CANARA HSBC LIFE INSURANCE

GROUP TRADITIONAL PLAN

A Non-Linked Non-Par Life/Pension Group Savings Insurance Plan

UIN : 136N014V03

Version: Sep'24

Key Benefits

- Non-linked, non-participating, fund based, group savings insurance product
- Composite solution to cater to the requirements of Gratuity, Leave Encashment, Superannuation and Post-Retirement Medical Benefits
- Guaranteed Minimum Floor Rate of 0.01% p.a.
- Interest Rate declared at the end of every financial year basis Board approved policy
- Interim Interest Rate declared at the start of financial quarter in advance

Scheme Options

Defined Benefit Scheme	• Contributions managed at policy level • Covers Gratuity, Leave Encashment, Post-Retirement Medical Benefits or Superannuation scheme
Defined Contribution Scheme	• Contributions managed at policy and member level • Covers Superannuation scheme

- Each Scheme will be New Policy
- Offered to Employer – Employee Groups for benefit of employees as per scheme rules

Description of Defined Benefit Scheme - 1/2

Events Covered

- Employers are able to make provision for employee benefits in the event of
  - Termination of employment
  - Death
  - Resignation
  - Retirement
  - Any other such event that may terminate the employment after continuous service of five years or more or any term as specified in the Scheme Rules

Condition of minimum continuous service term is not necessary if the termination of employment is due to death (as per schemes rules)

Description of Defined Benefit Scheme – 2/2

Contribution

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- Contributions will be determined by the Master Policyholder (employer/group administrator/trustee) as per extant accounting standard governing the measurement of long term employee benefits

- Product will allow for payment of contributions for

❑ <u>Current Year's Service (Annual Contributions)</u>

- ➢ Contribution in respect of any liability accruing in respect of the service rendered by the employees in current accounting year

❑ <u>Past Service (Past Service Contributions/Initial Contributions)</u>

- ➢ Contribution in respect of any past service liability of the employer
- ➢ This contribution may be paid at the time of policy issuance or at any time subsequently

❑ <u>Transfer of accumulated funds from other similar (pension or non-pension) schemes^</u>

- ➢ Transfer of accumulated funds from other similar schemes implies that transfer-ins of accumulated funds from like schemes (i.e. gratuity to gratuity, superannuation to superannuation) maintained by the Master Policyholder with other insurance companies will be allowed
- ➢ Such transfer-ins and/or other contributions are allowed at any time and any number of times during the financial year
- ➢ For such transfers and/or contributions, Master Policyholder is required to take the necessary approvals required at its end as per extant accounting standard governing the measurement of long term employee benefits
- ➢ In case of such transfer-ins, no incentive will be paid to the transferring company

Description of Defined Benefit Scheme – 3/3

Interest Rate

At the end of every financial year, Interest amount (based on the weighted average Scheme Account value and the interest rate as decided by the Company) will be added to the Scheme Account of Master Policyholder

Minimum interest rate will be 0.01% p.a.

Description of Defined Contribution Scheme – 1/2

Only for Superannuation Scheme – Creation of Accounts

- At least one account is established for each member where employer's contributions are credited
- These account balances may be subject to vesting provisions as part of the benefit design (as per Scheme Rules)
- Such account will be designated as **Main Account**
- An additional account may be established for each member to allocate voluntary contributions and transfers of past accumulated amounts made by the employees
- These voluntary contributions may be regular, lump-sum or transfers from previous employment or from any such other sources
- Such Account will be designated as **Voluntary Contribution Account**
- Contributions received from trustees (master policyholders) in respect of each member will be directed to Main Account or Voluntary Contribution Account, as the case maybe, in applicable contribution ratio for member

Description of Defined Contribution Scheme – 2/2

Only for Superannuation Scheme – Creation of Accounts

- Under each policy, one account will be established at policy level and will be designated as **Company (master policy holder) Account**

- Company (master policy holder) Account will be meant for investment of excess money with the trust
  - This excess money may arise from termination of employee accounts before the benefits fully vest to the members
    - Example: resignation before completion of vesting period) or from such other sources
  - Amount held in Company Account may be used by Trustees to pay future contributions by debiting Company account and crediting Member Account
  - This account may also be used to pay out other benefits to the beneficiaries as decided by the Trustees
    - Example: lump-sum death benefit to spouse

Benefits

Benefits payable on			
Death	Resignation	Retirement	Termination of employment/membership for any other reasons or as per scheme rules

- **Death benefit**: The death benefit as per the scheme rules will be paid from the Scheme Account to the beneficiary. Additionally, we will pay the sum assured of Rs. 10,000 as death benefit per member
- **Resignation**: On resignation, the benefit amount as per the scheme rules will be paid from the Scheme Account to the member.
- **Retirement**: On retirement the benefit amount as per the scheme rules will be paid from the Scheme Account to the member
- In case of any other event as per scheme rules (as agreed at the inception of contract with Master Policyholder), the benefit will be paid from the Scheme Account

Interest Payment

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Two types of interest additions to fund value

- Annual interest
  - Interest rate will be declared at the end of the financial year in arrears
  - It will be based on the investment performance of fund over the year *less* expenses incurred on this business during the year (as per Board approved Interest Rate & Expense policy)
  - Interest rate may vary depending on fund size and minimum interest rate will be 0.01% p.a.
- Interim interest
  - Interim interest rate would also be decided and applicable on member exits (for DC schemes) and on master policy surrenders (all schemes)
  - It will be decided quarterly in advance and minimum interim interest rate will be 0.01% p.a.

