

Life Insurance Corporation, popularly known as LIC is Indian state-owned insurance group and investment company. Buy Life Insurance Plans and Policies from lic of india Avail tax benefits with multiple cover options.

To avail the loan you have to visit the servicing branch and avail the loan by submitting few forms. It is a cumbersome process if the person is not staying in the same locality. Before jumping into this, let us find out the loan features of LIC policies. All policies are not eligible for loans like term life insurance. Hence, you have to check the eligibility of that usually mentioned in policy bond. Interest on the loan is payable half yearly. The minimum period for which a loan can be granted is six months from the date of its payment. If repayment of the loan is desired within this period the interest for the minimum period of six months will have to be paid. You repay the loan with interest or continue paying only the interest and allow the loan principal to be deducted at the time of the claim payments. To avail loan, you must be paid the premium for at least 3 years. You have to assign the policy to LIC as security and they keep the original bond with them. If you do not pay interest amount within 30 days from the due date, LIC reserves the right to foreclose the policy and settle the loan amount against the proceeds. However, such foreclosure not applies for fully paid up or for the in force policies. The first payment of interest is to be made on the next policy anniversary or on the date of 6 months before the next policy anniversary, whichever is earlier. After that, for every half year, you have to pay the interest. You can avail the second loan against the same policy while the first loan has the not been repaid. You can avail the loan against LIC policy from other banking institutes also like banks. However, the quantum of loan availability may be less and also they may charge higher interest rate than the LIC. Along with this, you can even repay your interest or principal part of the loan using the online platform. The steps are here as below. Here, you have two options. One is to repay interest or principal online both with or without registration and another is to request for the loan using your login. As I told above, to request for an online loan, you must be a registered customer of LIC. However, to repay interest and principal, you either can pay with or without login. Also, in my view, to avail the loan facility online, you must be updated your bank details. If you have updated then the loan amount will be directly credited to your bank account. Now with this online facility of the loan facility, I think the process is more simplified than the earlier physical visit to the home branch. Interest rate is usually cheaper than your personal loan interest rate. Flexibility to repay only interest dues and principal at any point of time but before maturity. This flexibility is not with personal loan. You are pledging only policy document as a proof. However, in case of other loans, the loan eligibility depends on your credit score and the asset you pledge. Disadvantages of availing Loan Against LIC Policy Limited to surrender value makes it less worthy when you actually in need of more loan. Because as I said above, the quantum of loan depends on surrender value. This surrender value usually is LESS during the initial years of the policy period. As the policy is about to close, this surrender value increases and so as your loan eligibility also. No Tax Benefits while repaying either principal or interest. You may end up less insured in case of your untimely death. Because if the loan is pending and the insured died means the nominee will receive the Life Insurance benefits LESS of the existing loan principal and interest. Conclusion-I am not the fan of LIC traditional plans due to less insurance coverage and less returns for the long run. However, this loan against LIC policy feature will be handy to those who have emergencies. Also, it is best to go for the loan against LIC policy than going for the personal loan.

Chapter 2 : How to Apply for Loan against LIC Policy Online | EMI Calculator

application for loan as under where the policy already bears the endorsement of terms and conditions of loan or where the policy has been issued on or after

