A Small Step By You...
A Secure Future for Your Members

IndiaFirst New Corporate Benefit Plan

PROMOTED BY

Bank of Baroda | Andhra Bank

IndiaFirst LIFE INSURANCE

Before you start reading

Important note

IndiaFirst New Corporate Benefit Plan is referred to as the Plan throughout the brochure.

How will this brochure help you?

This brochure gives you details of how the Plan works throughout its lifetime. It's an important document to refer to.

To help your understanding

We've done our best to explain everything as simply as possible; however you're likely to come across some terms you're unfamiliar with. Where possible, we've explained these where they are used.

We have used plain language that's easy to understand and believe this brochure is a good place to start when considering an investment.

Contents

Pg. No.

Introduction..........02

Executive summary..........02

1. About your Plan..........02
2. Working of Gratuity under the Plan..........03
3. Working of Leave Encashment under the Plan..........03
4. Entities Involved in the Plan..........03
5. Contribution..........04
6. Benefit..........04
7. Member's Demise..........05
8. Tax Benefits..........05
9. Charges under the Plan..........05
10. Suicide Committed by the Life Assured..........06
11. Can you cancel your Plan..........06
12. Prohibition from accepting rebate..........06
13. Submission of False or Incorrect Information..........06
14. About IndiaFirst Life Insurance..........07

Introduction

A small step by you... A secure future for your members

We know that your members are your most important assets. Organizations work with and exist only because of their members. No matter what your area of work, the value that individual members bring to your organization cannot be under estimated.

While being an important part of your organization, your members are also an essential part of their family. It hence becomes your responsibility to ensure basic financial security for them.

Our IndiaFirst New Corporate Benefit Plan helps you to invest the funds set aside towards your member's retirement benefits such as Gratuity and Leave Encashment.

With the IndiaFirst New Corporate Benefit Plan, you can now ensure that your members receive the right benefits for all their hard work.

Executive Summary

Key Features

You, the Master Policyholder

- You may now manage your member's liabilities through a transparent and value for money plan
- Enjoy a minimum guaranteed return of 0.5% per annum on your investment during the term of the plan.
- Enjoy reasonable returns and watch your investment grow as we declare bonus at the end of every year, if any over and above the minimum guaranteed return.
- Additionally under,
  - **Gratuity**
    - You may choose to cover the gratuity benefit of all your members as per scheme rules
    - Your contribution is a deductible business expense
    - Gratuity benefits are tax free up to ₹ 10,00,000 in the hands of the member
    - Any death benefit under group insurance is tax exempt under Section 10 (10D) of the Income Tax Act 1961. You have to form a trust to get the tax rebate
  - **Leave Encashment**
    - You may choose to cover the leave encashment liability of all your members

Risk Factors

- Bonus may vary from time to time and on the size of the fund
- Tax benefits are subject to changes in tax laws from time to time
- You have to form a trust to get the tax rebate

Note: We will manage your fund on behalf of your members. However you need to decide on how to utilize the fund available at the time of exit or retirement or death, in consultation with your members

1. What is the IndiaFirst New Corporate Benefit Plan?

IndiaFirst New Corporate Benefit Plan is a non linked, participating, yearly renewable group retirement benefit plan providing Gratuity and Leave Encashment benefit. Under this plan you, the Master Policyholder can invest your funds kept aside towards your member's retirement benefits or member liabilities in a controlled fund that will help you to–

- Secure your member benefits
- Earn returns by providing security and stability on the Gratuity/ Leave Encashment

You, the Master policyholder have the option to choose any scheme eg. Gratuity, Leave Encashment, under this product and separate plan will be issued for each scheme.

The plan also offers a minimum guaranteed return of 0.5% of the contribution paid on an annual basis. This will be guaranteed during the entire tenure of the plan. However, any additional earnings will be shared through declaration of bonus at the end of each financial year after adding the guaranteed addition. Additional non-zero positive residual addition, if any, may be credited to your account from 5th plan year to meet the maximum reduction in yield as per regulation

2. How does Gratuity work?

- You, the Master Policyholder, make regular contributions as per scheme rules and/or as per actuarial certificate. This depends on the member's salary, for each completed year of service. On leaving the organization, the member is paid a lump sum amount as per the scheme rules, accumulated from the contribution by the employer
- Gratuity is payable if the member retires or leaves the organization due to any reason. It is also payable on death in service due to any cause
- As per Gratuity Act, 1972, the gratuity payable to a member is 15 days wages (basic plus dearness allowance) for every year that he/ she completes or part of a year in excess of 6 months. This is subject to a maximum of ₹ 10,00,000. This is a mandatory benefit payable to the member after five years of service or on demise of the member at any point in time
- However, the Gratuity Act allows you the flexibility to pay the gratuity benefit before completion of five years of service of the member and in excess of the maximum limit set under the Act

