<u>BROCHURE</u>

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.

<u>Gratuity-An award for Employee Loyalty (UIN 128L037V01)</u>

Gratuity is a statutory benefit paid to the employees under the payment of Gratuity-1972 **(PG Act)** 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.

<u>Chief purpose of "Group Gratuity Protector" Product</u>:

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. Any employer who wishes to take up the plan must set up a trust, approved by Commissioner of Income tax. Trustee, who will become the master policyholder, is responsible for payment of premiums and claims settlement. There is no minimum participation requirement. As required by the trustee either the whole group or sub group of employees shall be covered.

Key Features of Shriram Group Gratuity Protector

- **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. <u>No Bid/Offer spread.</u>

- **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.

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

- **In Built Death Benefit,** in the unfortunate event of a serving employee's death, the coverage would provide for a lump sum payment equal to the flat sum assured depending on the life cover opted by the trustees between Rs.1000/- to Rs.20000/- per employee(In denomination of Rs.1000/-).

- **Hassle Free Administration of Scheme**.

Benefits to the Members of the Group

- Gratuity received is exempt from tax up to half a month salary for every completed year of service or INR 10 lakh, whichever is less u/s 10(10).
- Sense of security, loyalty and increase in productivity at work.
- In built Life cover which pays a flat sum assured over and above the death benefit payable as per the plan provision.

Benefits to the Employer

- Reflects employer's care towards his employees.

- Improved HR.

- Interest income on the fund is non taxable in the hands of the trustees.

- Employer's Contribution to approved Gratuity Fund is a deductible business expenditure u/s 36(1) (v) as under:

  i) Initial Contribution is allowed as deductible business expense to the extent of 8.33% of the member's salary for each year of employee's past service.(Rule 104)

ii) Ordinary annual Contributions are allowed to the extent of 8.33% of the employee's salary.

** Tax benefits are available as per the provisions of income tax act, 1961 and subject to amendments thereof from time to time. To know whether you are eligible for above mentioned tax benefits, please consult your own professional advisors. Shriram Life Insurance Company Limited is not responsible in case you do not get any tax benefits stated above. Please note that the prevailing and applicable tax laws shall be final and conclusive on the matter and Shriram Life Insurance Company Limited is not responsible for the same at any time.*

Unit Linked Gratuity Plan Structure

- The fund will be managed on a unitized basis.
- Allocated premium received will be converted into units based on the applicable fund unit price.
- The fund value of the Gratuity Fund at any given point of time is based on the unit price declared at the close of business on the date on which the units are allocated.
- Please note that the insurer's liability is limited to the fund value.

Nomination

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

New Entrant and Leavers

Company (Policyholder) needs 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 premium required, if any. Employees joining the organization between policy anniversaries dates will be treated as a member of the fund on the immediate following policy anniversary date after his or her joining date.

Premiums

Initial premium: The initial premium 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.

Regular annual premiums: The regular annual premium 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 premiums in advance on each policy anniversary date.

There will be considerable revision on the regular premium in case of imminent change in the plan provision which considerably improves the benefit. If the employer wishes to change the plan provision in the next year and if it considerably increases the liability, they have to inform the insurer before the current valuation date with the details of change in the plan provision.

First regular annual premium will be equal to the employee service cost. This has to be paid in lump sum on inception.
Regular premium along with initial premium will be invested in chosen fund after deducting applicable premium allocation charge and administration charge.
Mode of regular annual premiums: Yearly.

What is the eligibility Criteria

Eligibility	Condition
Groups	Employer-employee groups
Minimum group size	10
Minimum age at entry for members	18 years age last birthday
Maximum age at entry for members	64 years age last birthday
Maximum exit age from the group	65 years age last birthday
Minimum regular annual premium	Rs 20,000/-
Minimum past service premium	Rs 100,000/-
Minimum Policy Term	5 Years

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.

NAV Computation:

When Appropriation 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 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. By dividing this by the number of units existing at the valuation date (before any new units are allocated) gives the unit price of the fund under consideration.

When 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 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. This gives the Net Asset Value of the fund. By dividing this by the number of units existing at the valuation date (before any new units are redeemed) gives the unit price of the fund under consideration

The unit Pricing shall be computed based on whether the company is purchasing (appropriation price) or selling (expropriation price) the assets in order to meet the day to day transactions of unit allocations and unit redemptions.

The appropriation price shall apply in a situation when the company is required to purchase the assets to allocate units at the valuation date The Expropriation price shall apply in a situation when the company is required to sell the assets to redeem units at the valuation date.

Benefits payable

Death Benefit:

Death Benefit as per plan provision = Max (As per PG Act- 1972, Company’s own Rule). There is no vesting requirement for Death Benefit (as per plan provision) to be payable as per PG Act. The policyholder is required to take a flat insurance cover (against death in service) for each employee under the Gratuity Scheme. The value of the cover ranges between Rs.1000/- to Rs.20, 000/- (In denomination of Rs.1000/-) per employee. So the total death benefit payable per member is equal to the benefit payable by plan provision plus the flat sum assured chosen at the outset.

