

# Kotak

SECURE RETURN  
EMPLOYEE  
BENEFIT PLAN

A Non-Participating Non Linked Fund Based Group Plan

## **KOTAK SECURE RETURN EMPLOYEE BENEFIT PLAN**

A Non-Participating Non-Linked Group Savings Product

Kotak Life Insurance presents Kotak Secure Return Employee Benefit Plan which is designed to cater to the needs of Employers / Trustees / State governments / Central government / PSUs planning to fund group members' benefit schemes. This product is designed as a comprehensive employee benefit solution to manage the Gratuity, Leave Encashment and Post Retirement Medical Benefit schemes in the most efficient manner.

## Key Highlights of Kotak Secure Return Employee Benefit Plan (KSREBP):

- Composite Employee Benefit Solution to cater to the requirements of Gratuity, Leave Encashment and Post Retirement Medical benefit schemes
- Guaranteed Interest Rate of 0.1% p.a. for the entire policy term accumulating on the balance of the Account Value
- Regular Interest Rate declared at the end of Financial year
- Professionally managed fund with high service levels
- Convenient renewal process: This is an annually renewable policy which will be auto renewed subject to availability of sufficient premiums

### Key Features:

Kotak Secure Return Employee Benefit Plan is a Traditional Non-Linked Fund based Group plan which offers competitive returns. This Group plan covers the following group schemes:

- Gratuity
- Leave Encashment
- Post Retirement Medical Benefit
- **Scheme Benefit:** Depending on the scheme rules, the benefits in the event of death, retirement, resignation, withdrawal, transfer, leave encashment during service, Post Retirement Medical benefit or any other exit of the members as per scheme rules will

be payable. Such benefits will be payable from the policy account of the policyholder, subject to availability of funds in the policy account.

- **Insurance Benefit:** In the event of death of the member additional benefit i.e. Sum Assured of ₹ 10,000/- will be paid to the nominee. The insurance cover is compulsory for Gratuity Leave Encashment and Post-Retirement Medical benefit schemes. Such benefits will be payable by the Company.
- **Premium:**
  - Master Policyholder shall make the contributions in accordance with accounting standards governing the measurement of long term employee benefits.
  - Contributions can be paid in any frequency (i.e. monthly, quarterly, half-yearly, annually) or as desired by the Policyholder
- **Policy Account:**
  - Each policyholder will have a separate policy account, according to the nature of the scheme. The policy account will be credited with the contributions, net of all applicable charges under the policy, on which interest will be credited based on the declared interest rate. All withdrawals, payouts etc. made will also be deducted from the policy account.
- **Interest credit:**
  - **Guaranteed Interest Rate** – A guaranteed minimum interest rate for the product which shall be guaranteed for the entire term of the policy shall be 0.1% per annum.

- **Regular Interest Rate** - In addition to the above, a non-zero positive regular interest rate will be declared annually by the company at the end of each financial year. The crediting interest rate shall be in accordance with the Board Approved Interest Rate Declaration Policy of the Company.

In case Master Policy holder has multiple policies under the same product, the account value of such policies shall be aggregated for determining the applicable Regular Interest Rate. Both the above interest rates (i.e. Guaranteed Interest and Regular Interest Rate) will apply on the policy account balance every day to determine the total investment income accruing to the policy account for the financial year. This interest accrued will be credited at the end of every financial year, and will form a part of the principal at the beginning of the next financial year.

- **Interim Interest Rate** - An Interim interest rate shall be declared for exits during the financial year for which regular interest rate is not yet declared. The interim interest rate for this product shall be in accordance with the Board Approved Interest Rate Declaration Policy of the Company.
- **Tax Benefits:** Tax benefits under the policy will be as per the prevailing Income Tax laws and are subject to amendments from time to time. It is advised to consult your tax advisor for details.

## Eligibility conditions:

Particulars	Description
Age at entry (Age Last Birthday)	Min age at entry: 18 Years or as per Scheme rules, whichever is higher  Max age at entry: 85Years or as per Scheme rules whichever is lower
Maximum Maturity Age (Age Last Birthday)	Retirement age as specified under Scheme rules or 86 years whichever is lower
Term	1 year renewable
Minimum Contribution	₹ 2,00,000
Maximum Contribution	No Limit
Sum Assured	Fixed Cover: ₹ 10,000

## Benefits

The benefits are payable to group member who is eligible for Gratuity / Leave Encashment / Post Retirement Medical Benefit or to his nominee or legal heir in case of death.

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, subject to a maximum of the Policy Account Value. An additional benefit of ₹ 10,000 is payable per member.

Exits due to termination of service or resignation, transfer or early retirement or exit other than normal death	Benefit is payable in accordance with the scheme rules, subject to a maximum of the policy Account Value
Any other benefit in accordance of scheme rules (example: Leave encashment while in service, Post Retirement Medical Benefit etc)	Benefit is payable in accordance with the scheme rules, subject to a maximum of the policy Account Value

The vesting benefits for members will be payable only on the normal retirement date as per the scheme rules of the employer. There is no maturity or survival benefit payable under the policy.

