

HDFC LEAVE ENCASHMENT PLAN

HDFC STANDARD LIFE INSURANCE COMPANY LIMITED

Registered Office: Ramon House, H T Parekh Marg, 169, Backbay Reclamation,
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STANDARD POLICY PROVISIONS

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This booklet is numbered _____

1. Definitions

Annual Renewal Date – Is a date each year agreed between you and us and is shown on the Policy Schedule. Certain policy events will happen on this date as defined by the Policy. The Annual Renewal Date can be changed by you subject to three months written notice.

Effective Date - means the date from which the Scheme shall first commence as set out in the Policy Schedule.

Policyholder, You, Employer, Firm, Company – Means the employer sponsoring the Scheme and is listed on the Policy Schedule.

Scheme – Means the leave encashment scheme listed in the Policy Schedule.

Member – Means a member of the Scheme.

Register – Means the list of Members which we maintain from information supplied by you.

Insurer, Us, We – Means HDFC Standard Life Insurance Company Limited.

Cut-off time – Is the time by which we must have accepted your instructions to invest in, or encash units from, a fund for us to invest in or encash units at the associated valuation time.

Valuation time – Means the time we value the assets in an Investment Linked fund as described in Provision 3 (Valuation of Investment Linked funds).

Accounts – Are separately held sets of units that you have requested us to hold and we have agreed to administer. You will instruct us on which Account(s) to apply premiums to and remove encashments from.

2. Investment Linked Funds

1. We will maintain a number of investment linked funds in order to determine the benefits under this policy and certain other policies issued by us from time to time. Our liability under the policy lies only to you and is limited to the extent of the unit value of your policy less any charges due to us. We are not liable to meet the leave encashment scheme's financial obligations to the members of the leave encashment scheme.
2. Each fund is divided into units. In any investment linked fund units of any particular type shall be of equal value. You will not hold the units directly and the assets of each fund will belong to us.

3. We decide what the funds invest in. We may borrow money on behalf of a fund and use the assets of that fund as security. We may participate in stock lending with the assets of the fund. We may reinsure all or part of the funds.
4. We may close, withdraw, split or combine funds or introduce new funds. 'Withdraw' means no further payments will be accepted into the fund, any existing units held in the fund will continue to be allocated. 'Close' means we will encash all the units which exist for a fund and terminate the fund.

Where we close or withdraw a fund, we will notify you, (at the last address you intimated to us), that, in three months' time, we will switch any existing units in that fund and / or apply any future premiums which would have been applied to that fund to another fund that has, in our opinion, the closest investment objectives to the original fund. During the three months period, you can switch to any other available fund in terms of Provision 9 (Fund Switches). Any charges which are normally deducted for a switch of funds, as outlined in Provision 9 (Fund Switches) will not be deducted in these circumstances.

5. We will not allocate units in any investment-linked fund unless assets equivalent to those units are added at the same time to the fund. We will also not withdraw assets from any such fund (except to meet the deductions described in section (7) of this Provision) unless units equivalent to those assets are cancelled at the same time. Units will only be cancelled in any such fund under the terms of Provisions 9, 11, 13 or 14 and assets equivalent to the cancelled units will be withdrawn from the same fund at the same time.
6. We will add the income from the assets of an investment linked fund to that fund, which will result in a change in the unit price.
7. We can deduct from the assets of an investment linked fund any amounts that we decide are appropriate to cover
 - a) expenses, taxes, duties and other charges for buying, managing, maintaining, valuing and selling assets;
 - b) interest on any money we have borrowed for the fund;
 - c) any other expenses, taxes, duties and charges arising from our operation of the fund;
 - d) part or all of any tax, levy or other charge on us allocated to the fund; and
 - e) the management charges described in Provision 4 (Management Charges on Investment Linked Funds).
8. Units invested in any of our investment linked funds do not participate in the profits of the HDFC Standard Life Insurance Company Limited or any of its participating funds.

