

Group Variable Term Insurance

Introduction

The Group Variable Term Insurance is a tailor made insurance policy for companies like you. HDFC Standard Life Insurance Company will offer life insurance to company's customers, of one or more of the company's specific products, in order that in the event of their death, there will be a lump sum available.

The Group Variable Term Insurance:

- On death, will pay a lump sum known as a sum assured. The sum assured varies over time in order that the customer receives the cover that they need.
- Is a group policy.
- Has no lengthy underwriting procedure.
- Is simple to administer.

The policy is without any participation in the insurer's profits.

What are the benefits for the customer?

In the event of the customer's death, a lump sum will be available. Hence a customer will know that their dependants are cared for.

What are the benefits for *the company*?

Insurance is an optional additional benefit to your product that will benefit you as well as your customers. Some of the benefits for *the company* are:

- If the customer owes *the company* money then the insurance will reduce non-performing assets due to death.
- The insurance will be an additional benefit to the customer and will assist in marketing the product.

Why choose HDFC Standard Life?

HDFC Standard Life Insurance Company Ltd. is one of India's leading private insurance companies, which offers a range of individual and group insurance solutions. It is a joint venture between Housing Development Finance Corporation Limited (HDFC Ltd.), India's leading housing finance institution and a subsidiary of Standard Life, leading providers of financial services in the United Kingdom.

What is the insurance cover?

The life insurance is arranged on a group basis and the company will be the master policyholder. In order for a customer to be covered under the policy they must join the group insurance scheme, known as becoming a Scheme Member. In respect of every Scheme Member the waiting period shall be 45 days from their date of joining the Scheme. During the waiting period the sum assured will only be paid if the death occurs due to an accident. The Scheme Member will join the scheme for a 'Period of Cover'.

The life insurance cover is a varying term insurance hence the sum assured varies during the individual's membership term.

In the event that a Scheme Member dies then HDFC Standard Life will pay the individual member's sum assured. The sum assured in each year of the membership term will be a percentage of the initial sum assured.

No benefit will be paid out if the death of the Scheme Member has occurred directly or indirectly as a result of suicide within one year of the date of first being covered under the policy.

Scheme Members will be issued with individual certificates of insurance.

What is the membership eligibility?

The following is not an exhaustive list but it is intended to cover the main terms and conditions:

- Minimum Membership Term: 1 year.
- Maximum Membership Term: 20 years.
- Minimum premium: Rs. 200.
- Maximum Sum Assured: As determined by underwriting
- Waiting period: 45 days (During which only accidental death is covered)
- Exclusions: Suicide in the first year
- Scheme Member must be a customer with one or more of *the company's* products.

What is the premium?

This is a single premium policy.

The actual premium depends on the following:

- Size of the sum assured
- Term of the cover
- Age of the customer
- Gender of the customer

What is the underwriting?

The underwriting is simple. The customer declares that they believe they are in good health by completing short medical questionnaire and this provides the underwriting for the policy.

If the applicant does not sign satisfactorily the short medical questionnaire they will be declined cover.

How will the scheme be administered?

The key to this product being a success is to ensure that the administration is simple.

The frequency of the premium payments (deposit) will be determined in order that both the company and HDFC Standard Life can administer it efficiently.

HDFC Standard Life will work with the staff of the company to develop sales literature and training for the staff.

Tax relief (Section 80C)

Premiums paid are eligible for tax benefits under Section 80C and death benefits under life cover are exempted under Section 10(10D) of the Income Tax Act, 1961, subject to the provisions contained therein.

Service Tax, Education Cess & Other Levies

As per the current Laws, service tax & education cess is applicable on the life insurance premium. Any other indirect tax or statutory levy becoming applicable in future may become payable by you by any method we deem appropriate including by levy of an additional monetary amount in addition to the premium. Current rate of service tax & education cess is 12.36% of insurance premium. The quoted premium rates exclude this service tax, education cess and other levies.

Prohibition of Rebates: 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 fine, which may extend to five hundred rupees.

Non-Disclosure: 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 a statement made in the proposal for insurance or in any report of a medical officer, or referee, or friend of the insured, or any other document leading to 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 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.

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.

Cancellation in the Free-Look period:

In case you are not agreeable to the general policy terms and conditions, you have the option of returning the policy to us stating the reasons thereof, within 15 days from the date of receipt of the policy. On receipt of your letter along with the original policy documents, we shall arrange to refund you the premium amount paid subject to deduction of the proportionate risk premium for the period on cover, the expenses incurred by us on medical examination and stamp duty. A policy once returned shall not be revived, reinstated or restored at any point of time and a new proposal will have to be made for a new policy.

For further details contact 022 - 6647 5656
Visit us at www.hdfcinsurance.com

Registered Office: HDFC Standard Life Insurance Company Ltd., Ramon House, 169 Backbay Reclamation, Mumbai - 400 020.

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