Kotak

GRATUITY GROUP PLAN

A Unit Linked Group Gratuity Insurance Plan

kotak® Life Insurance

A JOINT VENTURE WITH OLD MUTUAL

Faidey ka insurance

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

Gratuity is not just a statutory obligation but also a very important tool today to retain and attract talented employees. However, gratuity liability of the employer tends to increase with an increase in the salary and tenure of employment.

A comprehensive and effective gratuity plan will help you in reducing business costs and meet the funding needs to make gratuity payments. It will also help you avail tax benefits as applicable to approved gratuity funds.

Kotak Life Insurance offers Kotak Gratuity Group Plan (KGGP) – a Unit-linked group gratuity plan that will not only help you fund for the gratuity obligation systematically & effectively but also will help you release resources for your core business activities. Some of the key features of the plan are:

Key Advantages

- Market-linked returns and long-term investment growth
- Regular Additions for higher fund sizes
- Choice of 5 fund options
- Life insurance coverage for employees

How does the Kotak Gratuity Group Plan work?

- The Master Policyholder / Employer creates a trust and appoints Trustees for maintaining the Gratuity Trust.
- The Master Policyholder has to pay the contributions towards the Gratuity liability basis Actuarial Valuation to meet the past service gratuity liability of the Company.
- The Master Policyholder invests the contributions in the chosen funds out of the 5 investment fund options available offered by Kotak Life Insurance (Refer to section "Investment Options"). The units are allocated post the receipt of contributions.

On retirement / resignation up to the selected policy term or during the policy term Kotak Life Insurance will redeem the units in the investment funds to pay the gratuity benefit. In case of death of an insured member additionally the Sum Assured chosen by the Master Policyholder, subject to a minimum of ₹1,000 is payable.

Benefits of the plan:

For Employer:

- Contributions to an approved Gratuity fund is deductible under section 36 (1)(v) of the Income Tax Act, 1961, subject to the conditions contained therein.
- Income earned from investments received by an approved Gratuity fund is tax-exempt underSection 10(25)(iv) of the Income Tax Act, 1961.

For Employee:

Under Section 10(10) of the Income Tax Act, 1961

- The gratuity settlement for retirement/resignation/ (as the case may be) will be settled as per the Trust Rules:
  - For Government employees, Gratuity receipts at the time of retirement are completely tax free.
  - For Non-government employees, Gratuity receipts are tax-exempt up to the limit of ₹ 10 lakhs.
- The death benefit will be equal to life cover of ₹1,000 plus Gratuity settlement as per the Trust Rules. Death benefits payable to the employees are exempt from tax.

Note: Tax benefits are subject to change in the tax laws. You are advised to consult your tax advisor for details.

Regular Additions:

Regularly additional units will be added to the Schemes and the percent varies by fund size at the beginning of the calendar month and the rate of these additions is in the range of 0.10% to 0.50% per annum. Regular Additions are expressed as units and added to the unit fund at the end of the month.

Other features:

- **Benefit payable on Member's survival[1]:**

  On retirement up to the selected policy term Gratuity benefit as payable as per the Gratuity Trust Deed and Scheme Rules (For details refer to Point No. 1 under the T&C section, given below)

- **Death Benefit:**

  On death of a member, the sum of the following will be paid out:

  - Sum assured, which is equal to either the Future Service Gratuity[2] or a lump sum amount as per the scheme rules (Min: ₹ 1000), and
  - Gratuity[3] Settlement as per Trust Rules

- **Surrender:**

  This policy may be terminated / surrendered by the Master Policyholder giving one month prior notice in writing to the Company. On the expiration of the notice period, the Company will, after deducting all outstanding amounts, pay the then current value of the units subject to any charges stated and/or any taxes as may be applicable.

- **Switching:** Unlimited free switching between the available funds during the policy term is allowed.

- **Top-ups:** Not allowed under the scheme; however, can be contributed to address under funding of the scheme in accordance with the Actuarial Valuation.

- **Contribution re-direction:** Offers the flexibility of redirection of annual contributions into any other fund(s), i.e. initial investment pattern can be changed.

- **Partial Withdrawal:** Partial withdrawals are not allowed in this plan.

Investment options

This plan offers you the flexibility to choose from an array of five funds, as per your Risk-Return Profile that will enable you to maximize the earnings potential. You can also switch or change future premium allocation between fund options as per your needs and investment objectives.

