

LIFE GOALS. DONE.



# Bajaj Allianz Life Group Employee Care

A Non-Linked Non-Participating Group Savings  
Insurance Plan



## Bajaj Allianz Life Group Employee Care

Bajaj Allianz Life Group Employee Care is a traditional life non-linked, non-participating group savings insurance product, which can be taken by you (an employer) to manage employee benefits like leave encashment, gratuity, post retirement medical benefits (PRMBS), employee welfare funds and any other group scheme with significant savings element for your employees. This scheme helps in building a substantial fund, to ensure hassle free discharge of your liabilities as a responsible employer.

## How does Bajaj Allianz Life Group Employee Care work?

- You can manage the policy as per your requirement as per the following options –
  - Option 1: Pooled Level
  - Option 2: Individual Level.
- The contribution made by you will be maintained in individual/pooled policy account, as applicable.
- The contributions have to be paid on the applicable due dates with respect to each individual or pooled policy account, as applicable
- The contribution required, shall be determined by an actuarial valuation through an independent actuary.
- From each contribution of yours, premium allocation fee<sup>8</sup> and applicable Goods & Service Tax/any other applicable tax levied, subject to changes in tax laws will be deducted and the balance will be credited to the individual/pooled policy account, as applicable
- Mortality Fee<sup>8</sup>, and applicable Goods & Service Tax/any other applicable tax levied, subject to changes in tax laws, will be deducted every month from the individual/pooled policy account, as applicable.
- At the end of each financial year, the company shall credit an investment return and charge expenses to the policy account based on gross return earned in the underlying fund.
- The interest credit to the individual/pooled policy account, will only be to the extent and duration for which the money was invested with the company in a financial year.
- Individual/pooled policy account, is the contributions received, net of premium allocation fee & mortality fee including Goods & Service Tax/any other applicable tax levied, subject to changes in tax laws, accumulated at the crediting interest rate.

<sup>8</sup>Refer to Page 4 for details

## Benefits Payable

### In case of unfortunate death of an employee-

**Option-1 (Pooled Level)** - whilst in service, the benefits payable will be equal to the sum assured\* plus the benefit payable from the pooled policy account, in accordance with the scheme rules, with respect to that employee.

**Option-2 (Individual-level)** - whilst in service, the benefits payable will be equal to the sum assured\* plus benefit payable from individual policy account, in accordance with the scheme rules, with respect to that employee.

### In case of exit other than death-

**Option-1 (Pooled Level)** - like retirement, resignation, termination, etc. of an employee, as specified in the scheme rules, benefit from the pooled policy account, as decided by you, in accordance with the scheme rules, will be paid.

**Option-2 (Individual-level)** - like retirement, resignation, termination, etc. of an employee, as specified in the scheme rules, benefit from the individual policy account with respect to the employee, in accordance with the scheme rules, will be paid.

At all times, the liability of the company is limited to the extent of the balance in the individual/pooled policy account

*\*As chosen for the employee, based on the maximum and minimum allowed under the plan.*

## Bulk Exit

If the total amount on exit, due to any event including complete policy surrender, as defined in the scheme rules, in a policy year (including the current exit amount) exceeds 25% of the balance in the total of all individual or pooled policy account as at the beginning of that policy year, such an exit shall be termed as a bulk exit. Market Value Adjustment (MVA) if applicable, shall be applied only to the amount which is over & above the amount representing bulk exit.

- **Policy managed at Pooled Level:** An amount, as requested by you, will be paid, provided such amount grossed up for MVA (if any), does not exceed the balance in the pooled policy account. However, if such grossed up value exceeds the balance in the pooled policy account, then, balance in pooled policy account less MVA (if any) shall be payable. The term grossed up means the amount as payable divided by (1-MVA factor).
- **Policy managed at Member Level:** Balance in the individual policy account(s) of exiting employee(s) adjusted proportionately for MVA, (if any).

## Investment Return

In Bajaj Allianz Life Group Employee Care, Assets will be earmarked under Group Non Participating Controlled Fund

At the end of each financial year, the company shall credit an investment return and charge expenses to the individual/pooled policy account. The crediting of interest will be dependent on the Policy Account Value at the end of previous Financial Year and any contributions received thereafter, net of any premium allocation fee, mortality fee, any withdrawals and Goods & Service Tax/any other applicable tax levied subsequently, subject to changes in tax laws. The crediting will only be to the extent and duration for which the money was invested with the company. The crediting interest rate will be based on the gross return earned in the underlying fund.