Traditional life insurance plans provide low life coverage and poor returns. But what about those who have already purchased such a plan? Should such policyholders surrender the plan? If you have already purchased the plan, surrender of the policy may not always be a prudent choice. The reasons include front loaded commissions and heavy surrender penalty. If you work out the numbers, it may actually make a lot of sense to let the plan run its full course if you have paid premium for a few years. The outcome will depend on the plan features, surrender value, number of years of premium paid and the policy term. So, do not jump to any conclusion. Do some maths and make a decision subsequently. The rationale is that the surrender value and the future premiums should yield much better results than the expected maturity value of the insurance plan. Go through the following post for more on this. If you have decided to continue the plan, you will do well to be aware of a fringe benefit that traditional insurance plans can provide. Are you aware that you can take loan against your LIC policy? In this post, I will discuss loans against LIC policies, eligibility, repayment structure or whether it makes sense to opt for such loans. The term and conditions will be similar for other plans too. You can make an application for loan only once you have paid premium for three years. It goes without saying that you can take a loan only once your policy acquires surrender value. Typically, LIC plans acquire surrender value only after 3 years. You have to assign the policy to LIC as security. How is the loan repaid? What is the loan tenure? You get a lot of flexibility. You have to pay interest every six months. About the principal, you can repay the loan till maturity of the policy. Alternatively, if you wish, you can also repay principal along with interest. You borrow for a minimum of six months minimum tenor. Even if you want to foreclose the loan before six months, you will have to pay interest for at least six months. How to Retire Rich: Invest Rs 40 a day? P V Subramanyam What is the applicable interest rate? The interest rate is declared by LIC and may vary according to the insurance plan. You can enquire about the prevailing interest rate from the LIC. As I understand, the prevailing rate of interest is Hindi version is available too. What If I default on my interest payment? If you do not pay interest amount within 30 days from the due date, LIC reserves the right to foreclose the policy and settle the loan amount against the proceeds. Illustration If you are planning to borrow against your LIC policy, you need to find the current Surrender Value of the plan. Surrender value will determine your loan eligibility. How to find the Surrender Value? Well, you can simply call your agent or walk in to the nearest LIC branch to find out the Surrender Value. You do not have to go through the following exercise. I do not guarantee that the value is accurate. But it will give an idea about how loan eligibility is calculated. The Sum Assured is Rs 10 lacs and the policy term is 30 years. You have paid premium for 15 years. The annual premium is Rs 34, before Service Tax. For the first year, the premium will be Rs 35, including service tax of 3. For the subsequent years, the annual premium will be Rs. However, I will ignore special surrender value for the purpose of this exercise. Guaranteed Surrender Value is the percentage of total premiums paid till date excluding any tax or rider premiums. The percentage is a function of policy term and number of years of premium paid. The tabulation is provided in the policy document. You have a separate tabulation for applicable percentage in the policy document. Your annual bonus will be Rs 49, You will have received 14 annual bonuses. Surrender percentage after paying 15 premiums in 30 year policy is You can see loan eligibility grows as your policy grows older. What are the benefits of loans against LIC policies? It is your money. You can expect the loan disbursement to be swift. Not much documentation required. Only the policy to be assigned to LIC. At interest rate of There is no EMI like repayment schedule. You can repay the principal and when you want. Can be very useful when you are facing cash flow pressure. What are the drawbacks? Since loan amount is linked to surrender value, you cannot expect to take a high value loan against the policy. You can see even after paying premium for 20 years, the loan eligibility is only 5. There is no tax benefit for repayment of loan against LIC policy. Points to Note Loans are offered against traditional life insurance plans only. However, the rate of interest is typically higher than the rate charged by

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LIC. Even though I have calculated surrender value many times in this post, you do NOT have to surrender the plan to take the loan. You merely need to find the surrender value. You can also request a second loan against the same policy while first loan has not been repaid. How to apply for loan against LIC policy? You need to submit Form to your agent or the nearest LIC branch to take out a fresh loan. For a follow-up loan second loan , you need to submit Form All you need to do is to register on LIC website. To register, you will need a few pieces of information such as your LIC Policy Number and a few personal details. You can go to the following link <https://www.lifecoin.com>: However, your job is not yet done. To register as Premier User, you need to download an auto-generated form, take a print-out, sign the form and upload on the LIC site. Hopefully, within a few days or weeks, your request for Premier Services Registration will be approved. Subsequently, you can apply for loan online through the LIC portal. Do note the link to Apply for loan online is available on the home page too. You can click on that link too. You can make loan repayment or interest payment online too. To apply for the loan online, you need to log into customer portal. To register for premier services, you need to follow a 3-step process. Therefore, I cannot be too sure of the entire loan application process or the time it takes to get the money in your account. I will update the post when I have better clarity. PersonalFinancePlan Take Traditional life insurance plans are poor products. However, if you are trapped in one, loan against the policy is one feature you can explore if you are looking for low cost debt. Loan against LIC policy can be a cheaper alternative to personal loans. Do note interest rate is important. Insurance , Opinion Tagged With: Deepesh provides customized Financial Planning and Investment solutions to his clients. Deepesh is passionate about personal finance and contributes regularly to leading Business Newspapers.

Chapter 3 : How to apply for online loan on LIC policy? - Sum Assured

Page 3 of 7 Form No Application for LOAN as under where the Policy already bears the endorsement of TERMS AND CONDITIONS of Loan OR where the Policy has been issued on or.

