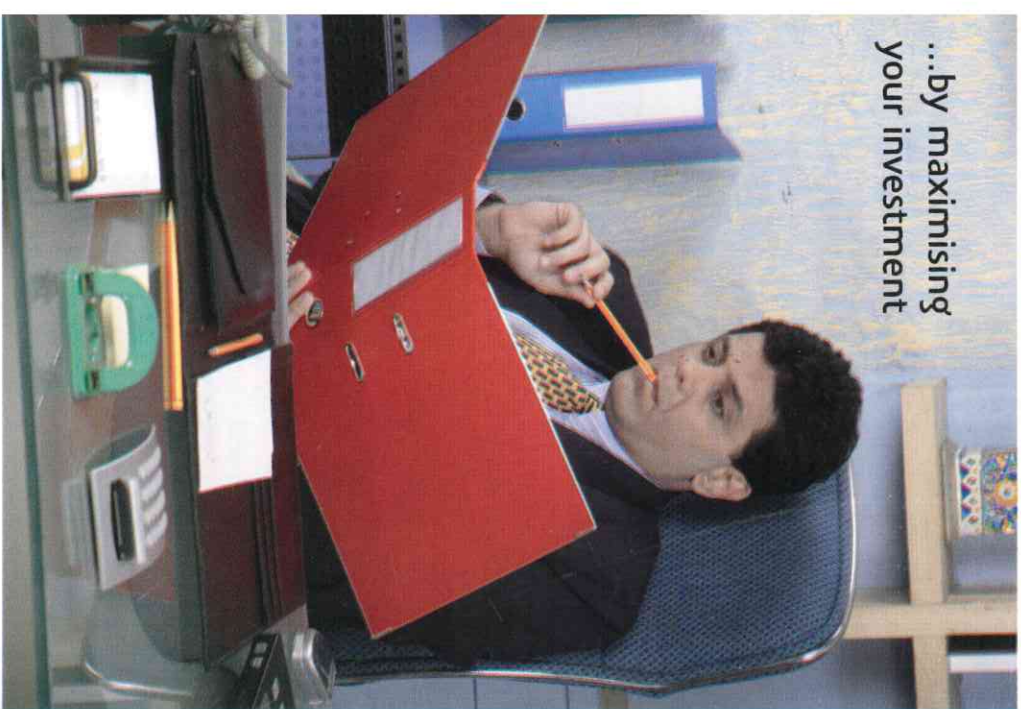


...by maximising  
your investment



#### About Reliance Life Insurance Company Limited

Reliance Life Insurance is an associate company of Reliance Capital Limited, a part of the Reliance Anil Dhirubhai Ambani Group. Reliance Capital is one of India's leading private sector financial services companies, and ranks among the top 3 private sector financial services and banking companies, in terms of net worth. Reliance Capital has interests in asset management and mutual funds, stock broking, life and general insurance, proprietary investments, private equity and other activities in financial services.

Reliance Anil Dhirubhai Ambani Group also has presence in Communications, Energy, Natural Resources, Media, Entertainment, Healthcare and Infrastructure.

#### Prohibition of Rebate: Section 41 of the Insurance Act, 1938 states:

- 1) No person shall allow or offer to allow, either directly or indirectly, as an inducement to any person to take out or renew or continue an insurance in respect of any kind of risk relating to lives or property in India, any rebate of the whole or part of the commission payable or any rebate of the premium, shown on the policy, nor shall any person taking out or renewing or continuing a policy accept any rebate, except such rebate as may be allowed in accordance with the published prospectuses or tables of the insurer.
- 2) Any person making default in complying with the provisions of this section shall be punishable with a fine which may extend to five hundred rupees.

Reliance Life Insurance Company Ltd. is a licensed life insurance company registered with Insurance Regulatory & Development Authority (IRDA) (Registration No. 121 in accordance with provisions of the Insurance Act, 1938.

#### Section 45 of the Insurance Act:

No policy of life insurance effected before the commencement of this Act shall after the expiry of two years from the date of commencement of this Act and no policy of life insurance effected after the coming into force of this Act shall after the expiry of two years from the date on which it was effected, be called in question by an insurer on the ground that a statement made in the proposal for insurance or in any report of a medical officer, or referee, or friend of the insured, or in any other document leading to the issue of the policy, was inaccurate or false, unless the insurer 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 policyholder and that the policyholder knew at the time of making it that the statement was false or that it suppressed facts which it was material to disclose.

