

# **KARNATAKA GOVERNMENT INSURANCE DEPARTMENT, BANGALORE**

**No. FD 45 INS 57, Bangalore, dated 14<sup>th</sup> September, 1958.**

## **RULES**

In pursuance of Article 309 of the Constitution of India, the Governor of Karnataka hereby makes the following Rules in supersession of the existing Rules, in respect of the scheme of Compulsory Life Insurance for Karnataka Government Employees.

1. Titles – These rules may be called the Karnataka Government Servants (Compulsory Life Insurance) Rules, 1958.
2. Commencement of amendments – All Amendments made shall be published in the Official Gazette and shall come into force on the date of such publication.

## **Definitions**

3. In these Rules, unless there is anything repugnant in the subject or context:-
  - (a) “Amount due to Government means any amount payable by the insured to the Government or recoverable from the insured by the Government under any rule or order relating to his conditions of service under Government or under any security bond or contract”.
  - (b) ‘Average Pay’ means the amount equal to the mean between the minimum and maximum of the Time Scale of pay of the post held by the Insured.
  - (c) “Department” means “Karnataka Government Insurance Department”.
  - (d) “Government” means “The Government of Karnataka”
  - (e) “Hazardous occupation” means any occupation involving extra risk to life declared to be a hazardous occupation by the Director”.
  - (f) “Insured” means “The person who has assured his life under these rules”.
  - (g) “Pay” means “Pay as defined in the Karnataka Civil Services Rules, 1958”.
  - (h) “Policy” means the written document containing the contract for the payment under these rules of a certain sum of money on the occurrence of the events specified therein, in consideration of the premium paid by the Insured.
  - (i) “Prescribed” means prescribed in these rules.
  - (j) “Premium” means the amount periodically payable under the policy by the Insured.

- (k) “Proposer” means the person whose life is proposed to be insured.  
 (l) “Director” means the Director, the Karnataka Government Insurance Department.  
 (m) “State” means the State of Karnataka.

### **Guarantee**

4. The amount assured on a policy issued under these rules shall be payable from the Public Account of the Karnataka State.

### **Age**

5. (a) The age of the proposer for purposes of Insurance under these Rules shall be the age accepted for purposes of service under Government by the competent authority.
- (b) If the date of birth of an insured is altered by Government or the Head of a Department, after his policy is issued, he will be given the option either to have the original sum assured reduced or to pay the enhanced premium from the date of risk, with interest provided his increased age does not exceed 50 years on the date of risk.
- (c) The age of the proposer shall be taken to be the age at his last birthday or next birthday, whichever may be the nearest to the date on which the Proposal is accepted. If it be equidistant, it shall be taken to be the age at his last birthday.

### **Eligibility: Officers in Permanent Service**

6. “Insurance” is compulsory for Government Servant. Subject to the provisions of Rules 39, insurance under these rules shall be compulsory :-
- (i) **For every permanent Government Servant in the pensionable service of Government, from the date of communication of the order of confirmation in such post;**

Provided that nothing in this Rule shall apply to a Government servant whose age exceeds fifty years.

Provided also that the Government by order and for reasons to be specified in such order direct that this Rule shall be applicable to any Government Servant.

**Rule 6. (a)** (1):- Every Government Servant in whose case Insurance is Compulsory under these Rules, shall submit.

(i) A Non-Medical proposal (provided the bona fide proposer satisfies all the clauses stipulated in sub-rule (1)(a) of Rule 27A of these Rules).

OR

(ii) A Medical proposal and undergo medical examination; within 30 days from the date from which insurance becomes compulsory in his case under Rule 6 of these Rules.

The proposer shall however enclose along with the Non-Medical / Medical proposal, a Government Treasury/Bank Challan in token of having remitted an amount equal to Six and a quarter per cent of his average pay towards Initial Deposit of his proposal; as specified in sub-rule (1) of Rule 15 of these Rules.

(2) Any Government servant contravening the provisions of sub-rule (1) shall render himself liable to disciplinary action for misconduct except where such Government servant establishes to the satisfaction of the Director the reasons for not complying with the said provisions.

7. Omitted.

### **Minimum and Maximum Limits of Premia**

8. Six and a quarter per cent of the average pay of the Insured shall be deducted from his pay every month as premium and credited to Government in consideration of which a Life Assurance Policy in the appropriate form selected by the Insured shall be issued in conformity with the tables attached to these rules.

**TABLE**

<b>Sl No</b>	<b>Scale of Pay</b>	<b>Amount of minimum monthly premium (in Rs.)</b>
1.	9600–14550	750
2.	10400–16400	840
3.	11000–19000	940
4.	11600–21000	1020
5.	12500–24000	1140
6.	13600–26000	1240
7.	14550–26700	1290
8.	16000–29600	1430
9.	17650–32000	1550
10.	19000–34500	1670
11.	20000–36300	1760
12.	21600–40050	1930
13.	22800–43200	2060
14.	24000–45300	2170
15.	26000–47700	2300
16.	28100–50100	2440
17.	30400–51300	2550
18.	32800–52500	2670
19.	36300–53850	2820
20.	38100–55200	2920
21.	40050–56550	3020
22.	44250–60600	3280
23.	48900–63600	3520
24.	52500–73000	3920
25.	56550–79800	4260

**Note:-**

1. A Government Servant may at his option, propose insurance on a state pay higher than the average pay of the post held by him.
2. Where premia calculated at Six and a quarter per cent of the average pay results in fraction of less than fifty paise, it shall be rounded off to fifty paise; where it

results in fraction of more than fifty paise it shall be rounded off to the next higher rupees.

3. In the case of a Government Servant who has exercised the option to pay enhanced premium under Clause (b) of Rule 5, such enhanced premium even though in excess of Six and a quarter per cent of the average pay shall be deducted from his pay every month.

