

Kotak

Credit Term Group Plan



A JOINT VENTURE WITH  OLD MUTUAL

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KOTAK CREDIT TERM GROUP PLAN

A Group Term Insurance Plan

In today's competitive market scenario, it's getting tougher to attract and retain customers, let alone aiming for market leadership. The **Kotak Credit Term Group Plan**, is the right solution for your needs, protecting both your customer's interest as well as institution's need . Not only is it cost effective and easy to administer, but it also gives a differentiating edge over competitors.

This plan provides life cover to a group of borrowers of the credit institution (banks, retail finance providers etc.) with the Life Assured being the borrower. It is a non-participating yearly renewable plan.

Key Features

➤ What are the advantages to my borrowers?

- The borrower's family is relieved of the financial burden of paying the outstanding loan amount.
- The pooling of risk (group cover) allows the cover to be provided at a low cost.
- Hassle-free and convenient documentation process.
- Relaxed medical examination norms (subject to applicable conditions). However non-medical limit will vary by loan type, borrowers age and tenure of the loan.
- The life cover is available 24 hours a day, 7 days a week, anywhere in the world.

➤ What are the advantages to me as a credit institution?

- Eliminates the risk of default in the event of death of the borrower.
- Facilitates competitive pricing for credit products and ensures a differentiating edge over competitors.
- Extremely cost-effective because of group pricing dynamics and premium recovered from the customer.
- Hassle-free administrative procedures.

➤ What services can we expect?

- A dedicated Customer Relationship Manager for effective initiation and regular servicing.
- Comprehensive operational and post-launch support from centralized Group Operations Team.
- Centralized customer support for query handling on an ongoing basis.

Benefits :

➤ What are the benefits available with this plan?

On death during the term of the plan the member will receive Sum Assured (this is normally the current loan outstanding, but may be the original loan amount)

On other contingencies (disability etc.): No Benefit is payable.

➤ Are there any tax benefits?

- The premium paid by the credit institution could be considered as part of business expenses and may be tax deductible*.
- Any premium paid by a borrower in his/her capacity as an individual will be eligible for tax deduction* under section 80(C) of the Income Tax Act, 1961
Benefits received by the borrower's nominee are tax free under section 10(10D) of the Income Tax Act, 1961.

*Tax benefits are subject to change in tax laws. You are advised to consult your advisors for details.

Eligibility Criteria :

Particulars	Minimum	Maximum
Age at Entry of Member	18 Years	64 Years or an earlier age chosen by the Credit Institution for compulsory groups.
Maximum Maturity Age	65 Years or such earlier age as may be chosen by the Credit Institution.	
Policy Term	1 year. (Annually Renewable)	
Basic Sum Assured	Cover may not exceed the original value of the loan	No Limits (will be defined in the terms and conditions of the group insurance scheme.)
Frequency	Yearly and Monthly	
Premium Modal Factor	Yearly: 100%, Monthly: 8.5%	

➤ Suicide Exclusion:

Suicide claim during the first year of the policy will not be covered for all members.

➤ **Lapse & Revival**

- The credit institution must pay premiums within 7 days of the due date in order to maintain the cover.
- Revival will be allowed within 31 days of the due date of the first unpaid premium.
- Interest will be charged on overdue premiums.

➤ **When will the cover terminate?**

The cover for a member will cease on the earliest of:

- The date on which the loan is repaid
- The date the borrower attains the ceasing age as in the policy contract
- The date of scheduled expiry of the loan as per loan contract
- The date on which the contract terminates as per the provisions of loan contract
- The date on which the premium for the member ceases

Terms and Conditions :

➤ **Free Look Period:**

In case the Policyholder is not agreeable to any of the provisions stated in the policy, then there is an option of returning the policy stating the reasons thereof within 15 days from the date of the receipt of the policy. On receipt of the letter along with the original policy document the Insurer shall arrange to refund the premium paid after deducting the stamp duty, medical expenses, if any and proportionate risk premium for the period of cover.

➤ **Taxes/Statutory Charges :**

Service Tax and education cess shall be levied on all applicable charges 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.

➤ **Insurance Ombudsman:**

The company shall endeavour to promptly and effectively address policyholder's grievances. However, in case the policyholder may not be 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.insurance.kotak.com and will also be made available to the policyholder on request.

Section 41 and 45

Section 41 of the Insurance Act, 1938 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 insured. Provided that acceptance by an insurance agent of commission in connection with a policy of life insurance taken out by himself on his own life shall not be deemed to be acceptance of a rebate of premium within the meaning of this sub section if at the time of such acceptance the insurance agent satisfies the prescribed conditions establishing that he is a bona fide insurance agent employed by the insurer.
- (2) Any person making default in complying with the provisions of this section shall be punishable with fine which may extend to five hundred rupees.

Section 45 of the Insurance Act, 1938 states:

No policy of life insurance effected before the commencement of this Act shall after the expiry of two years from the date of commencement of this Act and 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 statement made in the proposal 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: Provided that 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.

About Us

Kotak Mahindra Old Mutual Life Insurance Ltd.

<http://Insurance.Kotak.com>

Kotak Mahindra Old Mutual Life Insurance Ltd is a 74:26 joint venture between Kotak Mahindra Bank Ltd., its affiliates and Old Mutual plc. The company started operations in 2001, and strives to offer its customers outstanding value through high customer empathy, consistent and benchmarked service and a suite of products that leverage the combined prowess of protection and long term savings. The company covers over 4 million lives and is one of the fastest growing insurance companies in India.

The Kotak Mahindra Group

www.kotak.com

Established in 1985, the Kotak Mahindra group is one of India's leading financial services conglomerates. In February 2003, Kotak Mahindra Finance Ltd. (KMFL), the Group's flagship company, received a banking license from the Reserve Bank of India (RBI). With this, KMFL became the first non-banking finance company in India to become a bank - Kotak Mahindra Bank Limited. The consolidated balance sheet of Kotak Mahindra group is over ₹1.15 lakh crore and the consolidated net worth of the Group stands at ₹1.50 cr (approx US\$ 2.8 billion) as on March 31, 2013. The Group offers 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. The Group has a wide distribution network through branches and franchisees across India, and international offices in London, New York, Dubai, Abu Dhabi, Mauritius and Singapore.

Old Mutual plc

www.oldmutual.com

Old Mutual provides life assurance, asset management, banking and general insurance to more than 14 million customers in Africa, the Americas, Asia and Europe. Originating in South Africa in 1845, Old Mutual has been listed on the London and Johannesburg Stock Exchanges, among others, since 1999. In the year ended 31 December 2012, the Group reported adjusted operating profit before tax of £1.6 billion (on an IFRS basis) and had £262 billion of funds under management from core operations.



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Insurance is the subject matter of solicitation. This is a non-participating group term plan. 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.