



# भारतीय जीवन बीमा निगम

## Life Insurance Corporation of India

Marketing / CRM Department, Central Office,  
3<sup>rd</sup> Floor (West Wing), "Yogakshema", Jeevan Bima Marg, P.O.Box No. 19953, Mumbai 400 021  
Tel: 5659 8358, Fax: 22825829, E-mail: [co\\_marketingcs@licindia.com](mailto:co_marketingcs@licindia.com)

### **ASSIGNMENT**

#### **(A) What is Assignment?**

- An Assignment is a transfer of right, title and interest under a life insurance policy which can be done by a person who is entitled to the policy moneys.
- Assignment under a life insurance policy is governed by the section 38 of Insurance Act 1938.

#### **(B) Who can do it?**

- The Assigner should be a major and competent to contract. The Assignee may be a minor, but under such circumstances, an appointment of an appointee is advisable to administer the policy during the minority of the Assignee.

#### **(C) Types of Assignment:**

- The Assignment can be an "Absolute" or a "Conditional". Under conditional assignment, the right, title and interest under the policy revert back to the Assigner on his surviving to the term of the policy. While under absolute assignment, the right, title and interest never reverts back to the assigner unless the policy is reassigned by the assignee.

#### **(D) Procedure:**

- The Assignment can be executed on the policy document or on a separate stamp paper.
- There should be a valuable consideration for making a legal assignment e.g. the policy can be assigned towards collateral security against a loan. The policy can also be assigned for natural love and affection.
- The Assignment is required to be registered with the Insurance Company by sending a copy of Assignment along with notice of the Assignment. The notice can be issued by either the Assigner or the Assignee. The LIC insists for Form No.5289 from the Assignee for registration of an assignment.
- The nomination under a policy automatically stands cancelled as soon as the policy is assigned. A fresh nomination will be required when the policy is re-assigned in favour of the life assured.
- An Assignee can further assign the policy.

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