

KARNATAKA GOVERNMENT INSURANCE DEPARTMENT, BANGALORE

No. FD 45 INS 57, Bangalore, dated 14th 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.

- (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

1. "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.

Minimum and Maximum Limits of Premia

2. 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.
 1. 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

3. 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

4. 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.

Acceptance and disposal of proposal and proposer's Responsibility

5. 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.
6. 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 is 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

7. 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.

Payment of Subsequent Premia

8. 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)

9. 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

10. 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).

Settlement of Claims

11. (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.

Nominations

- 12.** 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.

Payment of premium in Cash and Automatic non forfeiture Benefits

13. 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.

- (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 form 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 premium 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 mutatis 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

14.(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

15. 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.

Indisputability of Policies

16. 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.

Loans on Policies

17. 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.

Interest

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

Recovery of Loan

19. (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 the period of recovery extend 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**

20. 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 or portion thereof which is outstanding be recovered with interest in such number of installments as the Director may, in his discretion, decide.