Deepesh Raghaw December 17, In an earlier post , I had discussed how you can take loan against your LIC policy to take care of loan requirement. I had also discussed certain aspects as your loan eligibility and the applicable rate of interest for the loan. You can read the various aspects of loan against LIC policy in this post. In this post, I want to touch upon an operational aspect i. To apply for the loan, you need to contact your agent or the nearest LIC branch. If this sounds too much work for you, now you can apply for loan against your LIC policy online too. Not just that, if you have already taken out a loan against the policy, you can make loan repayment or interest payment online too. This is likely to simplify the application process. Firstly, you need to register on the LIC website. You can find the link to register on the home page of the LIC website <https://www.lic.co.in>: If you are already a registered user, you can simply log in. Needless to say, the details should match with the details as mentioned in the policy. Once you have registered, you can log into the LIC customer portal. This registration is a 3-step process. You need to download an auto-generated form. Take a printout of the form. Scan and upload the document on the portal. The service is available free of cost. Along with the signed form, you will have to upload scanned copy of your PAN or Aadhaar or Passport for identification. Subsequently, you can expect to get approval for Premier Services in a few days or weeks. Once registered as Premier Services user, you can apply for the loan against your policy online by going to Service Registration???? You can simply go to the following link <http://www.lic.co.in>: You can check the status of your request at Service Registration???? Since my registration of Premier User is not yet complete, I am not yet sure the kind of information that is furnished by LIC on the loan application page or the kind of information you need to provide for completing the loan application. It is possible LIC automatically displays your loan eligibility. In that case, you do not need to break your head over the eligibility aspect. You may have to provide information such as your bank account details. It is quite possible that the online application process may actually have an offline step. For instance, you may have to download an auto-filled form and send across to LIC office. I have no real plans to apply for loan against my LIC policy. In that case, it is difficult for me to comment on how long it is going to take to get the loan money credited to your bank account. This is something you need to try out yourself.

Chapter 4 : LIC Personal Loan Interest Rate, Eligibility and EMI Calculation

There are several forms related to LIC new Policies, LIC old policy servicing like, surrender, loan etc. Usually all forms are available in LIC branch office, but here you can download it also. DOWNLOADS Surrender Value(Form No) When you dont want to continue LIC policies, you have an option to Surrender this.

Deepesh Raghaw September 9, I have never been a big fan of traditional life insurance plans such as endowment plans, money back plans etc. Traditional life insurance plans provide low life coverage and poor investment returns. Hence, such plans are better avoided. When we talk about life insurance plans, the first name that typically pops up in your mind is that of LIC Life Insurance Corporation of India. An interesting aspect of LIC plans and even traditional life insurance plans from other insurers is that you can take a loan against such insurance plans. You can read the policy wordings on LIC website. I am not particularly a fan of this product. In this post, I will focus on how to avail loans against LIC policies, terms and conditions of such loans and whether it makes sense to go for such loans. If you surrender before 3 years, nothing is payable. Hence, no loan is possible before 3 years. The policy shall be assigned to LIC as security for the loan. Interest on loan shall be paid on half-yearly basis. Interest is charged for a minimum period of 6 months. LIC can call for repayment of loan and interest by giving 3 months notice. If the loan is not settled, LIC can foreclose the policy and use policy proceeds to settle the loan. LIC can also foreclose the policy and use proceeds to settle the loan if you do not pay interest within 30 days from the due date. In the event of death of the policyholder during the term of the loan, LIC will deduct the outstanding loan amount and interest thereon from the claim settlement amount. Minimum period of loan is six months. You can continue the loan up to maturity of the insurance plan. Even if you want to repay loan within six months from the date of loan, you will have to pay at least six months interest. You have to pay interest every 6 months. You have to option to repay principal along with interest. Or you can pay only interest for a few years and when you have excess cash, you can repay principal. You do not have to follow EMI like repayment schedule. So, you have a lot of flexibility in repayment. The rate of interest is declared by LIC every year and may vary according to plan. As I understand, the prevailing interest rate is In fact, LIC will not even offer the loan if you surrender the policy. Guaranteed Surrender Value GSV is a percentage of total premiums paid net of any taxes or premium for riders. The percentage depends on policy term and the policy year in which the policy is surrendered. The table for calculating GSV is provided in the policy document. Surrender Value SVB of vested bonuses is a percentage of bonuses that have been applied in the policy. The applicable percentage depends on the policy term and the policy year of surrender. You can find out the SVB from tabulation in the policy document. The annual premium will be Rs 83, before service tax. With service tax, it will be Rs 86, in the first year. Subsequent annual premiums will be Rs 85, For the purpose of calculating surrender value, service tax paid is ignored. You have paid premium for 10 years. Total vested bonus will be Rs 5. The interest rate is quite low as compared to interest rate for personal loans. You get a lot of flexibility in repayment. You merely need to pay requisite interest at 6 month intervals. There is no compulsion to repay principal. If you do not repay principal, LIC will automatically settle the principal against claim settlement amount. So, these loans can be immensely useful if you are feeling cash flow pressure. You can even borrow against your LIC policy to repay expensive loans especially credit card debt. Since you are borrowing your own money, the loan disbursement is likely to be very swift. There will be no credit appraisal for loan issuance. Do note, at Moreover, effective cost of home loan can be much lower due to tax benefits. So, loan against LIC policy may not be a good alternative to a home loan. What Are the Issues? Surrender value of LIC endowment plans is quite low in the initial years. As you can see in the previous examples, after paying premium for 10 years, surrender value is only Rs 5. Hence, do not pin hopes on taking out a very big loan against your LIC policies. Points to Note Loans are typically offered only against endowment plans. Even a few banks and financial institutions offer loans against LIC endowment policies. However, such banks and financial institutions are likely to offer loans against LIC policies at slightly higher rates. You can check the rates on BankBazaar website. It is mentioned in the policy document if the policy is eligible for requesting loans. You can request a second loan while the first loan is