## Charges

- **Mortality Charges:** Mortality charge shall be ₹ 1 (excluding GST and/or other taxes, if any) for ₹ 1,000 Sum Assured for Gratuity & Leave Encashment; For Post Retirement Medical Benefit the Mortality charge shall be ₹ 7 (excluding GST and/or other taxes, if any) for ₹ 1,000 Sum Assured.
- **Surrender Charge:** The policy may be surrendered at any time by giving 1 month's written notice. A surrender charge of 0.05% of Policy Account Value, with a cap of ₹ 5,00,000 (excluding GST and/or other taxes, if any) shall be levied, if the policy is surrendered within first three policy year. Surrender value<sup>2</sup> will be equal to the policyholders account value adjusted for Market Value Adjuster (MVA)

**Note:** Please refer Point 2 in Terms and Conditions for more details on Surrender Charge

**Generic Benefit Illustration:** The below illustration details the benefits for easy reference

Year	Initial contribution	Annual contribution	Mortality Charges	Investment Income (Non Guaranteed)		Policy Value at year end (Non Guaranteed)	
				4%	8%	4%	8%
1	10,00,00,000	4,00,00,000	10,000	55,99,600	1,11,99,200	14,55,89,600	15,11,89,200
2		4,24,00,000	10,000	75,19,184	1,54,86,336	19,54,98,784	20,90,65,536
3		4,49,44,000	10,000	96,17,311.36	2,03,19,963	25,00,50,095	27,43,19,499
4		4,76,40,640	10,000	1,19,07,229	2,57,56,011	30,95,87,965	34,77,06,150
5		5,04,99,078	10,000	1,44,03,082	3,18,55,618	37,44,80,124	43,00,50,846
6		5,35,29,023	10,000	1,71,19,966	3,86,85,590	44,51,19,113	52,22,55,459
7		5,67,40,764	10,000	2,00,73,995	4,63,18,898	52,19,23,872	62,53,05,121
8		6,01,45,210	10,000	2,32,82,363	5,48,35,226	60,53,41,446	74,02,75,557
9		6,37,53,923	10,000	2,67,63,415	6,43,21,558	69,58,48,784	86,83,41,038
10		6,75,79,158	10,000	3,05,36,718	7,48,72,816	79,39,54,659	1,01,07,83,012

**Please Note:**

1. This is a One year non-participating group savings plan
2. All amounts are in Indian Rupees.
3. Number of members assumed for the above illustration is 2,000 for the complete tenure
4. Annual contribution is assumed to be received on start of each policy year
5. Mortality Charge of ₹ 1 per ₹ 1,000 Sum Assured is deducted from Policy Account value



6. The assumed illustration is at 4% p.a. and 8% p.a. These assumed rates of return are not guaranteed and they are not the upper or lower limits of what you might get back as the value of your policy is dependent on a number of factors including future investment performance. The actual experience may be different from the illustrated.
7. Goods and Services Tax & Cess, as applicable are levied at the applicable Tax rates in accordance with the prevailing Tax Laws. Prevailing tax laws are applicable on this policy which may vary from time to time.
8. The values shown are for illustrative purposes only. For more details on risk factors, terms and conditions please read sales brochure carefully before concluding a sale.
9. This illustration is not a contract of insurance and must be read in conjunction with the product's Sales Brochure and Policy Document.

## Terms and Conditions

### 1. Withdrawals:

Except for exits as per scheme rules, no other withdrawals shall be allowed.

### 2. Surrender Value:

Master Policyholder can surrender the policy by giving one month's prior notice in writing to the Insurer.

A surrender charge of 0.05% of fund value, with a cap of ₹ 5,00,000 (excluding GST and/or other taxes, if any) shall be levied, if the

policy is surrendered within first three policy year. No surrender charge will be levied if the surrender occurs after completion of three policy years.

On surrender, Policy Account Value as on the date of surrender less surrender charges, if applicable will be paid to the Master Policyholder

If the Master Policyholder is surrendering the policy to move the policy proceeds within any the Kotak Life Group Savings Product, surrender charge shall not be applicable.

- Surrender Value will be equal to the policyholders' account value multiplied by the MVA less surrender charge.
- **Market Value Adjuster (MVA):** MVA shall be applicable in case of
  - o Bulk exit where bulk exit is said to occur if the amount to be paid on total exits exceeds 25% of the total policy account value under this Master Policy as at the beginning of the policy year.
  - o Complete Surrender
- MVA would be applied if market conditions are depressed to the extent stated below. The MVA is applied as a means to protect the interest of the continuing policies from the possible anti-selective behavior of the exiting policies.
  - o Surrender value will be equal to the policyholders account value multiplied by the MVA
  - o Where the realizable/market value of assets held in respect of this product class is less than the total of all policyholder account values, an MVA will apply.

$$\text{MVA} = \frac{\text{Aggregate Market Value of Assets}}{\text{Aggregate Account Values}}$$

- In all other circumstances, we would pay surrender value in full and as lump sum.

