Home
Office/MaxNewYorkLife

08/02/2005 07:58 PM

To Danny_Ramjit@newyorklife.com
cc Rajendra P. Sharma/Executives/Home
Office/MaxNewYorkLife@MaxNewYorkLife, John
Poole/Actuaries/Home
Office/MaxNewYorkLife@maxnewyorklife
Subject Points for discussion for Danny's visit

Hi Danny,

In preparation for your proposed visit during the w/b February 21st 05, please find below a brief outline of my discussions on OPPB with Mr Subramaniam (IRDA):

- As part of our re-priced WL product filing in March 2004, the IRDA objected to us continuing with OPPB as a product option.
- As you are aware, the OPPB is participatory in nature and any bonuses declared can be used to purchase PUAs. The OPPB contract also allows policyholders to surrender these PUA's after retirement to provide supplemental income.
- The IRDA expressed their discomfort with allowing the policyholder to surrender these PUA's as they constitute a partial surrender of the contract.
- This issue was previously highlighted to us in 2012, when we had originally filed this as a 'rider' and not an option (as is consistent with elsewhere in the NYL world). Mr Rangachary (Member Actuary at that time) had written to us (please see scanned letter) indicating the IRDA was uncomfortable with partial surrenders. However we managed to side step the issue at that time by calling it an 'option' instead of a rider. The underlying issue was never resolved at that time.
- The OPPB option has proved to be a unique feature of our WL product, and Agency very strongly believe this could lead to a large dip in sales if this feature were lost.
- I have personally approached the IRDA (Mr Subramaniam) on this issue on several occasions, but have not been successful in convincing them otherwise, even after detailed description of how the contract works, and how it can help policyholders.
- would now have to be taken up with the Member Actuary Mr P.A. Balasubramaniam if any change in decision were to happen.

Please let Raj/myself know if you require any further details or clarification.

Thanks

Ash



IRDA.jpg

Ashish Desai
02/09/2005 02:18 PM

To: Ajay Seth/Legal/Home Office/MaxNewYorkLife@MaxNewYorkLife
cc: John Poole/Actuaries/Home Office/MaxNewYorkLife@maxnewyorklife
Subject: Fw: Points for discussion for Danny's visit

Ajay - please confirm your understanding of whether any aspect of the Insurance Regs are being flouted by the partial surrenders of PUA's (as part of the OPPB option).

Thanks
Ash

----- Forwarded by Ashish Desai/Executives/Home Office/MaxNewYorkLife on 02/09/2005 02:16 PM -----

John Poole/Actuaries/Home
Office/MaxNewYorkLife
02/09/2005 09:24-AM

To: Ashish Desai/Executives/Home
Office/MaxNewYorkLife@MaxNewYorkLife
cc: danny_ramjit@newyorklife.com, Rajendra P
Sharma/Executives/Home
Office/MaxNewYorkLife@MaxNewYorkLife
Subject: Re: Points for discussion for Danny's visit

Ash

Its not to clear to me where the IRDA might be coming from. But I do note that they are saying they do not like the concept of two contracts under the one policy. In Australia where we had a similar concept of being able to increase the sum insured (albeit subject to underwriting - see below) each increase was technically a separate policy under the umbrella of one contract of insurance. We did this for Regulatory reasons, in particular because of the Statutory Minimum Cash Value provisions which really didn't work properly if the original policy and all subsequent increases were all lumped together as one policy.

So can anyone think of any aspect of the Regulations where the IRDA might want to treat each increase as a separate policy or believe that some Regulation was being circumvented or even statistics corrupted because they were not being so treated?

In relation to underwriting, there is an option under OPPB policies for death cover to be increased from time to time without underwriting. I understand that extra underwriting care is taken when new policies that include OPPB are issued but even so I would have thought that some option premium should be paid by all policyholders entitled to take up the option before the option was capable of being exercised. This is what we do with the GIO.

I can only think that to the extent there is anti-selection with this type of option, NYL experience is that the cost can be accommodated in dividends. Perhaps Danny could comment.

