A One-stop solution to plan for your employees' financial benefits.

HDFC Life Group Variable Employee Benefit Plan

A Non-Linked Non-Participating Group Savings Insurance Plan

Guide for Prospective Master Policyholders

HDFC Life

Sar utha ke jiyo!

INTRODUCTION

The objective of the HDFC Life Group Variable Employee Benefit Plan is to provide the company/trustees with a composite Employee Benefit Solution. The plan has all the elements that will assist them in executing their fiduciary responsibilities. This product is flexible, transparent and is designed to achieve the objectives of managing the Gratuity, Leave Encashment, Superannuation and other employee benefit schemes in the most efficien t manner.

The **HDFC Life Group Variable Employee Benefit Plan** is a non-participating variable insurance plan wherein the company/trustee is the Master Policy-holder & employees are the scheme members. The plan offers a flexible & cost effective way to build a corpus to fund all future financial needs of employees.

HDFC Life Group Variable Employee Benefit Plan offers

- Guaranteed Minimum Return of 1% per annum for the entire term of the policy
- Additional interest rate declared by us at the start of every financial quarter.
- Tax Benefits to you and your employee as per prevailing Tax Laws.
- Choice of individual member level account in case of superannuation scheme

You have an option of providing additional life cover to your employees at nominal cost by taking a HDFC Group Term Insurance Plan.

Benefits to the scheme members

Interest crediting

The interest rate will be declared quarterly in advance. The interest rate shall be declared based on the yields earned on the underlying funds and determined such that the difference between the gross and net yield doesn't exceed 80 bps, from which any expenses incurred would be met.

Additional funding options

The Master Policyholder can choose to have additional funding on the contributions made. This can be opted on contributions made during the first policy year.
The Master Policyholder can choose any of the following options:

- Option A - 3% of the contributions as additional funding
- Option B - 2% of the contributions as additional funding
- Option C - 1% of the contributions as additional funding

In the instances where a Master Policyholder has availed of additional funding, the additional funding will be recovered through a deduction from tct value equal to a percentage of the contributions on which the additional funding was sought. The percentage reduction to be applied are mentioned in the following table:

Option	Reduction (in % p.a.)	Recovery Period (in years)
Option A	0.6%	6
Option B	0.6%	4
Option C	0.6%	2

In case of the surrender of the policy before the above mentioned recovery period, the unrecovered additional funding will be deducted from the policy account balance before paying the surrender benefits.:

Benefits

A.Gratuity, Leave Encashment and other employee benefit schemes

Events /Scheme	For schemes where individual member level accounts are not maintained
Death of a scheme member	Benefit is payable in accordance with the scheme rules of the employer, subject to a maximum of the policy Account Value. An additional benefit of Rs 5000 is payable per member if life cover is opted for.
Exits due to termination of service or resignation or early retirement or exit other than normal death	Benefit is payable in accordance with the scheme rules of the employer, subject to a maximum of the policy Account Value.

B.Superannuation Schemes

Events /Scheme	For schemes where individual member level accounts are not maintained such as Defined Benefit Schemes	For schemes where individual member level accounts are maintained such as Defined Contribution Schemes
Death of a scheme member	Benefit is payable in accordance with the scheme rules of the employer, subject to a maximum of the policy Account Value or Assured Benefit*	Higher of • Member's Account Value or • Assured Benefit* On payment of the death benefit, all benefits in respect of the member will cease.
Maturity/ Vesting	Benefit is payable in accordance with the scheme rules of the employer, subject to a maximum of the policy Account Value or Assured Benefit*	Higher of • Member's Account Value or • Assured Benefit* On payment of the vesting benefit, all benefits in respect of the member will cease.
Exits due to termination of service or resignation or early retirement or exit other than normal death	Benefit is payable in accordance with the scheme rules of the employer, subject to a maximum of the policy Account Value.	Member's Account Value On payment of this benefit, all benefits in respect of the member will cease.

The master policy has an indefinite term and hence does not have a specified maturity/vesting date.

The vesting benefits for members will payable only on the normal retirement date as per the scheme rules of the employer.

The provisions relating to the Annuitisation of benefits will be as per scheme rules of the employer.

Where the Master Policyholder maintains superannuation funds with more than one insurer, the Master Policyholder shall have the option to choose the insurer to purchase the immediate annuity.

***ASSURED BENEFIT:** The Assured benefit will be in the form of a 1% p.a. guaranteed return on the account value at the start of the year, adjusted suitably for the cash flows occurring during the year. For example, if a Master Policyholder paid ₹10,00,000 premium at inception and withdrew ₹50,000 for making benefit payments in the middle of the year, the assured benefit at the end of the year will be: ₹10,00,000 x (1+1%) – ₹ 50,000 x $(1+1\%)^{0.5}$.

Mortality Charge

A mortality charge of Re 1 per 1000 of sum assured will be levied. Any taxes and statutory levies may be additionally deducted at the then prevailing rates.

Benefits on Surrender:

For schemes where member level accounts are maintained with us:

The surrender benefit shall be the policy Account Value.

No surrender charge will be levied.

For schemes where member level accounts are not maintained with us:

The surrender benefit shall be the aggregate of Account Value of all the members.

No surrender charge will be levied.

ELIGIBILITY

You as a company/trustee will be the master policyholder. Only your scheme members will be eligible to join Group Variable Employee Benefit Plan.

To join this Plan, your scheme members need to fulfill following conditions, which will determine their eligibility.

