

Ref : CO/Mktg./ZD/A/16 /2023

Date: 01.06.2023

All HODs of Central Office
All Zonal Offices,
All Divisional Offices,
All Branch Offices & Satellite Offices
Audit & Inspection Departments
MDC, ZTCs & STCs

Re : "Education Advance" for Club Member Agents

This has reference to the CO Circular Ref: Mktg./ZD/20/2001 dated 30.06.2001 related to **Scheme of Advances to Agents' 2001**, and subsequent amendments made thereto from time to time.

With an objective to assist our Agents in arranging finance for the Higher / Professional Education of their children, it has now been decided to add one more category of advance in the existing 'Scheme of Advances, 2001, i.e. "Education Advance" for Club Member Agents.

The conditions for availing Education Advance shall be as under:

1) Application:

This Advance shall be applicable to **Corporate, Galaxy, Chairman's and Zonal Managers' Club Member Agents who are Eligible for Renewal Commission.**

An agent shall be eligible to avail the Education Advance, for covering expenses like Admission Fee (excluding capitation fee or similar fee, if any), Tuition Fee payable to Institution/college/school, fees and other non-refundable charges payable to Hostel, for their dependent children pursuing Higher Studies/ Professional Courses **only in India** as under:

- Graduation, Post-graduation including regular technical and professional Degree/Diploma courses conducted by Colleges/Universities approved by UGC/AICTE/IMC/AIBMS/ICMR/Bar Council of India/Govt. etc., courses like Cost Accountancy, Chartered Accountancy, Chartered Financial Analyst, etc.
- Regular Degree/ Diploma Courses conducted by autonomous institutions like IIT, IIM, etc.
- Teacher training/ Nursing courses approved by the Central Government or the State Government.
- Regular Degree/Diploma Courses like Aeronautical, pilot training, shipping etc. approved by Director General of Civil Aviation/Shipping.

2) **Definition:**

"Child" means the child of an eligible club member agent, including his/her stepchild / legally adopted child, who is wholly dependent on the agent and not gainfully employed.

Note : A child receiving Stipend and/or Scholarship will not be treated as gainfully employed.

3) **Quantum and frequency of Advance :**

i) An eligible club member agent can avail the Education Advance for the amount as per Clause 7(i) hereinbelow.

However, the advance will be limited to **two children only** during his/her entire span of agency.

ii) The advance will be limited to **two courses** only, for each child.

iii) Advance for second child can be availed simultaneously or anytime during repayment term of advance availed for the first child, subject to the financial eligibility of the agent as enumerated in clause 7 (ii) hereinbelow and other general conditions related to grant of advance to agents mentioned under clause (7) hereinbelow.

iv) The advance shall be granted in installments as per the fees payment structure decided by the Educational Institution subject to (i) & (ii) hereinabove.

Example:

- The fees of four year B.Tech./B.E.course from "XYZ Educational Institution" is Rs.1 lakh per year.
- When a Corporate Club Member Agent applies for Education Advance for his/her child, he/she can claim an amount of Rs.1 lakh every year, which shall be paid directly to the concerned Educational Institution.
- The total amount of advance payable will be Rs.4 lakh.
- The agent may avail the balance advance of Rs.6 lakh (subject to clause 7(i) hereinbelow for MBA course/any other Post graduate/ Professional course **for the same child**).
- Any advance to the second child of the said agent shall be treated similarly, subject to financial eligibility of the concerned agent as enumerated in clause 7 (ii) and 7(viii) hereinbelow.

4) **Repayment Term :**

i) Repayment Term shall be 5 years (i.e.60 monthly installments).

In case of exit of the concerned agent within 5 years, in accordance with the Regulation 12 (2) of the LIC of India (Agents) Regulations, 2017, the outstanding advance shall be recovered from all moneys payable to him/her or his/her heirs.

ii) Recovery of Education Advance shall commence from the commission payable to the concerned agent in the month, following the month in which the advance has been disbursed.

5) **Interest Rate:**

- i) 8% p.a. (simple) on reducing monthly balance for Male students.
- ii) 7.80% p.a. (simple) on reducing monthly balance for Female students.
- iii) In case the concerned club member agent is relegated to a lower club, then the difference between the outstanding amount of advance and the amount as per permissible limit of his/her current (new) club status shall be recovered with interest @ 9% p.a.
- iv) In case the concerned agent loses his/her club membership, then the outstanding amount shall be recovered with interest @ 9% p.a.

6) **Collateral Security:**

All moneys payable to the concerned agent or his/her heirs shall be assigned to the Corporation in order to secure recovery of the outstanding advance on exit of the agent due to Termination / Death / Resignation etc.

