BROCHURE

IN THIS POLICY THE INVESTMENT RISK IN INVESTMENT PORTFOLIO IS BORNE BY THE POLICYHOLDER

Shriram Life Insurance Company

Shriram Life Insurance Company is a part of Shriram Group, in a joint venture with Sanlam Life Insurance Company, South Africa, one of the largest Life Insurers of South Africa.

Gratuity-An award for Employee Loyalty

Gratuity is a statutory benefit paid to the employees under the payment of Gratuity-1972 or company specific plan provision (Must be better than PG Act at all ages and services).
The Gratuity is payable on cessation of the employment (Resignation,death,retirement or termination and Permanent Disability).

Gratuity payment Liability tends to increase as the salaries and tenure of the employment increase annually. An employer may pay out the Gratuity proceeds from its current revenue; however, to ascertain the Gratuity Liability of the employer, for more prudent financial planning and to get the benefit of increasing investment return, it is beneficial to set up a Gratuity Fund.

Chief purpose of “Group Gratuity Shield” Product:

The employers’ statutory liability of gratuity, as per the payment of Gratuity Act 1972 or company specific rule (Benefit = Max (PG Act, Company’s Rule)), can be met by payment of benefit from the Policyholders’ unit account as and when payable.

Whom the product is offered to

- Employer – Employee groups

Key Features of Shriram Group Gratuity Shield

- **Administration of the scheme at low cost**. Charges are fixed in nature(Percentage wise) and low charges give the better return of the money invested.

- **Absolute transparency**, where unit prices are declared on a daily basis and no implicit charges. So the employer is aware of the exact value of the fund at any point of time.

- **Flexible Investment options** that give you the benefits of spreading your funds across a range of investment options, including funds that are equity oriented.

- **Flexibility through fund switches.**

- **Flexibility through premium re-orientation,** where you have the benefits of re-directing your future premiums to funds that you had previously not opted for.

- **Better Liquidity Management,** being unit-linked in nature that allows investment of manageable amounts as opposed to large values required to be invested, in case of investments made directly in the market by employer/trust.

- **Providing customized AS 15(Revised, 2005**)(with a nominal additional cost) report which is required to be submitted to the statutory auditor during the closing of accounting period.

- **Policy holder can choose a separate insurance scheme Shriram Jana Suraksha** which has guaranteed death benefit in case of premature death of an employee. This ensures that there is no loss of prospective Gratuity payment in case of premature death.

- **Death and permanent disability benefits** are payable as per the plan provision formula without any requirement of vesting criteria.

- **Product may become self-financing** after some duration in case of low turnover rates and stable membership profile.

Benefits to the Members of the Group

- The contribution made by the employer is not included in the value of the taxable perquisites in the hand of employees.
- Sense of security and increase in productivity at work.

Benefits to the Employer

- Reflects employer's care towards his employees.
- The contributions made through an approved Gratuity fund may be claimed as business expenditure under section 36(1)(v) of the income tax act,1961 subject to the conditions contained herein.
- Improved HR.
- Income of the investments received by an approved Gratuity fund is exempt from tax under section10 (25) (iv) of the Act.

Nomination

Each employee can nominate person/persons to whom the death Benefit will be payable.

New Entrant and Leavers

Company (Policyholder) is needed to provide data as at each valuation date (typically coincident with accounting closure date) so that Shriram Life can actuarially value the past service liability and contribution required, if any.

What is the eligibility Criteria

Eligibility	**Condition**
Groups	Employer-employee groups
Minimum group size	10
Minimum age at entry for members	18 years lbd
Maximum age at entry for members	64 years lbd
Maximum exit age from the group	65 years lbd
Minimum annual contribution	Rs 10,000/-

Contributions

Initial contribution: The initial contribution equal to the past service liability of the members of the scheme can be paid in one lump sum or in not more than 5 annual installments. The past service gratuity liability will be calculated based on actuarial valuation by the company. In case of short(Less than 10 years) weighted future working lifetime,120% of company's past service liability will be required to be contributed.

Regular annual contributions: The regular annual contribution will be calculated actuarially by the company by taking account of the fund and liability position on each policy anniversary date. The policyholder has to pay annual contributions in advance on each policy anniversary date. There will be considerable revision on the regular contribution in case of imminent change in the plan provision which considerably improves the benefit.

First regular annual contribution will be equal to the service cost.

Mode of regular annual contributions: Yearly.

Investment Policy

Policyholder has an option to choose any one of the following funds or a combination of the below funds in a fixed percentage. The value of these investments may go up or down depending upon the market conditions. Consequently the Net Asset Value of the fund may go up or down.

Fund Name	Debt related	Equity related	Money market	Objective	Risk
Group Protector	Not less than 70%	Not more than 30%	0% - 10%	Provide a steady stream of Income	Low to Medium
Group Guardian	Not less than 50%	Not more than 50%	0% - 10%	Provide balanced Returns	Medium
Group Elevator	Not less than 30%	Not more than 60%	0% - 10%	Provide High Returns	Medium to High

Note:

Equity refers to investment in listed equities. **Debt** instruments refer to investment in fixed income securities such as Government Bonds, Rated Corporate Bonds (AA and above) etc., **Short term liquid Assets** include investment in instruments like Commercial paper, Certificate of Deposits, Short term Bank Deposits and Money market instruments.

a. The Unit Linked products are different from the traditional life insurance products as they are subject to market risks.

