

**RELIANCE**

Life Insurance

# Reliance Traditional Group Gratuity Plan

Maximize your investment  
for a better future



**Accumulation  
Rate for  
FY 2012-13:  
8.75% p.a.**

# **Reliance Traditional Group Gratuity Plan**

Reliance Traditional Group Gratuity Plan is a yearly renewable, traditional group gratuity scheme. It enables employers / trustees to outsource the management of their employees' gratuity funds and the related administration to Reliance Life Insurance Company Limited.

## Introduction

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 the trustees to match assets and liabilities.

We, Reliance Life Insurance Company Limited, provide you with the gratuity fund management services to meet your gratuity liabilities towards your employees as described in the trust deed, coupled with future service gratuity.

## Key Features

- ▶ The scheme will assist the corporate to manage their gratuity liabilities.
- ▶ Option to enhance protection through riders
- ▶ Tax benefits as applicable

## How does the plan work?

- ▶ Your annual contributions shall be determined as per Actuarial valuations.
- ▶ You may also pay initial contributions in respect of members relating to their past service for securing the benefits relating to such past services can be paid either in a lump sum or in installments spread over not more than 5 years
- ▶ An insurance cover shall be provided under the scheme and life insurance premium shall be deducted upfront from the regular contribution. The life insurance premium rates will be reviewable at each annual renewal date.
- ▶ An Accumulation account for each scheme will be maintained and all claims, except the insurance cover, will be settled out of this Accumulation Account.
- ▶ The Accumulation Account is the value of the contributions net of life insurance premiums, scheme administration fee, Fund administration fee, and benefit payments other than insured death benefit accumulated at a rate of return declared by Reliance Life Insurance Company Limited at the end of each financial year.
- ▶ At any point in time, the liability of the Reliance Life (Reliance Life Insurance Company Limited) is limited to the Accumulation Account under the policy.
- ▶ The investment Return will be declared at the beginning of every financial year. The investment return will vary from year to year. The investment return for the financial year 2012-13 will be 8.75%. Annually, declared Accumulation rate would be available on our website [www.reliancelife.com](http://www.reliancelife.com). It will be applied proportionately to any increase in the Account values. The investment return, once declared and credited to the account becomes guaranteed.

- ▶ The premium for the insured death benefit will depend upon the attained age, sum assured, occupation class and health of each member. These premium rates will be reviewable at each annual renewal date of the scheme.
- ▶ The gratuity contributions together with insurance premium can be paid at monthly, half yearly, quarterly or annual intervals.
- ▶ All other benefits payable under this product are governed by the trust deed and rules of the individual employer's gratuity scheme and the quantum of benefits payable may vary for each individual employer.

## Benefits

1. Retirement of the employee - Broadly, this benefit is equal to 15 days' salary at the time of retirement for each year of past service of the retiring employee, and may be subject to a maximum of ₹ 10,00,000/-.
2. Death / disability of the employee in service -Broadly, this benefit is equal to 15 days' salary at the time of death for each year of past service of the employee up to the time of death / disability, and may be subject to a maximum of ₹ 10,00,000/- and the sum assured
3. Resignations / early termination of service of the employee -Broadly, this benefit is equal to 15 days' salary at the time of resignation of the employee for each year of past service up to the time of his resignation, and may be subject to a maximum of ₹ 10,00,000/-, provided the employee has completed at least five years of service. If the employee has served for less than five years, it may be nil.

## Non forfeiture

A policy lapses if insurance premiums are not paid within the days of grace period. The plan provides non-forfeiture benefits as described below:

If the insurance premiums are not received during the grace period, insurance cover and the rider benefits if any will cease but the Accumulation Account value shall keep on accumulating, at the rate of investment return declared by the Reliance Life from time to time. Account administration fee shall be deducted as applicable. A policyholder may revive a policy by recommencing the payment of insurance premiums at any time within a period of 3 years from the due date of first unpaid insurance premium.