When the pay of an insured is increased temporarily on account of his promotion to a higher grade from which there is little chance of his reverting to this lower substantive post, the insured shall so effect such further insurance as will make the total premium to be not less than Six and a quarter per cent of the average pay in the higher grade. If he so elects, he may effect further insurance so as to make the total premium to be not less than Six and a quarter per cent of any stage pay higher than the average pay or the maximum pay of the grade to which he has been temporarily promoted subject to the proviso that the official should have served at least for a period of one year in the higher grade of pay and also that there is no likelihood of his reversion from his non-substantive post, a Certificate to that effect being obtained from the Departmental Head.

### **Procedure for Effecting Insurance**

9. A proposer shall submit to his immediate official superior his proposal for Insurance along with a Treasury/Bank Receipt in token of having remitted the amount specified in Rule 15. In the case of illiterate persons the official superior or any subordinate officer duly authorized by him in this behalf shall fill up the form.

The immediate official superior shall then forward the proposal to a Medical Officer possessing the qualifications prescribed in these rules and inform the Proposer of his having done so.

### **Medical Examination**

10. It shall be the duty of the Medical Examiner to examine the proposer and forward the proposal and the prescribed Medical Report direct to the Director in a sealed cover after obtaining the signature of the proposer to the declaration prescribed therein.

### **Qualification of the examining Medical Officer**

**11.** All Medical Officers in the service of Government (with the exception of the Joint Director (Public Health), Joint Director (Medical), Joint Director (Medical Education) of the Directorate of Health Services, the Superintendents of Vaccine Institute and the Public Health Institute and officers drafted for Public Health Research work) who have been in the service of Government for at least one year are eligible to examine proposer for Insurance under these rules, provided that:-

- (i) Assistant Surgeons (Class III) are not authorized to examine proposers when the premium proposed exceeds Rs.15/- (Rupees fifteen per mensem).
- (ii) If there should be more than one officer at a place who are eligible to examine proposers the examination has to be conducted by –
  - (a) The Seniormost of such officers, or
  - (b) The District Surgeon of the District or
  - (c) A Medical Officer to be nominated by the Director in consultation with the Director of Health Services and Ex-Officio Chief Medical Officer, Karnataka Government Insurance Department.
- (iii) Lady proposers shall be ordinarily be examined by Lady Medical Officers; however in places where no eligible Lady Medical Officer is available such proposers, with their consent, may be permitted to be examined by male doctors, who are otherwise, eligible with the assistance of mid-wives or nurses and who should certify on the medical reports that they have been so assisted in the medical examination;
- (iv) A Medical Officer who is related to the proposer by blood or by marriage shall not examine him; in such a case the proposers, as directed by his Official Superior, shall be examined by the nearest Medical Officer empowered to examine him but not related to the proposer.

### **Medical Fee**

**12.** The Examining Medical Officers will receive such fee from the Department for detailed Medical Certificates in respect of the first and further Insurance and for Ordinary Medical Certificates in respect of further insurance as may be fixed by the Government from time to time.

### **Acceptance and disposal of proposal and proposer's Responsibility**

13. A proposal for a first insurance shall be accepted on a detailed Medical Certificate and for further insurance, on an Ordinary Medical Certificate in the form prescribed, if examined within two years from the date of last detailed Medical examination, by the Officers of the Department delegated with the required powers under orders issued from time to time.
14. Whenever a proposal does not result in a policy or does not become operative for any reason within two years of the date of the Medical Certificate on which it is based, a fresh Medical Certificate in the form prescribed in necessary before its acceptance by the Department could be considered. If for such a contingency the proposer is, in the main, responsible. He will have to pay the prescribed medical fee for the Medical Certificate to be newly issued.

### **Acceptance Notice-cum-First Premium Receipt**

15. (1) The proposer shall remit to the Government Treasury/Bank an amount equal to Six and a quarter per cent of the average pay in case of First Insurance and difference of amount in case of further insurance and enclose the Treasury/Bank Receipt to the proposal for Insurance. Risk is not assumed on the submission of a Proposal for Insurance with a Treasury/Bank Receipt. When the proposal for Insurance is accepted by the Director, the Risk is assumed and the amount so deposited in Treasury/Bank is adjusted towards the First Premium.

**Note:-1.** If any change in the Proposer's occupation or general health of his/her or that of his/her family however unimportant he/she considers the same, occurs between the date of Medical Examination and the Date of Acceptance of the Proposal by the Director, the Assurance will be invalid and all moneys paid in respect thereof will be forfeited unless intimation of such events be made in writing to the Director, Karnataka Government Insurance Department and the Acceptance of the Proposal be reapproved by him.

**Note:-2.** (1) The Insurance contract under these rules shall have effect from the date of acceptance of the proposal for insurance by the Director, notwithstanding the issue of a policy on a different date.

(2) When the proposal is rejected or postponed the amount so remitted shall be refunded to the Proposer.

### **Payment of Subsequent Premia**

**16.** Subsequent premia shall be payable in advance and be recovered monthly by deduction from the pay of the insured. But when the insured is absent from duty on leave with allowance or when his salary is held over for future payment, the premia shall be realized when the leave allowance or salary is drawn. If he should obtain leave without allowance or be suspended from service or in any other case of non-recovery or non-payment of premium it should be paid in cash and if not so paid, shall be debt on his policy carrying simple interest at Nine per cent per annum and be recovered as arrears from his future pay if any in installments of not less than five per cent thereof.

### **Cessation of Service (Options open to the Insured)**

**17.** When an insured under these rules ceases to be in the service of Government before completing the age of fifty-five years, he may elect within twelve months of such cessation or date of order of the competent authority terminating his services, whichever is later, any of the following courses:-

- (i) He may continue to pay the premia due on his policy or policies until they mature on attainment of the age of fifty-five years.
- (ii) He may take a paid-up policy for a reduced sum assured, bearing the same proportion to the original sum assured as the total premia paid under the policy bears to the total premia which would have been paid if the original policy continued to be in force until the assured attained the age of fifty-five years subject to the condition that the minimum amount for which a paid-up policy could be issued under these rules shall be Rs.50/-.
- (iii) He may take the cash surrender value of the policy in accordance with the appropriate table appended to these rules:



Provided that when such an insured does not elect to deal with his policy as above, he would be entitled only to the third alternative, noted above, and the surrender value would be paid to him or to his nominee or to his nominees as laid down in Rule 25 or, in their absence, to his heirs producing authority from a competent Court of Law to receive the said amount.

