Future Generali Group Superannuation Plan (Group Pension Plan)

An Overview

In today's time when the prospect of out-living retirement savings is larger than ever, few employees take the time to plan their long-term financial goals or have the discipline to systematically save for their retirement years. Employees are one the most valued assets for an employer. You can provide an employee a delightful, secure and independent post retirement life.

Hence, Future Generali India Life Insurance Co. Ltd (FGILICL). provides Future Generali Group Superannuation Plan – a plan that not only guarantees the rate of return on your policy account but also offers you the benefit of post retirement for your employees...!!!

Future Generali Group Superannuation Plan

Future Generali Group Superannuation Plan is a Variable Non Linked Participating Group Superannuation Product offering fund management. This plan offers a minimum floor rate (guaranteed rate of return) of 1% p.a. This floor rate of return will be guaranteed for the entire term of policy accumulating on the balance of the policy account. However, an additional earnings over and above minimum floor rate, if any, will be shared through bonus at the end of financial year. The annual declared bonus amount once credited to your Superannuation policy account will be guaranteed. The non zero positive residual additions, if any, shall be credited to the policy account after crediting minimum floor rate and annual bonus.

This Product offers Fund Management for two types of schemes, Defined Benefit Scheme and Defined Contribution Scheme.

The Product allows for the contribution either from Employer (non Contributory) or from both the Employer and Employees (Contributory).

- **Defined Benefit Scheme:**

  Under this scheme the amount of Pension and other benefits are defined in advance in the rules of the scheme.

- **Defined Contribution Scheme**:

  Under this scheme the rate of contributions or the amount of contributions are defined in the rules of the scheme. Separate member level accounts will be maintained by FGILICL.

  Under both the schemes,

  1) The liability of FGILICL at any time will be limited to the balance in policy account
  2) FGILICL will only be concerned with fund management, and the client company will have to bear any shortfall in funds, if it arises at any time

Basket of Benefits

- We offer you value by providing a platform of a large pooled fund providing smooth returns and safety through diversification backed by our in-house investment expertise.
- Flexibility in payment of contribution: you can pay annual contributions yearly, half-yearly, quarterly or monthly.
- Minimum Floor Rate (Guaranteed rate of return) of 1% per annum

- Minimum Floor Rate (Guaranteed rate of return) will be guaranteed for the entire term of policy accumulating on the balance of policy account..
- Additional earnings over and above the minimum floor rate, if any, will be shared through declaration of annual bonus at the end of each financial year.
- Initial Contribution (subject to minimum contribution at inception) can be paid as lump sum at the outset or in installments over a period not exceeding 5 years in case of newly set up schemes.

Tax Benefits

Tax benefits are available as per the prevailing and applicable tax laws. Tax benefit is subject to change in tax laws from time to time.

Eligibility Criteria

- Minimum Group Size: All employer – employee groups with a minimum size of 10 members.
- Entry Age:
    - Minimum : 18 years (as on last birthday)
    - Maximum : 79 years (as on last birthday)
- Maturity / Vesting Age
    - Minimum: 19 years (as on last birthday)
    - Maximum: 80 years (as on last birthday)
- Minimum contribution at inception: Rs. 200,000/- on scheme level. This can be through either initial contribution or regular contribution.
- Policy Term : It is yearly renewable plan

Minimum Floor Rate (Guaranteed Rate of Return)

Enjoy the minimum floor rate (guaranteed rate of return) of 1% on an annual basis. This minimum floor rate will be guaranteed for the entire term of the policy accumulating on the balance of the policy account. This rate will be credited to the policy account annually in advance.

Annual Bonus

Additional earnings, if any, over and above minimum floor rate (guaranteed rate of return) will be declared at the end of the every financial year through annual bonuses. The annual declared bonus amount will be credited to the policy account. The declared bonus once credited will be guaranteed.

Non Zero Positive Residual Additions

Non zero positive residual additions, if any, shall be credited (after crediting minimum floor rate & annual declared bonus) to the policy account at the end of the each year starting from policy year 5 in order to comply with maximum reduction in yield criteria as per IRDA guidelines.