3. Valuation of Investment Linked Funds

- 1 At such intervals as we may decide, but normally not less frequently than once each month, we will value each investment linked fund so that we can set the prices of units as specified in Provision 5 (Unit Prices).
- 2 The maximum and minimum values of a fund are based on the maximum and minimum values of assets in that fund, less any money we have borrowed for the fund and allowing for any cash that has not been invested, an estimate of income earned but not received, an estimate of charges incurred but not yet paid, allowance for future deductions of the types described in Provision 2.7, allowance for investment transactions made but not yet settled and allowing for the expenses of purchasing or selling assets.
- 3 The maximum value of an asset will not be greater than the market price at which it could be bought allowing for the expenses of buying assets.
- 4 The minimum value of an asset will not be less than the market price at which it could be sold allowing for the expenses of selling assets.
- 5 The value of quoted securities (such as stocks and shares) will normally be based on Indian market practice of market or fair value in accordance with regulations/guidelines/directives from the IRDA or any applicable regulator. The investments in buildings and land will be based on valuations prepared and certified by independent valuers appointed by us and adjusted to take account of changes in prices, where material, since the last valuations. We will determine the values of all other assets.
- 6 We will always make best endeavour to value the assets at least once a month. In certain extreme circumstances this may not be possible as the value of assets may be too uncertain. In such circumstances we may defer the valuation of assets until normality returns. Examples of such circumstances are:
 - (a) When one or more stock exchanges which provide a basis for valuation for a substantial portion of the assets of the fund are closed otherwise than for ordinary holidays.
 - (b) When, as a result of political, economic, monetary or any circumstances out of our control, the disposal of the assets of the unit fund are not reasonable or would not reasonably be practicable without being detrimental to the interests of the remaining unit holders.
 - (c) During periods of extreme volatility of markets during which surrenders and switches would, in our opinion, be detrimental to the interests of the existing unit holders of the fund.

- (d) In the case of natural calamities, strikes, war, civil unrest, riots and 'bandhs'.
- (e) In the event of any force majeure or disaster that affects our normal functioning.
- (f) If so directed by the IRDA or any applicable regulator.

4. Management Charges on Investment Linked Funds

Each time we work out the value of a fund we will take the appropriate management charges from the fund. Management charges are compounded daily. The daily charge is a percentage of the maximum value of the assets in the fund divided by 365. Currently the percentage we use is 0.75% for all funds and types of units. This rate may be reviewed by us at any time, and may differ by fund or type of unit, subject to a maximum of 2% per annum.

5. Unit Prices

- 1 Once we calculate the value of the assets in the fund at the valuation time, we will set the bid and offer unit prices for use on that day.
- 2 The maximum offer price of a unit of a particular type in a fund is:
 - (a) the maximum value of the assets attributable to that type of unit in the fund, as defined in Provision 3 (Valuation of Investment Linked Funds), minus the management charge set out in Provision 4 (Management Charges on Investment Linked Funds), divided by
 - (b) the number of units of that particular type,
 - (c) multiplied by a factor, currently 100/95, but which may be changed by us at any time, and
 - (d) rounded up by no more than Rs. 0.01.However, the actual offer price may be less than the maximum offer price.
- 3 The minimum bid price of a unit of a particular type in a fund is:
 - (a) the minimum value of the assets attributable to that type of unit in the fund, as defined in Provision 3 (Valuation of Investment Linked Funds), minus the management charge set out in Provision 4 above (Management Charges on Investment Linked Funds), divided by
 - (b) the number of units of that particular type,
 - (c) rounded down by no more than Rs 0.01.However, the actual bid price may be more than the minimum bid price.
- 4 For the purposes of Provision 6 (Premiums): if we receive your premium and all necessary documentation to allow the payment to be processed, and we are satisfied that the information received is correct, before the Cut-off time for the next Valuation then we will use the offer prices of units set at the next Valuation to allocate your premium. If we

receive your premium and all necessary documentation to allow the payment to be processed, and we are satisfied that the information received is correct, after the Cut-off time for the next Valuation then we will use the offer prices of units set at the Valuation after the next one.

Where you instruct us to apply a premium on a date in the future we will action your instructions as if they arrive at the start of the business day you instructed us to process the premium, subject to the cut-off time rules defined above. If you wish to amend any future dated instructions you may do so until the cut off time for that premium. If amendment instructions are received after the cut-off time for that premium they will not be acted upon.

- 5 For the purposes of Provision 9 (Fund Switches): if you instruct us to switch funds at the next Valuation and we receive your instructions to switch funds and all necessary documentation to allow the switch to be processed, before the Cut-off time for the next Valuation then we will use the bid prices of units set at the next Valuation to switch your funds. If you instruct us to switch funds at the next Valuation and we receive your instructions to switch funds and all necessary documentation to allow the switch to be processed, after the Cut-off time for the next Valuation then we will use the bid prices of units set at the Valuation after the next one.

Where you instruct us to switch funds on a date in the future we will action your instructions as if they arrive at the start of the business day you instructed us to process the switch, subject to the cut-off time rules defined above. If you wish to amend any future dated fund switch instructions you may do so until the cut off time for the switch. If amendment instructions are received after the cut-off time for the switch they will be treated as a separate switch instruction.