### **Reduction of Pay**

- 18.** If in consequence of his pay being reduced for any reason, an insured is unable to pay the full premium the assurance covered by the policy shall be proportionately continued for the premium which the insured is able to pay but which in any case shall not be less than Six and a quarter per cent of the average pay, the remainder being converted into a paid-up policy as prescribed in Rule 17(ii).

### **Cessation of Service under Government of Karnataka**

- 19.** An insured who holds a policy issued under these Rules and who ceases to hold service under Government may discontinue payment of premia, either wholly or in part, and may obtain either a paid-up policy or take the surrender value, calculated in the manner laid down under these rules. If, however, the amount of a paid-up policy is less than Rs.50/- the case will be disposed of as for payment of surrender value.

**Note:-** When an officer however, is on deputation outside Government to the Government of India or to a State Government or to a Quasi Government Institution, he may continue to pay the premium in cash till he reverts to the Parent State.

### **Head of Account and issue of Statement of Accounts**

- 20.** Sub-Rule (1) All receipts and disbursements on account of Life Insurance under these rules shall be carried to a separate Budget Head or Heads of Accounts to be prescribed by Government from time to time and all funds under this account shall be invested in such manner as Government may deem fit.

(2) As soon as may be after the close of each year the Director shall send to each insured a statement of his account showing the opening balance as on the 1<sup>st</sup> April of the year, the total amount credited or deducted during the year and the total amount of reversionary bonus that has accrued till end of the previous valuation.

(3) The Director shall correct any error brought to his notice by the insured within two months from the date of receipt of the statement by the insured.

### **Annual Audit and Report**

- 21.** The accounts of the department shall be audited in such manner and a report submitted to Government in such form and in such manner as may be prescribed by Government from time to time.

### **Valuation**

- 22.** An Actuarial Valuation of the assets and liabilities of the funds of the Official Branch Life Insurance Scheme, conducted under these rules, shall be made once in two years as from 1<sup>st</sup> April, 1986.

### **Settlement of Claims**

- 23.** (a) Subject to its surrender in Original or Duplicate obtained under Rule 28, the sum assured by a policy which has matured on the insured attaining the age of fifty five years will be paid to the insured.

(b) If the insured is reported to be dead the sum assured by the policy will be paid to the person or persons whom the insured has, as under these rules nominated during his life time and such nomination is registered in the Department, subject to the production of satisfactory proof of death and of matters incidental thereto as required by the Director.

(c) If no such nomination has been made and registered, as noted above, the sum secured by the policy will be paid to the person or persons declared by a Competent Court of Law to be entitled to receive it.

Provided that if the sum secured by the policy does not exceed Rupees ten thousand the Director may, if he is satisfied about the right and title of the claimant and considers that undue delay or hardship will be caused by insisting on the

production of legal authority, order payment on such claimant executing an Indemnity Bond in Form-C appended to these rules with two sureties acceptable to the Director.

**24. Omitted.**

**Amount Due to Government**

1. (a) Payment under Rule 23 shall be subject to the deduction of any amount due to Government in respect of :-
  - (i) House Building Advance
  - (ii) House Purchase Advance
  - (iii) House Repair Advance
  - (iv) Advance of purchase of a conveyance
  - (v) Festival Advance.
  
- (b) A notice of the amount due to the Government shall be furnished in the prescribed form to the Director by the Head of the Office in the case of Non-Gazetted Officers and by the Accountant General, Karnataka in the case of Gazetted Officers;
  - (i) Within thirty days from the date of death in the case of a claim for payment of the assured sum arising out of death of insured.
  - (ii) Sixty days prior to the insured attaining the age of superannuation in the case of claims of payment of the assured sum arising on account of maturity of the policy.
  
- (c) If a notice is not received within the period specified in sub-rule (b), the Director shall send a reminder to the Head of the Office or the Accountant General, as the case may be and if within three months from the date of receipt of such reminder, no notice from the Head of the Office or the Accountant General, specifying the amount due to Government from the insured is received. The Director shall on the basis of the information available with him and after giving a reasonable opportunity to the person or persons entitled to the payment of the amount assured to make any representation, determine the amount due to Government.

## Nominations

25. (i) An insured may, at any time before the policy matures for payment nominate any person or persons from among his relatives by blood or marriage or who is/are a dependent/dependents to whom the money secured by the Policy/Policies shall be paid in the event of his/her death.

Provided that when any nominee is a minor it shall be lawful for the insured to appoint in the manner prescribed any person to receive the money secured by the Policy/Policies in the event of his/her death during the minority of the nominees:

Provided further that any nomination to the exclusion of wife or husband (in the case of a female Government Servant), or children shall be null and void. If subsequent to nomination the insured gets married and leaves behind wife and/or children in the case of male insured and husband and/or children in the case of a female insured, such a nomination also shall be null and void.

Where the insured has no near relative the insured may nominate any other relative or any Religious or Charitable or Social or Educational Institution or the Head of any such Institution.

**Explanation-** “For purpose of this Clause, near relative means wife/husband, children (including step-children and adopted children) father, mother, brothers or sisters and a deceased son’s widow and children dependent on the Insured”.

(ii) Any such nomination, in order to be effectual, shall unless it is incorporated in the text of the policy itself, be made by an endorsement on the policy communicated to the Department in the manner prescribed and registered in the records of the department relating to the policy and any such nomination may at any time before the policy matures for payment, be cancelled or changed by an endorsement or a further endorsement or a will, as the case may be, but, unless notice in writing of any such cancellation or change has been delivered to it, the department shall not be liable for any payment under the policy made bona fide by it to a nominee of the insured mentioned in the text of the policy or registered in its records.

