

## **HDFC LIFE GROUP CREDIT PROTECT INSURANCE PLAN (UIN -101N079V02)**

***This Group Policy*** is granted by HDFC Standard Life Insurance Company Limited having its Registered Office at 13<sup>th</sup> Floor, Lodha Excelus, Apollo Mills Compound, N.M. Joshi Marg, Mahalaxmi, Mumbai - 400011 (hereinafter called “the Insurer”) to the Policyholder identified in the Schedule hereto who shall hold the same and all benefits payable thereunder upon Trust for the benefit of the persons to whom the said benefits are payable.

The Policy is numbered as shown in the Schedule and consists of this page, the Schedule, the Policy provisions referred to in the Schedule, and any pages issued by the Insurer to amend the policy.

The policy is issued pursuant to a Proposal made to the Insurer by the Policyholder on the date shown in the Schedule which in due course will be supported by the Membership Information Forms completed and signed by the persons for the benefit of whom the policy is effected, which will be furnished by the Policyholder to the Insurer periodically. The policy witnesses a contract between the Policyholder and the Insurer.

Upon receipt of the premium by the Insurer from the Policyholder, the Insurer shall pay to the Policyholder, the benefits described in the policy, subject only to the terms of the policy.

All monies payable under the policy to or by the Insurer shall be payable in Indian Rupees at the office of the Insurer identified in the Schedule.

Notwithstanding the date of the Proposal and the date on which the policy is signed, the policy shall have effect or be deemed to have had effect from the date shown in the Schedule as the Effective Date.

***In witness whereof***, this policy is signed at the end of the Schedule by a person duly authorised by the Insurer to sign any policy issued in connection with the Insurer’s Business.

**HDFC LIFE GROUP CREDIT PROTECT INSURANCE PLAN**  
**STANDARD POLICY PROVISIONS**

<b>L1</b>	<b>Definitions</b>
<b>L2</b>	<b>Commencement and Expiry of Insurance</b>
<b>L3</b>	<b>Register of Members</b>
<b>L4</b>	<b>Provision of Information</b>
<b>L5</b>	<b>Benefits payable on death or survival.</b>
<b>L6</b>	<b>Premiums</b>
<b>L7</b>	<b>Closure to New Members</b>
<b>L8</b>	<b>Duties of the Policyholder and the Insurer</b>
<b>L9</b>	<b>Variation of Terms and Conditions</b>
<b>L10</b>	<b>General</b>
<b>L11</b>	<b>Cancellation in the Freelook Period</b>
<b>L12</b>	<b>Insurance Legislations</b>

## L1. Definitions

In this booklet unless the context otherwise requires:-

1. **“Policyholder product”** is defined as any of the policyholder’s products as listed in the Schedule.
  2. **“Insurer”** or **“Insurance Company”** means HDFC Standard Life Insurance Company Limited.
  3. **“Effective Date”** is the date mentioned as the Effective Date in the Schedule.
  4. **“Entry Date”** shall mean (a) The Effective Date, or (b) the actual date on which an Eligible Person is admitted as a Scheme Member, whichever is later.
  5. **“Eligible Person”** means any person who satisfies all of the following conditions to participate in the Scheme:
    - a. person not older than maximum age for membership of the scheme as on the Entry Date; and
    - b. person not younger than minimum age for membership of the scheme as on the Entry Date; and
  6. **“Policyholder”** means the Policyholder as defined in the Schedule.
  7. **“Scheme Member”** means an Eligible Person who also satisfies all of the following conditions to participate in the Scheme:
    - a. who has applied in the necessary membership information form; and
    - b. has satisfactorily furnished the necessary declarations as required by the Insurer including the underwriting requirements; and
    - c. who has paid the requisite premiums; and
    - d. who has had their application to join the scheme accepted by the Insurer.
- Every Eligible Person desiring to become a Scheme Member may do so at any well defined date during the currency of the policy and, provided the application is accepted by the Insurer, the insurance cover on such a Scheme Member shall be in force from the entry date till the terminal date.
8. **“Scheme”** means the Scheme named in the Schedule.
  9. **“Term of Membership”** or **“Coverage Term”** means the period for which insurance cover is provided to individual Scheme Member at the Entry Date.
  10. **“Terminal Date”** means in respect of each Scheme Member, the date on which the period of insurance ends.
  11. **“Cover Type”** indicates whether the policyholder has selected a Level Term Assurance option or a Decreasing Term Assurance option.

