

Aviva Traditional Employee Benefit Plan

UIN: 122N102V02

What Is Aviva 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.

Eligibility Criteria



Eligibility	Criteria
Entry Age	Minimum : 18 years last birthday Maximum : 74 years last birthday
Master Policyholder	Trustees / Employer
Premium Payment Frequency	Annually, half yearly, quarterly or monthly
Minimum Group Size	10 members
Policy Term	1 year, renewable every year
Sum Assured	Fixed Rs 5,000 per employee
Minimum Premium	Rs. 1,00,000 at inception (per scheme)
Revival	Five years from the date of discontinuance

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/Premium(s) payable shall be in accordance with the funding requirements as per the scheme rules.
- The product shall not allow any top-ups, unless required to address the underfunding of the scheme as per extant accounting standard governing the measurement of long term employee benefits or any other guidelines/clarifications issued by IRDA from time to time.
- As per the current regulations, “Nil Contributions” will be allowed only when the funding status of the scheme is supported by a certification from the Master Policyholder 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 Rs.1, 000 per member. The cost of insurance of Rs.5,000 per member will be explicitly charged through mortality charge deduction of Rs.0.75 per thousand Sum Assured.

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

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 annualized 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%

In case of death of the insured member, apart from the scheme specific death benefit, fixed life insurance cover amount of Rs 5000 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 Rs 5000 (per member).

THANK YOU