Aviva New Traditional Employee Benefit Plan
Non Linked Non-Participating Variable Insurance Plan

AVIVA | Life Insurance |

As an employer, you always strive to put best policies for the employees and meet the statutory obligations in an employee friendly manner. At Aviva, we realise this need of yours and in order to meet these obligations, we present Aviva New Traditional Employee Benefit Plan. This is a group employer-employee benefit product suitable for employers to meet their fund management needs to make the employee benefit payments e.g pertaining to Gratuity and Leave Encashment on resignation, retirement or death of their employees. The leave encashment benefit may include the encashment of leaves by the members while in service depending upon the scheme rules.

Key Objectives:

- To meet the fund management needs of the employer in providing employee benefits related to Non-Pension Schemes like Gratuity, Leave Encashment. To provide tax benefits to the employer which are subject to change from time to time
- To Provide a life cover of ₹1,000 per member

Who is the Master Policyholder?
For a tax approved fund established under a trust deed, the trustees will act as the Master Policyholder otherwise Employer acts as Master Policyholder.

Who is an eligible member?
Any employee of an organisation between 18 and 74 years of age is eligible for this plan.

What is the minimum contribution per scheme?
Minimum contribution per scheme is ₹1 lakh at inception. The contribution in respect of past service liability can either be paid in lump sum or instalments.

What are the life cover limits?
The sum assured is fixed at ₹1,000 per employee.

What is the minimum group size required?
The minimum group size is 10 members.

How the scheme will work?
This is a Fund Based Group Plan for the employers who would like us to manage their funds for the employee benefits e.g. Gratuity and Leave Encashment benefits as per the scheme.

Contribution and Premium:

- **Initial Contribution:**
  - For a newly set up scheme, there could be a past service liability
  - Master Policyholder can pay an Initial Contribution to cover the past service liability
  - The payment of Initial Contribution can be paid either in a lump sum or in installments
- **Regular Contributions:**
  - Regular contributions are payable in respect of future accrual of the scheme benefits

For both Initial and Regular Contributions:

- Contributions can be paid either for the group as a whole or it can be member specific depending upon the scheme rules
- Contribution(s) payable shall be as per the declaration given by the Master Policyholder in accordance with the Actuary's Certificate as per Accounting Standard-15 (revised) or any other guidelines/clarifications issued by IRDA of India from time to time
- Alteration in Contribution is permissible only with the Actuary's certificate as per Accounting Standard-15 (revised) or any other guidelines/clarifications issued by IRDA of India from time to time
- As per the current regulations, "Nil Contributions" will be allowed only when the funding status of the scheme is in surplus and the same is supported by an Actuary's Certificate in accordance with Accounting Standard-15 (revised) or any other guidelines/clarifications issued by IRDA of India from time to time

- **Life Cover Premium:**
  - There would be a mandatory life insurance cover of ₹1,000 per member. The cost of insurance of ₹1,000 per member will be explicitly charged through mortality charge deduction of ₹0.75 per thousand Sum Assured

Separate policies will be issued for each scheme of employee benefit.

Benefits:

A Policy under this product will be credited with the following interest rates/additions from time to time.

i) A guaranteed Non-zero positive interest rate i.e. a Minimum Floor Rate of 1% per annum shall be credited on the balance of the Policy Account on quarterly basis where the balance of the Policy Account will be at the beginning of each such financial quarter. This Minimum Floor Rate will remain guaranteed throughout the term of the Policy.

ii) A Non-zero positive additional interest rate, if any, (over and above the Minimum Floor Rate), shall be declared at the beginning of each financial quarter and shall be credited on the balance of the Policy Account on quarterly basis where the balance of the Policy Account will be at the beginning of each such financial quarter. Such Non-zero positive additional interest rate shall be credited to the balance of the Policy Account value after crediting the Minimum Floor Rate.

The Non-zero positive additional interest rate shall not be less than 90% of the actual money weighted annualised return of the segregated fund during the previous financial quarter, less Minimum Floor Rate of 1% p.a.

iii) Non-zero positive residual additions, if any, shall be credited to the Policy Account at the end of each Policy year. Non-zero positive residual additions shall be determined as follows:

(a) Gross Investment Yield earned in the Shadow Policy Account at the end of each Policy year less Actual yield earned in the Policy account value, at the end of each Policy year. For this purpose, the yield earned on each of the Policy Account shall be calculated using the money weighted rate of return method at end of each Policy year.

(b) At the end of each Policy year, after Minimum Floor Rate and Non-zero positive additional interest rate are credited, Non-zero positive residual additions, if any shall be credited to the Policy account value which shall at least be equal to 90% of the difference between the Shadow Policy Account balance and actual Policy Account balance.