The formula to arrive at the crediting interest rate will be:  $\text{Max} [x\% * \text{Gross Return}, 1\%]$ ;

- where x% will be a fixed percentage in any one financial year, ranging from 100% to 95%; but restricted such that  $(1-x\%) * \text{Gross Return}$  is not more than 90 bps; and
- 1% will be the minimum guaranteed crediting rate in any financial year

## Sample Illustration

For Direct Sales –

Age/Gender – 30 years/Male, Sum Assured – ₹50,000							
Assuming Growth Rate	Policy Year	Premium Paid	Premium Allocation Fee with GST	Mortality Fee with GST	Return	Interest Crediting	Policy Account Value at the end of the year
8%	1	₹10,00,000	Nil	59	₹79,793	₹74,883	₹9,66,593
4%	1	₹10,00,000	Nil	59	₹39,940	₹37,533	₹9,32,992

For All channels other than Direct Sales –

Age/Gender – 30 years/Male, Sum Assured – ₹50,000							
Assuming Growth Rate	Policy Year	Premium Paid	Premium Allocation Fee with GST	Mortality Fee with GST	Return	Interest Crediting	Policy Account Value at the end of the year
8%	1	₹10,00,000	₹5,900	59	₹79,322	₹74,441	₹9,60,890
4%	1	₹10,00,000	₹5,900	59	₹39,705	₹37,312	₹9,27,487

## Option for Additional Allocation

You will have the option, at the inception of the policy, to choose for additional allocation with respect to the contributions received in the first policy year. The additional (extra) allocation is allowed only at the time of first contribution. You will have the option to choose the percentage of additional allocation also, from the options available in the below table. The recovery percentage and the period of recovery as per the below table below.

Additional Allocation (as a % of 1 <sup>st</sup> year contribution/s)	Recovery % p.a. (applied on the total 1 <sup>st</sup> year contribution/s)	Period of Recovery (in months)
1%	0.5%	24
2%		48
3%		72
4%		96
5%		120

- Additional allocation will be allotted only after the free-look period.
- The additional allocation will be recovered each month (starting from the 2<sup>nd</sup> month) over a fixed period (the Period of Recovery) from the individual/pooled policy account, at the start of the month, as per the table above.
- In case of Option 1 (pooled level), if the policy is surrendered before the end of the Period of Recovery, then, the unrecovered amount (over the remaining Period of Recovery) will be recovered from the surrender value.
- In case of Option 2 (individual level), if any employee (to whom additional allocation was made) exits due to any reason (i.e., death or any other exit as per scheme rule) before the end of the Period of Recovery, then, the unrecovered amount (over the remaining Period of Recovery) will be recovered from the exiting employee's benefit payable at the time of payment of benefit.

## Top-up premiums

Top-up premiums/contributions are not allowed in this product.

## Market Value Adjustment

The market value adjustment is a factor used to cover the market value losses of the underlying investment in relation to the balance in the individual / pooled policy account.

For example, let's assume, that the book value of your pooled policy account at the beginning of the year is Rs. 1,00,00,000, while its market value is Rs. 90,00,000, i.e., at a 10% lower than the account value.

Suppose that, the amount requested for exit is Rs. 30,00,000 by you and that no earlier request for exits had been made by you during the policy year. In this case, the market value adjustment will be made only to the amount which is over & above the amount representing bulk exit, i.e., on Rs. 5,00,000 (Rs. 30,00,000 - 25% \* 1,00,00,000). Hence, an amount equal to 30,00,000 + 55,555 = 30,55,555 will be withdrawn post application of market value adjustment, from your pooled policy account

Amount withdrawn on exit	30,55,555
MVA	(55,555)
Amount received by you	30,00,000

### Detailed calculation of MVA -

Particular	Details
Book Value (BV) of your Pooled Policy Account at the beginning of the year	1,00,00,000
Market Value (MV) of Pooled Policy Account	90,00,000
Market Value loss	10%
Requested amount on exit	30,00,000
Amount representing bulk exit (MVA applicable on this amount)	30,00,000 - 25% * 1,00,00,000 = 5,00,000
Market Value Adjustment (MVA)	$\frac{MV \text{ loss}\%}{(MV \div BV)} \times 5,00,000 =$ $\frac{10\%}{(90,00,000 \div 1,00,00,000)} \times 5,00,000 = 55,555$
Fund post MVA loss adjustment	55,555
Amount withdrawn from Pooled Policy Account	30,00,000 + 55,555 = 30,55,555

Note - All figures are in rupees wherever relevant.

## Surrender

You may do a complete surrender of your policy by giving an advance notice of three (3) months.

Upon receipt of such request, the balance in the pooled policy account/total of all individual policy account(s) less Market Value Adjustment (if any) shall be paid and the policy will terminate.

## How to set- up Bajaj Allianz Life Group Employee Care?

The Bajaj Allianz Life Group Employee Care can be set-up in any of the following ways:

- 1) Draft trust deed and scheme rules (Bajaj Allianz Life Insurance Company provides you with expert guidance on the same), execute and appoint Trustees for administering the scheme.
- 2) Apply for approval to Commissioner of Income Tax under Part B of the Fourth Schedule of the Income Tax Act, 1961.
- 3) Submit the Master Proposal Form signed by the trustees, the complete employee data in the prescribed format, copies of trust deed and scheme rules, with the contribution.
- 4) Pay the future contributions as defined in the scheme rules.

