

Kotak Life Insurance :: Customer Policy Servicing :: Customer FAQs



Many a times we come across some questions or other from our customers. We welcome such questions from our customers, as we get an opportunity to “Clear the air”, answering them promptly, genuinely and in time. This is how we like to handle our customers.

You being our privileged customer – we provide here some of the questions, which are frequently asked.

If have any more questions or need some more clarity, feel free to contact us!

FAQ's:

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Our answers in detail:



1. What is life insurance?

Life insurance is a contract between you and the life insurance company (the insurer), which provides you (the assured) or your beneficiary for whose benefit the policy is taken with a pre-determined amount on the happening of a particular event contingent on the duration of human life. The contract is in consideration of certain payments (called the premium) to be made to the insurer either in a lump sum or in any other periodical payments.



2. Why do I need life insurance?

Uncertainty of death is inherent in human life. On the other hand, having a family means dependants. This, in turn, means financial commitments. Imagine what would happen if you were to lose your life suddenly or become disabled and cannot earn.

It is this risk, which gives rise to the necessity for some form of protection against the financial loss arising from death/disability. When you insure your life, in effect what you are doing is insuring your earning capacity. This guarantees that your dependants will be able to continue living without financial hardships even in case of your demise.

Most insurance plans available today come with a savings element built into it. These policies help you plan not only for protection against death but also for a financially independent future, which would enable you to have a comfortable retirement. For example, Kotak Preferred Retirement Plans such as Kotak Retirement Income Plan and Kotak Capital Multiplier Plan.



3. What are the advantages of a life insurance policy?

The primary need is buying financial security for your family. It helps in planning for protection and long term savings to meet various financial needs at different stages of life. Other aspects that insurance helps fulfil are:

A: Tax benefits

Life Insurance premiums paid up to Rs. 1,00,000 per annum get a Deduction (subject to conditions specified) under section 80C.

Premiums paid towards pension policies get a 100% tax rebate under Section 80CCC up to Rs. 10,000 per year. (Available with Kotak Retirement Income Plan only)

B: As a tool of Financial Planning

most insurance plans available today have an in-built savings element. Plans like the Kotak Endowment Plan, Kotak Money Back Plan, and Kotak Child Advantage Plan, Kotak Preferred Retirement Plans, etc allows you to meet your dual financial goals of life cover and savings for the future.

C: Collateral security for loans

you may avail of a loan from the insurance company against certain Plans. Your policy could also be pledged as collateral to raise funds From banks and other financial institutions. In case of your unfortunate Death, the loans may be repaid from the proceeds of the Life insurance Policy.

D: Savings

Insurance promotes compulsory savings with regular premium payments and helps build up a corpus of funds along with financial security for the dependants in case of premature death.

E: For your medical needs and that of your family

Hospitalisation costs and quality healthcare is becoming increasingly expensive. Without insurance, you can actually face a situation where you have withdrawn all your money and borrowed to pay the medical bills. This can be provided with our Critical Illness Benefit. Insurance offers you the option of covering yourself towards any critical illnesses that can become extremely costly. Choosing this facility pays you a lump sum upon diagnosis of certain diseases like cancer, kidney failure, heart attack, stroke, coronary bypass, vital organ transplants, Alzheimer's disease, paralysis, etc.



4. What is a Life Insurance policy?

A written document issued by a life insurance company to a policyholder, which states the insurance contract between the company and the policyholder.



5. What is premium?

Premium is the consideration (price) payable periodically to the life insurance company for the risk undertaken by it under the insurance policy.



6. Who is a proposer?

The person who proposes to enter into a contract of insurance with a life insurance company to insure himself or another life on whose life he has insurable interest.



7. Who is a Life Insured?

The person whose life is covered under the contract of insurance.



8. Who is a policyholder?

The person who has entered into a contract of insurance with the insurance company. He is the person who is liable to pay the periodical premium to the insurance company on the policy taken.



9. What is Nomination?

Nomination is a right conferred on the holder of the policy of life insurance on his own life to appoint a person or persons to receive the policy moneys in the event of the policy becoming a claim by death.



