

# **kotak** **Premier** **Income Plan**

A Limited Pay Participating Life Insurance Plan

Small joys.  
**Big life.**





## **KOTAK PREMIER INCOME PLAN**

A Limited Pay Participating Life Insurance Plan

We all have dreams and aspirations for a better life for our family; we would want to give them a little 'extra', to make them feel loved and cared for. To support you in achieving these aspirations for your family, Kotak Life Insurance presents **Kotak Premier Income Plan** a savings and protection oriented plan that provides Guaranteed Annual Income immediately after the premium payment term to provide you with an additional annual income. It will also provide you all the accrued bonuses at the end of the policy term in lump sum while providing life cover throughout the policy term.

### **Key Advantages**

- Guaranteed Annual Income immediately after Premium Payment Term
- Enhanced Sum Assured rates for female lives and higher premiums
- Upside potential through bonuses accruing throughout the policy term
- Additional protection through optional riders

## How Does the Plan Work?

Kotak Premier Income Plan is a participating savings cum protection plan which provides Guaranteed Annual Income payouts immediately after the completion of the Premium Payment Term. Payouts will be done at the beginning of each policy year. Your savings will grow with yearly declared Simple Reversionary Bonuses and Terminal Bonus, if any to be declared on maturity. The plan provides protection cover throughout the policy term with option to add riders for enhancing your protection cover.

## Guaranteed Annual Income:

Post completion of Premium Payment Term, Guaranteed Annual Income will be paid out for the remaining Term at the beginning of each policy year, till the last Policy year or date of death whichever is earlier.

Guaranteed Annual Income rates will vary by Premium Payment Term and will be as % of Annualised Premium<sup>1</sup>:

For 8 pay : 103% of Annualised Premium

For 10 pay : 108% of Annualised Premium

For 12 pay : 113% of Annualised Premium

Payout period for each of the Premium Payment Term option is as follows:

For 8 Pay : Payout will start from the beginning of 9th policy year and will end at the beginning of 15th policy year

For 10 Pay : Payout will start from the beginning of 11th policy year and will end at the beginning of 19th policy year

For 12 Pay : Payout will start from the beginning of 13th policy year and will end at the beginning of 23rd policy year

**Longer you invest; higher Guaranteed Annual Income you get for longer duration ...**

## Plan Working:

Age	: 35 years	Gender	: Male
Policy Term	: 19 years	Premium Payment Term	: 10 years
Annual Premium	: ₹ 100,000	Guaranteed Loyalty Addition	: ₹ 108,000
Sum Assured	: ₹ 776,070 (Derived basis Premium, Age, Gender, PPT & Policy Term)		

### Note:

- The Sum Assured is not payable on Maturity and is used for calculation of death benefit and bonuses under this product.
- Bonuses under the plan are as a percentage of Sum Assured and will get payable upon death or maturity.



In case of the unfortunate event of death of Life Insured anytime during the policy term, the Death Benefit payable will be: **Rs. 11,00,000 PLUS Accrued Reversionary Bonuses PLUS Interim bonus (if any) & Terminal Bonus (if any)**

Note: Figure not drawn to scale

## Enhanced Sum Assured rates:

Enhanced Sum Assured rates as additional % of the Base Sum Assured rate will be offered for higher premium and for female life insured. The rates offered will be as follows:

Premium Bands	Base Sum Assured increase %	
	Male	Female
Annualised Premium less than ₹ 40,000	NIL	2%
Annualised Premium between ₹ 40,000 & less than ₹ 75,000	2%	4%
Annualised Premium equal to or greater than ₹ 75,000	6%	8%

## Additional Protection through riders:

Increase the protection level under the plan by choosing from wide range of optional riders:

- **Kotak Term Rider (UIN: 107B003V03):** Allows additional death cover on the life of Life Insured over and above the base plan's Death Benefit
- **Kotak Accidental Death Benefit Rider (UIN:107B001V03):** Lump sum benefit paid on accidental death of the Life Insured in addition to Death Benefit under the base plan.
- **Kotak Permanent Disability Benefit Rider (UIN:107B002V03):** Installments paid on admission of a claim on Life Insured becoming disabled due to accident
- **Kotak Life Guardian Benefit (UIN: 107B012V02):** On death of Policyholder, future premiums of the plan will get waived of and the base plan will continue as it is without any change in the plan benefits
- **Kotak Accidental Disability Guardian Benefit (UIN 107B011V02):** On accidental disability of Policyholder / Life Insured, future premiums of the plan will get waived of and the base plan will continue as it is without any change in the plan benefits

For more details on riders and exclusions please refer to the Individual Rider Brochure before concluding the purchase.