7) **General Conditions:**

- i) The eligible amount of Education Advance per child for an eligible Club member Agent shall be as under:

Agents Club Category	Eligible amount of Advance per Child (Rs.)
Corporate	10 lakh
Galaxy	8 lakh
Chairman's	7 lakh
Zonal Manager's	6 lakh

- ii) The maximum allowable advance shall be –

Total of Last two years Renewal commission,
OR
 Amount Eligible as per the club 7(i),
OR
 Actual Fees

} **whichever is less.**

- iii) The Advance shall be granted for admission to the courses as stated in clause (1) above.
- iv) The advance shall not be admissible in respect of courses through Correspondence or Distance Learning.
- v) The amount of advance shall be paid directly to the Educational Institution through NEFT, and the Exchange / Bank charges, if any, shall be borne by the concerned Agent.

- vi) The concerned club member agent can apply for further advance in case of his enhanced eligibility due to acquiring higher club status but under no circumstance, the amount already repaid by the said agent shall be reimbursed.
- vii) All other provisions, instructions, terms and conditions governing grant of various advances under the Scheme of Advances, 2001 amended from time to time, remain unaltered and should be strictly adhered to while sanctioning the Education Advance.
- viii) The sanctioning authority must ensure that as per clause (xiv) of Miscellaneous Conditions of Scheme of Advances to Agents 2001, "The monthly installments of recovery in respect of all advances should not exceed 60% of the average monthly renewal commission paid during the preceding financial year".
- ix) In case both husband and wife are the agents of the Corporation, Education Advance shall be admissible to any one or both of them.

However, advance to both the agents clubbed together should not be for more than two children. Income of both the agents should not be clubbed for granting advance.

- x) The Education Advance shall not be granted to agents during the period of suspension. Advance shall also not be granted to agents, against whom disciplinary action is contemplated, or there is prima facie evidence of direct involvement having vigilance angle in financial impropriety, or those who have perpetrated fraud on the Corporation, or committed acts involving moral turpitude.
- xi) The advance shall be granted only for two children and only for two courses per child.
- xii) For Educational Advance, the concerned Agent has to submit the relevant receipts to the branch office within 30 days from the date of payment of the fees to the Educational Institution.
- xiii) In case, the amount as per the Demand Invoice/Letter from the College / Institution is more than the amount of advance sanctioned, the concerned agent may deposit the difference at the cash counter, if he/she so desires, in which case, payment for the entire amount (i.e. amount of advance sanctioned plus amount deposited by agent at cash counter) shall be remitted directly to the College / Institution.

8) Documents required to be submitted:

The concerned agent has to submit the following documents for availing Education Advance -

- i) An Authorization in favour of the Corporation to recover the outstanding advance (if any) from his/her dues payable to him/her or his/her legal heirs on his/her Termination/Death/Resignation etc., from the Renewal Commission, Hereditary Commission, Gratuity, Group Insurance etc.
- ii) Mark Sheets of last qualifying examination of the child.
- iii) Documents in support of Admission/Offer of Admission for the course.
- iv) Demand Invoice / Letter from Educational Institution.

9) **Format of application and process:**

The eligible agent shall submit the Application Form in the prescribed format along with **Annexure-I** at the branch office. Sales department of the Branch, after primary scrutiny, shall forward the application to the controlling Divisional Office along with recommendation of the Branch In-Charge.

10) **Sanctioning Authority:**

The Sr./Divisional Manager-in-Charge of the Division shall be the Competent Authority to sanction the Education Advance.

11) **New Account Codes for payment and recovery of Education advance -**

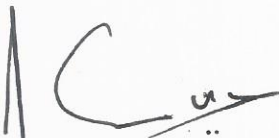
The Education Advance shall be accounted as under:

For Payment of Education Advance -A/C Code 112082 (Education advance to Club Member Agents)

For Recovery from commission -A/C Code 112083 (Recovery of Education advance from Club Member Agents)

12) While applying for the Education Advance, a prescribed Declaration Form provided vide CO Circular letter Ref: CO/Mktg./ Agency/Club Rules dated 07.09.2020, shall be obtained from the Agent declaring that none of his/her family members directly or indirectly solicits or procures or promotes Life Insurance business in any capacity for any other Person or Company or Organization, which includes Broker or Intermediary or a Life Insurance Company.

The provisions of this Circular comes into force with immediate effect.



Executive Director (Marketing/PD)& CMO

Encl : 1.Application Form

2.Annexure-I

3. Format for office note for Divisional Office.