10. Who is a Nominee?

When the policy money becomes due for payment on the death of the policyholder, it can be paid only to that person who is legally entitled to give a valid and effective discharge to the corporation. If the policy bears nomination, the claim is settled in favour of the nominee. He/she is the person designated by the policyholder to receive the proceeds of an insurance policy, upon the death of the insured. The nominee does not become legally entitled to the money. He is only a trustee holding the policy moneys on behalf of the legal heirs of the policy owner.



11. Who can nominate?

Any policyholder, who is a major and the life insured under a policy, can make a nomination. Nomination is not effective in a policy taken on the life of another person.



12. What happens if I miss paying my premiums?

You must pay all your premiums within the premium due date. When the premium is not paid within the days of grace provided after the premium due date, the policy will move into lapse/ ACM / ANM/ Paid Up / Notice Period Mode .The grace period in case of yearly, half-yearly and quarterly modes of payment is 30 Days and in case of the monthly mode of payment, it is 15 days.



13. I missed paying last few months premium. Can I start paying my premium again? Are there any charges?

Based on the time lapsed from the first payment missed, payment of premium can be made along with certain revival charges. Please check the chart below for the same

Time	Revival Allowed	Charges	Additional Requirement
before 6 months	Minor Revival	Non UL Plans & UL Plans issued before 1st July 2006 9% p.a. on the outstanding premium. (0.75 % p.m. on actual outstanding) UL Plans (issued after 1st July 2006) Flat Rs. 500	-
after 6 months	Major Revivals	Non UL Plans & UL Plans issued before 1st July 2006 9% p.a. on the outstanding premium. (0.75 % p.m. on actual outstanding) UL Plans (issued after 1st July 2006) Flat Rs. 500	Major revival form needs to be submitted. Policy shall be revived only after underwriting decision; Policy might get rated- up depending upon the facts of each case.
After 24 months	Not Allowed	-	-

For Policies which move into Discontinuance:

You must pay all your premiums within the premium due date. When the premium is not paid within the days of grace provided after the premium due date, the policy will move into Notice Period. The grace period in case of yearly, half-yearly and quarterly modes of payment is 30 Days and in case of the monthly mode of payment, it is 15 days.

KLI will send a Notice Period letter to the client within a period of 15 days from the date of expiry of the grace period.

Notice Period is the time given to policyholder to exercise the option as mentioned in Notice Period Letter.

The stipulated period is 30 days from the receipt of this notice.

The risk cover under the policy is in force till the policyholder exercises the option or till the expiry of the 30 day of notice period. Mortality charges are deducted during the notice period. Rider falls away during Notice period.

If KLI does not receive any confirmation from the client within 30 Days, the said policy will move into Discontinuance Mode.

Policy holder shall have the right to revive such policy. Please refer to your policy document for information on terms of revival.



14. What is Maturity Date?

The date on which the contract of insurance policy comes to an end and on which date the survival benefits are payable.



15. What is the frequency for paying premium?

You can pay your premium either: Monthly / Quarterly / Half-yearly / Yearly. Each payment mode attracts certain processing charges which are mentioned in the chart below:

Monthly premium = 8.5% of the annual premium.
 Half-yearly premium = 51% of the annual premium.
 Quarterly premium = 26% of the annual premium.

Frequency	Processing Charges	Remarks
Monthly	-	ECS is mandatory
Quarterly	Rs 20	-
Half-yearly	Rs 10	-
Yearly	-	-



16. Will I receive a premium receipt every time I make a payment?

You will be issued a receipt each time you make a payment. For ECS / SI cases receipt is issued only after confirmation of a successful transaction.



**17. I have lost / misplaced my policy docket?
 What should I do now?**

You must intimate the nearest KLI branches immediately through a letter along with an indemnity on Rs 200 stamp paper and Rs 500 (plus ST and Edu cess) towards administrative charges (stamp duty paid for registration). In case the stamp duty for a particular policy amounts to more than the administrative charges collected (Rs 500), you will need to pay an amount based on the actual stamp duty.



18. What is Free Look period?

In case you wish to reconsider your decision to hold the policy, you have the option of returning the original policy to us, within 15 days from the date of receipt of the policy.



19. Is Free Look period available on all policies?

Yes free look period is available on all policies.



20. Will I be refunded the full amount invested?

We would refund the premium paid by you after deducting stamp duty, medical expenses and proportionate risk premium for the period of cover.



