

# Kotak

## LEAVE ENCASHMENT GROUP PLAN

(A Unit Linked Group Leave Encashment Insurance Plan)





## **KOTAK**

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"In this policy, the investment risk in investment portfolio is borne by the policy holder"

Leave encashment liabilities' increase over time, with the increase in an employee's years of service and salary. Such leave encashment could be a huge liability to the company. Group Leave Encashment Plans help reduce the financial strain on the employer by helping them fund their Leave encashment liabilities payable to employees.

Also, as per the Accounting Standard (AS-15) (revised 2005), it has become necessary for the employers to provide for the accrued liabilities in respect of Leave Encashment benefits available to all the employees in the books of accounts.

Kotak Life Insurance offers Kotak Leave Encashment Group Plan (KLEGP) – a Unit-linked group leave encashment plan that will not only help you manage your funds for the leave encashment benefit systematically & effectively but also will help you release resources for your core business activities.

### **Key Features**

- Market-linked returns and long-term investment growth
- Regular Additions for higher fund sizes
- Choice of 6 fund options
- Life insurance coverage for employees
- Convenient renewal<sup>1</sup>&C<sup>12</sup> process: This is an annually renewable policy which will be auto renewed subject to availability of sufficient premiums.

## How does the Kotak Leave Encashment Group Plan work?

- Under the Group Leave Encashment Schemes, employers pay a yearly premium on behalf of the employees. Leave encashment due to the employee depends upon the leaves to his credit and his last drawn salary. On the exit of the employee, he is paid his due from the fund of the scheme, accumulated from the annual contribution by the employer as per the scheme rules.

In case of death of an insured member additionally the Sum Assured of ₹ 1,000 is payable

## Benefits of the plan:

### For Employer:

- The cash equivalent of the Leave Encashment Benefit as and when paid by the employer is deductible from his income under section 43B (f) of the Income Tax Act<sup>1</sup>, 1961.

### For Employee:

Under Section 10(10AA) of the Income Tax Act, 1961,

- For Government employees, the leave encashment benefits received at the time of retirement are tax free.
- For non- Government employees, leave encashment benefits are exempt from taxes subject to the least of the following amounts
  - ₹ 3 lakh
  - **Ten months' average salary** - Average salary implies the average of the salary drawn during the last ten months prior to retirement.
  - **Cash equivalent of salary in respect of the leave due at the time of retirement**
  - **Leave encashment actually received at the time of retirement**

Leave Salary paid to legal heirs of deceased employee in respect of privilege leave standing to the credit of such employee at the time of death is exempt from tax.

### Note:

1. 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.

- **Regular Additions<sup>T&C1</sup>** :

Regularly additional units will be added to the Schemes and the percent varies by fund size at the beginning of the calendar month and the rate of these additions is in the range of 0.10% to 0.50% per annum. Regular Additions are expressed as units and added to the unit fund at the end of the month.

## Other features:

- **Benefit payable on Member's survival<sup>T&C2</sup>** :

On retirement/resignation or termination benefit is payable as per the Scheme Rules

- **Death Benefit<sup>T&C3</sup>** :

On death of a member, the sum of the following will be paid out:

- Sum assured, flat of ₹ 1000, and
- Leave Encashment Settlement as per Scheme Rules

- **Surrender:**

This policy may be terminated / surrendered by the Master Policyholder giving one month prior notice in writing to the Company. On the expiration of the notice period, the Company will, after deducting all outstanding amounts, pay the then current value of the units subject to any charges stated and/or any taxes as may be applicable.

- **Switching:**

Unlimited free switching between the available funds during the policy term is allowed.

- **Top-ups:**

Not allowed under the scheme; however, can be contributed to address underfunding of the scheme in accordance with the Actuarial Valuation in accordance with the AS15 (revised).

- **Contribution re-direction:**

Offers the flexibility of redirection of annual contributions into any other fund(s), i.e. initial investment pattern can be changed.

- **Partial Withdrawal:**

Partial withdrawals are not allowed in this plan.

## Investment options:

This plan offers you the flexibility to choose from an array of six funds, as per your Risk-Return Profile that will enable you to maximize the earnings potential. You can also switch or change future premium allocation between fund options as per your needs and investment objectives.