3. How does Leave Encashment work?

- You may choose to offer your members leave encashment benefits as an acknowledgement of their loyalty
- Leave encashment is the amount payable for the member's leave period, depending upon his/ her balance leave and salary at the time of leaving the employment. This amount may be paid to the member (or dependent) on retirement or death or separation from the company
- You, the Master Policyholder, make annual contributions as per scheme rules and/or as per actuarial certificate on behalf of your members. On leaving the organization, the member is paid his due from the scheme fund, accumulated from the contribution by you

Shadow Account value will be maintained on a daily basis. Such Shadow Account will be computed based on the actual accruals of all income elements like premiums, income from investments as and when received and all actual debits i.e. withdrawals or partial withdrawals to the Policy Account value as and when debited, to arrive at the actual gross investment return and reduction in yield to the Policy Account value, at the end of each year starting from Plan Year 5

4. Who can be a part of this plan?

This plan includes the 'Master Policyholder and the 'Member'

Who is the Master Policyholder?

- Master Policyholder is you, the organization who sets aside a fund for your members in order to cover your member's benefits such as Gratuity and Leave Encashment
- The benefits payable under this plan are governed by the scheme rules. This specifies the amount and time of the benefit payment to your member(s). The amount and time of the benefit may vary. Under the Income Tax Act 1961, the trustees appointed by the employer may act as the Master Policyholder
- The Master Policyholder holds and operates the Master Plan

Who is the Member?

The Member is a member of the organization or a part of an organized group. The member is the life assured under this plan. The benefits are payable on the member's life.

The age limits for a member are –

Age	At Entry	At Normal Exit
Minimum	18 years as on last birthday	-
Maximum	70 years as on last birthday	71 years as on last birthday

What is the group size to whom the cover can be offered?

Minimum Group Size	50 members except in-case of approved Gratuity scheme, the minimum group size is 10
Maximum Group Size	No limit

5. Who pays the contribution under this plan?

You, the Master Policyholder will make the contribution on behalf of your members in case of Gratuity/ Leave Encashment.

Life cover premium will be deducted annually from the available account value. The life cover premium will be Re 1 per member per annum under this plan.

What is the minimum and maximum contribution under this plan?

Minimum Initial Contribution	₹ 50,000
Minimum Annual Contribution	No limit
Maximum Contribution	No limit
Maximum Size of the Fund	No limit

What happens on discontinuance of contribution?

Discontinuance of contribution can happen when the fund is overfunded or in surplus as per Actuary's certificate submitted by you in accordance with the AS15(Revised). In such cases, we will allow nil contributions/premiums under the plan and the plan shall not be treated as discontinued. Life cover premium shall be recovered on annual renewal date from the available account value to continue the cover. At any point of time if the fund value falls below life cover premium we will send a notice to you for payment of the contribution. In case you fail to contribute within 30 days from receipt of the notice then plan terminates.

Benefit Payable on Surrender

You can surrender the plan at any time during the year. Surrender value should be determined by applying market value reduction if any to the account value.

Market value reduction will be applicable for bulk exits and complete surrender. Bulk exits is the amount to be paid on total exits in any event exceeds 25% of the total fund of the scheme at the beginning of the financial year, such transactions shall be treated as Bulk Exits, where exits shall be as per scheme rules and exit shall mean exit of the member from the group.

6. What happens when the benefit falls due?

The benefits will be paid to you, the Master Policyholder, as per the scheme rules on the exit of the member from the scheme or can be directly paid to the members subject to prior authorization from you subject to availability of fund in the scheme account.

Retirement Benefit (separation from the scheme by retirement)	The accrued gratuity or leave encashment benefit as per the scheme rules.
Benefit Payable on resignation/ early termination from the service	The accrued gratuity or accrued leave encashment benefit as per scheme rules.
Benefit payable on Death	Lump sum amount towards the Gratuity/Leave Encashment benefit will be paid from the pooled account as per the scheme rules of the Master Policyholder along with in built life cover of ₹ 1000 per member

How will the Bonus be declared?

There is a minimum guaranteed return of 0.5% per annum. This is guaranteed during the entire tenure of the plan. Any additional returns over and above the minimum guaranteed return will be declared at the end of the financial year after adding guaranteed assured returns depending on the size of the fund through bonus. Bonus once declared and credited in the scheme account will be guaranteed and the account value will increase accordingly. There may be a non-zero positive residual addition, if any, from 5th plan year onwards to meet the reduction in yield as per regulation.