Regards,

John

Ashish Desai/Executives/Home Office/MaxNewYcrkLife

Ashish



March 10, 2004

Mr. K Subrahmanyam
Executive Director (Actg)
The Insurance Regulatory
3rd Floor, Parisrama Bldg
Fateh Maidan Road
5-9-58/B, Basheer Bagh
Hyderabad 500 004

Dear Sir,

Sub: Filing of Product

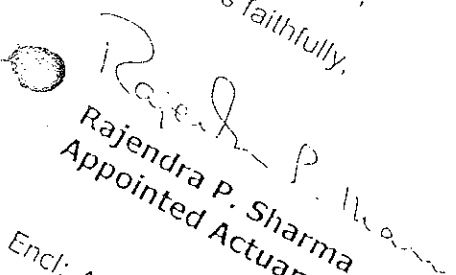
We are enclosing herewith

1. File and Use in participating Product
2. File and Use in resp product
3. Updated Policy Doc

We would request you to act the above product.

Thanking you,

Yours faithfully,


Rajendra P. Sharma
Appointed Actuary

Encl: As above



MAX NEW YORK LIFE INSURANCE COMPANY LIMITED
Regd. Office : Max House, 1 Dr. Jha Marg, Okhla, New Delhi - 110 020

OPTION TO PARTICIPATE IN PROGRESSIVE BONUS

1. THE CONTRACT

1.1 This Option Contract (the "Option") forms part of and supplements the Base Policy referred to in the Schedule/ Endorsement (the "Base Policy"). The Proposal and other particulars (if any) together with the premium deposit and declarations, received from the Proposer, form the basis of this Option. In addition to the terms and conditions of this Option, this Option is also subject to the terms and conditions of the Base Policy. In the event of any inconsistency between the terms and conditions of the Base Policy and this Option, the provisions of this Option shall prevail with respect to the matters dealt with in this Option.

1.2 The Company agrees to provide the benefits under this Option while this Option is in force.

2. BENEFITS

This Option provides opportunity (the "Options") to the Policy Holder to participate in progressive bonuses (of the nature provided under the Base Policy) in the form of paid up additions ("PUA"), without providing further evidence of insurability on the life of the Life Insured. The Sum Insured together with the PUAs in-force, will be payable on the happening of the Insured Event.

3. PERIOD OF COVERAGE

3.1 The Term

This Option will remain effective from the Effective Date of this Option till the Expiry Date.

3.2 Expiry Date

This Option shall automatically terminate ("Expiry Date") on the happening of any of the following events.

- (i) Upon the Life Insured attaining the age of 100; or
- (ii) On the death of the Life Insured; or
- (iii) On the expiry of the premium payment term under the base policy or
- (iv) If more than 2 years have elapsed since the exercise of the last Option.
- (v) If the Base Policy goes into Non Forfeiture (as defined in the Base Policy), or has expired or lapsed or has become paid up, surrendered or cancelled or terminated in any manner. or
- (vi) Upon receipt by the Company of the Policy Holder's written request for cancellation of the Option.

<cDocID> 25102001 V1.11

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New Delhi 3314444 Hyderabad 6325433
Mumbai 2356747 Pune 4014252

Chennai 8518101
Kolkatta 2881850
Chandigarh 899901

DBS



March 10, 2004

Mr. K Subrahmanyam
Executive Director (Actuarial)
The Insurance Regulatory & Development Authority
3rd Floor, Parisrama Bhavanam
Fateh Maidan Road
5-9-58/B, Basheer Bagh
Hyderabad 500 004

Dear Sir,

Sub: Filing of Product

We are enclosing herewith the following documents.

1. File and Use in respect of Re-priced Whole Life Participating Product
2. File and Use in respect of New Group Credit Life Product
3. Updated Policy Documents for OPPB & GIO.

We would request you to accord your approval to market the above product.

Thanking you,

Yours faithfully,

Rajendra P. Sharma

Rajendra P. Sharma
Appointed Actuary

Encl: As above



MAX NEW YORK LIFE INSURANCE COMPANY LIMITED
Regd. Office : Max House, 1 Dr. Jha Marg, Okhla, New Delhi - 110 020

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Termination of this Option shall be without prejudice to any rights and liabilities which has or have arisen prior to such termination. Any payment or receipt, of any Premium(s) hereunder subsequent to cancellation/ termination of this Option shall not create any liability, except that the Company will refund such Premium(s), without interest.

4. DEFINITIONS

The terms and phrases used in the Option but not defined in this Option shall have the meaning as provided in the Base Policy.

5. EXCLUSIONS

5.1 No Waiver of Premium Benefits will be available to this Option, even if the Base Policy has the Waiver of Premium rider attached to it.