still not repaid. The outstanding principal of the first loan and not the original loan amount will be considered for the purpose. There is no tax benefit for repayment of such loans. How to Apply for Such Loans? You need to fill in and submit Form or with your agent or the nearest LIC branch. Form is for taking out a fresh loan. Form is applicable for a follow-up loan where the policy is already endorsed in the name of LIC. Conclusion Traditional life insurance plans are poor financial products. You must not purchase these plans in the first place. Commissions are front loaded and surrender penalties are very high throughout especially in the initial years. Hence, an exit from these plans is painful. However, if you have already purchased the plan and continued for a few years, it may make financial sense to continue the plan rather than surrendering the plan or making the plan paid up. In such cases, if you are in need of funds, it may make sense to borrow against your LIC policy. Loans against LIC plans can be a good alternative to expensive personal loans or credit card debt. You have a lot of discretion in loan repayment. As with any kind of debt, do not borrow just because you can borrow.

Chapter 5 : All you need to know about Loan against LIC policy | Personal Finance Plan

In an earlier post, I had discussed how you can take loan against your LIC policy to take care of loan requirement. I had also discussed certain aspects as your loan eligibility and the applicable rate of interest for the loan.

This service is available to the customers who are already registered for Premier Service in LIC portal. If you are not registered you can do this before applying for a loan, though the registration process will take little time. You can submit the request form and other documents to your nearest branch to take the loan on your LIC policy. So, how to apply for an online loan on LIC policy? You will be redirected to login page. Login Page Step 1: To request a loan, hover the mouse over the Premier Services tab and a new menu will appear, under that menu select Online Loan Request under Service Requests. Customer Homepage When you click the Online Loan Request option a new page will open where all the terms and conditions are written, you have to check the I Agree Box and click on Proceed to go to next step. Here you will see a drop-down list of your policies which are already registered for Premier Services. Select the option of Full eligible loan disbursement or Partial amount of your choice click next. See the screenshot of the same below. Confirmation When you click Next on the previous page, you will be redirected to the confirmation page. If you want you can go back to the previous step and change the loan amount according to your need or change the policy on which loan is required. If all the information is OK then proceed to final step by clicking Yes. LIC Online loan process-Final Page and downloads Note down the service request number and download the required forms by clicking all the above-mentioned buttons. Sign the downloaded forms submit the request with relevant documents to your nearest LIC branch. Service Request Form to be submitted with other required documents to nearest branch Please keep in mind that this Service request will be valid for 4 days only. If you fail to submit the required documents on time to any LIC office then your request will be stand cancel and you have to make a new loan request. This is the first payment to policy holders related online service provided by LIC of India. The best features of this service are: Loan taken on LIC policy has the lowest rate of 9. Loan amount available is according to surrender value of the policy and no approval of loan is required. No EMIs, deposit interest every six months, dates of interest payments are aligned with the policy premium due date. Repay the Principle amount according to your convenience at any time and anywhere, online repayment is also available now. Risk cover on the policy is continued if all the premiums are paid on time. Survival benefits if any will be adjusted in the loan if any outstanding. I came to know that for applying for this, bank statement of last six months is required. I just wondered why this is necessary. Can you answer this, or point me towards proper post?

Chapter 6 : Life Insurance Corporation of India - Policy Loan Options

8. LIC Online loan process-First time loan/No loan outstanding on LIC policy. If there is a loan already taken on your policy, you will see the Total loan eligible on your policy, outstanding loan on your policy, Interest due on the outstanding loan as on date and Net available amount of Loan.

Chapter 7 : Life Insurance Corporation of India - Download Forms

life insurance corporation of india memorandum of deposit of policy to secure loan/additional loan application form, would be posted to the present address.

Chapter 8 : LIC Housing Finance Limited - LICHFL

Life Insurance Corporation of India (LIC) is an old life insurance company in India. It is also the insurer with the largest customer base. The company was formed on 1st September, , with the.

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Chapter 9 : LIC Form No for Loan - Downloads - blog.quintoapp.com

However, if I take a loan then suppose if I get 2 lacs as loan and LIC at 10% interest charges interest for 6 months (policy will mature b4 that) then I will pay to LIC and left amount = would be the maturity proceeds.