### **3. Free Look Period:**

The Policyholder is offered a 30 days' free look period to review the terms and conditions of the Policy (except for policies having a policy term of less than a year) beginning from the date of receiving the Policy Document in electronic form. In case the Policyholder is not agreeable to any terms and conditions of the Policy or otherwise; then subject to no claims having been made hereunder, the Policyholder may choose to return the Policy to the Insurer for cancellation, stating the reasons thereof within the aforesaid free look period.

Should the Policyholder choose to return the Policy, the Policyholder shall be entitled to a refund of the Fund Value on the date of cancellation plus the non-allocated premium (if any) plus any charges levied by cancellation of Units ; after deducting the proportionate risk Premium for the period of cover, stamp duty charges and expenses of medical examination (if any).

A Policy once returned shall not be revived, reinstated or restored at any point of time and a new proposal will have to be made for a new Policy.

### **4. Insurance Ombudsman:**

The company shall endeavor to promptly and effectively address Policyholder's grievances. However, in case the Policyholder is not

satisfied with the response of the company, he/she may also approach the Insurance Ombudsman located in his/her region. Details of the offices of the Ombudsman across the country are made available on the website of the company at [www.kotaklife.com](http://www.kotaklife.com) and is also mentioned in the Policy Document. The information will also be made available to the Policyholder on request.

5. Kotak Life Insurance's liability at any point of time is restricted to the account value and to any death benefits payable.
6. Group members are not allowed to contribute premiums to this scheme directly. All premiums have to be administered through the master policyholder only.
7. If the fund is not sufficient to cover the mortality and taxes at the time of renewal, then such policy shall not be renewed and the Account Value of the policy shall be refunded to the Master Policyholder.

#### **8. Nomination and Assignment:**

Nomination will be allowed under the plan as per the provisions of Section 39 of the Insurance Act, 1938 and amendments thereto from time to time. Assignment will be in accordance with provisions of section 38 of the Insurance Act, 1938 as amended from time to time

## 9. Grace period is not applicable under this product.

If currently you do not have a group employee benefit plan, you can start one today with Kotak Life Insurance! If you have an existing plan you can transfer your fund to Kotak Life Insurance. We will help you with all the necessary paperwork and guide you through the process to make it hassle-free.

Kotak Life Insurance assures you of a cost effective fund management for you and your employees' benefit in a transparent and simplistic manner without any hidden costs!

**Extract of Section 41 of the Insurance Act, 1938 as amended from time to time states:**

(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 punishable with fine which may extend to ten lakhs rupees.

**Extract of Section 45 of the Insurance Act, 1938 as amended from time to time states:**

Fraud, Misstatement and Forfeiture would be dealt with in accordance with provisions of Section 45 of the Insurance Act, 1938 as amended from time to time.

Please visit our website for more details:

[https://www.kotaklife.com/assets/images/uploads/why\\_kotak/section38\\_39\\_45\\_of\\_insurance\\_act\\_1938.pdf](https://www.kotaklife.com/assets/images/uploads/why_kotak/section38_39_45_of_insurance_act_1938.pdf)

## About Us

### **Kotak Mahindra Life Insurance Company Ltd**

Kotak Mahindra Life Insurance Company Limited (Kotak Life Insurance) is a 100% owned subsidiary of Kotak Mahindra Bank Ltd (Kotak). Kotak Life Insurance provides insurance products with high customer empathy. Its product suite leverages the combined prowess of protection and long term savings. Kotak Life Insurance is one of the growing insurance companies in India and has covered over several million lives.

For more information, please visit the Company's website at [www.kotaklife.com](http://www.kotaklife.com)

### **Kotak Mahindra Group**

Kotak Mahindra Group is one of India's leading banking and financial services organizations, offering a wide range of financial services that encompass every sphere of life. From commercial banking, to stock broking, mutual funds, life insurance and investment banking, the Group caters to the diverse financial needs of individuals and the corporate sector.

For more information, please visit the company's website at [www.kotak.com](http://www.kotak.com)

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FRAUDULENT OFFERS**

IRDAI or its officials do not involve in activities like selling insurance policies, announcing bonus or investment of premiums. Public receiving such phone calls are requested to lodge a police complaint.



**TOLL FREE 1800 120 7856**

**WhatsApp: 9321003007**  
**www.kotaklife.com**

**Kotak Secure Return Employee Benefit Plan - UIN No.: 107N087V04**

This is a non-participating non-linked group savings product. This document is not a contract of insurance and must be read in conjunction with the Policy Document. Hard copy of the information will be provided on request. Please refer to the policy documents for specific details on all terms and conditions.

**Kotak Mahindra Life Insurance Ltd** CIN:U66030MH2000PLC128503; Regn. No.:107, Regd. Office: 8th Floor, Plot # C- 12, G- Block, BKC, Bandra (E), Mumbai - 400 051. Website: [www.kotaklife.com](http://www.kotaklife.com) Email ID: [kli.groupoperations@kotak.com](mailto:kli.groupoperations@kotak.com), Toll Free No:1800 120 7856, Ref. No.: KLI/24-25/E-PB/1065.

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