We can delay a switch of funds in terms of Provision 9, section 5.

- 6 For the purpose of Provision 11 (Policy and Cancellation Charges): the bid prices of units used to cancel units will be those set on the Valuation on the effective date the charges are deducted from the policy, or if no such Valuation is made, on the most recent Valuation prior to the effective date.
- 7 For the purpose of Provision 14 (Cash payments from the Unit Value of the Policy): if you instruct us to make a cash payment from the policy at the next Valuation and we receive your instructions to make a cash payment from the policy and all necessary documentation to allow the cash payment to be processed, before the Cut-off time for the next Valuation then we will use the bid prices of units set at the next Valuation to cancel units from your policy. If we receive your instructions to make a cash payment from the policy and all necessary documentation to allow the cash payment to be processed, after the

Cut-off time for the next Valuation then we will use the bid prices of units set at the Valuation after the next one.

Where you instruct us to make cash payment from the policy at a date in the future we will action your instructions as if they arrive at the start of the business day you instructed us to process the cash payment, subject to the cut-off time rules defined above. If you wish to amend any future dated cash payment instructions you may do so until the cut off time for that cash payment. If amendment instructions are received after the cut-off time for that cash payment they will not be acted upon.

- 8 Cut-off times and valuation times may vary over time and by fund. Details of our current practices are available on request.

6. Premiums

- 1 Premiums can be paid into the policy by you, the policyholder. In addition, we may agree to a request by you to accept premiums paid by someone else. Any agreement to accept premiums from a payer other than you, the policyholder may be ended by us at any time. Premiums can be paid by any method agreed by us.
- 2 A proportion of each premium, the Investment Content, will be used to buy units in the fund(s) and accounts of your choice. The Investment Content Rate for all premiums is on your Policy Schedule. If you have chosen more than one fund or account, we will split the Investment Content in accordance with your instructions before we allocate units in each fund and account.
- 3 The policy will not come into force until the first premium is accepted by us.
- 4 You will agree with us when premiums are expected to be paid to allow us to efficiently administer the policy. The policy schedule will show the dates premiums are expected to be paid. Additional premiums can be paid at any time. If premiums are not paid there will be no change to the policy terms, the existing funds will continue to be used to meet the charges due on the policy.
- 5 All payments will be accepted subject to realisation of funds. We will not make cash payment from the policy, as described in Provision 14 (Cash payments from the Unit Value of the Policy) in respect of a premium until the funds in respect of that premium have been realised by us.
- 6 If you request we can maintain different Accounts for premiums received from different cost centres. You will need to state which Account you wish a premium to be applied to. If no Account has been

stated the contribution will be applied to the employer's regular contribution Account.

- 7 Further Accounts may be maintained if agreed by us.

7. Choosing your investment linked funds

- 1 Initially your premium will be used to allocate units in the funds chosen by you in the Application Form.
- 2 At any time you can ask for some or all of your future premiums to be allocated to units in different funds. Premiums will only be applied as per the revised instructions if we accept your instructions before the Cut-off time for that premium. We will only act on your instructions to change the fund choice for future premiums when we have all necessary information to allow the change of fund choice to be processed and we are satisfied that the information received is correct.
- 3 If written instructions have not been received as to which fund a premium should be invested in then the premium will not be invested until such time as the instructions are received. The premium will then be allocated using the unit price applicable after the next Cut-off time.

8. How we allocate and cancel units

How we allocate units to your policy

- 1 The amount used to allocate units in each fund and account will be rounded down to the nearest Rs 0.01.
- 2 The number of units allocated in each fund and account is rounded down to the nearest 1/1000th of a unit.
- 3 We will retain any money left over after rounding.

How we will cancel units from your policy

- 4 Where units are cancelled to make cash payment from the policy in line with Provision 14 (Cash Payments from the unit value of the policy) or in line with Provision 9 (Fund Switches), we will cancel units in each fund and account held under the policy as per your instructions.
- 5 Where units are cancelled to collect a charge from the policy in line with Provision 11 (Policy and Cancellation Charges), we will cancel units in each fund, and account, held under the policy in proportion to the value of the units of those funds, and accounts, on the date of deduction of the charge.

6 Where units are cancelled to make a cash payment from the policy in line with Provision 15 (Discontinuance of the Policy), we will cancel units in each fund, and account, held under the policy as per your instructions after we have deducted any charges due to us (as detailed in section 2 of Provision 15). These charges will be collected by cancelling units in each fund, and account, held under the policy in proportion to the value of the units of those funds, and accounts, on the date of deduction of the charge.