## Plan Benefits:

- **Death Benefit<sup>1</sup>:**

In the unfortunate event of death during the term of the policy, the nominee will receive:  
Sum Assured on death

- PLUS** Accrued Simple Reversionary bonuses, if any
- PLUS** Interim bonus, if any
- PLUS** Terminal bonus, if any

**Where Sum Assured on death is, higher of the following:**

- 1) 11 times of (Annualised Premium including extra premium, if any) OR
- 2) 105% of (all premiums paid including extra premium, if any) till the date of death

Please note that the above Death Benefit will be payable irrespective of the Guaranteed Annual Income already paid.

- **Maturity Benefit:**

At the end of the policy term, on the date of maturity, the following will be paid out:  
Accrued Simple Reversionary bonuses (if any) PLUS Terminal bonus (if any)

## Tax Benefits:

You may avail of tax benefits under Section 80C and Section 10(10D) of Income Tax Act, 1961 subject to conditions as specified in those sections. Tax benefits are subject to change as per tax laws. You are advised to consult your Tax Advisor for details. Goods and Services Tax and Cess as applicable shall be levied over and above premium amount shown here as per applicable tax laws.

## Eligibility

Entry Age (as on last birthday)	Min: 3 years Max: 50 years – 8 pay 55 years – 10 & 12 pay
Maximum Maturity Age (as on last birthday)	Min: 18 years Max: 78 years
Policy Term (Fixed)	15 years / 19 years / 23 years
Premium Levels	Min: For 8 & 10 Pay : ₹ 30,000 p.a. For 12 Pay : ₹ 25,000 p.a. Max: No Limits, subject to U/W acceptance
Premium Payment Term (PPT)	Limited: 8 years for 15 year term 10 years for 19 year term 12 years for 23 year term
Premium Payment Mode	Yearly, Half yearly, Quarterly, Monthly
Premium Modal Factor	Following modal loadings will be used to calculate installment Premium: Yearly – 100%, Half yearly – 51%, Quarterly – 26%, Monthly – 8.8%
Sum Assured	Will be derived basis Premium, Age, Gender, PPT & Policy Term

## Illustration:

Given below is an illustration of the benefits payable, for a healthy male aged 35 years for an Annual Premium of ₹ 100,000 for a premium payment term of 10 years and policy term of 19 years and Sum Assured of ₹ 776,070:

End of Year	Age (years)	Cumulative Annual Premium (₹)	Guaranteed Annual Income (₹)	Non-Guaranteed Benefit (Accrued Reversionary Bonus & Terminal Bonus) (₹)		Minimum Death Benefit (₹)
				@ 4% p.a.	@ 8% p.a.	
5	40	500,000		26,386	125,747	11,00,000
10	45	10,00,000		56,071	267,212	11,00,000
15	50	10,00,000	108,000 p.a.	89,054	424,395	11,00,000
19	54	10,00,000	(From 11th year beginning till 19th year beginning)	223,935	859,876	11,00,000

**Please note:** The above illustration is an extract of a separate, more detailed benefit illustration. For full details, please refer to the Benefit Illustration. Accrued bonuses shown above are cumulative bonuses and will be paid over and above the minimum death benefit shown or will get paid out on maturity, whichever is earlier. The above premium figures are exclusive of Goods and Services Tax and Cess, as applicable. Goods and Services Tax and Cess thereon, shall be charged as per the prevalent tax laws over and above the said premiums.

The assumed non-guaranteed rates of return chosen in the illustration are 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. The guaranteed and non-guaranteed benefits are applicable only if all due premiums are paid. Reversionary Bonus and Terminal Bonus have been calculated at the assumed non-guaranteed rates of return of 4% p.a. & 8% p.a. Please note that Bonuses are NOT guaranteed and may be as declared by the Company from time to time.

# Terms and Conditions

1. **Annualised Premium:** It refers to the premium payable in a policy year, excluding the underwriting extra premiums and loadings for modal premium, if any, e.g. If the policyholder is paying Half-yearly premium of ₹ 51,000 than the Annualised Premium will be ₹ 100,000 (51,000 / modal factor of 51%).

This premium will also be excluding Rider Premiums, if any and Goods and Services Tax and Cess, as applicable.

2. **Bonus:**

- **Simple Reversionary Bonus** – At the end of each financial year the company may declare a bonus expressed as a percentage of the Sum Assured. These bonuses will accrue from the end of 1st policy year onwards throughout the policy term and will be payable either on maturity or on death.

