

RELIANCE

Life Insurance

“I have ensured our company's growth by taking care of my employees' future.”

Reliance Traditional Group Employee Benefits

A plan that helps you manage your employee benefits' funds efficiently, so you can ensure their future is secured.

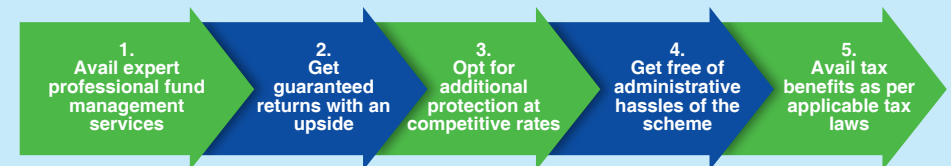
Reliance Traditional Group Employee Benefits

A non-linked non-par variable fund based insurance product

As an employer, you want to provide the best opportunity to your employees while ensuring the interest of your Company. It is important to strike a balance between these twin objectives without compromising on either.

Presenting, Reliance Traditional Group Employee Benefits that provides you with Gratuity and Leave Encashment benefits fund management services to meet your liabilities towards your employees based on your Scheme Rules, along with life cover to insure your employees against future contingencies.

With Reliance Traditional Group Employee Benefits



Reliance Traditional Group Employee Benefits is a yearly renewable fund based group product. It enables employers to outsource fund management and related administration to Reliance Life Insurance Company Limited for their:

- ▷ Gratuity funds, and
- ▷ Leave Encashment funds

The benefits payable under this product are governed by the scheme rules of the individual employer's employee benefits scheme.

Key Features

EXPERT FUND MANAGEMENT SERVICES

- We will assist you to manage your fund liabilities for your employee benefit schemes



ADDITIONAL INTEREST RATE

- Receive Additional Interest Rate, if any, on your Policy Account in the beginning of every financial quarter during the policy term



GUARANTEED INTEREST RATE

- Get a Minimum Floor Rate, guaranteed at 2.50% p.a. on your Policy Account for the entire policy term



ADDITIONAL PROTECTION

- You may opt for rider coverage. For details refer to the section on riders



TAX BENEFITS

- Get tax benefits as per applicable tax laws



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THE ECONOMIC TIMES

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Over 1 crore lives insured | Top 4 most trusted life insurer^ | Over 8,000# outlets | Over 1,00,000 advisors*

Reliance Traditional Group Employee Benefits at a glance

Parameters	Minimum	Maximum
Size of the Group	10 members	No limit
Age at Entry (Years)	18	79
Age at Maturity (Years)	19	80
Sum Assured (₹)	1000 per member	No limit
Contribution (₹)	50,000	No limit
Contribution Frequency	Yearly, Half-yearly, Quarterly, Monthly	
Policy Term (Years)	1 year (yearly renewable)	

All references to age are as on last birthday.

How does the plan work?

How to enroll for Reliance Traditional Group Employee Benefits?

- ▶ Imagica IT Solutions (IIS) is a software development Company. They want to outsource their group gratuity/leave encashment fund management to Reliance Life Insurance Company Limited (RLIC). For this, they shared the scheme details and employee data in the prescribed format
- ▶ The employer, IIS, is the Master Policyholder for this Master Policy
- ▶ RLIC accepted the contribution amount based on the actuarial valuations, provided by an independent qualified actuary. The contributions can be made in Monthly, Quarterly, Half-yearly or Yearly mode or as a lump sum at periodic intervals as agreed with RLIC, depending on the funding requirements. Also, the past service liability contribution can be paid either in a lump sum or in installments spread over not more than 5 years. Contributions are accepted only through the employer, IIS
- ▶ IIS has opted for a life cover equal to annual CTC of their employees along with an equal amount of Group Accidental Additional Death Benefit rider (UIN: 121B007V02) & Group Accidental Total and Permanent Disablement rider (UIN: 121B005V02) benefit for their employees. The Mortality Charges and Rider premiums will be deducted on a monthly basis from the Policy Account and it is the responsibility of IIS to ensure sufficient funds are available for the same
- ▶ RLIC undertakes fund management and administration of the IIS's group gratuity/leave encashment scheme
- ▶ IIS is able to manage their gratuity/leave encashment funds without any administrative hassles
- ▶ Employees who exit the group receive their gratuity/leave encashment amount within a given time frame

How does the Policy Account work?