Provided that nothing in this section shall prevent the insurer from calling for proof of age at any time if he is entitled to do so, and no policy shall be deemed to be called in question merely because the terms of the policy are adjusted on subsequent proof of the age of the life insured.

## RELIANCE Life Insurance

Anil Dhirubhai Ambani Group

Call us on 30338181  
sms INSURE to 6161  
[www.reliance.life.co.in](http://www.reliance.life.co.in)

#### Registered Office

H Block, 1st Floor, Dhirubhai Ambani Knowledge City,  
Navi Mumbai, Maharashtra 400 710, India.

#### Corporate office

1st Floor, Midas Wing, Sahar Plaza, Andheri-Kurla Road,  
Andheri (E), Mumbai 400 059.

This product brochure gives the salient features of the plan only. For further details on all the conditions, exclusions related to Reliance Group Gratuity Plan please contact your Relationship Manager.

Reliance Life Insurance Company Limited

Insurance is the subject matter of the solicitation

EB/Group Gratuity Brochure/Version1.0/2nd March 2007

## Reliance Group Gratuity Plan

innovative  
solutions for  
long term gain...



RELIANCE Life Insurance  
Anil Dhirubhai Ambani Group

A Reliance Capital Company



# Maximize your investments for a better future

Several of your employees probably own a home or a car and paying mortgages.

In order to maintain this lifestyle they need continuous income throughout their life.

As caring employer you pass on the responsibility of managing your employee's future in our hands and be in win – win situation.

## Introduction

**"In this policy, the investment risk in investment portfolio is borne by the policy holder"**

The Indian Government introduced the Payment of Gratuity Act in 1972. Generally gratuity accrues at a rate of 15 days last drawn salary per year of service for each employee or as defined by the trust deeds. Gratuity is payable immediately on cessation of employment, provided the employee has continuous service of at least five years. The five year provision does not apply on death or disablement of the employee. Gratuity by nature is a medium- to long-term liability of the employer and accordingly an appropriate medium- to long-term investment strategy should be adopted by trustees to match assets and liabilities.

Liability for your employees' Gratuity is often the trickiest thing to forecast accurately and manage well. While doing so you may come across some pertinent questions: What is my true liability for employees' gratuity? How do I manage this liability? Am I maximizing my potential tax benefit? Am I rewarding my most valuable employees adequately? Am I matching long-term liabilities under Gratuity with my investment strategy? Are my Gratuity assets professionally managed?

We at Reliance Life Insurance Company Limited can be of help to find answers to most of these very relevant questions. We can assist you to meet your obligations under the Payment of Gratuity Act while providing innovative solutions and delivering long-term results for your investment through our Reliance Group Gratuity Plan. You can also transfer your existing gratuity liability managed under some other funds to Reliance Life Insurance Company Limited.

## Reliance Group Gratuity Plan

This is a unit linked group Gratuity product with three different fund options, namely Capital Secure, Growth and Balanced Funds. It enables employers / trustees with more than 20 employees to outsource the management of their employees' Gratuity Funds and the related administration to Reliance Life Insurance Company Limited.

## Policy Conditions

Minimum/Maximum annual past service Gratuity contribution - Rs.200000/no limit  
Minimum/Maximum Entry Age - 18 years last birthday/64 years last birthday  
Maximum Maturity Age - 65 years last birthday  
Minimum Policy Term - 1 year  
Minimum/maximum Insured death benefit sum assured - Rs.1000 per member/no limits

## The Plan

The Reliance Group Gratuity Plan is a unit linked Plan where the employer can choose for each member past service gratuity to be paid out to the employee and a level of insured death

benefit, subject to a minimum insured death benefit of Rs.1000 per member. This insurance premium will be quoted by us and will be payable over and above the past service gratuity liability contributions. Each past service gratuity liability contribution received will be utilized to purchase units in the unit-linked funds chosen by the employer / trustees. The fund options have different time horizons, risk profiles and return levels.