In the instances where the Level Term Assurance option is selected, the sum assured in respect of any member will stay constant during all the years of the scheme membership. In the instances where the Decreasing Term Assurance option is selected, the sum assured reduces over the membership term based on the Benchmark Repayment Schedule selected by the policyholder.

12. **“Benchmark Repayment Schedule”** or **“Benefit Schedule”** is selected by the policyholder and defines the scale of the death benefit payable to a member over the membership term with respect to the sum assured selected at the membership start date.
13. **“Benchmark Interest Rate”** means the notional interest at which the Benchmark Repayment Schedule has been calculated.
14. **“Moratorium Period”** means the initial period of the coverage term where the sum assured does not de-escalate as the principal is not envisaged to be repaid during this period. In the instances where the selected Cover Type is Decreasing Term Assurance and the moratorium period is applicable, the Benchmark Repayment Schedule will reflect such moratorium period.
15. Words imparting the masculine gender shall include the feminine gender and vice versa.
16. Words in the singular shall include the plural and vice versa.
17. Any reference to a provision or provisions shall be construed as a reference to a provision or provisions of this booklet.

## **L2. Commencement and Expiry of Insurance**

1. The Insurer shall grant Insurance in accordance with these provisions in respect of each Scheme Member.
2. The Insurer at his sole discretion may require the Policyholder to furnish the proofs of eligibilities of the Scheme Member so as to administer the policy properly.
3. In respect of every Scheme Member covered under the Scheme, the insurance cover and the scheme membership shall be deemed to have been terminated under the earlier of the following circumstances:
  - on the Scheme Member attaining the age of maximum age for membership in the Scheme; or
  - on the Scheme Member surrendering their membership; or
  - upon the payment of a claim by the Insurer in respect of such Scheme Member; or
  - on the expiry of the Term of Membership.

## **L3. Register of Members**

1. The policyholder shall maintain a register of members. This register shall have the details of all the scheme members; and forms an integral part of this policy.
2. Nomination details for each member shall also be maintained in this register.
3. An inspection of the register without notice may be conducted by the Insurer or the auditors of the Insurer, and the Insurer may from time to time ask for the records and/or ask for a certificate from the auditor of the Policyholder.
4. A person's name can be removed from the register at any time. If it is discovered that a person included in the register is not a Scheme Member, or has ceased to be a Scheme Member, the person's name will be removed from the register.
5. The minimum number of members is stated on the Policy Schedule attached herewith as Appendix A.

## **L4. Provision of information**

1. Before assuring any benefit under these provisions in respect of an Eligible Person and to determine the rights and obligations of the Insurer under these provisions, the Policyholder must provide the Insurer with such information, data and evidence as the Insurer considers necessary in such form as the Insurer instructs.
2. In the event of any change in the name or other particulars of a Scheme Member, the Policyholder must inform the Insurer of the change within 15 days of being informed of the same by such Scheme Member.
3. In the event of the death of a Scheme Member, the Policyholder must inform the Insurer of within 15 days of being informed of the same by a representative of the deceased Scheme Member. However, the Insurer will condone the delay caused in intimation of claim where such delay is proved to be for reasons beyond the control of the claimant.