Charges applicable under the policy

- Premium Allocation Fee – Nil
- Policy Administration Fee – Nil
- Policy Account Value Management Fee – Nil
- Partial Withdrawal Fee – Nil (Not allowed under the policy except of exits as mentioned in the scheme rules)

- **Surrender Penalty**

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Master Policy can be surrendered any time subject to the client giving a written request to FGILICL. The surrender penalty will be equal to 0.05% of the total policy account value subject to maximum of Rs. 500,000 /- if the policy is surrendered within the third renewal of the policy. Hence the surrender value will be equal to the policy account value less the surrender penalty, if any.

If the policy is surrendered after the third renewal, then there will be no surrender penalty.

Once the policy is surrendered and the surrender value is paid, the Company shall cease to be liable for any benefit payable under the policy and the policy cannot be reinstated.

Except for exits as mentioned in the scheme rules, no other withdrawals shall be permitted.

- **Market Value Adjustment**

Market Value Adjustment (MVA) will be imposed on bulk exits and complete surrender of the policy. If the amount to be paid on total exits in any event exceeds 25% of the total fund of the scheme at the beginning of the year, such transactions shall be treated as bulk exits, where exits shall be as per scheme rules. Exit shall mean exit of the member from the group. The MVA factor is given by the formula.

MVA = 1 – (Market Value/Book Value)

MVA will not be applicable for amounts below the amount which represents the bulk exits and shall be applied only to the amount which is over and above the amount representing bulk exits.

Policy Account Value

The policy account value depicts the accrual to the policyholder account. The minimum floor (guaranteed) rate, annual declared bonus and non zero positive residual additions (if any) shall be applicable to the balance of the policy account.

The Company shall maintain a Policy Account of the policy to which will be credited:

- All the contributions received from the trustees on the date when such contributions were received by the Company;
- Amounts transferred in from a former superannuation scheme with effect from the date such amounts were received by the Company; and
- Minimum floor rate, annual bonus & non zero positive residual additions as stated above.

Further, the policy account will be debited with:

- All benefits as defined in the scheme rules paid in respect of members as on the date when paid by the Company;
- taxes, duties or surcharges of whatever description levied by any statutory authority;
- interest or late fee, if any, payable on the benefits (not applicable for defined contribution schemes)
- surrender penalty & MVA if any

Shadow Policy Account Value

Shadow policy account value will be maintained on a daily basis. Such shadow policy account will be computed based on the actual accruals of all income elements like premium, income from investments etc as and when received and all actual debits to arrive at the actual gross investment return and reduction in yield to the policy account value, at the end of each year starting from policy year 5.

Termination

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The Policyholder should maintain a minimum balance of Rs 1 lakh in the policy account.

The company will send a notice to the Policyholder if the policy account value falls below Rs 1 lakh. The Policyholder can get a valuation done as per Accounting Standard 15 (Revised) to see if the scheme is underfunded or not.

If the scheme is not underfunded, the policy will continue as it is.

If the scheme is underfunded, then the company will give the Policyholder 30 day's period to pay additional contributions to address the underfunding of the scheme. If additional contributions are not received within the stated period, then the company will terminate the policy and refund the entire amount available in the policy account to the Policyholder. Thereafter the Company shall cease to be liable for any benefit payable under the policy. Once policy is terminated, it cannot be reinstated.

Variability of Charges

- Premium allocation fee, policy administration fee, policy account value management fee & partial withdrawal fee are nil and the same are guaranteed.
- The surrender penalty is guaranteed

Any change in amount or rate of charges as stated above will be subject to IRDA approval.

Nomination

Nomination is allowed as per section 39 of the Insurance Act, 1938 for receipt of the insurance benefit in the event of the death of a member.

Free Look Period

The Master Policyholder has a period of 15 days from the date of the receipt of the policy document to review the terms and conditions of the policy and where the Policyholder disagrees to any of the terms and conditions, he/she has the option to return the policy stating the reasons for his/her objection. FGILICL will refund the policy account value after the deduction of the policy stamp charges.

Section 41 of 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 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 rebates as may be allowed in accordance with the published prospectuses or tables of the insurer.

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 Insurance Act, 1938:

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

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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.

Insurance is a subject matter of the solicitation

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