<table>
<tr><th>Invest Options</th><th>Objective</th><th>Risk-Return Profile</th><th>Equity</th><th>Debt</th><th>Cash & Money Market</th></tr>
<tr><td>Group Balanced Fund (ULGF-003-27/06/03-BALFND-107)</td><td>Aims for moderate growth by holding a diversified mix of equities and fixed interest instruments. May also be susceptible to moderate levels of shorter-term volatility (downside risk).</td><td>Moderate</td><td>30%-60%</td><td>20%-70%</td><td>0%-40%</td></tr>
<tr><td>Group Bond Fund (ULGF-004-15/04/04-BNDFND-107)</td><td rowspan="3">Returns will be in line with those of fixed interest instruments, and may provide little protection against unexpected inflation increases.
Will preserve capital and minimize downside risk, with investment in debt and government instruments.</td><td rowspan="3">Conservative</td><td>-</td><td>0% to 100% (Debt and Infrastructure securities - 25% to 100%)</td><td>0%-40%</td></tr>
<tr><td>Group Floating Rate Fund (ULGF-005-07/12/04-FLTRFND-107)</td><td>-</td><td>0% to 75% (Floating Rate Debt instruments - 25% to 100%)</td><td>0%-40%</td></tr>
<tr><td>Group Gilt Fund (ULGF-002-27/06/03-GLTFND-107)</td><td>-</td><td>80% to 100%</td><td>0 % - 20%</td></tr>
<tr><td>Group Money Market Fund (ULGF-001-27/06/03-MNMKFND-107)</td><td>Will protect capital and not have downside risks</td><td>Secure</td><td>-</td><td>-</td><td>100%</td></tr>
</table>

Eligibility

Particulars	Description
Group	Employer – Employee groups
Minimum Group size	10 employees
Entry age (Last birthday)	Min: 18 yrs
	Max: As per scheme rules, subject to maximum of 74 years
Maximum Maturity age (Last birthday)	As per scheme rules, subject to maximum of 75 years
Policy Term	1 yr (Yearly renewable)
Sum Assured	Min: ₹ 1,000 Max: As defined in the scheme rule
Gratuity Contribution	Min: ₹ 2,00,000 at inception Max: No limit

Charges:

- ## Premium Allocation Charges:

  This is charged as a percentage of the contribution. The net premium is then allocated at the Net Asset Value (NAV)[6] prevailing on the date of receipt of premiums.

Premium Amount	Allocation Charge (As % of contribution)
For premium up to ₹ 2 Crores	0.5%
For portion of premium Above ₹ 2 Crores	Nil

Note: For policies sourced directly by KLI staff (Kotak Life Insurance employees) there will be no allocation charge.

- ## Administration Charges:

  There is no Policy Administration Charge

- ## Fund Management Charges (FMC):

  This is a charge levied as a percentage of the value of assets and shall be appropriated by adjusting the NAV. Following are the FMC applicable per annum for the available funds:

Fund Name	FMC (p.a.)
Group Money Market Fund	0.80%
Group Gilt Fund	0.80%
Group Bond	0.80%
Group Floating Rate Fund	0.80%
Group Balanced Fund	1.00%

- ## Mortality Charges:

  Mortality charge shall be charged based on the risk profile of the group. The risk premium is to be paid separately by the policyholder at inception and on every renewal. If such risk premium is not paid separately, the same will be deducted from the fund.

- **Switching Charges:** There is no Switching Charge

- **Redirection Charge:** There is no redirection Charge

- **Surrender Charges**:
  - This is a charge levied on the unit fund at the time of surrender of contract.
  - Following charges are applicable depending on year of Surrender:

Year of Surrender	Charges applicable (as a % of Fund)
1st – 3rd Yr	0.05% with a cap of ₹ 5 lacs
4th Yr onwards	NIL

Terms & Conditions:

1. **Benefit payable on survival:**

   This benefit shall be payable on the Member attaining retirement age (or on retiring from service before attaining the Retirement age with the consent of the Employer settling the Gratuity Trust), or on the Member's resignation or termination after, in each such case, 5 years from the date of joining employment of the employer settling the Gratuity Trust (within the terms of the Gratuity Trust Deed and Rules and Regulations there under).

   The Insurer's total liability under this Policy at any time shall be limited to the value of the balance of any units held in terms of this Policy plus the risk cover (in case of death), after adjustment for any outstanding income, expenses, taxes, levies, fees, rebates and charges.

2. **Future Service Gratuity:**

   15 days' basic pay (based on the Member's last drawn pay, as provided in and subject to the terms and conditions in the Gratuity Trust Deed) for each remaining year of service or part thereof in excess of six months (as reckoned from the date of death) up to the normal retirement age of the Member.

3. **Gratuity:**

   15 days' basic pay (based on the Member's last drawn pay as provided in and subject to the terms and conditions of the Gratuity Trust Deed) for each completed year of service (or part thereof in excess six months) as on the date of death.