4. Subject to Section 45 of the Insurance Act 1938, if any information, data or evidence given to the Insurer in respect of a deceased scheme member is discovered to be incorrect, the insurance coverage in respect of such Scheme Member may be rendered void, at the instance of the Insurer.
5. The Insurer shall not be liable for any loss of benefit resulting from errors in or omissions from any information, data or evidence given to the Insurer.
6. The Insurer shall not admit a claim in respect of a Scheme Member under this Policy unless it receives the Scheme Members' death certificate or such other document that the Insurer may decide, within the legal and regulatory framework in the circumstances of a particular case. The Insurer will not accept the aforesaid documents unless it is issued by a person duly authorized to issue the same

The documents usually required for processing a claim are:

- Claim form
  - Documents which can be considered as proof of Death are:
    - Death Certificate of the scheme member issued by the Municipal Committee/ Corporation/ Govt. hospital/recognized hospital where the scheme member had received treatment, or certificate from the cremation/ burial ground; or
    - Gram Panchayat certificate / Tehsildar certificate, Certified copy of village death records or
    - Certified copy of relevant extracts of Register of Births and Deaths, or
    - any other document that the Insurer may decide, within the legal and regulatory framework in the circumstances of a particular case;
7. Where a claim is made that the Scheme Member's death was due to an accident, the Insurer shall not admit that part of the claim unless it receives a copy of the Preliminary Investigation Report, First Information Report lodged with the Police, Post Mortem Report or such other evidence that the death was an accidental death as the Insurer in its sole discretion deems acceptable.

#### **L5. Benefits payable on death or survival.**

##### **Death Benefits**

1. Upon the death of an insured Scheme Member during the membership term, the insurer shall pay:
  - a) where the Cover Type is Level Term Assurance – the sum assured
  - b) where the Cover Type is Decreasing Term Assurance – the sum assured as determined by the Benchmark Repayment Schedule on the membership anniversary immediately preceding, or coinciding with, the date of death.
2. The Certificate of Insurance issued to a Scheme Member will set out the death benefit payable in respect of that member during the coverage term.
3. Upon the payment of the death benefit, all the in-force covers for that member including rider covers, if any, shall cease.

4. The death benefit as set out in the member's Certificate of Insurance at the inception of membership shall be paid to the Nominee of the deceased Scheme Member..
5. In the instances where the insurance cover is sought for an institution's members unconnected with a loan, the death benefit as set out in the member's Certificate of Insurance shall be payable. In case of death of Scheme Member due to suicide within 12 months from the date of inception of the Policy, the nominee shall be entitled to 80% of the premiums paid
6. Payment of Death Benefit to Policyholder

If the Policyholder is 1) Reserve Bank of India ("RBI") regulated Scheduled Commercial Bank, 2) NBFs having Certificate of Registration from RBI or 3) National Housing Bank regulated Housing Finance Company, the payment of death benefit to the Policyholder may be made by the Insurer subject to the below mentioned conditions and in compliance with guidelines set forth by IRDAI in this regard:

- a) The Policyholder provides documentary evidence to establish that it is registered with RBI/ NHB.
- b) Scheme Members have specifically authorised the Insurer in a format provided by the Insurer to make payment of outstanding loan balance amount to the Policyholder by deducting from the death benefit payable on death of the Scheme Member;
- c) The Policyholder has collected written authorization from the Scheme Member and submitted the same to the Insurer;
- d) Credit Account Statement has been provided by the Policyholder with details of Scheme Member as required by the Insurer and in formats provided by the Insurer;
- e) The death benefit claimed by the Policyholder is only to the extent of the outstanding loan balance; and
- f) Where the death benefit is greater than the outstanding loan balance of the Scheme Member, the excess of the death benefit over such outstanding loan balance is paid to the nominee of the Scheme Member.

### **Maturity Benefits**

1. No benefits are paid on the expiry of the coverage term.

### **Surrender Benefits**

1. Surrender value may be payable, subject to meeting the conditions set out below where:
  - a) the need for the risk cover has ceased to exist, such as full prepayment of the loan or discontinuance of membership; and
  - b) a request for surrender has been submitted to the Insurer.
2. The surrender value shall be calculated based on the formula set out below. The Certificate of Insurance issued to a Scheme Member will set out the surrender value scale in respect of that member.