## Important Details of the Bajaj Allianz Life Group Employee Care

Parameter	Details
Minimum Size of the Group	10 members
Minimum Entry Age of the Member	18 years
Maximum Entry Age of the Member	79 years
Maximum Age at Maturity of the Member	80 years
Minimum Sum Assured of the Member	Rs. 5,000
Maximum Sum Assured of the Member	As per Board Approved Underwriting Policy
Minimum Policy Term	Annually renewable
Regular Contribution Frequency	Yearly/ Half Yearly/Quarterly/Monthly
Minimum balance in the Pooled Policy Account / Total of all Individual Policy Account (s)	Rs. 1,00,000
Maximum balance in the Pooled Policy Account / Total of all Individual Policy Account (s)	No Limit

## Non-Forfeiture

If the balance in the pooled policy account/total of all individual policy account(s) is sufficient or overfunded/in-surplus, as per an independent actuarial valuation certificate submitted by you, the company shall allow nil contribution and the policy will be continued.

If the balance in the pooled policy account / total of all individual level policy account(s) becomes less than Rs.1,10,000, the Company will intimate you to pay the contribution within 1 month from the receipt of such notice. If the contribution is not received then the policy shall be foreclosed and the surrender value as on date of such foreclosure will be paid and the policy will be terminated.

## What are the Fees under the Plan?

Fee	Details
Premium Allocation Fee*	For Direct Sales - NIL For all other channels – 0.5% of the contribution or Rs. 10 lakh, whichever is lower, shall be deducted at the time of each contribution
Surrender Fee/Penalty	Nil
Mortality Fee	Flat fee of Rs.1 per 1000 SA per member Mortality Fee is guaranteed for the entire term of the policy
Goods & Service Tax/any other applicable tax levied, subject to changes in tax laws	As applicable

\* This fee would be aligned to the commission payable

## Loans

No loans are available under the scheme.

## Suicide Clause

No Suicide exclusion is applicable. On death of an employee due to suicide, the full death benefit as stated under the benefit section shall be payable.

## Nomination

The company will pay the policy proceeds to you. The individual employees can nominate the person(s) to whom the policy proceeds will be payable by you upon their death. A change in nomination may be made by the policyholder at any time during the term of the policy and must be registered with the Company. Nomination is effected as per section 39 of the Insurance Act, 1938.

## Grace Period

A grace period of 15 days is available for monthly frequency and 30 days for other frequencies. The life insurance cover shall continue during the grace period.

## Tax Benefits

As per applicable Tax Laws

## Free Look Period

Within 15 days from the date of receipt of the Policy / Certificate of Insurance, you have the option to review the terms and conditions of the Policy and if you disagree to any of the terms & conditions, you will have an option to return the policy stating the reasons for objections. You shall be entitled to a refund comprising of all Contributions (excluding applicable taxes) paid, less the proportionate amount of risk premium for the period the Members was provided cover and the expenses incurred by the Company on account of medical examination and stamp duty charges.

## Termination

The Policy shall terminate on the occurrence of the first of the following events:

- a) The date on which you surrender/terminate the Policy
- b) The date on which the Company terminates the Policy, as per Non-forfeiture condition

The Life Insurance Cover on the life of a Member shall terminate on the occurrence of the first of the following events:

- a) The date on which you terminate the Policy
- b) The date on which the Company terminates the Policy, as per Non-forfeiture condition
- c) The date on which the Member ceases to be a Member of the Scheme / exits the scheme
- d) If Life Insurance Cover has lapsed due to non-payment of Contribution and the Policy Account Value is insufficient to deduct the Mortality Fee
- e) On the death of the Member
- f) On Freelook Cancellation

## Applicability of Goods & Service Tax

Goods & Service Tax is charged based on type of policy communication address of Policy Holder. This may change subject to change in rate/state in address of the Policy Holder as on date of adjustment.

## Why Bajaj Allianz Life Insurance?

Bajaj Allianz is a joint venture between Bajaj Finserv Limited and Allianz SE. Both enjoy a reputation of expertise, stability and strength. This joint venture company incorporates global expertise with local experience. The comprehensive, innovative solutions combine the technical expertise and experience of the 119 year old Allianz SE, and in-depth market knowledge and goodwill of "Bajaj brand" in India. Competitive pricing and quick honest response have earned the company the customer's trust and market leadership in a very short time.

## Prohibition of Rebate: Section 41 of the Insurance Act, 1938

"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.

Any person making default in complying with the provisions of this section shall be punishable with a fine which may extend to five hundred rupees."

## Fraud & Misrepresentation: Section 45 of the Insurance Act, 1938

"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 in any other document leading to the 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 policy-holder and that the policy holder knew at the time of making it that the statement was false or that it suppressed facts which it was material to disclose."

## Contact Details

### Regd. Office Address

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Bajaj Allianz Life Group Employee Care

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*For more details, kindly consult our "Insurance Consultant" or call us today on the numbers mentioned above. This sales literature should be read in conjunction with the Benefit Illustration and Policy Exclusions. Please ask for the same along with the quotation.*

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