(c) Shadow Policy Account value shall be maintained on a daily basis. Such Shadow Policy Account shall be computed based on the actual accruals of all income elements like Premiums, top-up Premiums, income from investments as and when received and all actual debits i.e. partial withdrawals to the Policy account value as and when debited, to arrive at the actual Gross Investment Yield.

(d) Non-zero positive residual additions shall be credited in such a way that these always result in the following or lower Reduction in Yields:

Number of years elapsed since inception of the Policy	Maximum Reduction in Yield {Difference between Gross Investment Yield and Net Yield (% p.a.)}
5	4.00%
6	3.75%
7	3.50%
8	3.30%
9	3.15%
10	3.00%

Employee's Benefits under the Scheme:

Policy Account shall be utilised to pay various employee benefits as per the scheme rules.

Death Benefit:

In case of death of the insured member, apart from the scheme specific death benefit, fixed life insurance cover amount of ₹1,000 per member, shall also be payable.

Maximum liability for Aviva to make any payment under a Master Policy in respect of all scheme members shall at all times be limited to the account value available under the Policy Account excluding life insurance cover of ₹1,000 (per member).

What are the tax advantages?
As per the provisions of the Income Tax Act 1961, effective April 2012, the following tax benefits are available in case of an approved fund:

- The contributions/Premiums paid by an employer in respect of an employee in a financial year may be treated as an expense for tax purposes in the year of payment
- The gratuity received by the employee upto half month's average salary for each year of service, subject to a maximum of ₹10,00,000 is exempt under Section 10(10)D
- The life cover payable in case of death of the insured employee is exempt from tax.
- Tax laws are subject to change from time to time.

Discontinuance of the Policy:

On every Annual Renewal Date (ARD), Master Policyholder will have to submit a written declaration about the funding status of the scheme as per Actuary's Certificate given in accordance with Accounting Standard-15 (Revised). In case such declaration is not submitted within 30 days of the Annual Renewal Date or the funding status submitted shows that the scheme is under-funded, the Policy will be discontinued the life cover in respect of all members will cease immediately.

I. "Nil Contributions" will be allowed only when the funding status of the scheme is in surplus and the same is supported by an Actuary's Certificate in accordance with Accounting Standard-15 (Revised), otherwise the Policy contract will become a discontinued contract and the life cover in respect of all members will cease immediately.

II. A discontinued Policy will continue to accrue the declared interest from time to time and claims will be settled subject to availability of the fund.

What is the reinstatement period?
A reinstatement period of five years from the date of discontinuance is allowed to reinstate a discontinued Policy. In case a discontinued Policy is not reinstated during the reinstated period, the Policy shall be terminated after the expiry of the reinstatement period by paying the Policy Account value of the Policy to the Master Policyholder.

However, during the reinstatement period, the discontinued Policy will continue to accrue the regular interest credits and the benefits, as per scheme rules, will be paid subject to availability of the fund.

What is the amount payable on surrender of the master Policy?
Policy can be surrendered any time by the Master Policyholder. The surrender value will be the amount as per the Policy Account.

Taxes: Taxes including but not limited to Goods & Services Tax, Cesses as applicable shall also be levied as notified by the Government from time to time.
Tax laws are subject to change.

Freelook period: The Master Policyholder has the right to review the Policy Terms and Conditions within 15 days from the date of receipt of the Policy document and where the Master Policyholder disagrees to any of those terms or conditions, he/she has the option to return the Policy stating the reasons for his objection, when Master Policyholder will be entitled to a refund of the Premiums paid subject only to a deduction of expenses incurred on stamp duty and medicals, if any.

Further Information:

Acceptance

We will not be liable until acceptance of risk and receipt of Premium.

Why invest with Aviva?

Aviva Life Insurance Company India Limited is a joint venture between Dabur Invest Corp and Aviva International Holdings Limited - a UK based insurance group, whose association with India dates back to 1834. Aviva group is one of the oldest insurance groups in the world. Currently, it serves 31 million customers across 16 countries (March, 2015).

The Dabur Group, founded in 1884, is one of India's leading producers of traditional healthcare products.

Section 41

IIn accordance with Section 41 of the Insurance Act 1938, (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.

Section 45

Policy not to be called in question on ground of misstatement after three years as per Section 45 of the Insurance Act 1938, as amended from time to time.

Queries and Complaints
If you would like additional information or if you have any queries or complaints, please contact us at the numbers given below:

For more details, call us at 1800 180 2244
(Toll free for BSNL/MTNL users) or 0124-2709046 or SMS 'Aviva' to 5676737 Website: www.avivaindia.com

AVIVA | Life Insurance |

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