#### Surrender Value Formula:

$$50\% \times \text{Single Premium} \times \frac{\text{Unexpired coverage term, in complete years}}{\text{Coverage Term}} \times \frac{\text{Current Sum Assured}}{\text{Initial Sum Assured}}$$

3. The single premium for the purpose of calculating the surrender value does not include:
  - g) Rider premiums paid, if any.
  - h) Statutory Tax & Levies such as service tax and education cess.
4. The surrender value payout will be reduced by any applicable Statutory Taxes & Levies.
5. No surrender benefit will be payable to a Scheme Member if the calculated surrender value is less than Rs 500.
6. In case of surrender of the Policy by the Policyholder, the Scheme Members, on such surrender, will be given an option to continue the Policy as an individual policy till their coverage is terminated.

#### **Paid-up Benefits**

1. The policy cannot be paid up as there is only a single premium paid in advance.

#### **L6. Premiums**

1. Separate single premiums are payable in respect of every Scheme Member insured under the master policy.
2. New members are allowed to join the Scheme at any time, provided the application is accepted by the insurer. Premiums for all such members shall be collected in advance of cover being provided.
3. In addition to the base premium and rider premium; service tax and any other applicable statutory taxes and levies shall be payable by the Policyholder.
4. The Insurer reserves the right to collect any additional taxes or levies (such as Goods and Service Tax) that may be introduced in the future by the government, as and when such taxes become effective.

#### **L7. Closure to New Members**

1. The Insurer reserves the right to close the Scheme for the new members at its sole discretion after providing a notice of up to 30 days to the policyholder.
2. In the instance where the Insurer has exercised such right to close the Scheme for the new members, the Insurer shall continue to provide the insurance coverage for the existing Scheme Members for their respective unexpired membership terms.

#### **L8. Duties of the Policyholder and the Insurer**

1. The Policyholder and the Insurer would be required to perform duties as set out in the Policy Schedule.

#### **L9. Terms and Conditions**

1. The Insurer reserves the right to vary the Policy provisions and the Schedule after giving the Policyholder 30 days (or such shorter period as mutually agreed) notice of its intention to do so in writing.



2. The Insurer reserves the right to vary the Policy provisions and the Schedule due to legal or regulatory changes.
3. The Insurer reserves its right to audit or cause an audit into the accuracy of the Credit Account Statements of the deceased Scheme Members provided by the Policyholder. Alternatively the Insurer may at its discretion delegate its responsibility and require the Policyholder to audit or cause an audit into the accuracy of the Credit Account Statements and obtain a certification from the Policyholders internal/ statutory auditors that the outstanding loan balance shown the Credit Account Statement is correct.

#### **L10. General**

1. Any information needed to administer the policy must be furnished by the Policyholder.
2. If the information provided by the Policyholder in the application form is incorrect or incomplete, the Insurer reserves the right to vary the benefits which may be payable.
3. The Insurer reserves the right to change any of these Policy provisions if it becomes impossible or impractical to execute the provision.
4. The Insurer can check, at any time, if the benefit payments are being made to the correct person as and when due.
5. The Policyholder can nominate a person/ persons in accordance with Section 39 of the Insurance Act, 1938 as amended from time to time. Simplified version of the provisions of Section 39 is enclosed in Annexure I for reference.
6. Fraud, misrepresentation and forfeiture would be dealt with in accordance with provisions of Section 45 of the Insurance Act 1938 as amended from time to time. Simplified version of the provisions of Section 45 is enclosed in Annexure II for reference.
7. Loans are not available for the product.

#### **L11. Cancellation in the Freelook Period**

1. The Policyholder has the option of cancelling its policy in case he is not agreeable to the general policy terms and conditions. The option needs to be availed within 15 days of the receipt of the policy.
2. On receipt of the cancellation letter along with the original policy documents, the premium shall be refunded after deducting the stamp duty paid, medical expenses incurred due to underwriting and risk premium for the period under cover.
3. A policy once returned shall not be revived, reinstated or restored at any point of time.
4. In the instance where a Scheme Member requests for the freelook cancellation in respect of his insurance coverage, within a period of 15 days from the date of receipt of the Certificate of Insurance, the premium for the Scheme Member shall be refunded after deducting:
  - a) the stamp duty; and
  - b) the expenses incurred in respect of medical examination; and

- c) the proportionate risk premium for the period under cover; and
- d) any other permissible statutory deductions.