Retirement Benefit:

Retirement benefit per member 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 per member 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). Once the disability payment is made to the member, membership from the group ceases and no further benefits will be paid.

Withdrawal Benefit:

Withdrawal benefit per member 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.

Exclusions under the Life Cover:

The benefits under the Life cover are not payable, if death occurs as a result of:

- Suicide within a year from the date of risk commencement or self inflicted injury, whether the life assured is medically sane or insane.
- Participation in aviation other than as a fare-paying passenger in an aircraft that is authorized by the relevant regulations to carry such passengers between established aerodromes.
- War, terrorism, invasion, act of foreign enemy, hostilities, civil war, martial law, rebellion, revolution, insurrection, military or usurper power, riot or civil commotion. War means any war whether declared or not.
- Taking part in any act of a criminal nature, an assault, an illegal activity or any breach of law.
- Radioactive contamination due to nuclear accident;

Charges under the Plan

Premium Allocation Charge

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

On Regular annual premium

First year	:	3%
Renewal	:	1.5%
On Past service premium		
(Initial premium)	:	1.5%

Policy Administration Charge

This is 1% of every renewal regular premium with a minimum of Rs.500 p.a. and maximum of 25,000/- p.a. (Minimum and maximum charges are subject to increase of 5% p.a).

Fund Management Charge

This is an investment charge and along with service tax 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.

Mortality Charges:
Annual Mortality Charge for Life cover per member will be collected separately in advance from the policyholder. These charges are guaranteed for the entire term and will be levied along with service tax at applicable rates.

Surrender Charges:
Surrender Charge collected will be 0.05% of the fund subject to a maximum of Rs.5,00,000 if the policy is withdrawn before the third policy anniversary.

Switching:

The Policyholder can switch units from one fund to another fund out of the funds mentioned above, during the policy term. The application for switch should come to the office of the Company where the policy is being serviced. The policyholder can switch units two times in a year without any charge. In case this option is not availed in a year it cannot be carried forward to next Policy year.

However, for each additional switch, Rs.500/- will be levied. On receipt of the application, the net asset value of the units in the policyholder's account after deducting the appropriate charges for switches (if any) will be utilized to allocate units in the fund chosen by the policy holder based on the unit price of that particular fund at the time of switch. In respect of funds switch request received up to 3 p.m. by the insurer, the closing NAV of the day on which request is received shall be applicable. In respect of funds switch request received after 3 p.m. by the insurer, the closing NAV of the next business day shall be applicable.

When and how the policy can be renewed

If premium due is not paid within the grace period, the policy lapses.

If the policy lapses, by not paying all the due premiums 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 premium. During the revival period the policy administration charge and FMC will be collected by canceling the units. For reviving such a policy, arrears of premiums will be required to be paid. Out of this, allocation charge in respect of each year's premium 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 3rd year whichever is later with appropriate surrender charges, if applicable.

If at least three years premiums 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 premium subject to the payment of arrears of premiums. However, during the revival period policy will be continued by deducting administration charges and fund management charges by cancelling appropriate number of units. For reviving such a policy, arrears of premiums are required to be paid. Allocation charge in respect of each year's premium 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.

During the revival period, the fund will grow and operate as usual with regular deductions of all the charges applicable. In this period, benefit payments will be made out of the fund until it is sufficient to provide those benefits after allowing for all the charges applicable. If the mortality charges are not paid by the policyholder within the grace period, then they will be deducted from the fund and the policy will continue till the end of the revival period.

Grace Period: A grace period of one month but not less than 30 days, will be available for the payment of the premiums.

Partial Withdrawal : Partial Withdrawals are not allowed under this plan.

Top-Up Premium: There is no facility for top-up premium.

Suicide Clause:

If any member commits suicide for any reason, whether sane or insane, within one year from the date of acceptance of the risk, sum assured will not be paid and only the gratuity death benefit as per plan provision ie; Max (As per PG Act- 1972, Company's own Rule) will be made.

Cooling Off Cancellation:

If the policyholder is not satisfied with the terms and conditions of the policy, the policy can be returned to the company within 15 days of receipt of the policy bond. However the proportionate risk premium up to the date of cancellation and stamp duty on the policy will be deducted while refunding the premium.

Disclosures:

1. Unit Linked Life Insurance products are different from the traditional life insurance products and are subject to risk factors.
2. The premium paid in Unit linked Life Insurance policies are subject to investment risks associated with capital markets and the NAVs of the units may go up or down based on the performance of fund and factors influencing the capital market and the insured is responsible for his/her decisions.
3. Shriram Life is only the name of the insurance company and Shriram Group Gratuity Protector is only the name of the unit linked insurance contract and does not in any way indicate the quality of the contract, its future prospects or returns.
4. Please know the associated risks and the applicable charges from your insurance agent or the intermediary or policy document of the insurer.
5. The various funds offered under this contract are the names of the funds and do not in any way indicate the quality of these plans, their future prospects and returns.
6. The past performance of the funds of the company is not necessarily an indication of the future performance of any of the funds.

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 Branch Office.

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