4. **Suicide Exclusion:**

   Suicide exclusion is applicable during the first year after joining the employer's service, where the cover is in place before the member started working. On death due to suicide during this period, only the gratuity as per rules of scheme will be payable and any death cover affected will be forfeited. No suicide exclusion is applicable where the member is in service at the point of the introduction of the cover.

5. **Maximum Charge Level:**

   Kotak Life Insurance reserves its right to impose charges not beyond the prescribed levels, subject to IRDA approval

6. **NAV Computation:**

   All the contributions will be applied to buy units in the funds selected by the Master Policyholder according to the following rules:

   - Transaction requests (including renewal premiums by way of local cheques, demand draft, switches, etc.) received before the cut-off time will be allocated to the same day's NAV and the ones received after the cut-off time will be allocated to the next day's NAV.

- Where contributions are received by an outstation cheque / demand draft, the closing NAV of the day on which such cheque / demand draft is realized shall be applicable.
- The current cut-off time is 3:00 p.m. which may vary from time to time as per IRDA guidelines.

NAV of a fund is calculated and published in financial newspapers on each business day.

$$\textbf{Net Asset Value (NAV)} = \frac{\text{Market Value of investments held by the fund + Value of any Current Assets – Value of Current Liabilities \& Provisions, if any}}{\text{Number of units existing at the valuation date (before creation / redemption of units)}}$$

Fund Value is the product of the total number of units under a policy and the NAV. The NAV calculated above will be used with respect to portfolio valuations for policyholders in addition to terms for Gratuity Benefit, Surrender Value and for recovering the applicable charges. The NAVs will be calculated on each business day.

7. Free Look Period:

In case the Master Policyholder is not agreeable to any of the provisions stated in the policy, then there is an option of returning the policy stating the reasons thereof within 15 days from the date of the receipt of the policy. On receipt of the letter along with the original policy document the Insurer shall arrange to refund the premium paid after deducting the stamp duty, medical expenses, if any and proportionate risk premium for the period of cover. This plan will not be offered through the distance marketing channel.

8. Service Tax and Education Cess

Service Tax and Education Cess shall be levied as per the prevailing tax laws and/or any other laws. In case of any statutory levies, cess, duties etc., as may be levied by the Government of India from time to time, Service Tax shall be levied over and above premium amount shown here as per applicable tax laws.

Risk Factors:

- Linked Insurance Products are different from traditional insurance products and are subject to risk factors
- The premium paid in Linked Insurance Products are subject to investment risk associated with capital markets and the NAVs of the units may go up or down based on the performance of the fund and factors influencing the capital market and insured is responsible for his/ her decisions.
- Kotak Mahindra Old Mutual Life Insurance Ltd. is only the name of the company and Kotak Gratuity Group Plan is only the name of the linked insurance contract and does not in any way indicate the quality of the contract, its future prospects or returns.

- The fund offered under this contract is the name of the fund and do not in any way indicate the quality of these plans, their future prospects and returns.
- The past performance of other plans of the Company is not necessarily indicative of the future performance of the fund.
- Please know the associated risks and the applicable charges, from your insurance agent or the intermediary or policy document of the insurer. All benefits payable under the policy are subject to the tax laws and other financial enactments, in force from time to time.

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 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 insured. 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.

Section 45 of the Insurance Act, 1938 states:

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 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 statement was on a material matter or suppressed facts which it was material to disclose and that it was fraudulently made by the policy holder and that the policy holder 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.

About Us

Kotak Mahindra Old Mutual Life Insurance Ltd. (www.insurance.kotak.com)

Kotak Mahindra Old Mutual Life Insurance Ltd is a 74:26 joint venture between Kotak Mahindra Bank Ltd., its affiliates and Old Mutual plc. The company started operations in 2001, and strives to offer its customers outstanding value through high customer empathy, consistent and benchmarked service and a suite of products that leverage the combined prowess of protection and long term savings.

The Kotak Mahindra Group (www.kotak.com)

Kotak Mahindra Group is one of India's leading financial services conglomerates. The group offers a wide range of financial services that encompass every sphere of life. From commercial banking, to stock broking, mutual funds, life insurance and investment banking, the group caters to the diverse financial needs of individuals and the corporate sector. The group has a wide distribution network through branches and franchisees across India, and international offices in London, New York, California, Dubai, Abu Dhabi, Bahrain, Mauritius and Singapore.

Old Mutual plc (www.oldmutual.com)

Old Mutual provides life assurance, asset management, banking and general insurance to more than 14 million customers in Africa, the Americas, Asia and Europe. Originating in South Africa in 1845, Old Mutual has been listed on the London and Johannesburg Stock Exchanges, among others, since 1999.

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Insurance is the subject matter of solicitation. This is a non-participating unit-linked group gratuity plan. This product brochure gives only the salient features of the plan. This document is not a contract of insurance and must be read in conjunction with the Policy Document.