## **L12. Insurance Legislations**

### **1. Section 41 of the Insurance Act, 1938 states:**

“(1) 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.

(2) Any person making default in complying with the provisions of this section shall be liable for a penalty, which may extend to ten lakh rupees.”

### **2. Anti Money Laundering Provisions**

The Prevention of Money Laundering Act, 2002, has been made applicable to Insurance Companies. Accordingly HDFC Standard Life Insurance Company Limited shall enforce the Rules as and when the same are notified by the Authorities.

### **3. Miscellaneous**

This policy is subject to the Insurance Act 1938, as amended by the Insurance Regulatory and Development Authority Act, 1999, such amendments, modifications as may be made from time to time and such other relevant regulations as may be introduced there under from time to time by that Authority.

**HDFC STANDARD LIFE INSURANCE COMPANY LIMITED**

HDFC LIFE GROUP CREDIT PROTECT INSURANCE PLAN (UIN 101N079V02)

**Appendix A**

**POLICY SCHEDULE**

1. **Master Policy Number:**

2. **Name of the Scheme:**

3. **Date of Proposal:**

4. **Effective Date:**

*Date of submission of the proposal, the premium due and the list of persons who wish to avail of benefits under the policy in the form required by Insurer.*

5. **Policyholder:**

6. **Policyholder products with the HDFC Life Group Credit Protect Insurance Plan :**

7. **Eligibility to join the Scheme for the Scheme Member**

<b>Eligibility</b>	<b>Age (last birthday) (in years)</b>
	Base Benefit
Minimum Age at Entry	
Maximum Age at entry	
Minimum Maturity Age	
Maximum Maturity Age	

8. **Minimum Number of Members:**50

9. **Cover Type:**

10. **Loan Type:**

11. **Benchmark Interest Rate:** N.A.

12. **Moratorium Period:** N.A.

13. **Benchmark Repayment Schedule:** N.A.

## Benefit payable on death or survival:

### Death Benefits

Upon the death of an insured Scheme Member during the membership term, the insurer shall pay:

The sum assured for the Scheme Member

### Maturity Benefits

No benefits are paid on the expiry of the Term of Membership.

### Surrender Benefits

- a) The Surrender Value calculated based on the formula set out below. The Certificate of Insurance issued to a Scheme Member will set out the surrender value scale in respect of that member.

$$\frac{50\% \times \text{Single Premium} \times \frac{\text{Unexpired coverage term, in complete years}}{\text{Coverage Term}} \times \frac{\text{Current Sum Assured}}{\text{Initial Sum Assured}}}{}$$

- b) The single premium for the purpose of calculating the surrender value does not include:
- Rider premiums paid, if any.
  - Statutory Tax & Levies such as service tax and education cess.
- c) No surrender benefit will be payable to a Scheme Member if the calculated surrender value as specified above is less than Rs 500.
- d) The surrender value payout will be reduced by any applicable Statutory Taxes & Levies.
- e) No surrender benefit will be payable for any rider benefits, if chosen.
- f) In case of surrender of the Policy by Policyholder, the Scheme Members, on such surrender, will be given an option to continue the Policy as an individual policy till their coverage is terminated.

### Paid-up Benefits

The policy cannot be paid up as there is only a single premium paid in advance.

### Optional Rider Benefits, if chosen

#### a) Accelerated Critical Illness Rider Benefit (ACI)

Upon the diagnosis of one of the specified critical illnesses as specified in the additional provisions for the ACI rider and before the expiry of the ACI rider coverage term, the insurer shall pay to the Scheme Member:

The ACI rider sum assured as determined by the Benchmark Repayment Schedule.

The ACI rider provides for an accelerated benefit and therefore the ACI rider sum assured, at all times, equals the base benefit sum assured.

Upon payment of ACI rider benefit, all the unexpired covers for that member including base and rider covers, if any, shall cease.

**b) Accidental Death Benefit Rider (ADB)**

An additional benefit equivalent to the ADB Rider sum assured where the death of the Scheme Member life insured is caused by an accident shall be payable to the Scheme Member.

No accidental death benefit is payable if death is caused directly or indirectly by any of the exclusions specified in the additional provisions for ADB rider.