Investment Option	Objective	Risk-Return Profile	Equity	Government/ Government Guaranteed Securities	Other Debt securities	Cash & Money Market
<b>Group Balanced Fund</b> (ULGF-003-27/06/03 -BALFND-107)	Aims for moderate growth by holding a diversified mix of equities and fixed interest instruments.	Moderate	30% to 60%	20% to 70%		0% to 40%
<b>Group Bond Fund</b> (ULGF-004-15/04/0 4-BNDFND-107)	Return is expected to be in line with those of fixed interest instruments, and may provide little protection against unexpected inflation increases.	Conservative	-	0% to 75%	25% to 100%	0% to 40%
<b>Group Floating Rate Fund</b> (ULGF-005-07/12/0 4-FLTRFND-107)	Return is expected to be in line with those of floating rate debt instruments, and may provide little protection against unexpected inflation increases.	Conservative	-	0% to 75%	25% to 100%	0% to 40%
<b>Group Gilt Fund</b> (ULGF-002-27/06/03 -GLTFND-107)	Return is expected to be in line with those of Government fixed interest securities, and may provide little protection against unexpected inflation increases.	Conservative	-	80% to 100%	-	0% to 20%
<b>Group Money Market Fund-</b> (ULGF-001-27/06/03- MNMKFND-107)	Aims to protect capital with minimal downside risks	Secure	-	-	-	100%
<b>Group Short Term Bond Fund</b> [ULGF-018-18/12/13- SHTRMBND-107]	Aims to provide reasonable returns and liquidity by investing in government debt, corporate debt and money market instruments of different maturities and issuers	Conservative	-	0% to 50%	25% to 75%	10% to 75%

## Eligibility:

Particulars	Description
Group	Employer – Employee groups
Minimum Group size	10 employees
Entry age (Last birthday)	Min: 18 yrs Max: As per scheme rules, subject to maximum of 74 years
Maximum Maturity age (Last birthday)	As per scheme rules, subject to maximum of 75 years
Policy Term <sup>7</sup>	1 yr (Yearly renewable)
Sum Assured	Flat ₹1,000
Leave Encashment Contribution	Min: ₹ 2,00,000 at inception Max: No limit

## Charges <sup>T&CS</sup>:

- **Premium Allocation Charges:** This is charged as a percentage of the contribution. The net premium is then allocated at the Net Asset Value (NAV)<sup>T&CB</sup> prevailing on the date of receipt of premiums.

Premium Amount	Allocation Charge (As % of contribution)
For premium up to ₹ 2 Crores	0.5%
For portion of premium Above ₹ 2 Crores	NIL

**Note:** For policies sourced directly by KLI staff (Kotak Life Insurance employees) there will be no allocation charge.

- **Administration Charges:** There is no Policy Administration Charge
- **Fund Management Charges (FMC):** This is a charge levied as a percentage of the value of assets and shall be appropriated by adjusting the NAV<sup>T&CB</sup>. Following are the FMC applicable per annum for the available funds:

Fund Name	FMC (p.a.)
Group Money Market Fund	0.80%
Group Gilt Fund	0.80%
Group Bond	0.80%
Group Floating Rate Fund	0.80%
Group Balanced Fund	1.00%
Group Short Term Bond Fund	0.80%

- **Mortality Charges:**

Mortality charge shall be ₹ 1 for ₹ 1,000 Sum Assured.

- **Switching Charges:** There is no Switching Charge
- **Redirection Charge:** There is no redirection Charge
- **Surrender Charges:**
  - This is a charge levied on the unit fund at the time of surrender of contract.
  - Following charges are applicable depending on year of Surrender:

Year of Surrender	Charges applicable (as a % of Fund)
1 <sup>st</sup> - 3 <sup>rd</sup> Year	0.05% with a cap of ₹ 5 lacs
4 <sup>th</sup> Year onwards	NIL