5.2 In addition to the above, this Option is further subject to the exclusions as provided in the Base Policy.

6. CHANGE OF OCCUPATION ETC

The Policy Holder is required to inform the Company of any change in the occupation, profession or hobbies of the Life Insured, occurring during the Term of the Option, failing which the Company may decline to extend the benefits under the Option. In the event of such a change the Company, in its absolute and sole discretion, reserves the right to take such action as it may deem appropriate.

7. EXERCISE OF BENEFITS UNDER THE OPTION AND CONDITIONS IN RELATION TO SUCH EXERCISE

7.1 How to exercise the Options

Subject to Section 7.3 (ii) below, , the policyholder may exercise this option by paying the premiums either at the stage of proposal or at any time thereafter by providing satisfactory evidence of insurability at his own cost. The policyholder when paying the premiums for the Option, should specifically mention the premiums to be applied towards this option in his communication to the company. Any premiums paid in excess of that required under the Base Policy and any attaching riders, will not be presumed to be paid towards this Option and the same would be held as policy deposit.

7.2 When Options may be exercised

Subject to the terms and conditions of the Option the Policy Holder may exercise the Options any time before the Expiry Date.

7.3 Conditions for exercise of Options

(i) **Minimum and Maximum Premium under the Option for participation in progressive bonuses during the period between the issue date of this Option and**

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the first Option anniversary: The PUA Premium for exercise of Options during the period between the issue date of this Option and the first Option anniversary shall not be less than 10 %, and not more than 5 times, the standard annual premium for the Base Policy subject to a minimum of Rs 1000.

- (ii) **Minimum and Maximum Premium under the Option for participation in PUAs in each year after the first Option anniversary.** The PUA Premium for exercise of Options during each year after the first Option anniversary shall not be less than such limits as may be decided by the Company from time to time, and not more than 3 times, the standard annual premium for the Base Policy.
- (iii) **Maximum cumulative value of PUAs that may be participated in under the Option.** The total sum of all the PUAs purchased under the Option (on all policies pertaining to the life insured) cannot exceed the lower of (a) 10 (ten) times the Sum Insured under the Base Policy, or (b) Rupees Thirty Five lakhs.

If the Company agrees to the Policy Holder's request for a reduction in the Sum Insured under the Base Policy, then, the Policy Holder shall be entitled to retain the PUAs participated by him till the date of such reduction. Subject to the aforesaid, the aggregate of all PUA participated under this Option cannot exceed the lower of (a) 10 (ten) times such reduced Sum Insured under the Base Policy, or (b) Rupees Thirty Five lakhs.

8. BONUS

This Option is a participating Option and the PUAs purchased under the Option shall be entitled to receive bonus as may be declared by the Company. No bonus is payable for the first two years after the purchase of each PUAs. Bonuses are always non-guaranteed. However, the only bonus option available under the Option is to apply the bonus to participate in additional PUAs.

9. REVIVAL OF THE OPTION

At any time after the Option has ceased to be valid in terms of section 3.2(iv) above, the Policy Holder may make a written request for revival of the Option. Upon such request, the Company may at its sole discretion, revive the Option on such terms and conditions as are applicable at the time of revival, subject to production of satisfactory evidence of insurability acceptable to the Company (cost of which to be borne by the policyholder). The revival of the option shall take effect only after it is approved, in writing, by the company.

The cost of providing evidence of insurability would be actual medical examination fee plus an administrative fee for revival of option, which would be not more than Rs.1000/- . The administrative fee may vary depending upon the annual inflation rates.

10. OTHER PROVISIONS

10.1 Surrender of PUAs

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The Policy Holder shall have the right to surrender up to 100% of the PUA under this Option subject to a minimum surrender value of Rs.5,000/-. Not more than one surrender in a policy year will be permitted. Such surrenders will be processed by the Company on LIFO (Last in First Out) basis i.e.,the last participated PUA shall be surrendered first.

Each PUA participated will acquire a guaranteed cash value on each anniversary of such PUA participation, as shown below.

On or after the first anniversary	- 30 % of Premiums received for that PUA;
On or after third anniversary	- 45 % of Premiums received for that PUA;
On or after fourth anniversary	- 55 % of Premiums received for that PUA;
On or after fifth anniversary	- 70 % of Premiums received for that PUA;
On or after sixth anniversary	- 90 % of Premiums received for that PUA.

10.2 Assignment

The Option or the benefits under the Option cannot be assigned by the Policy Holder separately from the Base Policy. If the Base Policy is assigned by the Policy Holder, the Option and the benefits under the Option (including PUAs if any participated till that time) shall also stand assigned along with the Base Policy.



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