(iii) The Department shall furnish to the insured a written acknowledgement of having registered nomination or a cancellation thereof or a change therein and may charge a fee not exceeding Rupees Five for registering such cancellation or change.

(iv) Where the policy matures for payment during the life time of the insured or where the nominee or, if there be more nominees than one, all the nominees die before the policy matures for payment, the amount secured by the policy shall be payable to the insured.

(v) Where the nominee or, if there be more nominees than one, a nominee or nominees survive the insured, the amount secured by the policy or policies shall be payable to such nominee or nominees who survive the insured.

### **Non-Assignability of Policies**

**26.** Policies issued under these rules are non-assignable, except as provided in these rules.

### **Payment of premium in Cash and Automatic non forfeiture Benefits**

**27. Payment of premium in cash –**

(1) (a) When an insured who has ceased to be in the service of Government elects under Rule 17(1) to continue to pay premia till his policy matures, he may be allowed to pay in cash such premia monthly, quarterly, half-yearly or yearly, as will be fixed by the Director into a Treasury of the Karnataka Government or the Bank of Mysore or its branches or its agents in the State of Karnataka; Likewise, an insured officer of the Government who is transferred to Foreign Service may be permitted by the Director to pay his premia monthly, quarterly, half-yearly or yearly provided he communicates his election to do so within three months from the date of such transfer and in the absence of such an election he will be considered to have agreed to pay the premia monthly. A grace of fifteen days shall be allowed when the premium is payable monthly and of one month when it is payable otherwise.

(b) When an Insured who has ceased to be in the service of the Government elects under Rule 17(i) to continue to pay premium in cash, as laid down in sub-clause (1)(a) of this Rule, the Director may, on requisition, supply to the insured a premium receipt book for facilitating the recording of such cash payments of premiums by the authorities of the receiving treasury or Bank.

- (2) If the insured fails to pay the premia within the days of grace the Automatic Non-forfeiture provisions (a) or (b) detailed in sub-clause (3) of this Rules, will apply.

### **Automatic Non-Forfeiture Benefits**

- (3) A policy shall not lapse by reason of non-payment of further premia but shall be kept in force in the manner and subject to the provisions set forth below:

- (a) The net cash surrender value of the policy available as on the due date of the first unpaid premium or installment, after deduction of outstanding premium and interest thereon, will be automatically applied to maintain the policy in force for such period as the net cash surrender value is sufficient to cover the overdue premia or installments thereof, with interest accrued thereon, the minimum period for which premia will be so advanced being one quarter. The Department shall have a first charge on the policy for the premia advanced, with interest therein, calculated in the above manner. In case of the policy becoming a claim while it is maintained in force under this Rule, such claim shall be considered valid subject to the deduction from the sum assured of the arrear premia with interest thereon. The insured has the option, at any time during the operation of this non-forfeiture provision, to pay up the amount advanced with interest thereon without evidence of health, or to pay one or more of the unpaid premia and thus, further extend the period for which the policy could be kept in force. In default of doing so, the policy will cease and all liability of the Department there under will terminate except to the extent of any balance of surrender value left in favour of the insured on the date of termination after adjustment of all unpaid premia with interest thereon and other amounts due to the Department. The policy, may, however be revived at any time during its currency as laid down in sub-clause (4) of this rule.
- (b) A policy shall not lapse by reason of non-payment of further premia but shall, notwithstanding such non-payment be kept alive to the extent of its paid-up value calculated in accordance with the procedure to be approved by the Director from time to time.

A policy kept alive to the extent of its paid-up value as above shall not participate in any bonus that may be declared after its conversion into a paid-up policy.

- Note:- (i) This rule does not apply when the paid-up value is less than Rs.50/-.
- (iii) The option to elect to have the benefit under this rule is exercisable either at the time of the insured comes under the provisions of sub-clause (1) of this Rule or at any time there after but during the currency of the Policy, but such option is available only once in respect of a policy and the insured may revert to sub-clause (3)(a) of this Rule after the revival. If no option is exercised the policy will be deemed to come under the Automatic Non-forfeiture provision in sub-clause (3) of this Rule.
- (4) A policy which has lapsed after the application of Automatic Non-forfeiture provision, as provides for in sub-clause (3) of this Rule, may be revived within six months from the date of its lapse by payment of all the arrears of premia and interest thereon and the production of a Declaration of Good Health in the form prescribed and signed by the insured before a Magistrate or the Chairman of a Village Panchayat or an Officer of Government, drawing a pay not less than Rs.50/- per mensem. If the insured is in foreign service he may sign such a declaration before his official superior or a Sub-Registrar of Assurances.
- (5) If the period of lapse of a policy is more than Six months but less than one year it may be revived by the Director on production of an Ordinary Medical Certificate in the form prescribed and obtained from either a Surgeon or an Assistant Surgeon (Class I) or a Medical Probationer or an Assistant Surgeon (Class II) of not less than one year's service in the Medical department. If the period of lapse exceeds one year a detailed medical certificate in the form Prescribed may be obtained, from either a Surgeon or an Assistant Surgeon, (Class I) or a Medical Probationer of not less than one year's service in the Medical Department of the Government. In a case where the monthly premium in respect of the lapsed policy or policies is Rs.10/- or less, an Assistant Surgeon (Class III) of not less than one year's service in the Medical Department of the Government may also issue the Detailed Medical Certificate in the form prescribed.
- (6) In the case of lapse of policies held by the insured retiring or being discharged on medical grounds the production of a Detailed Medical Certificate in the form prescribed is necessary to determine the question of revival.
- (7) The Insured who is living outside the State of Karnataka may obtain an ordinary Medical Certificate in the from prescribed from Private Medical Practitioners

whose names are on the Register of the Indian Medical Council or Medical Council of Local Department for over three years in the case of Medical Graduates or for over five years in the case of Licentiates. Detailed Medical Certificates in the form prescribed may also be obtained from such Medical Graduates or Licentiates in cases where the monthly premium is Rs.10/- or less. In cases where the monthly premia exceeds Rs.15/- the Detailed Medical Certificate in the form prescribed should be obtained only from a Medical Officer of or above the rank of a Surgeon in the regular service of the Government.