- 1 7 The number of units cancelled from each fund, and account, will be rounded up to the nearest 1/1000th of a unit.
- 8 We will retain any money left over after rounding.

9. Fund switches

- 1 You can ask us to switch the funds in which your units are held. To do this, we will first cancel some or all of your existing units. We will then use the proceeds from the cancelled units, less the charge described in section 4 of this Provision, to buy units in your chosen fund or funds.
- 2 You may choose any investment linked fund which we have not withdrawn or closed.
- 3 We will cancel units in accordance with Provision 8 sections 4, 7 and 8. We will allocate units in accordance with Provision 8 sections 1, 2 and 3.
- 4 We do not currently charge for fund switches but we may review this in the future and may apply a charge for switching funds.
- 5 We may delay switching funds if it is necessary to do so in order to maintain fairness and equity between unit holders remaining in, and unit holders leaving a fund. Where this applies, we may delay switching all or part of your funds for up to 3 months or, in the case of units of a fund which invests directly or indirectly in buildings or land, for up to 12 months. If we delay the switch, we will use the unit prices that apply on the day on which the switch actually takes place.

10. Additional Services

Additional Services can be provided under this policy. The Service Schedule describes the additional services available and the Policy Schedule describes the services which will be provided.

11. Policy and Cancellation charges

- 1 Policy Charges will be levied to cover our expenses of running the policy and to provide a margin for profit. The level of charge will depend on the services which you have instructed us to provide.

- 2 Where the policy or the provision of an additional service is cancelled by you within a period of 3 years from the date the service started to be provided then a Cancellation Charge will be levied, of up to 3 years' Policy Charges for the policy or that service, based on the current level of Policy Charges.
- 3 Policy Charges are reviewed on a regular basis and may be changed at any time. We will inform you of the level of Policy Charges whenever they are changed.
- 4 The amount of the Policy Charge due will be taken from the policy by a cancellation of units following payment of the first premium and then on the Annual Renewal Date each year. If the fund is not sufficient to meet the charge when it falls due then the fund will be used to meet part of the charge and the outstanding balance must be paid with interest within 90 days, otherwise the policy will be terminated immediately.

The amount of the Cancellation Charge (as described in section 2 of this provision) due will be taken from the policy by a cancellation of units on the date that we receive written notification of the cancellation. If the fund is not sufficient to meet the charge when it falls due then the fund will be used to meet part of the charge and the outstanding balance must be paid with interest within 90 days, otherwise the policy will be terminated immediately

If the policy discontinues with an outstanding charge then you are required to pay the outstanding charge.

- 5 If the Annual Renewal Date is changed the Policy Charge will be altered to reflect the different period over which the Policy Charge applies.
- 6 Where a Policy Charge is based on the number of members in the scheme the charge will be assessed based on the number of Members on the Register on the due date of the charge. If the number of Members which should have been on the Register on the due date is found to be higher than the number of Members which actually were on the Register on the due date as a result of a delay in receiving information then the Policy Charge will be revised to reflect the higher number.

Should the number of Members on the Register more than double during the year following the Annual Review Date we may recalculate the Policy Charge based upon the up to date membership.

- 7 We shall be reimbursed for any outlay made by us on behalf of you. Such costs may be recovered by cancelling units from the policy, or by payment from you, as we decide.

12. Register of Members

- 1 We will maintain a Register of Members for this policy which will show the Membership Number(s) allocated to each member. The Register is part of the policy.
- 2 A person must be a Member of the Scheme to be included in the Register.
- 3 You may ask to include an eligible person in the Register at any time. We will include such a person in the Register from a date agreed with you.
- 4 You may ask us to remove a person from the Register at any time. If we discover a person included in the Register is not a Member of the Scheme, or has ceased to be a member of the scheme, we will remove the person from the Register, from a date agreed with you.
- 5 If the members in the Register of Members goes below the minimum number of members, we may at our discretion choose to terminate the policy. The current minimum number of members allowed is 25, however we may change this minimum in the future.

13. Additional Death Benefits

- 1 A lump sum death benefit of Rs 1000 will be assured for each Member of the Scheme who is listed on the Register, who is 18 years old or above, has not yet achieved the age of 65 years, or the age at which his employment contract ends and, meets any risk based conditions we chose to apply. We may change the amount of the death benefit from time to time; any change will take effect from the next Annual Renewal Date. If a person ceases to be a Member of the Scheme he will no longer be eligible for the Additional Death Benefit, even if he remains on the Register.
- 2 The lump sum death benefit will be paid to you provided we are satisfied the Member has died, was eligible for the benefit and died during the period the assurance was in place.