**Additional Provisions:**

**1. Duties of the Policyholder**

Policyholder shall perform the following:

- a. Provide fair and accurate information as may be desired by the Scheme Members, and as they may rightfully be entitled to receive from the Insurer, within the time stipulated by the Insurer from the date of request.
- b. Provide the Scheme Members with their certificate of Membership using facilities provided by the Insurer.
- c. Collect, compile, maintain and store original documents and records related to each Scheme Member under the Scheme for such period as may be required by the Insurer and furnish the same to the Insurer within a specified time.
- d. Take all reasonable steps to ensure that the data and information provided to the Insurer fairly and accurately sets down the data and information as provided by the Scheme Members.
- e. Provide all or any part of the said data so compiled, as well as data generated, to the Insurer in the format, in the manner and at such times as specified by the Insurer.
- f. To keep proper and accurate accounts of the premiums, including service tax and other levies, paid by the Scheme Members and other financial transactions relating to the Policy and the Scheme.
- g. Store information related to Scheme Members and all other related data as may be deemed necessary from time to time by the Insurer.
- h. Forward to the Insurer, the data and any changes therein, relating to the Scheme Members in a format specified by the Insurer.

- i. Co-ordinate with the Insurer to ensure that the information available with the Insurer relating to Scheme Members covered is the same as the information available with the Policyholder at all times. In case of any discrepancy, the policyholder shall revert to the Insurer immediately.
- j. Upon receiving the information from the Insurer of an Eligible Person who is not eligible to be covered, communicate the same to the Eligible Person immediately.
- k. Process the documents related to claims, received from the nominee(s) or representatives of the estate of the Scheme Member; ensure that the claim form and the stipulated documents have been submitted by the Nominee(s) or representatives of the Scheme Member's estate and the same are in order and thereafter forward the claims and documents, duly processed to the Insurer within a specified time.
- l. If the Policyholder is the Scheme Member's Nominee and a claim amount paid by the Insurer is in excess of any outstanding debt at that time under the Policyholder Product, then the Policyholder shall pay such excess to the estate of the Scheme Member.
- m. Provide access and support and furnish all necessary documents and records as may be required by the Insurer for audit of the Policyholder's records.
- n. To provide the Policyholders existing infrastructure to the Insurer as per the terms and conditions mentioned under Appendix B.
- o. To take all steps for the effective and efficient management of the Policy as may be required by the Insurer from time to time.

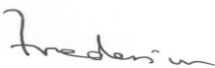
## **2. Duties of the Insurer**

- a. The Insurer shall review all literature that the Policyholder designs for prospective Scheme Members to ensure it complies with the Regulations on Insurance Advertisements and Disclosures and on Protection of Policyholders Interests.
- b. Specify the premium to be received from the Policyholder for the commencement of risk on each of the Scheme Members.
- c. Upon receiving the information relating to new Scheme Members from the Policyholder, verify the same and revert to the Policyholder with a list of Scheme Members covered, Eligible Persons not covered and other discrepancies within a time as specified by the Insurer.
- d. Upon receiving information regarding a claim, guide the Policyholder with the process of the claim and the documents required.
- e. Process the claim and carry out the investigations where necessary within the time specified under the IRDAI (Protection of Policyholder) Regulations, 2002.
- f. Where the claim is accepted, remit the claim amount to the Policyholder within the time specified under the IRDAI (Protection of Policyholder) Regulations, 2002. The Insurer will require proof from the Policyholder that the Beneficiary has received any claim amount.

- g. Where the claim is required to be repudiated, intimate the Policyholder about the repudiation of the claim to enable the Policyholder pass on the information to the Beneficiaries.

**3. Office at which Monies are payable:**

The Principal Office of the Insurer and/or such other Office(s) as mutually agreed between the Insurer and the Policyholder from time to time.

<b>Place of signing</b>	<b>Date of signing</b>	<b>Signature of person signing for and on behalf of the Insurer</b>
Mumbai	March 10, 2014	 .....
Examined .....		Issued by .....