- (8) In all cases of lapse of policies the arrears of premia together with interest accrued thereon, shall be paid by the insured, failing which the payment of premia shall be deemed to have been discontinued and the insured shall be permitted to obtain a paid-up policy or take the surrender value as on the date of lapse, subject to deductions of all arrears of premia and interest due thereon.

**27A. Non-medical Insurance:**

(1) Notwithstanding anything contained in these rules (a) a male Government servant who has studied upto Eight Standard and who has not completed forty years of age may be eligible to get himself insured without undergoing medical examination if the monthly premium payable is less than Five hundred and ten rupees.

(b) And subject to sub-rule (2), the provisions of rules 1 to 43 shall *matatis mutandis* be applicable to insurance without undergoing medical examination under Clause (a).

(2) (i) A Government servant who desired to get himself insured without undergoing medical examination, under sub-rule (1), shall submit his proposal through his official superior who shall forward it to the Director with his remarks, if any.

(ii) The Director shall for reasons to be recorded in writing, have the power to reject any such proposal.

(iii) such a proposal which does not result in a policy within two years from the date of the proposal shall stand cancelled.

**Duplicate Policies**



**28.(a)** If a policy or paid-up policy is lost or damaged rendering its identification difficult, a duplicate thereof may be obtained on an application to the Director provided satisfactory proof of the loss of the policy or mutilation of or damage thereto and of the right to obtain a duplicate is furnished. Applications for duplicate policies shall be generally sent through the official superior of the insured to the Director. A fee of Rs.10/- shall be charged for issuing a duplicate.

(b) If a premium receipt book issued to the insured is lost or damaged or otherwise becomes unfit for use, a duplicate thereof may be issued to him on application made to the Director in that behalf, on payment of a fee of Rupees Five.

### **Miscellaneous Issue of Certified Copies**

**29.** Certified copies of the proposals for Insurance and of the personal statements made before the Medical Examiner will be supplied to the insured on payment of a fee of Rupees Five per copy.

### **False Information**

**30.** Subject to the provisions contained in Rule 37, any statement or representation made, or information furnished by an insured or evidence produced by him, which is false to his knowledge or could have known to be so after due normal diligence, on inquiry in respect of any material fact relating to the insurance of his life under these rules shall render the policy null and void and the premia paid by him shall be forfeited to Government.

### **Female Lives**

**31.** Omitted.

### **Lives exposed to Extra Risk**

**32.** In the case of lives exposed to extra risk either on account of employment in hazardous occupation or defects in the personal or family history of the proposer, the

Director reserves to himself the right to accept the proposal on such special terms and conditions as he considers fit.

### **Reduced Premia for Residences in Healthy Climate**

33. Omitted.

34. Rules applicable to payment of claims on policies shall as far as may also be apply to payment of claims for refund of excess premia and other sums.

### **Alteration in the Policy**

35. Director may accept application on payment of Rs.2/- in each case for offering alterations in the terms and conditions subject to which policies have already been issued and pass suitable orders on the merits in each case.

### **Good Faith**

36. No suit or other legal proceedings shall lie against any officer in respect of anything in good faith done or intended to be done in pursuance of these rules.

### **Indisputability of Policies**

37. No policy effected after the coming into force of these rules shall, after the expiry of two years from the date on which it was effected, be called in question by the Department on the ground that a statement made in the proposal for insurance or on any report of a Medical Officer, or referee, or a friend of the Insured, or in any other document leading to the issue of the policy, was inaccurate or false, unless the Department shows that such statement was on a material matter or suppressed facts which it was material to disclose and that it was fraudulently made by the insured and that he knew at the time of making it that the statement was false or that it was based on suppressed facts which it was material to disclose:

Provided that nothing in this Rule shall prevent the Department or Government from calling for proof of age at any time during the currency of the policy or at the stage of proposal and no policy shall be deemed to be called in question merely

because the terms thereof are adjusted on subsequent proof that the age of the Insured was incorrectly stated at the beginning.

### **Suicide**

**38.** Policies which have been in force for at least one year are not rendered void by the death of the insured by suicide.

#### **Insurance in respect of officers allotted from integrated areas**

**39.** Insurance by certain Government Servants allotted to the State of Karnataka the provisions of the rules shall be applicable with effect from the first day of April, 1959, to all Government Servants allotted or deemed to be allotted to the State of Karnataka, under Section 115 of the States Re-organization Act, 1956 (Central Act 37 of 1956) subject to the following conditions namely:-

- (1) Government Servants who have been making payments in accordance with the provisions of the Madras Contributory Provident Pension-Insurance Rules, 1950 shall so long as they are governed by the said Rules, not be liable to insure under these rules;
- (2) Government Servants who immediately before the 1<sup>st</sup> day of April, 1959, have been making payments.
  - (i) As subscription to a Government Provident Fund;
  - (ii) As premium in respect of Insurance Policies of the Life Insurance Corporation of India;
  - (iii) As premium in respect of Insurance Policies under the Hyderabad State Life Insurance Fund Rules;
  - (iv) As premium in respect of Insurance Policies under the Postal Life Insurance and Endowment Assurance Rules; shall
    - (a) If the total amount so paid as on 15<sup>th</sup> April, 1971 is equal to or more than Six and a quarter per cent of their average pay as on 15<sup>th</sup> April, 1971, not be liable to insure under these rules as long as the amount so paid does not fall short of Six and a quarter per cent of their average pay;
    - (b) If the total amount so paid as on 15<sup>th</sup> April, 1971 is less than Six and a quarter per cent of their average pay, be liable to insure under these rules to the extent of the difference between Six and a quarter per cent of their average pay and the total amount so paid;
    - (c) If at any time after the 15<sup>th</sup> April, 1971, the total amount in Clause (a) or (b) falls short of Six and a quarter per cent of their average pay either;
      - (i) By lapse of policies of insurance; or

- (ii) By the taking of paid-up policies; or
- (iii) By obtaining surrender value in respect of policies;

be liable to insure under these rules to the extent of the difference between Six and a quarter per cent of their pay at that time and total amount, if any, then so paid.