- **Interim Bonus:** In the event of a claim, an interim bonus (if applicable) may be payable at such rate as may be decided by the Company. This interim bonus rate will be expressed as a percentage of Sum Assured.

Interim bonus rate may be declared at the end of each Financial Year and shall be applicable for the policies exiting between two policy anniversaries due to death claim or surrenders. The Interim bonus will be proportionately calculated for the period starting from previous policy anniversary till the date of exit.

\*Policy Year means the period from the last policy anniversary date (or the date of commencement of policy for the first year) up to the next policy anniversary date.

- **Terminal Bonus:** The Company may decide to pay Terminal Bonus on Maturity at the end of the policy term and shall be a percentage of the Sum Assured. It may also be payable for in-force policies where death of the Life Insured occurs after the expiry of PPT or 10 years, whichever is earlier. Terminal Bonus may be payable on policies which have been made Reduced Paid-Up or Surrendered.

3. If the Life Insured is minor, the Policyholder should ensure that the Guaranteed Annual Income payouts received while the Life Insured is still a minor is used for the benefits of the minor life.

4. **Death Benefit:** Following are some additional conditions pertaining to death benefit:

- If the death occurs during grace period, the due unpaid premium (if any) till the date of death will be deducted from the aforesaid death benefit.
- For policies, where the Premium Payment mode is not annual, balance of the Premium for that Policy year will also be deducted from the Death Benefit.

5. **Grace Period:** There is a grace period of 30 days from the due date for payment of premium for the yearly, half-yearly and quarterly mode, and 15 days for the monthly mode.

**6. Vesting in case of minor life:**

If the policy has been taken on the life of a minor, the policy shall automatically vest on him/her with effect from the date of completion of 18 years of age and the Life Insured will become the Policyholder from such date.

**7. Lapses:** Policy shall lapse from the due date of the first unpaid premium in accordance with the following rules and no benefits will be payable:

- For 8 yrs PPT: If premiums for the first two policy years are not paid within the grace period;
- For 10 yrs & 12 yrs PPT: If premiums for the first three policy years are not paid within the grace period.

**8. Policy Revivals:** A lapsed / Reduced Paid Up policy can be revived within two years from the due date of the first unpaid premium.

- The revival can be done without evidence of good health on payment of the outstanding premiums with interest rate (currently 9% p.a. of outstanding premiums), if the payment is made within six months. Thereafter to revive the policy, evidence of good health would be required along with payment of the outstanding premiums with interest rate (currently 9% p.a. of outstanding premiums). Extra premiums may be required based on the underwriting decision.
- Policy will not be eligible for declared bonuses during the lapse period. However, all benefits including bonuses under the policy will be reinstated on the revival of the policy.
- If lapsed policy is not revived during the revival period, the policy will be terminated without paying any benefits.
- If policy in Reduced Paid Up mode is not revived during the revival period, it will continue in that mode until maturity.
- All benefits under the policy will be reinstated on revival of the policy.
- Riders cannot be revived independently and can only be revived along with the revival of the base plan.

**9. Surrender:**

- For 8 yrs PPT, the policy will acquire Surrender Value after payment of full premiums for two consecutive years;
- For 10 yrs PPT & 12 yrs PPT term, the policy will acquire Surrender Value after payment of full premiums for three consecutive years

**Guaranteed Surrender Value (GSV)** shall be a percentage of all the total Premiums paid (excluding Goods and Services Tax and Cess and Rider premium, if any) as on the date of first unpaid premium LESS Guaranteed Annual Income already paid out, if any PLUS value of Subsisting Bonuses if any.

GSV Factors as percentage of total premiums paid are mentioned in the table below:

Guaranteed Surrender Value factors (As a % of Premiums paid)			
Year	PPT-8	PPT-10	PPT-12
1	-	-	-
2	30%	-	-
3	30%	30%	30%
4	50%	50%	50%
5	50%	50%	50%
6	52%	54%	52%
7	54%	57%	57%
8	57%	59%	60%
9	66%	59%	63%
10	70%	62%	66%
11	72%	64%	67%
12	73%	70%	77%
13	74%	80%	80%
14	75%	80%	82%
15	87%	81%	84%
16		82%	87%
17		85%	88%
18		85%	89%
19		93%	90%
20			91%
21			92%
22			93%
23			99%

GSV Factors for applicable bonuses are mentioned in the table below:

Value of Subsisting Bonus (if any) is calculated as: ***[(Accrued Simple Reversionary Bonuses + Interim Bonus) X GSV Factor as on the date of Surrender]***