## Sample Illustration:

Year	Initial Contribution	Annual Contribution	Allocation Charges	Mortality Charges	Net Yield @4%		3.09%		
					Gross Yield at 4%				
					GST*	Fund before FMC	FMC	Fund after FMC	Fund after surrender charges
1	1,000,000	250,000	6,250	10	2,989	1,293,490	10,348	1,280,152	1,279,512
2	-	265,000	1,325	10	2,552	1,605,570	12,845	1,590,173	1,589,378
3	-	280,900	1,405	10	3,055	1,944,445	15,556	1,925,835	1,924,872
4	-	297,754	1,489	10	3,598	2,310,974	18,488	2,288,888	2,288,888
5	-	315,619	1,578	10	4,184	2,707,036	21,656	2,681,196	2,681,196
6	-	334,556	1,673	10	4,817	3,134,632	25,077	3,104,738	3,104,738
7	-	354,630	1,773	10	5,499	3,595,888	28,767	3,561,622	3,561,622
8	-	375,908	1,880	10	6,234	4,093,066	32,745	4,054,087	4,054,087
9	-	398,462	1,992	10	7,026	4,628,569	37,029	4,584,515	4,584,515
10	-	422,370	2,112	10	7,877	5,204,953	41,640	5,155,436	5,155,436

Year	Initial Contribution	Annual Contribution	Allocation Charges	Mortality Charges	Net Yield @8%		7.06%		
					Gross Yield at 8%				
					GST*	Fund before FMC	FMC	Fund after FMC	Fund after surrender charges
1	1,000,000	250,000	6,250	10	3,061	1,343,239	10,746	1,329,432	1,328,768
2	-	265,000	1,325	10	2,718	1,720,545	13,764	1,704,063	1,703,211
3	-	280,900	1,405	10	3,339	2,142,232	17,138	2,121,755	2,120,694
4	-	297,754	1,489	10	4,030	2,611,451	20,892	2,586,529	2,586,529
5	-	315,619	1,578	10	4,797	3,132,605	25,061	3,102,747	3,102,747
6	-	334,556	1,673	10	5,646	3,710,471	29,684	3,675,141	3,675,141
7	-	354,630	1,773	10	6,585	4,350,226	34,802	4,308,839	4,308,839
8	-	375,908	1,880	10	7,623	5,057,486	40,460	5,009,403	5,009,403
9	-	398,462	1,992	10	8,768	5,838,332	46,707	5,782,858	5,782,858
10	-	422,370	2,112	10	10,029	6,699,354	53,595	6,635,730	6,635,730

\*Goods and Services Tax and Cess.

**Please Note:**

1. All amounts in Indian Rupees.
2. This is only an indicative illustration. Rates may vary for each group.
3. The above illustration is based on the assumption that all contributions are paid as due and the fund will grow at the rate of 4% p.a. and 8% p.a.  
Please note that the assumed rate of return is only for illustration purpose, where as the actual return will depend on the investment performance.
4. Non-guaranteed benefits will vary with returns based on investment performance. If your policy offers guaranteed returns then these will be clearly marked "guaranteed" in the illustration table on this page.
5. This illustration is not a contract of insurance and must be read in conjunction with the Policy Document.
6. Goods and Services Tax and Cess, is levied, at the applicable Tax rates in accordance with the prevailing Tax Laws, from time to time.
7. The above illustration is based on the assumption that the policy has been sourced through channels other than "Direct Sales".
8. The life cover is assumed is Rs. 1,000 per member and the Mortality Charge is Re. 1 for Rs. 1,000 sum assured. The group size assumed is of 10 members.
9. Premiums are allocated in Group Bond Fund (ULGF-004-15/04/04-BNDFND-107) Regular additions, as applicable, will be added to the fund value.

## Terms & Conditions:

- 1. Regular Additions:** Regular Additions units are added to the schemes where the Total Fund value is above ₹ 1 Crore at the beginning of the calendar month. The Regular Addition % varies by fund size and type of fund:

Fund Slabs (in ₹ Crore)	Group Money Market Fund (p.a.)	Group Gilt Fund (p.a.)	Group Bond / Short Term Bond / Floating Rate Fund (p.a.)	Group Balanced Fund (p.a.)
Above 1 & up to 5	0.10%	0.05%	0.05%	0.20%
Above 5 & up to 10	0.20%	0.15%	0.15%	0.25%
Above 10 & up to 15	0.30%	0.25%	0.25%	0.30%
Above 15 & up to 20	0.30%	0.25%	0.25%	0.40%
Greater than 20	0.30%	0.30%	0.30%	0.50%

**2. Benefit payable on survival:**

The benefit payable is the amount pertaining to the Member as communicated to the Insurer by the Policyholder. This benefit shall be payable on the Member attaining retirement age (or on retiring from service before attaining the Retirement age with the consent of the Employer), or on the Member's exit as per the scheme rules.

The Insurer's total liability under this Policy at any time shall be limited to the value of the balance of any units held in terms of this Policy plus the risk cover (in case of death).