- Minimum age at entry: 16 years
- Maximum age at entry:75 years
- Minimum Policy Term: 1 year
- Maximum Policy Term: The policy will be sold on an annually renewable basis. The policy continues indefinitely until either the Master Policyholder or insurer wishes to terminate.
- Minimum group size: 10 members
- Minimum Premium: ₹500,000 per policy
- Maximum Premium: No Limit

New members/employees can join at any well defined date as per the rules of the scheme with the Master Policyholder. The master policy continues indefinitely on an annually renewable basis.

TAX BENEFITS

Tax Benefits may be available as per prevailing tax laws. You are requested to consult your tax advisor

TERMS & CONDITIONS

We recommend that you read this brochure & benefit illustration and understand what the plan is, how it works, the risks involved before you purchase.

A) Exclusions:

There are no exclusions for death benefit.

B) Cancellation in the Free-Look period:

(1) In case the Master Policyholder, is not satisfied with the terms and conditions specified in the Master Policy Document, he has the option of returning the Master Policy Document to us stating the reasons thereof, within 15 days from the date of receipt of the Master Policy Document, as per IRDAI (Protection of Policyholders' Interests) Regulations, 2017

(2) In case of the Product is sold through Distance Marketing mode, the period will be 30 days from the date of receipt of the letter along with Master Policy Document

(3) On receipt of the letter along with the Master Policy Document, we shall arrange to refund the premium paid, subject to deduction of the proportionate risk premium for period on cover plus the expenses incurred by us on stamp duty (if any)

For administrative purposes, all Free-Look requests should be registered by the Master Policyholder.

Distance Marketing refers to insurance policies sold through any mode apart from face-to-face interactions such as telephone, internet etc (Please refer to "Guidelines on Distance Marketing of Insurance Product" for exhaustive definition of Distance Marketing)

C) Prohibition of Rebates: In accordance with Section 41 of the Insurance Act, 1938 as amended from time to time :

(1) No person shall allow or offer to allow, either directly or indirectly, as an inducement to any person to take 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.

(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 .

D) Non-Disclosure: In accordance with Section 45 of the Insurance Act, 1938 as amended from time to time :

(1) No policy of life insurance shall be called in question on any ground whatsoever after the expiry of three years from the date of the policy, i.e., from the date of issuance of the policy or the date of commencement of risk or the date of revival of the policy or the date of the rider to the policy, whichever is later.

(2) A policy of life insurance may be called in question at any time within three years from the date of issuance of the policy or the date of commencement of risk or the date of revival of the policy or the date of the rider to the policy, whichever is later, on the ground of fraud: Provided that the insurer shall have to communicate in writing to the insured or the legal representatives or nominees or assignees of the insured the grounds and materials on which such decision is based.

(3) Notwithstanding anything contained in sub-section (2), no insurer shall repudiate a life insurance policy on the ground of fraud if the insured can prove that the mis-statement of or suppression of a material fact was true to the best of his knowledge and belief or that there was no deliberate intention to suppress the fact or that such mis-statement of or suppression of a material fact are within the knowledge of the insurer: Provided that in case of fraud, the onus of disproving lies upon the beneficiaries, in case the policyholder is not alive.

(4) A policy of life insurance may be called in question at any time within three years from the date of issuance of the policy or the date of commencement of risk or the date of revival of the policy or the date of the rider to the policy, whichever is later, on the ground that any statement of or suppression of a fact material to the expectancy of the life of the insured was incorrectly made in the proposal or other document on the basis of which the policy was issued or revived or rider issued: Provided that the insurer shall have to communicate in writing to the insured or the legal representatives or nominees or assignees of the insured the grounds and materials on which such decision to repudiate the policy of life insurance is based: Provided further that in case of repudiation of the policy on the ground of misstatement or suppression of a material fact, and not on the ground of fraud, the premiums collected on the policy till the date of repudiation shall be paid to the insured or the legal representatives or nominees or assignees of the insured within a period of ninety days from the date of such repudiation.

(5) Nothing in this section shall prevent the insurer from calling 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 that the age of the Life Insured was incorrectly stated in the proposal.

E) Indirect Taxes

Taxes and levies as applicable shall be levied. Any taxes, statutory levy becoming applicable in future may become payable by you by any method including by levy of an additional monetary amount in addition to premium and or charges.

Direct Taxes

Tax will be deducted at the applicable rate from the payments made under the policy, as per the provisions of the Income Tax Act, 1961 as amended from time to time.

F) Nomination: Section 39 of insurance Act 1938 as amended from time to time.

(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) 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

(9) 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 (Amendment) Act 2015, a nomination is made in favor 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 specially mentioned on the policy. In such a case only, the provisions of Section 39 will not apply.

Benefits shall be processed through the master policyholder in accordance with the nomination records maintained by the scheme administrator.

Section F (Nomination) is simplified version prepared for general information only and hence is not comprehensive. For full texts of these sections please refer to Section 39 of the Insurance Act, 1938 as amended by the Insurance Laws (Amendment) Act, 2015.

G) Alterations: Alterations to the vesting date may be allowed subject to the scheme rules e.g. where employer increases the normal retirement age, the vesting age may be extended.

H) Assured Benefit: For policies where the scheme does not maintain individual member accounts and only maintains a superannuation fund, the Assured Benefit shall be applicable on the entire superannuation fund available with the insurer.

HDFC Life Insurance Company Limited ("HDFC Life"). CIN: L65110MH2000PLC128245, IRDAI Registration No. 101.

Registered Office: 13th Floor, Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai - 400 011.

Email: service@hdfclife.com, Tel. No: 1860 267 9999 (Mon-Sat 10 am to 7 pm) Local charges apply. Do NOT prefix any country code. e.g. +91 or 00. Website: www.hdfclife.com

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