At the expiry of the revival period, if the insurance cover has not been reinstated, the Accumulation Account value, subject to market value adjustment as applicable at the time of expiry of the revival period less any surrender penalty, shall be paid and the Policy would be terminated. The Policy may be terminated even before the expiry of the revival period if the Accumulation Account gets exhausted due to benefits paid on retirement, death or on the member leaving the service.

## Flexibility

### 1. Payment Options

The contributions along with Insurance Premium may be made monthly, quarterly, half yearly or yearly.

### 2. Past service gratuity liability contribution

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

### 3. Optional Riders

The following yearly renewable riders may be added to this product by paying rider premium and service tax on rider premium over and above the regular contributions. The rider premiums rates will be reviewable at each annual renewal date of the scheme. Rider Sum Assured shall not be more than the basic sum assured.

1. Reliance Group Accidental Additional Death Benefit Rider (UIN: 121B007V01)
2. Reliance Group Accidental Total and Permanent Disablement Rider (UIN: 121B005V01)

The rider(s) can be selected on commencement of the policy or on any policy anniversary during the policy term. The frequency of rider premium will be same as frequency of premium under basic plan.

When the basic policy terminates, the rider benefits attaching to the basic policy will also terminate.

### 4. Additional death benefit option

In addition to the death benefit equals to the accrued gratuity liability, the employer can choose to give the gratuity for each year of future service up to retirement or can choose for each member a uniform level of cover, as an additional death benefit. An insurance risk premium along with service tax, as applicable, will be charged for the additional death benefit. Insurance cover ceases immediately on a member leaving a scheme.

## Revival of policy after non-payment of due contributions

A policyholder may revive a policy by recommencing the payment of insurance premiums for insurance cover at any time within a period of 3 years from the due date of first unpaid premium.

## Surrender of the policy by the Master Policyholder

The surrender value will be the Accumulation Account value , subject to Market Value Adjustment as applicable at the time of surrender less the surrender penalty as mentioned below.

The Market Value Adjustment factor is calculated as the market value of the underlying assets expressed as a percentage of the total account balances for all policy holders in the fund.

| Year of Surrender | Surrender Penalty |
|-------------------|-------------------|
| 1                 | 3%                |
| 2                 | 2%                |
| 3                 | 1%                |
| 4th year onwards  | 0%                |

## Administration Fee

### a. Scheme Administration Fee:

2% of regular contribution, net of life insurance premium, as and when the contribution is paid.

### b. Account Administration Fee:

1.50% of Accumulation Account at the end of each financial year after adjusting the account value for the investment returns. The Account Administration fees will be collected on pro rata basis.

## Policy Limits

| Policy Limits  |   |
|--|---|
| Minimum Size of the Group  | 20 members  |
| Maximum Size of the Group  | No limit  |
| Minimum Entry Age  | 18 years last birthday  |
| Maximum Entry Age  | 69 years last birthday  |
| Minimum Policy Term  | 1 year  |
| Maximum Policy Term  | No Maximum. The policy will be in force unless it is specifically terminated  |
| Maximum Maturity Age   | 70 years last birthday  |
| Regular Contribution Frequency   | Yearly, Half-yearly, Quarterly, Monthly   |
| Minimum Sum Assured  | ₹ 10,000 per member   |
| Maximum Sum Assured  | No limit on the maximum sum assured. The sum assured may be a variable amount greater than the minimum sum assured of ₹ 10,000 and may be equal to the Future Service Gratuity. |
| Minimum annual past service gratuity liability contribution along with insurance premium | ₹ 2,00,000  |
| Maximum annual premium/contribution  | No limit  |

## Grace Period

For the insurance premium along with gratuity contributions, there will be a grace period of 30 days from the due date. If insurance premium along with gratuity contribution is payable monthly, the grace period will be 15 days from the due date.

## Loans

No loan facility is available under this plan.

## Nomination of beneficiary

The Master Policy Holder shall register a nomination of beneficiary, or any change of nomination of any beneficiaries, in the member's records. If the member provides authority for the Company to pay benefits directly to his beneficiary(ies), it is the responsibility of the Master Policy Holder to advise us in writing of this request and the authority should include the beneficiary details as decided and agreed by the member and a statement of nomination signed by the member.