The interest amount added to the fund value will be a function of the interest rate declared and the weighted average balance for the financial year (pro-rata in case of interim interest payout).

Underwriting

No medical and financial underwriting

Annuity Options

- Choice of annuities will be as per what are the existing options under individual or group annuity options during vesting period
- Master policyholder will have the option to purchase an immediate annuity from any other insurance company with which they have Superannuation fund
- If the policyholder wishes to buy the Annuity from another insurance company (with which master policyholder has pension account), the balance of benefits after commutation, as applicable, will be used as purchase price to buy the immediate annuity from that company
- There would be no charges in case of a Master Policyholder exercising this option

Key Product Contours

ENTRY AGE (LAST BIRTHDAY)

- Minimum: Higher of
  - 18 years (l.b.d^) or
  - Minimum age as per scheme rules
- Maximum: Lower of
  - 79 Years (l.b.d^) or
  - Maximum age as per scheme rules

MATURITY AGE (LAST BIRTHDAY)

Lower of :

- 80 Years (l.b.d.^)
- Maximum Maturity age as per scheme rules

GROUP SIZE

- Minimum: 10 members (at the time of issuance)
- Maximum: No limit

INITIAL CONTRIBUTION

- Minimum : ₹ 50,000 (per scheme for Defined Benefit)
- Minimum : ₹ 1,000 (per member for Defined Contribution)
- Maximum: No limit

LIFE COVER - SUM ASSURED

- ₹ 10,000 (inbuilt cover per employee per scheme)

^l.b.d. : Last Birthday

Persons Covered

Employees of

- Corporate
- Public Sector Unit (PSU)
- Multinational Corporations (MNC)
- Any other group formed which satisfy the guidelines on Group Insurance policies issued in 2005 who can be any of the below:
  - Individuals Residents
  - Non Resident Indians
  - PIO & Foreigners

Term of Plan

- The minimum policy term is one year however there is no maximum policy term, and the contract continues till the last member exits the scheme or the Master Policyholder surrenders the policy. New members can join anytime in the policy subject to the cap on minimum amount, based number of members.

Withdrawals

- Option to withdraw funds by Master policy holder at any point in time for payment of benefits as per scheme rules

- In case cumulative withdrawals in a policy year exceeds 25% of scheme account value at the beginning of the year, then withdrawals may be subject to Market Value Adjustment

Surrender

- Master Policy can be surrendered any time
- On surrender of the master policy
  - Scheme Account value payable shall be subject to market value adjustment (in case the market value of proportionate assets is lower than the proportionate nominal fund value on date of surrender)
- MVA is related to the decrease in the value of the assets held by the Company in the non-participating fund associated with this product at the time of the bulk exit / surrender. This decrease in value can be passed on to the Master Policyholder
- If the amount to be paid on total exits during the policy year exceeds 25% of Scheme Account value as at the beginning of the year, such transactions shall be treated as bulk exits, where exit shall be as per the scheme rules and that exit shall mean exit of the member from the group
- Market Value Adjustment shall not be applicable for the 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 exit
- In case of DB schemes, where Scheme Account Value is insufficient to cover a proposed withdrawal after adjusting for MVA, if applicable, the Company may restrict the amount of withdrawal or foreclose the Master Policy by paying out the surrender value to the Master Policyholder

Surrender

Interest Payout

- In case of surrender of policy the master policy will have two options for the interest payout for that financial year:

1. Take the funds [Fund value = Opening balance + contribution – claims – Market value adjustment] immediately along with an interim interest payment (as declared by the insurer), post which all the benefits under the Policy shall cease

2. Take the funds [Fund value = Opening balance + contribution – claims – Market value adjustment] immediately however, interest payment is paid at the end of the financial year as per the annual interest rate declared

Charge Structure

Mortality Charge 1

- ₹ 2 per 1000 Sum Assured (including GST as applicable), at member level on pro-rata basis
- Levied through deduction in annually declared interest rate

Market Value Adjustment 2

- If the amount to be paid on total exits during the policy year exceeds 25% of the Scheme Account value as at the beginning of the year, such transactions shall be treated as bulk exits
- Scheme Account Value will be subject to Market Value Adjustment (only on the amounts in excess of the amount defined as bulk exits)

Surrender/Premium Allocation/Other Charges 3

- No Premium Allocation Charge
- No Policy Administration Charge
- No Surrender Charge

Freelook Period

- In case Master Policyholder do not agree with the terms and conditions of the Policy or otherwise and has not made any claim, they can opt for cancellation of the Policy by returning the Policy Document (if issued physically upon request) along with a written request stating the reasons for non-acceptance to the Company within the free-look period of 30 days from the date of receipt of this Policy Document whether received electronically or otherwise (whichever is earlier).
- The amount to be refunded in case of free look cancellation shall be computed as follows:
  - Contributions received – (Pro-rata risk premium + Stamp duty + Expenses, if any)

Cessation of Life Cover

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- Risk Cover for the member shall automatically cease on occurrence of any one of the following events:

➢ Attainment of Maturity Age, or

➢ Attainment of retirement age or scheme exit age, or

➢ Date of cessation of employment or date of exit from the scheme, or

➢ Death of member, or

➢ Surrender of Master Policy, whichever is earlier

Termination

Where the Scheme Account is insufficient to cover a proposed withdrawal after adjusting for MVA, if applicable, the Company may restrict the amount of withdrawal or foreclose the policy by paying out the surrender value to the Master Policyholder

Thank you

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