▶ Policy Account

- ▷ The Policy Account will be credited with:
 - i. Regular contributions paid by the policyholder, at inception and subsequent intervals, on the date of realisation of the same by us and invested by us
 - ii. Guaranteed interest amount derived from the Minimum Floor Rate (**MFR**) of 2.50% p.a.
 - iii. Additional interest amount derived from applicable Rate (**AIR**), if any, which is over and above the minimum floor rate. AIR once declared, becomes guaranteed for that financial quarter.
 - iv. Non-zero positive residual additions, if any, at the end of each policy year from year 5.

MFR and **AIR** shall be credited to the Policy Account on a pro-rata basis at the beginning of each financial quarter. Non-zero positive residual additions would not be applicable under the proposed charging structure.

- ▷ The Policy Account will be debited by:
 - i. Benefits paid as and when these arise (except payment of the Sum Assured).
 - ii. Fund Management Charge (FMC).
 - iii. Taxes, duties or surcharges levied by any statutory authority.
 - iv. Mortality charges & rider charges, if any.

▶ Policy Account Management

- ▷ The Company will earmark assets for this product separately and the Policy Account under the product shall be disclosed on a daily basis on the Company's website through specifically assigned identification number (SAIN) for the fund for this product
- ▷ Shadow Policy Account Value shall be maintained on daily basis. Such Shadow Policy Account shall be computed based on the actual accruals of all income elements like contributions, income from investments as and when received and all actual debits from the Policy Account Value as and when debited, to arrive at the actual gross investment return and reduction in yield to the Policy Account Value, at the end of each policy year

▶ Sum Assured

- ▷ An employer may opt for a fixed Sum Assured of ₹1000 per member, or an amount which may be equal to the remaining future service, or a grade based cover, or a level cover, subject to the scheme rules and board approved underwriting policy of RLIC
- ▷ Mortality charges towards the Sum Assured will be deducted on a monthly basis. The Master Policyholder has to inform us on any addition or termination of members on a regular basis, along with the applicable Additional Death Benefit
- ▷ Insurance cover ceases immediately on a member leaving the scheme or the group

▶ Policy Renewal

- ▷ The policy will be renewed annually on annual renewal date through an endorsement, subject to the Company's Board approved underwriting norms. A communication about the renewal will be sent to the Employer
- ▷ Periodically, we will intimate the employer on the status of the Policy Account Value and request for funding, if required

Where the Policy Account is overfunded/in surplus as per the AS 15 (Revised) certificate submitted by the Employer, we may allow 'nil contributions/premiums' under the Master Policy, until such time that further contributions are required under the policy.

Plan features in detail

▶ Benefits payable based on the scheme rules

Benefits payable under this product are governed by the trust deed and scheme rules prescribed by the employer. The quantum of benefits payable may vary for each individual employee and the exact quantum of benefits under this plan will depend on the specific employer's Gratuity and Leave Encashment benefits.

Generally, the events for benefit payment and the quantum of benefit paid will be as given below:

▶ Retirement of the employee:

- i. The benefit amount will be based on the applicable Scheme Rules of the Employer.
- ii. The benefit amount payable will be subject to the Scheme Rules and availability of funds under the employer's Policy Account. The Company's liability will be limited to availability of funds under the employer's Policy Account.
- iii. The Death Benefit ceases immediately on a member leaving a scheme.

▶ Death/disability of the employee in service:

- i. The benefit amount will be based on the applicable Scheme Rules of the Employer.
- ii. In case of Death, Base Sum Assured and Rider Sum Assured, if any, as opted by the employer, will be payable.
- iii. The benefit amount payable from the Policy Account will be subject to the Scheme Rules and availability of funds under the employer's Policy Account. The Company's liability will be limited to availability of funds under the employer's Policy Account.
- iv. All future benefits for the member shall cease on payment of benefits on account of Death.

▶ **Resignations/early termination of service of the employee:**

- i. The benefit amount will be based on the applicable Scheme Rules of the Employer.
- ii. The benefit amount payable from the Policy Account will be subject to the Scheme Rules and availability of funds under the employer's Policy Account. The Company's liability will be limited to availability of funds under the employer's Policy Account.
- iii. The Death Benefit ceases immediately on a member leaving a scheme.

▶ **Annual Leave Encashment by employees:**

- i. The benefit amount will be based on the applicable Scheme Rules of the Employer, in case of Leave Encashment benefits.
- ii. The benefit amount payable from the Policy Account will be subject to the Scheme Rules and availability of funds under the employer's Policy Account. The Company's liability will be limited to availability of funds under the employer's Policy Account.

▶ **Accounts Statement**

Policy Account statement shall be issued at the end of each financial year to the employer giving the breakup of the opening balance, premium received, deductions towards charges, minimum floor interest earned, additional interest earned and closing balance in the prescribed format.