We will normally require a statement from the employer that the Member is dead and a death certificate issued by a body recognised by us, as evidence that a Member is dead.

14. Cash Payments from the Unit Value of the Policy

- 1 Where you request us in writing to make a sum of money available to pay benefits for a Member, or his nominated dependant, then we will

pay you the required sum provided the fund is sufficient to meet the payment, and we will cancel units in accordance with Provision 8.

- 2 If you request us in writing to make a sum of money available to pay a transfer value to another Scheme, in respect of a Member's beneficial interest in the Scheme, then we will pay the required sum provided the fund is sufficient to meet the payment, and we will cancel units in accordance with Provision 8.
- 3 We will deduct any tax from payments if we are required to do so by the tax authorities.
- 4 All cash payments from the policy will be made to you.
- 5 We may delay making a cash payment from the funds if it is necessary to do so in order to maintain fairness and equity between unit holders remaining in, and unit holders leaving a fund. Where this applies, we may delay encashing all or part of your funds for up to 3 months or, in the case of units of a fund which invest directly or indirectly in buildings or land, for up to 12 months. If we delay the encashment, we will use the unit prices that apply on the day on which the encashment actually takes place.
- 6 Our liability under the policy lies only to you and is limited to the extent of the unit value of your policy less any charges due to us. We are not liable to meet the Scheme's financial obligations to the members of the Leave Encashment Scheme.

15. Discontinuance of the Policy

- 1 The policy can be terminated at any time provided three months written notice of the request has been provided by you to us, or by us to you, or a shorter period if mutually agreed.
- 2 The value of the policy will be paid to you after the policy has ended. The value of the policy is equal to the realised value when all remaining units are cancelled as outlined in Provision 14 (Cash Payments from the Unit Value of the Policy), plus the value of the charge, as outlined in Provision 11 (Policy and Cancellation Charges), in respect of the unexpired period over which it applies, less any charges in respect of cancelled services as outlined in Provision 11 (Policy and Cancellation Charges).

If the value of any outstanding charges is greater than the value of the remaining units of the funds on termination, you, the policyholder will pay the shortfall to us. If you do not pay then the employer is required to pay as per Provision 11 (Policy and Cancellation Charges).

- 3 We may delay making a cash payment of the remaining value of the policy if it is necessary to do so in order to maintain fairness and equity between unitholders remaining in, and unitholders leaving a fund. Where this applies, we may delay encashing all or part of your funds for up to 3 months or, in the case of units of a fund which invest directly or indirectly in buildings or land, for up to 12 months. If we delay the encashment, we will use the unit prices that apply on the day on which the encashment actually takes place.
- 4 On discontinuance of the policy we are only liable to the value of the policy as defined above.

16. General

- 1 You must provide any information or evidence which we need to administer the policy.
- 2 Your Policy is based on the information on the Application Form and other information which you have supplied to us, however, if any of the information which you provided is incorrect, we reserve the right to vary the benefits which may be payable and, further, if there has been non-disclosure of a material fact then we may treat your Policy as void.
 - (a) 2 We will not pay any death benefits under this policy until we receive, at our Corporate Office the death certificate of the Member (or other satisfactory proof of death).
- 3 We reserve the right to change any of these policy provisions if it becomes impossible or impractical to enact the provision.

17. Special Rules for Large Transactions

- 1 In order to maintain equity and fairness with all unit holders, for very large transactions above a threshold level, we may, notwithstanding any other provision, choose to apply the following sections 2 and 3, for all such transactions that involve purchase or sale of underlying assets. The threshold level will vary from time to time, depending on, amongst other matters, the liquidity of the stock markets. Details of our current thresholds are available on request.
- 2 The number of units allocated may reflect the expenditure incurred in the actual market transactions which occurred. Transactions may occur over a number of days.
- 3 The value of units obtained from encashment may be the actual value obtained as a consequence of the actual market transactions which occurred. Transactions may occur over a number of days.

18. Breach of Provisions

- 1 If at any time you are in breach of any of your obligations under these Provisions and we have not deemed the Policy to have lapsed, we may, within one year of discovery of the breach, amend these Provisions and any related documents supplied to you in such a way as we consider necessary to compensate for the breach.
- 2 Before making any such amendment we shall inform you of the amendment we intend to make.

SAMPLE