## New Members

New members will be allowed to join at any time during the tenure of the policy. The insurance cover in respect of members will start from the date of joining. Notice of new members must be signed by the master policy holder. All fulltime members are invited to join the Policy at the master policy holders' invitation.

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

## Service Tax

Service tax will be levied on the Insurance risk premium and rider premiums, if any. The same shall be collected along with the insurance risk premiums and rider premiums, if any. The level of the rate of Service Tax will be declared by the Government from time to time.

## Payment of taxes, stamp duties

We will deduct from benefits/insurance contribution/premium any taxes, duties or surcharges of whatever description, levied by any statutory authority.

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

## Tax Benefits

Tax benefits under the policy will be as per the prevailing Income Tax laws. Service tax and education cess will be charged extra as per applicable rates. Tax laws are subject to amendments from time to time and interpretations. You are advised to consult a tax expert.

## 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 Accumulation Account of the scheme), and will not pay any insured death benefit.

## 15 Days Cooling Off Period

You may cancel this policy by returning it to us within 15 days of receiving it together with a letter requesting it be cancelled. We will refund any contributions and/or investment deposits paid by you less a deduction for any investment expenses and stamp charges incurred by us.

## About Us

Reliance Life Insurance Company Limited offers you products that fulfill your savings and protection needs. Our aim is to emerge as a transnational Life Insurer of global scale and standard. Reliance Life Insurance Company Limited is a part of Reliance Capital, under Reliance 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 Group also has presence in Communications, Energy, Natural Resources, Media, Entertainment, Healthcare and Infrastructure.

Nippon Life Insurance, also called Nissay, holds 26% stake in Reliance Life Insurance Company Limited.

Nippon Life Insurance is Japan's largest private life insurer with revenues of ₹ 346,834 crore (US\$ 80 Billion) and profits of over ₹ 12,199 crore (US\$ 3 billion). The Company has over 14 million policies in Japan, offers a wide range of products, including individual and group life and annuity policies through various distribution channels and mainly uses face-to-face sales channel for its traditional insurance products. The company primarily operated in Japan, North America, Europe and Asia and is headquartered in Osaka, Japan. It is ranked 81st in Global Fortune 500 firms in 2011.

## 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.

**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 a fine which may extend to five hundred rupees.

## **Section 45: Policy not to be called in question on ground of mis-statement 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 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 that the age of the life insured was incorrectly stated in the proposal.

Reliance Life Insurance Company Limited is a licensed life insurance company registered with Insurance Regulatory & Development Authority (IRDA) Registration No. 121.

**Note:** *Insurance is the subject matter of solicitation. This product brochure is indicative of the terms and conditions, warranties and exceptions in the insurance policy giving only the salient features of the plan. For further details please refer to the policy document and detailed benefit illustration before concluding the sale. In the event of conflict, if any, between the terms and conditions contained in this brochure and those contained in the policy document, the terms and conditions contained in the policy document shall prevail. For further details on all the conditions, exclusions related to this product, please contact our insurance advisors.*

*For further details on **Reliance Traditional Group Gratuity Plan**, please contact the "**Relationship Manager**" at Reliance Life Insurance Company Limited on contact nos. 022-30002254 / 022-30002256. Alternatively, you may also write to us at [rlife.ebsupport@relianceada.com](mailto:rlife.ebsupport@relianceada.com)*



RELIANCE

Life Insurance

All is well™

**Reliance Life Insurance Company Limited (Reg. No 121)**

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- ▶ Customer Care Number: **1800 300 08181 & 3033 8181**
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- ▶ Website: [www.reliancelife.com](http://www.reliancelife.com)

UIN for Reliance Traditional Group Gratuity Plan: 121N047V01

- ▶ Income Tax Benefits under the income tax laws of 1961 are subject to amendments and interpretation
- ▶ Kindly consult a tax expert
- ▶ Kindly review the offer documents carefully before investing
- ▶ Conditions apply

Insurance is the subject matter of solicitation.

**ISO 9001:2008**  
CERTIFIED COMPANY