7. What happens in case of the member's demise?

This plan has a life cover of ₹ 1000 for the members as death benefit under gratuity and leave encashment schemes. The life cover premium will be only Re 1 per member per year

In case of the member's unfortunate demise, you, the Master Policyholder may withdraw from the fund value to pay the Gratuity/Leave Encashment benefit as per scheme rules to the nominee/legal heirs/appointee.

In case of death in service, the benefit payable is the accrued gratuity or leave encashment benefit as per scheme rules of the employer and the payout of the life cover.

8. What are the tax benefits under this plan?

Currently you and your member are eligible for the below mentioned tax benefits. These are subject to change from time to time. However, you are advised to consult your tax consultant.

Gratuity

Some employers do not create any fund for Gratuity. They simply create a provision for Gratuity in their accounts. Such provisions do not earn any Income Tax relief. Only Gratuity paid to the member is eligible for tax deduction. On the other hand, if you create a fund for Gratuity, there will be a number of tax benefits available, such as-

- Annual contribution towards gratuity will be treated as a business expense
- Initial Contribution towards past service gratuity will earn income tax relief
- The income of an approved gratuity fund is exempt under Section 10(25) (iv)
- Gratuity payable to an member is taxed as part of the member's salary income under Section 17 (I) (iii). However, Gratuity is tax free up to half months (15/26) average salary (of last 10 months) for each year of service, subject to a maximum of ₹ 10,00,000 under Section 10(10)
- All claims paid out from bundled life cover (IndiaFirst Group Term Plan) are eligible for tax deductions under Section 10(10)D

For the Gratuity fund to be approved by the Income Tax Commissioner,

- It is necessary to set up an irrevocable trust
- The Gratuity trust can invest its funds by making a contribution under a Group Gratuity Scheme of an insurer

Leave Encashment

- The cash equivalent of the leave encashment benefit as and when paid by the employer is deductible from the income under section 43B (f) of the Income Tax Act
- Benefit received by the member at the time of retirement gets tax relief as per section 10(10AA) of the Income Tax Act subject to maximum of 10 months leave

9. What are the charges under this plan?

Type of Charge	Charge Details	Description
Life Cover Premium	₹ 1 per member per annum irrespective of the age & gender of the member	This will be charged annually either from the contribution or fund

Is service tax applicable? If yes, who bears it?

The service tax will be borne by you, the Master Policyholder.

10. What happens in case the life assured commits suicide?

There is no suicide clause applicable under this product. In case of suicide, benefit will be paid as per scheme rules and death benefit of ₹ 1000 of the deceased member.

11. Can you cancel your plan?

Yes, you can cancel your plan if you disagree with any of the terms and conditions within the first 15 days (free look period) for all channels except Distance Marketing where it is 30 days from receipt of your plan document. You can return the plan to us, while stating your specific objections.

Do you get any refund when you cancel your plan?

Yes. We will refund an amount equal to the -

Premium/Contributions paid less:

i. Pro-rata risk premium

ii. Any stamp duty paid

12. You are prohibited from accepting rebate in any form

Prohibition of Rebate: Section 41 of the Insurance Act, 1938 states

- 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
- 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

13. What happens in case of submission of information which is false or incorrect?

Indisputability Clause: Section 45 of the Insurance Act, 1938 states

- No policy of Life Insurance 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 any report of a medical officer or referee or friend of the Insurer or in any other document leading to the issue of the Policy, was inaccurate or false, unless the insurer shows such statement Was on 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 and conditions of the policy are adjusted on subsequent proof that that the age of the life insured was incorrectly stated in the proposal

14. About IndiaFirst Life Insurance

IndiaFirst Life, the 23rd entrant in the Indian life insurance industry, launched its operations in November 2009. IndiaFirst Life is promoted by two large public-sector banks, Bank of Baroda (44% stake) and Andhra Bank (30% stake) whose footprint and experience continue to fortify the value proposition it offers to all stakeholders. Carmel Point Investments India Private Limited incorporated by Carmel Point Investment Ltd, a body corporate incorporated under the laws of Mauritius and owned by private equity funds managed by Warburg Pincus LLC also holds 26 percent stake in IndiaFirst Life.

Disclaimer: *Interest Rates are not guaranteed and may vary from year to year depending upon the performance of the fund.

The Sales Literature is consistent with the product features filed with the Authority.

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