■ **Capital Secure Fund:** The investment objective of the Capital Secure fund is to maintain the value of all past service gratuity liability contributions (net of charges). The current asset allocation limits are: 100% Government securities and bank deposits with duration of less than 180 days. Time horizon - Short, Risk Level - Low, Level of expected returns - Low

The contributions in Capital Secure Fund must not exceed 20% of the total allocated contributions at any time.

■ **Balanced Fund:** The investment objective of the balanced fund is to provide policyholders with investment returns which exceed the rate of inflation in the long term while maintaining a low probability of negative investment returns. The current asset allocation limits are: 80% min Government securities and corporate bonds & 20% max Equities. Time horizon - Medium, Risk Level - Low-medium, Level of expected returns - Medium

■ **Growth Fund:** The investment objective of the Growth fund is to provide policyholders with investment returns which exceed the rate of inflation in the long term while maintaining a moderate probability of negative investment returns. The current asset allocation limits are 60% min in Government securities, corporate bonds and bank deposits & 40% max in Equities. Time horizon - Long, Risk Level - Medium-High, Level of expected returns - Medium

## Unit Pricing

The unit price of each fund will be calculated on a daily basis.

Total Market Value of assets plus/less expenses incurred in the purchase/sale of assets plus Current Assets plus any accrued income net of fund management charges less Current Liabilities less Provision

**Unit Price =**  
Total Number of units on issue (before any new units are allocated / redeemed)

The **Unit Pricing** shall be computed based on whether the Company is purchasing (appropriation price) or selling (expropriation price) the assets in order to meet the day to day transactions of unit allocations and unit redemptions i.e. the Company shall be required to sell/purchase the assets if unit redemptions/allocations exceed unit allocations/redemptions at the valuation date.

The **Appropriation Price** shall apply in a situation when the Company is required to purchase the assets to allocate the units at the valuation date as stated above. This shall be the amount of money that the company should put into the fund in respect



of each unit it allocates in order to preserve the interests of the existing unit holders

The **Expropriation Price** shall apply in a situation when the company is required to sell assets to redeem the units at the valuation date as stated above. This shall be the amount of money that the company should take out of the fund in respect of each unit it cancels in order to preserve the interests of the continuing unit holders.

### Allocation of units

The company applies premiums to allocate units in one or more of the unit-linked funds in the proportions which the policyholder specifies. In case of New Business, units shall only be allocated on the day the proposal is completed and results into a policy by the application of money towards premium. In the case of renewal premiums, the premium will be adjusted on the due date, whether or not it has been received in advance. (This assumes that the full stipulated premium is received on the due date.)

In respect of premiums received or funds switched up to 4.15 p.m. by the company along with a local cheque or a demand draft payable at par at the place where the premium is received, the closing NAV of the day on which the premium is received or funds switched, shall be applicable. In respect of premiums received after 4.15 p.m. by the company along with a local cheque or a demand draft payable at par at the place where the premium is received, the closing NAV of the next business day shall be applicable.

In respect of premiums received with outstation cheques or demand drafts at the place where the premium is received, the closing NAV of the day on which cheques / demand draft is realized shall be applicable.

### Redemptions

In respect of valid applications received (e.g. Surrender, Benefit Payment, Switch Out etc) up to 4.15 p.m. by the insurer, the same day's closing NAV shall be applicable. In respect of valid applications received (e.g. surrender, benefit payment, switch out etc) after 4.15 p.m. by the insurer, the closing NAV of the next business day shall be applicable. The NAV for each segregated Fund provided under this product shall be made available to the public in the print media on a daily basis. The NAV will also be displayed in the web portal of the Company.

### Benefits under the Plan

The exact benefits for a scheme under this Plan will depend on the individual employer's Gratuity Scheme. Generally, the contingencies for Benefit Payment and the benefit level will be as given below:

- Death of employee in service- past service gratuity plus insured death benefit amount
- Disability of employee in service - past service gratuity

- Retirement of employee - past service gratuity
- Resignation / early termination of service of the employee: past service gratuity

### Surrender of Policy

If the employer / trustees decide to surrender their policy, Reliance Life Insurance Company Limited will pay a surrender benefit equal to the fund value minus the surrender charges, if any.

All benefits, except for insured death benefit amount, shall be payable by canceling units at the prevailing unit price. The liability of the insurer for a scheme will be limited to the fund value plus the insured death benefit amount under the scheme.