NAV Computation:
When Appropriation/ Expropriation price is applied:
NAV under each fund will be computed as under, (Market Value of investments held by The fund +/- the expenses incurred in the purchase/sales of the assets + the value of any current assets+ any accrued income net of fund management charges -the value of any current liabilities - provisions, if any).This gives the Net Asset Value of the fund.

Benefits payable

Death Benefit: Death benefit is the amount of Gratuity payable on death as per the company's plan provision (If it follows PG Act-1972).However in case company has a different benefit scheme other than PG Act- 1972, Death Benefit = Max (As per PG Act-1972, Company's own Rule). The Policyholder can also choose a separate insurance scheme (Shriram Janasuraksha) with a guaranteed sum assured in case of death of an employee.

Retirement Benefit: Retirement benefit is the amount of Gratuity payable on Retirement as per the company's plan provision (If it follows PG Act-1972).However in case company has a different benefit scheme other than PG Act- 1972, Benefit = Max (As per PG Act- 1972, Company's own Rule).

Disability Benefit: Disability benefit is the amount of Gratuity payable on Disability as per the company's plan provision (If it follows PG Act-1972).However in case company has a different benefit scheme other than PG Act- 1972, Disability Benefit = Max (As per PG Act-1972, Company's own Rule).

Withdrawal Benefit: Withdrawal benefit is the amount of Gratuity payable on withdrawal as per the company's plan provision (If it follows PG Act-1972).However in case company has a different benefit scheme other than PG Act- 1972, Benefit = Max (As per PG Act- 1972, Company's own Rule.

Charges under the Plan

Premium Allocation Charge

This is a percentage of the contribution received. This charge will depend on year of the contribution received and will be as under:

On Regular annual contribution

First year : 3%

Renewal : 1%

On Past service contribution

(Initial contribution) : 1%

These charges along with service tax at applicable rates will be deducted from the contribution and balance will be invested in the chosen fund.

Policy Administration Charge

First Year : Rs.25/- per member per annum

Recurring : Rs.25/- per member per annum inflating@5% p.a.

Subject to Minimum of Rs.2500 p.a. & Maximum of Rs.15000 p.a.(Minimum and Maximum charges are also subject to increase of 5% p.a).These charges along with service tax at applicable rates will be deducted from the policyholder's unit account.

Fund Management Charge

This is an investment charge and shall be appropriated by adjusting the Net Asset Value. These are dependent on the selected type of fund and shall be charged at the time of calculation of NAV. The fund management charge per annum for different funds is given below:

Fund Name	FMC
Group Protector	0.75%
Group Guardian	1.00%
Group Elevator	1.00%

However the company may change Fund Management charge up to 1.35% for all the above mentioned funds with prior approval from IRDA.

Surrender Charges:

Year of Surrender	Surrender Charge
During First year	5% of the value of Units.
During Second Year	4% of the value of Units.
During Third Year	3% of the value of Units.
During Fourth Year	2% of the value of Units.
From 5^{th} Policy anniversary	NIL.

Service Tax over charges:
Service tax at the prevailing rate will be levied over all the charges as applicable from time to time.

When and how the policy can be renewed

If contribution due is not paid within the grace period, the policy lapses.
If the policy lapses, by not paying all the due contribution s for at least three years from the date of commencement of the policy, the policy can be revived within a revival period of 2 years from the date of first unpaid contribution. During the revival period the policy administration charge will be collected by canceling the units. For reviving such a policy, arrears of contributions will be required to be paid. Out of this, allocation charge in respect of each year's contribution will be deducted and the balance will be utilized to allocate units to the policyholder's unit account at the NAV prevailing at the time of revival. If the policy is not revived within the revival period, the value of the units at the prevailing NAV will be paid at the end of the revival period or at the end of the 3^{rd} year whichever is later with appropriate surrender charges.
If at least three years contributions have been paid and three years have elapsed from the date of commencement of the policy, and further premiums have not been paid the policy can be revived within 2 years from the date of First unpaid contribution subject to the payment of arrears of contributions. However, during the revival period policy will be continued by deducting administration charges by cancelling appropriate number of units. For reviving such a policy, arrears of contributions are required to be paid. Allocation charge in respect of each year's contribution will be deducted and the balance amount will be utilized to allocate units to the policyholder's account at the NAV prevailing at the time of revival.
If the policy is not revived within the revival period the contract will be terminated by paying surrender value. However the policy can continue from the end of the revival period at the option of the policyholder by canceling units to the extent of Policy administration Charges until the fund value becomes one full years' contribution. Then it will be paid to the policyholder and the policy terminates. For reviving such a policy, arrears of contributions are required to be paid. Allocation charge in respect of each

year’s contribution will be deducted and the balance amount will be utilized to allocate units to the policyholder’s account at the NAV prevailing at the time of revival.

Insurance Act:

Section 41 of the Insurance Act,1938: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. Any person making default in complying with the provisions of this section shall be punishable with fine, which may be extending to five hundred rupees.

Section 45 of the Insurance Act, 1938: 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 policy, was in accurate or false, unless the insurer shows that such statement was on a material matter or suppressed fact 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.

For further details, Please contact our Insurance Advisor or our nearest Divisional Office.
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