▶ **Surrender of the policy by the Employer**

If the employer/trustees decide to surrender their policy, we will pay a surrender benefit subject to the Market Value Adjustment (MVA) as described below.

The Surrender Value will be the Policy Account value, less the MVA amount (if any) and the surrender charges (if any) as mentioned below.

If the policy is being surrendered within 3 years of policy inception, then surrender charge is 0.05% of the fund, with a maximum of ₹5,00,000. The calculation of MVA Amount is provided in the section below:

There is no other charge on surrender except the surrender charge and the MVA.

▶ **Market Value Adjustment (MVA)**

MVA shall be applied only on the amount which is over and above the amount representing the bulk exit and in case of complete surrender of the Master Policy. If the amount to be paid on total exits in any event exceeds 25% of the total Policy Account Value of the scheme at the beginning of the policy year, such transactions shall be treated as bulk exits, where exit shall be as per the scheme and exit shall mean exit of the member from the group as per the scheme rule exit.

MVA Calculation:

MVA Amount is given by the following formula:

MVA Amount = MVA Factor x Amount over and above the 25% of the Policy Account Value at the beginning of the policy year

Where, MVA Factor = Maximum (0, Account Value – Market Value)/Account Value

Where Market Value is derived from the revaluation of assets earmarked separately for the product at the time of market value adjustment is carried out.

MVA Amount, if any, will be deducted from Policy Account Value.

Other features

▶ **Payment Options**

The contributions may be made Monthly, Quarterly, Half-yearly, Yearly or as a lump sum at periodic intervals as agreed with RLIC, depending on the scheme requirements under AS 15 (Revised).

Top ups are not allowed, unless required as per the actuary's certificate in accordance with the AS 15 (Revised), to address the underfunding of the scheme. It is the responsibility of the employer to provide regular contribution in order to ensure adequate funding of the scheme. If the scheme is overfunded, as per the actuary's certificate, the insurer may allow 'nil contributions' under the policy.

▶ **Renewal of the Policy**

The policy may be renewed on the next policy anniversary date by giving intimation to RLIC, at the then existing terms and conditions, provided there is sufficient balance in the Policy Account as per the scheme rules, subject to the Company's Board approved underwriting norms.

▶ **Past service Gratuity & Leave Encashment liability contribution**

The past liability contribution can be paid either in a lump sum or in installments spread over not more than 5 years.

▶ **Additional Death Benefit option**

In addition to the benefits payable from the Policy Account Value, the employer can choose to give additional risk coverage equal to the gratuity for each year of future service upto retirement or can choose for each member a uniform level of cover, as an Additional Death Benefit, subject to the board approved underwriting policy of RLIC. Mortality charges along with Service Tax, as applicable, will be charged for the Additional Death Benefit.

▶ **Rider Benefit**

This product provides two optional riders that can be attached along with the Additional Death Benefit cover to enhance total coverage benefit. Riders available are as follows:

▶ Reliance Group Accidental Additional Death Benefit Rider (UIN: 121B007V02)

▶ Reliance Group Accidental Total and Permanent Disablement Rider (UIN: 121B005V02)

The Sum Assured under any rider shall not exceed the Sum Assured under the base product for each member. The sum of all the rider premiums shall not exceed 100% of base risk cover premiums under the base product.

These rider(s) are annually renewable and can be selected on commencement of the policy or on any policy anniversary during the policy term. When the base policy terminates, the rider benefits attaching to the basic policy will also terminate. For further details on all the conditions, exclusions related to the insurance riders, please read the rider terms and conditions and rider sales brochure carefully.

▶ **Grace Period**

A grace period of 30 days for payment of contribution will be allowed for all modes other than the annual mode within the policy term. The policy will lapse if the contributions are not received within the grace period.

▶ **Revival/reinstatement of the policy**

Revival or reinstatement is allowed within the policy term, as per the Board approved underwriting policy of the Company.

Charges

▶ **Mortality Charges**

Mortality charges will ₹1 per ₹1,000 Sum Assured. Mortality charges will be deducted in advance on monthly basis from the policy account.

▶ **Rider Premium**

Rider premium will be deducted on a monthly basis along with base mortality charges. The rider premium payment term will be either equal to or lower than the premium payment term of this Policy. If the Policy Account Value falls below the minimum amount required for the deduction of base mortality charges and rider charges, if any, the insurance benefits shall cease immediately, the policy will be terminated and the remaining Policy Account Value, if any, will be paid back to the Master Policyholder.

▶ **Surrender Charges**

If the policy is being surrendered within 3 years of policy inception, then surrender charge is 0.05% of the fund, with a maximum of ₹5,00,000.