### **Savings**

Notwithstanding the amendments made to be said rules by these rules, a Government Servant who has at his option insured on a higher stage of his time scale of pay under Note 1 to Rule 8 of the said rules, shall be entitled to continue to pay the premium every month at the rate of Six and a quarter per cent of his pay and shall not be liable to make further Insurance as the amount paid by him as premium does not fall short of Six and a quarter per cent of his average.

**39-A.** Insurance by certain Central Government Employees transferred to the State of Karnataka. The provisions of rule 39 mutatis mutandis, apply to Central Government Employees who have been transferred to the services of the State Government, with effect from the 1<sup>st</sup> November 1956.

### **Loans on Policies**

**40.** Grant of Loans- (1) A loan not exceeding 90 per cent of the surrender value of the policy calculated in the manner provided in sub-rule (2) may be granted to the insured by the Director for the following purposes, namely:-

- (a) For paying the cost of education beyond the High School stage of the insured or of any person who is a member of his family provided that such education is of a duration of not less than three years;
- (b) For paying the expenses of the insured in connection with the prolonged or serious illness of the insured or of any member of his family;
- (c) For paying the expenses in connection with the marriage of insured or of any person who is a member of his family;
- (d) For the purpose of building a house including the cost of site or acquiring a suitable house and also for additions or alterations to and reconstruction of the house;

- (e) For paying the obligatory expenses which by customary usage, the insured has to incur in connection with funerals or other ceremonies of any member of his family;

Provided that the loan granted shall not be less than fifty rupees.

**40.Sub-rule** (1) “Provided further that the Director may sanction a loan for purposes other than those mentioned above if he is satisfied that the Insured bona fide requires the loan applied for;

(2) The surrender value of the policy for purposes of sub-rule (1) shall be specified in the appropriate table referred to in rule 17.

(3) A loan under this rule shall not be granted in respect of a policy which is not in force for at least three complete years.

(a) A loan under this rule shall not be granted in respect of a policy given as an additional security for the repayment of a house building, house purchase or house repair advance made to the insured.

(b) No loan under this rule shall be granted if monthly net salary of the Insured after all deductions (including the deduction in respect of the loan proposed for sanction) is less than fifty per cent of his monthly gross emoluments.

Explanation:- For the purpose of this sub-rule-(i) if both husband and wife are Government Servants, the “net salary” and “gross emoluments” shall be the net salary and gross emoluments of both of them put together and “deductions” shall be the total deductions from the salary of both of them.

(ii) “gross emoluments” of an insured who has taken house building or house purchase advance shall be his gross emoluments as increased by an amount equal to 7/12 per cent of the house building or house purchase advance”.

(4) An application for grant of loan under this rule shall be made in Form ‘A’ appended to these rules.

(5) At any time after the expiry of two years from the date of sanction of loan, the insured may, on an application made in this behalf, be sanctioned a further loan subject to the following conditions, namely:-

- (i) The balance of outstanding loans with interest and premia with interest, if any, are adjusted out of the second loan;
- (ii) The amount after deducting the amount specified in item (1) above, payable is not less than one hundred rupees; and
- (iii) The insured is capable of repaying the loan and interest thereon in the prescribed number of instalments or before he attains the age of superannuation, whichever is earlier.”

“Explanation:- For the purpose of this rule, “a member of his family” means, husband, wife, son, adopted son, step-son, daughter, adopted daughter, step daughter, father, mother, step-mother, brother, step-brother, sister or step-sister of the insured who is actually dependent on him”.

### **Interest**

- 41.** Simple interest at the rate of nine per cent per annum shall be charged on the loan granted under Rule 40.

### **Security for the Loan**

- 42.** The policy shall be assigned by the insured in favour of the Governor of Karnataka by way of security for the loan granted under Rule 40. The assignment of the policy shall be in form ‘B’ appended to these Rules.

### **Recovery of Loan**

- 43.** (1) The loan granted under Rule 40 shall be recovered by deductions from the pay of the Insured in such number of equal monthly installments not exceeding forty-eight as the Director may determine, commencing from the month following that in which the loan has been drawn. The installments will be fixed in whole rupees. In no case shall be the period of recovery extends beyond the date of superannuation of the Insured.
- (2) The Insured who has obtained the loan may repay more than one installment in any one month.

(3) The interest due on the loan shall be recovered in one or more installments as may be determined by the Director commencing from the month following that in which the repayment of the Principle is completed where such recovery is made in installments the amount of each installment shall not be appreciably greater than the amount of installment towards principle.

(4) Whenever the insured is absent from duty on leave with allowance or when his salary is held over for future payment the installment shall be recovered when the leave allowance and salary is subsequently drawn.

(5) In case the Insured is suspended from service or is on leave without allowance and in all other cases where the installment cannot be deducted from his salary, the amount due towards the installments shall be paid in cash and if not so paid the interest at nine per cent per annum compounded half yearly will be charged and recovered from his future pay.

#### **Refund of Loan in case of its utilization for purposes other than Prescribed Purposes**

**44.** If after a loan has been drawn by the person to whom it is granted, the Director has reasons to believe that the purpose for obtaining a loan mentioned in the application is incorrect or that the loan has not been utilized for the purposes for which it was granted, he may notwithstanding the grant of installments, direct that the entire loan of portion thereof which is outstanding be recovered with interest in such number of installments as the Director may, in his discretion, decide.