Consolidated Stamp Duty of Rs. 5,099.00

Rupees Five Thousand and Ninety Nine Only

Paid vide deface number 0000557799201314 dated February 14, 2014.

## **Appendix B**

The Insurer may leverage the existing infrastructure of the Policyholder for better administration of the scheme with respect to services such as data management, collection of premiums, issuance of Certificates of Insurance and claims settlement.

For the services rendered, payments shall be made directly to the Policyholder as per the limits allowed under the prevailing Regulations which currently stand as follows:

- Data Management – Rs 15 per member per annum
- Premium Collection – Rs 10 per member per annum
- Issuance of Certificates of Insurance – Rs 10 per member subject to a minimum of Rs 500
- Claims Settlement – Rs 10 per claim

If the business is procured through an intermediary, no such payments will be payable to the Policyholder.

The payments to the Policyholder shall be subject to ceilings prescribed by prevailing Regulations. Presently, the ceilings on payments to the Policyholder are as follows:

- The payments put together shall not exceed 20% of the commission payable in respect of the Policy, and
- for each of the services individually, the payments shall not exceed the rated proportion to the overall limit of 20% of the commission payable.



## Annexure I

### Section 39 - Nomination by policyholder

Nomination of a life insurance Policy is as below in accordance with Section 39 of the Insurance Act, 1938 as amended by Insurance Laws (Amendment) Ordinance dated 26.12.2014. The extant provisions in this regard are as follows:

- (1) The policyholder of a life insurance on his own life may nominate a person or persons to whom money secured by the policy shall be paid in the event of his death.
- (2) Where the nominee is a minor, the policyholder may appoint any person to receive the money secured by the policy in the event of policyholder's death during the minority of the nominee. The manner of appointment to be laid down by the insurer.
- (3) Nomination can be made at any time before the maturity of the policy.
- (4) Nomination may be incorporated in the text of the policy itself or may be endorsed on the policy communicated to the insurer and can be registered by the insurer in the records relating to the policy.
- (5) Nomination can be cancelled or changed at any time before policy matures, by an endorsement or a further endorsement or a will as the case may be.
- (6) A notice in writing of Change or Cancellation of nomination must be delivered to the insurer for the insurer to be liable to such nominee. Otherwise, insurer will not be liable if a bonafide payment is made to the person named in the text of the policy or in the registered records of the insurer.
- (7) Fee to be paid to the insurer for registering change or cancellation of a nomination can be specified by the Authority through Regulations.
- (8) On receipt of notice with fee, the insurer should grant a written acknowledgement to the policyholder of having registered a nomination or cancellation or change thereof.
- (9) A transfer or assignment made in accordance with Section 38 shall automatically cancel the nomination except in case of assignment to the insurer or other transferee or assignee for purpose of loan or against security or its reassignment after repayment. In such case, the nomination will not get cancelled to the extent of insurer's or transferee's or assignee's interest in the policy. The nomination will get revived on repayment of the loan.
- (10) The right of any creditor to be paid out of the proceeds of any policy of life insurance shall not be affected by the nomination.
- (11) In case of nomination by policyholder whose life is insured, if the nominees die before the policyholder, the proceeds are payable to policyholder or his heirs or legal representatives or holder of succession certificate.
- (12) In case nominee(s) survive the person whose life is insured, the amount secured by the policy shall be paid to such survivor(s).
- (13) Where the policyholder whose life is insured nominates his
  - a. parents or
  - b. spouse or
  - c. children or
  - d. spouse and children
  - e. or any of themthe nominees are beneficially entitled to the amount payable by the insurer to the policyholder unless it is proved that policyholder could not have conferred such beneficial title on the nominee having regard to the nature of his title.