21. What is reduced paid up?

If the policyholder does not want to continue paying premiums but wants the cover to continue, then he can opt for the paid-up option whereby the sum assured is reduced and the future premiums are not payable. However, the policyholder will lose the rider benefits if he opts for the Reduced Paid-up option. Pure risk policies i.e. Term/Preferred term plans cannot be made paid-up.



22. Can I surrender my policy before maturity?

You can surrender your policy before maturity. Post payout of the Surrender Value the policy gets terminated. A policy acquires surrender value and payout of the surrender value will be dependent on the specific product category & features.



23. What is Lock - In period?

For details on the Lock-in period, please refer to your policy document.



24. What is a Unit Link policy?

An ULIP, Unit-Link Insurance Policy allows you to determine the risk you can undertake and then invest in funds accordingly. You are allowed to determine what proportion the premium will be invested in which fund. Units are generally of face value of Rs 10 and each unit is a fraction of the total fund.



25. How should investment funds typically be selected?

You may select any investment fund or combination of investment funds as per your choice. You can also do so in consultation with an investment adviser based on the following factors:

- Financial Goals
- Time Horizon
- Risk Appetite



26. How many fund choices do KLI offer?

KLI offers choice of six different funds namely:

- Balanced Fund
- Aggressive Growth Fund
- Growth Fund
- Bond Fund
- Floating Rate Fund
- Gilt
- Fund



27. Can I switch between different investment funds?

Shifting of investment from one investment fund to another is called switching. You can switch across all funds offered by the insurance company in any desired proportion.



28. Is there any limit on the number of switches in a policy year?

No, there are no limits on the number of fund switches that you are allowed in a year.

However there are number of free switches which are dependent on the plan opted by the policyholder. Please refer to your policy document for no. of free switches allowed in a year or charges applicable for the same.



29. Can future premiums be deposited into different investment funds without shifting existing investments in any investment fund?

You can redirect future premiums into any investment fund in any proportion without shifting existing investments in any investment fund.



30. What is the difference between switching and future premium allocation?

Switching means funds are transferred from one fund to another.

Switching can be done for existing units only.

Future Premium Allocation is for allocation of units for future premiums.



31. What is the time limit before which switch forms have to be sent if I want the NAV of the same day on which the request is being made?

As per IRDA, the time limit to process any unit-linked related activity is 3 pm. Any request received after 3 pm will be processed the next day.



32. What is lump sum injection / Top-Up contribution?

You have an option to contribute additional amounts over and above the regular premium payable under the unit linked life insurance plan.

These Top-Ups/injections do not alter the original sum assured under the policy.

However, Top-Up amount allows you to increase your investment and savings at your own pace.



33. What tax benefits are you eligible for if you make a lump sum injection / Top-Up?

The regular premium paid by the policyholder is eligible for tax deduction under Section 80C (subject to conditions specified) of the Income Tax Act, 1961. Also, benefits paid under the life insurance policy are exempt from tax under Section 10 (10) (D) of the Income Tax Act, 1961, subject to the conditions specified in section 10 (10) (D)



34. What is the minimum and maximum limit on Lump Sum Injection / Top Up premium applicable for ULIP Plans?

Minimum and maximum limit on injection shall depend on the plan opted by the policyholder. Please refer to your policy document for minimum and maximum top up eligibility applicable under your plan.



35. Is loan available in unit-linked plan?

For Products launched under new guidelines form Oct 2013 onwards loans are not allowed.

Please refer to your policy document for further information.

36. What is the percentage of loan I can get on a policy and what is the rate of interest applicable for traditional plans?

Availability of the loan would differ for different plans subject to product wise eligibility.

Interest rate is charged at 12.5% p.a. compounded half yearly.



37. What is transfer or assignment of a life insurance policy?

Transfer or assignment is a method of transferring of all benefits and rights under a life insurance policy to another person or institution including as security for repayment of loans.



38. Is assignment of a policy allowed?

Yes, assignment of policy is allowed. To assign the policy, the policyholder has to notify the company. Assignment has the effect of nullifying the nomination in the policy. Assignment is not permitted in case of retirement plans.