**45.** “Savings: Notwithstanding the supersession of the existing rules by these rules, the provision of Section 6 of the General Clauses Act, 1897 (Central Act 10 of 1897), shall be applicable as if the existing rules had been repealed by a Central Act and the provisions of Section 24 of the said Act shall be applicable as if the existing rules has been repealed and reenacted by a Central Act.”

## FORM A

(See Rule 40)

**KARNATAKA GOVERNMENT INSURANCE DEPARTMENT****(Life Branch)****Application for Loan**


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1. Name and Designation of the Insured:

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2. Name of the Office in which he/she is employed and the month of recovery of the last monthly premium.

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3. Policy Number/s

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3-A. Particulars of the pay drawn, total deductions from the pay, the nature of such deductions and net pay drawn.

Gross salary Rs....  
Total Deductions Rs....  
(to be shown separately)

(i) Premium on Official Branch Policies Rs....  
(ii) L.I.C. Premium Rs....  
(iii) Cycle Advance Rs....  
(iv) Festival Advance Rs....  
(v) Other deductions Rs....

Net pay drawn Rs....

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4. Full particulars of the purpose or purposes for which the loan is required (necessary certificate/s should also be enclosed....)

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5. Amount of loan required...

---

6. The number of instalments in which the loan is proposed to be repaid (not exceeding 48 instalments including

---



- 
- interest according to rule 43)...
- 
7. Name of the Treasury or Bank where the payment of loan is desired...
- 
8. Are the following documents enclosed:-
- (1) Policy ...
  - (2) Assignment Deed ...
  - (3) Certificate required in column 4 above ...
  - (4) Premium receipt book (Rule 27 cases) ...
  - (5) Payee's Receipt ...
- 

I have read the relevant rules regulating the grant of the loan applied for as also the instructions appended to this form and I do hereby declare that the particulars stated above as well as those mentioned in the enclosed certificates are correct and that I shall spend the amount received only towards the purpose or purposes mentioned above.

“I also declare that I have not drawn any House Building/House Purchase or House Repair Advance on the security of the policy/policies mentioned in this application.”

Place .....  
Date.....

Signature of the Applicant

I hereby certify that the particulars stated above are correct to the best of my knowledge and belief and that the above signature of Sri/Smt.....\* holder of the Life Branch Policy No..... and the premium due for the month of ..... in respect of the above Policy has been recovered from the pay of the insured disbursed in .....

Forwarded to the DIRECTOR, KARNATAKA GOVERNMENT INSURANCE DEPARTMENT FOR FAVOUR OF NEEDFUL ACTION

Place .....  
Date.....

Signature of Pay Drawing Officer  
Designation .....

### **Instructions to the Applicants**

1. The policy should be in force for at least three complete years on the date of application.
2. The amount of loan is limited to 90 per cent of the Surrender Value of the Policy and the loan is granted in multiples of Rupees ten only. No loan for less than Rs.50/- will be granted at a time.
3. The loan and loan interest along with the usual monthly premium shall be recovered by deduction from the pay of the Insured in equal monthly installments not exceeding forty-eight.
4. Loan will be granted only on the security of a Original Policy or a duplicate obtained under Rule 28(a) of the Karnataka Government Servant's (Compulsory Life Insurance) Rules, 1958.
5. The purpose or purposes for which the loan is required may please be stated in full so as to satisfy the Department. The expenses incidental to illness, the name of the patient and his relation to the subscriber, the name of the disease, etc., be given and the certificate of the Physician or Surgeon who is attending to the patient may be enclosed. In case of marriage the name of the dependent (stating relation) who is to be married, whether the marriage has been finally settled or is likely to be settled, whether the date has been fixed, if so, the probable date, may be mentioned. If the loan is required for education purposes (above the High School Standard) the names of the persons who are being educated, their relation to the subscriber, their ages, the classes in which they are studying may be mentioned and certificate of the Educational Institution may be appended to the application.
6. The attention of the applicant is invited to Rule 44 of the Karnataka Government Servant's (Compulsory Life Insurance) Rules, 1958 which provides for disallowing the granted loan and its immediate recovery, if it is found that the purpose or purposes mentioned in the application are incorrect or that the amount sanctioned has not been utilized or is not being utilized for the object for which it was sanctioned.
7. If a Government Servant has stood surety to another Government Servant for the purpose of the latter taking House Building/House Purchase or House Repair Advance, then loan cannot be granted on the policies held by either the former or latter that is both of them.

**FORM B**  
**(See Rule 42)**  
**ASSIGNMENT FORM**

(To be executed on A stamp paper of appropriate value if not executed on the back of the Policy)

I, ..... son/daughter of .....aged ..... years, in consideration of the loan I have taken or take in the Karnataka Government Insurance Department under Order No..... dated..... do hereby assign and transfer as beneficial owner, all my right, title and interest in the Policy No..... bearing date ..... granted by the Director, Karnataka Government Insurance Department on my life for a sum of Rs..... (sum assured to be entered) and all moneys assured by or to become payable by or under the same to the Governor of Karnataka (hereinafter called the Karnataka Government Insurance Department) and declare that the receipt or receipts or book adjustments by the Karnataka Government Insurance Department for any sum or sums of money to be received or adjusted by it under or on account of the said policy shall discharge the Insurance Department from all responsibility in respect of the application of such money as effectually and to all intents and purposes as if such receipt or receipts or adjustments were assigned or effected by myself, my heirs, executors administrators and assigns.

I do hereby covenants that I shall not do or knowingly suffer anything to be done whereby the said policy may be rendered void or voidable or the said Government Insurance Department may be prevented from receiving or adjusting the policy money or any part thereof:

Provided always that, I the said Sri/Smt..... my heirs, executors, administrators and assigns reserve the right of repaying in full at any time the loans outstanding against my account in the book of the Karnataka Government Insurance Department together with accrued interest either in cash or adjustment from the Policy moneys payable and thereafter get the policy re-assigned in favour of my heirs, executors, administrators and assigns.

**Dated.....** .....

**Place.....** **Signature of the Assigner**

**Witness:**

**Signature.....** **Designation.....**

**Designation.....** **Address.....**

Address.....  
 .....