GSV Factor as % of the subsisting bonus			
Year	PPT-8	PPT-10	PPT-12
1	-	-	-
2	28%	-	-
3	31%	21%	15%
4	34%	23%	16%
5	37%	25%	17%
6	41%	28%	19%
7	45%	31%	21%
8	50%	34%	23%
9	55%	37%	25%
10	61%	41%	28%
11	67%	45%	31%
12	74%	50%	34%
13	82%	55%	37%
14	90%	61%	41%
15	100%	67%	45%
16		74%	50%
17		82%	55%
18		90%	61%
19		100%	67%
20			74%
21			82%
22			90%
23			100%

Subject to the Minimum Guaranteed Surrender Value, the company may however pay a Special Surrender Value (SSV) calculated according to the basis and method in use from time to time after getting IRDAI's approval.



On Surrender, higher of SSV (if available) or GSV will be payable. The surrender value will be paid out as a lump sum benefit. After the Surrender benefit payout, all other benefits under the plan will fall away and the policy will get terminated.

#### **10. Reduced Paid-Up Policy:**

After the policy acquires Surrender Value, if the subsequent premiums are not paid within the grace period the policy will be converted into a Reduced Paid-Up policy by default.

- Policy will not be eligible for any future reversionary bonuses once it has been converted into a Reduced Paid-Up policy;
- All rider benefits may cease depending upon rider features
- Sum Assured on Death will also be reduced to:

**Reduced Paid-Up Sum Assured on death:** Sum Assured on death as on the date of policy being made reduced paid-up X [(Total Premiums paid / Total premiums payable over the policy term)]

- If a Reduced Paid-up policy is surrendered, the surrender value (if any) for Base Policy and Rider (if any) will be calculated as per the Surrender Value mentioned under "Surrender" section
- Reduced Paid-Up policy can be revived and reinstated (to the original benefits) within 2 years from the date of first unpaid Premium subject to the conditions mentioned under "Revival" section
- If policy in Reduced Paid Up mode is not revived during the revival period, it will continue in that mode until maturity
- Payouts in-case the plan continues in Reduced Paid-Up mode:

#### **Payout on Death:**

Reduced Paid-Up Sum Assured on Death PLUS Accrued Reversionary Bonuses, (if any) PLUS Terminal Bonus (if any)

#### **Payout of Guaranteed Annual Income:**

It will get reduced in the following proportion and paid during the scheduled period:  
[(No. of premiums paid / No. of premiums payable) X Guaranteed Annual Income]

#### **Payout on Maturity:**

At the end of the policy term, accrued reversionary bonus till the date of first unpaid premium and Terminal Bonus (if any) will be paid out

**11. Nomination:** Nomination will be allowed under the plan as per the provisions of Section 39 of the Insurance Act, 1938 as amended from time to time.

**12. Assignment:** Assignment will be allowed in the plan as per the provisions of Section 38 of the Insurance Act, 1938 as amended from time to time.

**13. Free Look Period:** The policyholder is offered 15 days free look period for a policy sold through all channels (except for Distance Marketing\* Channel which will have 30 Days) from the date of receipt of the policy wherein the policyholder may choose to return the policy stating the reason thereof within 15 days / 30 days of receipt if s/he is not agreeable with any of the terms and conditions of the plan. Should s/he choose to return the policy, s/he shall be entitled to a refund of the premium paid after adjustment for the expenses of medical examination, stamp duty and proportionate risk premium for the period of cover.

Distance Marketing includes every activity of solicitation (including lead generation) and sale of insurance products through the following modes: (i) Voice mode, which includes telephone calling (ii) Short Messaging service (SMS) (iii) Electronic mode which includes e-mail and interactive television (DTH) and (iv) Physical mode which includes direct postal mail and newspaper & magazine inserts.

#### **14. General Exclusion:**

In the event of the life insured committing suicide within 12 months from date of commencement of risk of the policy, 80% of the total Premiums paid will be payable.

In case of suicide after 12 months from date of commencement of risk of the policy, following will be applicable:

- In case of suicide within one year of the date of revival of the policy when the revival is done within 6 months from the date of first unpaid premium, Suicide Exclusion shall not be applicable and the Death Benefit under the product shall be payable.
- However, in case of suicide within 1 year of the date of revival, when the revival is done after 6 months from the date of first unpaid premium, the benefit payable shall be higher of 80% of total Premiums Paid (including extra premium, if any) or Surrender Value (if any) at the date of claim event.

#### **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.