**3. Death Benefit in Case of Suicide:**

No suicide exclusion is applicable.

**4. Non- Negative claw-back additions:**

In the process to comply with the reduction in yield requirement as per IRDAI (Linked Insurance Products) Regulation, 2013; Company may arrive at specific non-negative additions, if any, to be added to the unit fund value, as applicable, at various durations of time after the first five years of the contract. Such non-negative additions shall be called as non-negative claw-back additions.

**5. Charges - Maximum Level :**

Kotak Life Insurance reserves its right to impose charges not beyond the prescribed levels, subject to IRDA approval.

**6. Availability of Unit Statement :**

The Master Policyholder may check the Unit Statement in D02 format available on the Group Customer Portal using the prescribed link : <https://customer.kotaklifeinsurance.com/kliportal/Login.aspx>.

In order to view the Unit Statement, the Master Policyholder has to register in the Group Customer Portal to generate the Login ID and Password.

## 7. Nomination:

Nomination will be allowed under the plan as per the provisions of Section 39 of the Insurance Act, 1938 and amendments there to from time to time.

## 8. NAV Computation:

All the contributions will be applied to buy units in the funds selected by the Master Policyholder according to the following rules:

- Transaction requests (including renewal premiums by way of local cheques, demand draft, switches, etc.) received before the cut-off time will be allocated to the same day's NAV and the ones received after the cut-off time will be allocated to the next day's NAV.
- Where contributions are received by an outstation cheque / demand draft, the closing NAV of the day on which such cheque / demand draft is realized shall be applicable.
- The current cut-off time is 3:00 p.m. which may vary from time to time as per IRDA guidelines.

NAV of a fund is calculated and published in financial newspapers on each business day.

$$\text{Net Asset Value (NAV)} = \frac{\text{Market Value of investments held by the fund} + \text{Value of any Current Assets} - \text{Value of Current Liabilities \& Provisions, if any}}{\text{Number of units existing at the valuation date (before creation / redemption of units)}}$$

Fund Value is the product of the total number of units under a policy and the NAV. The NAV calculated above will be used with respect to portfolio valuations for policyholders in addition to terms for Leave Encashment Benefit, Surrender Value and for recovering the applicable charges. The NAVs will be calculated on each business day.

## 9. Free Look Period:

In case policyholder is not agreeable to any of the provisions stated in the policy, then he/she has the option of returning the policy, stating the reasons thereof within 15 days from the date of the receipt of the policy. The cancellation request should be submitted to nearest Kotak Life Insurance Branch or sent directly to our Head Office.

On receipt of letter along with the original policy document arrangement shall be made to refund the non-allocated premium plus charges levied by cancellation of units plus fund value at the date of cancellation less expenses in accordance with IRDAI (Protection of Policyholders' Interests) Regulations, 2000.

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.

This plan will not be offered through distance marketing channel.

## 10. Fraud & Misrepresentation :

The provisions of Section 45 of the Insurance Act 1938, as amended from time-to-time, will be applicable to this contract and each life cover provided therein. The Insurer reserves the right to recover the amount from the Policyholder or the Group Member or any other person, if it is found that the Benefits are erroneously paid due to the fault of the Policyholder.

In case the Insurer is not in a position to recover such amount from the Group Member or any other person, the Policyholder will be liable to pay the said amount to the Insurer within 15 days from the date of its demand. However, the Policyholder will not be liable or responsible for any wrong payments made by the Insurer.

#### **11. Goods and Services Tax and Cess:**

Goods and Services Tax and Cess,, as applicable shall be levied as per the prevailing tax laws and/or any other laws. In case of any statutory levies, cess, duties etc., as may be levied by the Government of India from time to time, the Company reserves its right to recover such statutory charges from the policyholder(s) either by increasing the premium and / or by reducing the benefits payable under the plan.