### Discontinuance of Insurance Premium payment

A policy shall lapse if insurance Premiums along with Gratuity Contributions are not paid within the grace period of 30 days.

Under a lapsed policy, the life cover will continue. The insurance premium will be collected by canceling units. The policy will continue to participate in the performance of unit funds chosen by the policyholder.

If the policy is not revived within the period of revival of 5 years from the due date of the first unpaid premium, the surrender value, if any will be paid at the end of period allowed for revival and the contract will be terminated.

**Revival of discontinued policy** - A policyholder may revive a policy by recommencing the payment of insurance premiums along with Gratuity contributions at any time within a period of 5 years from the due date of first unpaid insurance premium

**Payment of Gratuity Liability Contributions along with Insurance Premium** - For a newly set up gratuity trust, the past service gratuity liability contribution can be paid either in a lump sum or in installments spread over not more than 5 years. For an existing scheme, the annual Gratuity Liability contributions along with Insurance Premium can be paid either in yearly or half-yearly or quarterly or monthly installments.

### Insurance Premium

It means the amount payable to keep the insured death benefit in force. It will depend on the attained age at start of policy year, the amount of insured death benefit and occupation class.

### Grace Period

There is a grace period of 30 days from the due date for the payment of the Insurance Premium along with Gratuity contributions. If Insurance Premium along with Gratuity Contribution is payable monthly, the grace period will be 15 days from the due date.

### Switching and Contribution redirection

Transferring (switching) assets from one investment fund to another can be done at any time. You can make up to four switches free of charge each year. You may also redirect past

service gratuity liability contributions in future to a different asset mix. The flexibility is yours.

### Charges

#### Fund Management Charges

Fund	Charge (% of funds under management)
Capital Secure Fund	0.75% per annum charged daily
Balanced Fund	0.75% per annum charged daily
Growth Fund	0.75% per annum charged daily

The Fund Management charges are not guaranteed. The Fund Management Charges under Capital Secure Fund can be increased up to 2% per annum. The Fund Management Charges under Balanced Fund and Growth Fund can be increased up to 2.5% per annum. However any changes to the Fund Management Charges shall be subject to Insurance Regulatory Development Authority (IRDA) approval.

#### Switching Charges

Transferring (switching) from one Investment Fund to another can be done at any time. You can make up to four switches free of charge each year. Any switch above this will attract a charge of 0.1% of the switched amount subject to minimum of Rs.1000 per switch and maximum of Rs.5000 per switch. This charge is recovered by canceling units.

#### Surrender charges

Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6 onwards
Charge (% of fund value)	5%	4%	3%	2%	1%	NIL

These charges are levied only if the employer / trustees decide to surrender the policy with Reliance Life Insurance Company Limited.

#### Suicide Claim Provisions

In case of a claim where a member has committed suicide within 12 months from the date of inception of the Scheme, whether sane or insane at that time, the Company will limit the death benefit to the past service Gratuity benefit (which will be paid from the Unit-Linked Fund of the Scheme), and will not pay any insured death benefit

#### Payment of taxes and stamp duties

We will deduct from Benefits/Insurance Premium/Contribution any taxes, duties or surcharges of whatever description where levied by any statutory authority.

### Note

- The investments made in the funds are subject to market risks that are prevalent at any point in time.
- The unit price of the funds are reflections of the financial and equity/debt market conditions and can increase or decrease at any time due to this.
- Benefit Payable under the plan will be made according to the tax laws and other regulations in force at that time.
- There are no guarantees for any fund of any kind under this plan. The benefit payable on maturity will be equal to the number of units at the applicable unit price.
- The name in the funds in no way indicates the returns derived from them.

Please note that Reliance Life Insurance Company Limited is only the name of the insurance company and Reliance Group Gratuity Plan is only the name of the Plan and does not in anyway indicate the quality of the Plan or its future prospects or returns.

### Mandatory

The premium paid in Unit Linked Life Insurance policies are subject to investment risks associated with capital markets and the NAVs of the units may go up or down based on the performance of fund and factors influencing the capital market and the insured is responsible for his/her decisions.

Reliance Life Insurance Company Limited is only the name of the Insurance Company and Reliance Group Gratuity Plan is only the name of the unit linked life insurance contract and does not in any way indicate the quality of the contract, its future prospects or returns.