**TABLE I**

**Endowment Assurances with profits payable on the Assured attaining the age of 55 years or at death, if earlier, for a monthly premium of Rs.1/- only.**

Age	Assurance in rupees	Age	Assurance in rupees	Age	Assurance in rupees	Age	Assurance in rupees	Age	Assurance in rupees
20	436	27	338	34	247	41	161	49	66
21	422	28	324	35	235	42	149	50	54
22	408	29	311	36	222	43	137		
23	394	30	298	37	210	44	126		
24	380	31	285	38	198	45	115		
25	366	32	272	39	185	46	99		
26	352	33	259	40	173	47	87		
						48	77		

Note- (i) These rates apply to first class lives only. Rates for second class lives will be quoted in individual cases.

(ii) The rates for ages 18 and 19 are the same as those for age 20.

**TABLE II**  
 Omitted\*

**TABLE III**

The following table of Single premia will appear as an appendix to the Insurance Rules.

Age	Single Premium	Age	Age	Single Premium	Age	Age	Single Premium	Age	Age	Single Premium	Age
<b>20</b>	.40891	20	29	.50820	29	38	.63405	38	47	.79918	47
<b>21</b>	.41883	21	30	.52072	30	39	.65014	39	48	.82087	48
<b>22</b>	.42901	22	31	.53357	31	40	.66673	40	49	.84339	49
<b>23</b>	.43947	23	32	.54676	32	41	.68384	41	50	.86680	50
<b>24</b>	.45020	24	33	.56032	33	42	.70150	42	51	.89116	51
<b>25</b>	.46122	25	34	.57424	34	43	.71973	43	52	.91657	52
<b>26</b>	.47251	26	35	.58855	35	44	.73858	44	53	.94310	53
<b>27</b>	.48411	27	36	.60329	36	45	.75809	45	54	.97087	54
<b>28</b>	.49600	28	37	.61845	37	46	.77827	46			

Note- (i) Rated-up cases must be taken at their true age in using this table.

(ii) The cash surrender value of an endowment Policy is the product of the Paid up policy amount arrived at as indicated in Rule 17(ii) and the Single premium for the completed age of the insured.

**TABLE IV**

**Table of the Multiplying factor for the calculation of Surrender Value of whole life Policy.**

<b>Age</b>	<b>Multiplying factor</b>	<b>Age</b>	<b>Multiplying factor</b>	<b>Age</b>	<b>Multiplying factor</b>	<b>Age</b>	<b>Multiplying factor</b>
<b>20</b>	.16862	32	.24110	44	.34161	56	.47743
<b>21</b>	.17371	33	.24824	45	.35152	57	.49015
<b>22</b>	.17900	34	.25561	46	.36171	58	.50304
<b>23</b>	.18443	35	.26323	47	.37224	59	.51609
<b>24</b>	.19005	36	.27100	48	.38295	60	.52923
<b>25</b>	.19581	37	.27910	49	.39396	61	.54248
<b>26</b>	.20176	38	.28719	50	.40519	62	.55581
<b>27</b>	.20791	39	.29561	51	.41667	63	.56919
<b>28</b>	.21415	40	.30434	52	.42838	64	.58262
<b>29</b>	.22762	41	.31328	53	.44034	65	.59605
<b>30</b>	.22029	42	.32243	54	.45253		
<b>31</b>	.23410	43	.33190	55	.46486		

Note- (i) Rated-up cases must be taken at their true age in using this table.

(ii) The cash surrender value of a Whole Life Policy is the product of the Paid up policy amount arrived at as indicated in Rule 17(ii) and the multiplying factor against the age of the insured next birthday.

**FORM C**

**(See Rule 23)**

**Form of Bond of Indemnity for drawing the Insurance Amount due on the Policy held by the Deceased Insured.**

**INDEMNITY BOND**

Agreement executed this the ..... day of ..... by Sri/Smt..... son of/Daughter of ..... aged..... occupation ..... residing at ..... Hereinafter called the PAYEE (which term shall include his/her heirs, assigns and representatives) and (i) Sri..... Son of ..... aged..... occupation ..... residing at..... hereinafter called the sureties (which term shall include their heirs, assigns and representatives) in favour of the Governor of Karnataka, hereinafter called the Government.

*Whereas* a sum of Rs..... (Rupees.....) is payable under the Policy/Policies Nos..... held by the deceased insured..... In the Karnataka Government Insurance Department, Bangalore to the legal heirs of the said Insured;

*And Whereas* the payee has put in a claim for payment of the aforesaid sum representing that he/she is the legal heir of deceased insured.

*And Whereas* the Director, Karnataka Government Insurance Department, Bangalore, has agreed to pay the aforesaid sum to the payee as the legal heir of the deceased insured on his/her executing along with sureties, a covenant of the nature hereinafter appearing;

*And Whereas* the sureties have agreed to stand sureties to the Payee and to execute the Bond in the terms and manner hereinafter appearing;

These presents witness that after payment has been made to the Payee in pursuance of the said agreement, the Payee and the sureties above named jointly and severally, shall in the event of a claim being made by any other person against the Government with respect to the aforesaid sum of Rs..... refund to the Government the said sum of Rs..... and shall otherwise indemnify and keep the Government harmless and indemnified against and from all liabilities in respect of the aforesaid sum and all costs incurred in consequent of the claim thereto. The amount if any to be refunded to Government by the payee or the surety shall be recovered as if it were arrears of Land Revenue.

*In Witness Whereof* the said, we .....  
..... and ..... Have hereunto put our hands.

- (1) .....
- (2) .....
- (3) .....

Signed and delivered by above named payee and sureties in the presence of:

Witness:-  
 (1).....  
 Occupation.....  
 Address.....

Witness:-  
 (2).....  
 Occupation.....  
 Address.....

N.B.- To be executed on a sufficient Stamp Paper under the provisions of the Stamp Act.