After the third policy anniversary, there is no surrender charge except the Market Value Adjustment (MVA), if any.

▶ **Fund Management Charge**

A Fund Management charge of 0.75% p.a. will apply.

Term and Conditions (T&C)

1. Loans

No loan facility is available under this plan.

2. Nomination of beneficiary – Section 39 of Insurance Act, 1938

Nomination by individual members is allowed as per Section 39 of Insurance Act 1968. The Employer shall maintain an updated register for nomination details. The Employer shall forward the Bank Account details of the nominee to enable RLIC to directly credit the nominee's account with the claim amount. In the absence of the Bank Account details of the nominee, RLIC shall handover the instrument favouring the Nominee to the Employer who will act as a facilitator for onward delivery of the instrument to the nominee. In the absence of any of the above information RLIC shall pay the claim amount directly to the Claimant by utilising the services of the Master Policyholder, who will act as a facilitator for claim settlement.

3. Assignment (Section 38 of Insurance Act, 1938)

Assignment is not allowed under this plan.

4. New Members

New members will be allowed to join at any time during the tenure of the policy. The Sum Assured and rider benefits, if any, in respect of members will start from the date of joining. Notice of new members must be signed by the Employer. All members are invited to join the Policy at the Employers' invitation. If any new member is added post inception of the policy, the mortality charges and rider premiums, if any, will be deducted on a pro-rata basis for remaining period of the policy term.

We will provide the necessary administration forms to assist you in notifying our office when a new member is admitted to the Policy.

5. Service Tax

Service Tax will be levied on the Fund Management Charge, Mortality Charges, Rider Charges, if any, and Surrender Charge. The level of the rate of Service Tax will be declared by the Government from time to time. The current rate of Service Tax is 12.36% (Service Tax of 12% along with education cess of 3%).

6. Taxes levied by the Government in future

In future, the Company shall pass on any additional taxes levied by the Government or any statutory authority to the policyholder. The method of collection of these taxes shall be informed to the policyholders under such circumstances.

7. Tax Benefits

Tax benefits under the policy will be as per the prevailing Income Tax laws. Tax laws are subject to amendments from time to time and interpretations. Employers are advised to consult a tax expert.

8. Suicide Exclusions

Suicide Exclusion is not applicable under this product.

9. Free Look Period

In the event, the employer/Master Policyholder disagree with any of the terms and conditions of this policy, the Master Policyholder may cancel this policy by returning it to the Company within 15 days of receiving it, for all distribution channels except for Distance Marketing* channel, which will have 30 days of receiving it, subject to stating your objections. The Company will refund the Premiums paid by you, less a deduction for the proportionate risk premium for the time that the Company has provided cover upto the date of cancellation and for the expenses incurred by the Company on medical examination and stamp duty charges.

*Distance Marketing includes every activity of solicitation (including lead generation) and sale of insurance products through the following modes:

- ▷ Voice mode, which includes telephone-calling
- ▷ Short Messaging Services (SMS)
- ▷ Electronic mode which includes e-mail, internet and interactive television (DTH)
- ▷ Physical mode which includes direct postal mail and newspaper and magazine inserts and
- ▷ Solicitation through any means of communication other than in person

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

1. No person shall allow or offer to allow, either directly or indirectly, as an inducement to any person to take 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.

Provided that acceptance by an insurance agent of commission in connection with a policy of life insurance taken out by himself on his own life shall not be deemed to be acceptance of a rebate of premium within the meaning of this sub-section if at the time of such acceptance the insurance agent satisfies the prescribed conditions establishing that he is a bona fide insurance agent employed by the insurer.

2. Any person making default in complying with the provisions of this section shall be punishable with fine which may extend to five hundred rupees.

11. Section 45 of the Insurance Act, 1938 states: Policy not to be called in question on ground of misstatement after two years

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 grounds that the statement made in the proposal 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 a statement was 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 that the age of the Life Insured was incorrectly stated in the proposal.

Insurance is the subject matter of the solicitation. Tax laws are subject to change, consulting a tax expert is advisable. This product brochure gives only the salient features of the plan and it is only indicative of terms, conditions, warranties and exceptions. This brochure should be read in conjunction with the benefit illustration and policy exclusions. Trade logo displayed above belongs to Anil Dhirubhai Ambani Ventures Private Limited and used by Reliance Life Insurance Company Limited under license. *As on 31st March 2014. **Top 200 brands according to The Economic Times & Nielsen Best Brands Survey, 2014. ^Brand Equity Nielsen Most Trusted Brands Survey, 2014. ^Includes agent offices and premium collection outlets.

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Reliance Life Insurance Company Limited (IRDAI Registration No. 121)



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