- (14) If nominee(s) die after the policyholder but before his share of the amount secured under the policy is paid, the share of the expired nominee(s) shall be payable to the heirs or legal representative of the nominee or holder of succession certificate of such nominee(s).
- (15) The provisions of sub-section 7 and 8 (13 and 14 above) shall apply to all life insurance policies maturing for payment after the commencement of Insurance Laws (Amendment) Ordinance, 2014 (i.e 26.12.2014).
- (16) If policyholder dies after maturity but the proceeds and benefit of the policy has not been paid to him because of his death, his nominee(s) shall be entitled to the proceeds and benefit of the policy.
- (17) The provisions of Section 39 are not applicable to any life insurance policy to which Section 6 of Married Women's Property Act, 1874 applies or has at any time applied except where before or after Insurance Laws (Ordinance) 2014, a nomination is made in favour of spouse or children or spouse and children whether or not on the face of the policy it is mentioned that it is made under Section 39. Where nomination is intended to be made to spouse or children or spouse and children under Section 6 of MWP Act, it should be specifically mentioned on the policy. In such a case only, the provisions of Section 39 will not apply.

Disclaimer: This is not a comprehensive list of amendments of Insurance Laws (Amendment) Ordinance, 2014 and only a simplified version prepared for general information. Policy Holders are advised to refer to Original Ordinance Gazette Notification dated December 26 , 2014 for complete and accurate details.

## Annexure II

Section 45 – Policy shall not be called in question on the ground of mis-statement after three years

Provisions regarding policy not being called into question in terms of Section 45 of the Insurance Act, 1938, as amended by Insurance Laws (Amendment) Ordinance dated 26.12.2014 are as follows:

- (1) No Policy of Life Insurance shall be called in question on any ground whatsoever after expiry of 3 yrs from
  - a. the date of issuance of policy or
  - b. the date of commencement of risk or
  - c. the date of revival of policy or
  - d. the date of rider to the policywhichever is later.

- (2) On the ground of fraud, a policy of Life Insurance may be called in question within 3 years from
  - a. the date of issuance of policy or
  - b. the date of commencement of risk or
  - c. the date of revival of policy or
  - d. the date of rider to the policywhichever is later.

For this, the insurer should communicate in writing to the insured or legal representative or nominee or assignees of insured, as applicable, mentioning the ground and materials on which such decision is based.

- (3) Fraud means any of the following acts committed by insured or by his agent, with the intent to deceive the insurer or to induce the insurer to issue a life insurance policy:
  - a. The suggestion, as a fact of that which is not true and which the insured does not believe to be true;
  - b. The active concealment of a fact by the insured having knowledge or belief of the fact;
  - c. Any other act fitted to deceive; and
  - d. Any such act or omission as the law specifically declares to be fraudulent.
- (4) Mere silence is not fraud unless, depending on circumstances of the case, it is the duty of the insured or his agent keeping silence to speak or silence is in itself equivalent to speak.
- (5) No Insurer shall repudiate a life insurance Policy on the ground of Fraud, if the Insured / beneficiary can prove that the misstatement was true to the best of his knowledge and there was no deliberate intention to suppress the fact or that such

mis-statement of or suppression of material fact are within the knowledge of the insurer. Onus of disproving is upon the policyholder, if alive, or beneficiaries.

- (6) Life insurance Policy can be called in question within 3 years on the ground that any statement of or suppression of a fact material to expectancy of life of the insured was incorrectly made in the proposal or other document basis which policy was issued or revived or rider issued. For this, the insurer should communicate in writing to the insured or legal representative or nominee or assignees of insured, as applicable, mentioning the ground and materials on which decision to repudiate the policy of life insurance is based.
- (7) In case repudiation is on ground of mis-statement and not on fraud, the premium collected on policy till the date of repudiation shall be paid to the insured or legal representative or nominee or assignees of insured, within a period of 90 days from the date of repudiation.
- (8) Fact shall not be considered material unless it has a direct bearing on the risk undertaken by the insurer. The onus is on insurer to show that if the insurer had been aware of the said fact, no life insurance policy would have been issued to the insured.
- (9) The insurer can call 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 of age of life insured. So, this Section will not be applicable for questioning age or adjustment based on proof of age submitted subsequently.

Disclaimer: This is not a comprehensive list of amendments of Insurance Laws (Amendment) Ordinance, 2014 and only a simplified version prepared for general information. Policy Holders are advised to refer to Original Ordinance Gazette Notification dated December 26, 2014 for complete and accurate details.