#### **12. Renewal:**

- a. The Policy shall be automatically renewed annually on the date of policy anniversary by deducting the applicable charges, if any, (mortality and applicable taxes/levies/cess as per the Tax Laws) by intimating the Policyholder;
- b. This policy shall be in force until terminated by either party hereto, in accordance with clause pertaining to termination of cover or the Policy is surrendered as per the scheme rules or by either party providing the other with prior written notice of thirty days;
- c. Further, the Policy shall be in force till the time the Fund Value has sufficient funds to cover the applicable charges. The Insurer shall intimate the Policyholder, 15 days in advance, in case the Fund Value does not have sufficient funds. Contributions shall be payable by the Policyholder, by the renewal date, in the amount as required as per the actuarial valuation of the Policyholder's liabilities by an independent actuary in accordance with the relevant prevailing accounting standards. Such actuarial valuation by an independent actuary shall be a sole responsibility of the Policyholder
- d. In case the Policyholder fails to pay the sufficient Contribution/Premium by the renewal the contract will be terminated and surrender value, if any, shall be paid

#### **13. Taxes levied by the Government in future:**

In future, the Company shall pass on any additional taxes levied by the Government or any statutory authority to the policyholder. The method of collection of these taxes shall be informed to the policyholders under such circumstances.

#### **14. Tax Benefits :**

Tax benefits under the policy will be as per the prevailing Income Tax laws. Tax laws are subject to amendments from time to time and interpretations. Employers are advised to consult a tax expert.

## Risk Factors:

- Unit Linked Life Insurance products are different from traditional insurance products and subject to risk factors.
- The premium paid in Unit Linked Life Insurance policies are subject to investment risk associated with capital markets and the NAVs of the units may go up or down based on the performance of the fund and factors influencing the capital market and insured is responsible for the his/her decisions.
- Kotak Mahindra Life Insurance Company Ltd. (Formerly known as Kotak Mahindra Old Mutual Life Insurance Ltd.) is only the name of the company and Kotak Leave Encashment Group is only the name of the unit linked life insurance contract and does not in any way indicate the quality of the contract, its future prospectus or returns.
- The various funds offered under this contract are the name of the fund and do not in any way indicate the quality of these plans, their future prospects and returns.
- The past performance of other Funds of the Company is not necessarily indicative of the future performance of the funds.
- Please know the associated risks and the applicable charges, from your insurance agent or the intermediary or policy document of the insurer. All benefits payable under the policy are subject to the tax laws and other financial enactments, in force from time to time.

### **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 liable for a penalty which may extend to ten lakh rupees.**

# About Us

**Kotak Mahindra Life Insurance Company Ltd** (Formerly known as Kotak Mahindra Old Mutual Life Insurance Ltd.)

Kotak Mahindra Life Insurance Company Limited (Kotak Life Insurance) (formerly known as Kotak Mahindra Old Mutual Life Insurance Ltd.) is a 100% owned subsidiary of Kotak Mahindra Bank (Kotak). Kotak Life Insurance provides world-class 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 fastest growing insurance companies in India and has covered over several million lives.

For more information, please visit the company's website at <https://insurance.kotak.com/>

## Kotak Mahindra Group

Established in 1985, Kotak Mahindra Group is one of India's leading financial services conglomerate. In February 2003, Kotak Mahindra Finance Ltd. (KMFL), the Group's flagship company, received banking license from the Reserve Bank of India (RBI), becoming the first nonbanking finance company in India to convert into a bank - Kotak Mahindra Bank Ltd. The Group offers a wide range of financial services that encompass every sphere of life. From commercial banking, to stock broking, mutual funds, insurance and investment banking, the Group caters to the diverse financial needs of individuals and the corporate sector. The Group has a wide distribution network through branches and franchisees across India, and International Business Units.

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

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IRDAI clarifies to public that

- IRDAI or its officials do not involve in activities like sale of any kind of insurance or financial products nor invest premiums.
- IRDAI does not announce any bonus.
- Public receiving such phone calls are requested to lodge a police complaint along with details of phone call number.



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**Kotak Leave Encashment Group Plan** - UIN No.: 107L088V01, Form No.: L088, Ref. No.: KLI/17-18/E-PB/495.

**Kotak Mahindra Life Insurance Company Ltd.** (Formerly known as Kotak Mahindra Old Mutual Life Insurance Ltd.):66030MH2000PLC128503; Regn. No.:107, Regd. Office: 2nd Floor, Plot # C- 12, G- Block, BKC, Bandra (E), Mumbai - 400 051. Website: <http://insurance.kotak.com/>; Email:clientservicedesk@kotak.com; Toll Free No:1800-209-8800.

This is a non-participating unit-linked group leave encashment plan. This product brochure gives only the salient features of the plan. This document is not a contract of insurance and must be read in conjunction with the Policy Document.

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