

Charges and frequency of charges – Group Sarv Samridhhi

Premium Allocation Charges

The Premium Allocation Charges is applicable on the premiums paid by the members of the Group Scheme. It will be deducted before crediting the premiums in to the Policy Account of the member.

The rate of Premium Allocation Charges is stated below:

- 12% of the annualized premium in the first year.
- 7.5% of the annualized premium from second year to fifth year.
- 5.5% of the annualized premium from sixth year onwards.

Fund Management Charges

The Fund Management Charges is applicable on the Policy Account of each member of the Group Scheme. The Fund Management charges for the in-force member-contract are applicable only after completion of five member-contract years. The rate of Fund Management Charges is 1.35% p.a..

The rate of Fund Management Charges is 0.5% p.a. of the Discontinued Policy Account value.

The Fund Management charges will be collected on pro rata basis.

Policy Administration Charges

The Policy Administration charges is applicable for the entire member-contract term. The rate of Policy Administration charges is 2.5% of the Annualised premium subject to a maximum of Rs. 6000 per member-contract year. The Policy Administration charges will be deducted from the Policy Account value monthly in advance.

Mortality Charges

The Mortality charges will be collected monthly in advance based on the following factors:

- 1) The amount of death benefit applicable at the beginning of month
- 2) The Policy Account Value at the beginning of month
- 3) The attained age of the individual member (ADB charges only applicable till the age of 65 year last birthday)
- 4) Mortality Selection Factor
- 5) Group loading factor
- 6) Health of the Life Assured

Monthly Mortality Charge= $(1/12) * [\text{Standard Mortality Charge} * \text{Mortality Selection Factor} * \text{Group Loading Factor} + \text{Extra Mortality Loading} , \text{ if any}]$

The product will be offered to homogenous non-employer-employee groups with low income. There will be no/minimal medical underwriting as the underwriting costs would outweigh the benefits available from the appropriate risk-classification. The risk characteristics of the group will be dealt by applying a weighted group loading factor. The weighted group loading factor would depend on the nature of the group, geographical location, past experience and other relevant factors. Group loading factor would be in the range of 50% to 250% and would be determined by the Board approved underwriting norms of the company. The Standard Mortality Charge rates will be 110% of the IALM-2006-08 table mortality rates.

There will be anti-selection risk in the absence of comprehensive underwriting and will be countered by applying a mortality selection factor for first three member-contract years for all members. Mortality Selection Factor will be based on the year of the member-contract in the following manner.

Member-Contact Year	Mortality Selection Factor
1	200%
2	150%
3	150%
4+	100%

The additional risk characteristics of the individual member will be dealt with an appropriate extra mortality loading as per the underwriting norms approved by the Board.

The Mortality charges and Accidental Death Benefit (ADB) Charges shall be guaranteed during the member-contract period.

Example: For a life aged 35 with group loading factor of 125% and without any extra mortality loading, the monthly mortality charge in second year of the member-contract will be $(1/12) * (\text{Standard Mortality Charge Rate of age 35 last birthday}) * 150% * 125%$.

Accidental Death Benefit Charges

Annual charge for Accidental Death Benefit upto age 65 last birthdays is Rs.1 per 1000 Sum Assured and will be deducted on monthly basis at the beginning of each member-contract month using $1/12^{\text{th}}$ of the charge.

Discontinuance Charges

The discontinuance charge is as given below:

The year during which the member-contract is discontinued	Discontinuance charge if the annualised premium is less than or equal to Rs. 25,000	Discontinuance charge if the annualised premium is greater than Rs. 25,000
1	Lower of 20% of (Annualised premium or Policy Account value), subject to a maximum of Rs.3,000	Lower of 6% of (Annualised premium or Policy Account value), subject to a maximum of Rs.6,000
2	Lower of 15% of (Annualised premium or Policy Account value), subject to a maximum of Rs.2,000	Lower of 4% of (Annualised premium or Policy Account value), subject to a maximum of Rs.5,000
3	Lower of 10% of (Annualised premium or Policy Account value), subject to a maximum of Rs.1,500	Lower of 3% of (Annualised premium or Policy Account value), subject to a maximum of Rs.4,000
4	Lower of 5% of (Annualised premium or Fund value), subject to a maximum of Rs.1,000	Lower of 2% of (Annualised premium or Fund value), subject to a maximum of Rs.2,000
5 and above	Nil	Nil

Service tax charge

This charge shall be levied on the Premium Allocation charges, Policy Administration charges, Mortality charges, Accidental Death Benefit charges and Fund Management Charges. The level of this charge shall be as per the rate of Service Tax, declared by the Government from time to time. The current rate of Service tax is 12.36% (Service tax of 12% and education cess of 3%). It shall be deducted along with the relevant charges.

Charges Levied by the Government in Future

In future the Company may decide to pass on any additional charges levied by the governmental or any statutory authority to the master policyholder/individual member. Whenever the company decides to pass on the additional charges to the master policy holder/individual member, the method of collection of these charges shall be informed to them.