39. What is the difference between nomination and assignment?

While the nomination is an authorisation to receive the policy moneys in the event of the death of the life assured, it does not give the nominee an absolute right over the money received to the exclusion of other legal

heirs. Further, the nomination can be revoked or cancelled at any time during the lifetime of the policyholder at his will and pleasure or by a subsequent assignment. On the other hand, assignment of an insurance policy is a transfer or assignment of all rights and liabilities to the insurance policy in favour of the assignee. An assignment once made, cannot be revoked by the policyholder.



40. How to make an assignment or transfer of a life insurance policy?

Assignment or transfer of a life insurance policy may be made by simply making an endorsement to that effect in the policy document. Another way of transferring or assigning the life insurance policy is by getting a separate assignment deed executed. The former case is a preferred mode of assignment as it is exempt from further stamp duty. An assignment should be signed by the assigner or his duly authorised agent specifically stating the fact of transfer or assignment and attested by at least one witness. An assignment form needs to be filled and signed by the policy owner, assignee and a witness.



41. Do I need to submit my policy document with my assignment form?

Why do I need to submit my policy?

Yes, you will need to submit your original policy document along with your assignment form. The assignment is endorsed on your policy document and then sent to the assignee and assigner is intimated.



42. Is assignment permitted on all insurance plans?

Yes assignment is permitted on all policies except policies which are purchased under Married Women's Property Act (MWP) and pension plans.



43. What are riders?

The additional benefits, over and above the benefits available under the insurance policy that a policyholder may be entitled to at an extra cost are called riders. You could opt for any one or more of the benefits at a little extra cost. This additional protection for your loved ones ensures that you receive a sum additional to the assured sum in case of any untoward event in your life.



44. What are the various riders offered by KLI?

The riders available by KLI are:

Riders	Benefits
Kotak Accidental Death Benefit	On death due to an accident; beneficiaries can get up to a maximum of twice the basic sum assured
Kotak Permanent Disability Benefit	Waiver of future premiums in case of disability of the proposer
Kotak Critical Illness Benefit	Waiver of future premiums in case of disability or death of the proposer due to certain critical illness
Kotak Term Benefit	Amount received on death within the term might even be double of the basic sum assured
Kotak Preferred Term Benefit	-
Kotak Life Guardian Benefit	Waiver of future premiums in case of death of the proposer (guardian) of the policy; where proposer and life assured are different
Kotak Accidental Disability Guardian Benefit	Waiver of future premiums in case of accidental disability of the proposer (guardian) of the policy; where proposer and life assured are different



45. What is Waiver of Premiums benefit?

In the unfortunate case that you become totally disabled, this add-on benefit waives off all future premiums both on the basic cover and on all add-on benefits during the disability period. All benefits of the original insurance plan would remain valid until maturity, without your being required to continue to pay the premiums for the base policy or the add-ons.



46. If due to any reason, I am unable to pay the premiums on my policy before the due date what is the time period available for paying my premiums?

If the premiums are not paid due to any reason the policy goes into lapse and the customer loses the life cover.

He can revive the policy without undergoing any formalities by paying the premiums within 6 months from the due date.

If he pays after six months, then he needs to complete major revival formalities and may even have to undergo medicals.

However the maximum time period available to revive the policy is 2 (two) years from PTD and for policies which have been issued after 01.09.2010 two years from discontinues date.

If the premiums are not paid for more than 2 years from the due date, then policy will terminate and payout if any shall be paid.

In case of NON UL plans, the policy might move into Reduce Paid Up mode.

Please refer to your policy document for further information.



47. What is Automatic Cover Maintenance?

If the policyholder has paid the premium for the last 3 years, and if he discontinues paying premium after three years, the policyholder goes into Automatic Cover Maintenance.

Under this provision, the customer's basic life cover will be available and in the event of death, the full death benefit will be payable to the customer. The customer's fund will be utilised for paying the mortality charges.

Once the fund is completely exhausted the policy will terminate.

However, this feature is not available in pure risk plans i.e. Kotak Term, Kotak Preferred Term plan.



48. Why is there a difference between the NAV declared on the Kotak website and the NAV applied to my transaction of the same day?

The NAV declared on the Kotak website is the pure NAV without taking into account the charges incurred. The NAV applied to the transaction is the actual NAV declared after determining the net effect of all the transactions in the fund and taking into account the charges for the transaction



49. What are the important details required to be submitted if I wish to change or add another nominee?

The details required are – name of the nominee, address, date of birth and percentage of share of the nominee.