PNB MetLife Traditional Employee Benefits Plan

A Fund Based Group Non-Linked Variable Insurance Scheme

WHY PNB METLIFE TRADITIONAL EMPLOYEE BENEFITS PLAN?

In the modern business environment it has become increasingly tough to attract and retain talent. Also, the current economic scenario may make it impossible for continuous increments to motivate your employees. In this scenario, offering financial security to your employees and their families can prove to be a big motivational factor.

PNB MetLife Traditional Employee Benefits Plan (MTEBP) fits right into the bracket of providing financial security to employees and it not only helps you provide solutions for a better work place but also helps in being one of the key differentiators while attracting talent. This product is your solution if you are:

- An Employer who does not have Gratuity & Leave encashment benefits but would want to provide one or all such benefits to the policyholder.
- An Employer/Trustee who has an in-house Fund Management for their Gratuity & Leave Encashment benefits but wishes to transfer the fund to a Life Insurance Company for management
- An Employer/Trustee who has a Gratuity & Leave Encashment Fund managed by another life insurance company but is contemplating a switch over.

The sponsor of the Scheme could be an Employer or Trust, which is managing the Employer – Employee Gratuity & Leave Encashment scheme based on the advice of an independent actuary, engaged by the Employer / Trust, as per the provision of the AS 15 (Revised).

Following are the reasons why as an employer / trust, you should buy this product:

- Guaranteed interest of 2% p.a. on each tranche of the contributions paid
- Facility to pay the contribution in instalments. All the contributions received during each quarter of the Financial Year are administered separately within a single Fund
- Provision of an Annual Statement of account
- Option to pay contributions/premium through Cheques / Demand Drafts / Pay Orders / Bankers Cheque / NEFT

WHAT ARE THE SALIENT FEATURES OF PNB MetLife Traditional Employee Benefits Plan & HOW THE POLICY WORKS?

PNB MetLife Traditional Employee Benefits Plan offers a comprehensive solution for employers who wish to outsource administration and management of Gratuity and Leave Encashment liabilities in an effective and integrated manner. This fund based group non-linked variable insurance product, administered by crediting interest on a regular basis.

Interest rate applicable for a quarter will be declared (as a rate p.a.) at the beginning of each quarter in each Financial Year depending on the prevailing yields. The various contributions received under this Scheme will be put into a single Fund and the contributions received in each quarter will be tracked separately for interest credit through an in-house mechanism.

The invested assets will be earmarked separately and the policy account value of the product will be disclosed on daily basis in the website under an assigned identification number "SAIN".

The interest declared will be credited on a prorated basis. Once declared, interest will also become part of the Fund.

Non-zero positive additional interest rate will be credited at the end of each quarter as mentioned below:

Let a% be the minimum floor rate of interest. Let w%, x%, y% & z% be the interest rate declared at the beginning of each quarter. Let P1, P2, P3 and P4 be the contributions received at the beginning of each quarter.

Additional interest rate would be the last weighted interest declared by the Investment Team less the floor rate less 40 basis points as charges to cover the expenses

For example, let the fund at the beginning of the Quarter is W1. The yield on W1 is m%.

The new money expected in the Quarter under consideration is say W2. The expected yield provided by Investment Department would be n%.

The weighted interest rate expected would be w% = (W1*m%+W2*n%) / (W1+W2)

The weighted interest w% will further be adjusted by deducting the guaranteed floor rate (i.e.2%p.a) and 0.40% (charges) and used in the following formula. x%, y% and z% defined below represent similar adjusted weighted interest rate for the subsequent quarters.
Then, the amount available at the end of 1st quarter shall be Q1= P1*(1+a/4)*(1+w/4)
At the end of second quarter Q2= (Q1+ P2)*(1+a/4)*(1+x/4)
At the end of third quarter Q3= (Q2+ P3)*(1+a/4)*(1+y/4)
At the end of fourth quarter (i.e. at the end of one year term) Q4= (Q3+ P4)*(1+a/4)*(1+z/4).
If the contributions, Pi's are received during the quarter, the interest credit will be on pro-rata basis. The formula then becomes Qi = Q(i-1) * (1+a/4)*(1+x/4) + Pi * (1+t/90*a/4) * (1+t/90*x/4) where t = number of days from date of receipt to the end of the quarter and w, x, y and z are adjusted for the floor rate and charges as explained above.

For example: Let the Fund Value be Rs.50,00,000 and the contribution received at the beginning of a quarter be Rs.1,00,000. Let the interest rate declared at the beginning of the quarter be 8.40% p.a
The minimum guaranteed interest rate is 2% p.a which is 0.50% per quarter
The additional interest rate is 6% (calculated as 8.40% minus 2% minus 0.40%) which is 1.50% per quarter
The Fund at the end of the quarter is then calculated as
(50,00,000 + 1,00,000) * (1.005) * (1.015) = Rs.61,20,450
Non-zero positive residual additions, if any, at the year end, shall be credited to the policy account determined as:
Gross Investment Yield earned in the shadow account at the end of each policy year less
Actual yield earned in the policy account value, at the end of each policy year less Yield referred in the reduction in yield at that duration.
For this purpose, the yield earned on each of the policy account shall be calculated using the money weighted rate of return method at the end of each policy year.

YOUR BENEFITS WITH PNB METLIFE TRADITIONAL EMPLOYEE BENEFITS PLAN

PNB MetLife Traditional Employee Benefits Plan comes with a mandatory risk cover of Rs.1,000 per Member for which a mortality charge of Rs.1.35 p.a. per Member will be charged separately on annual basis. If the Group Policyholder wants higher risk cover, the same may be arranged through a separate one year renewable Group Scheme of the Company open for sale from time to time.

On Death / Retirement / Resignation/ Termination:

The benefit payable from the Fund will be as specified in the Trust Deed as per the Rules of the individual Employer's / Trustee's Scheme.
The Company's liability is, however, limited to the extent of the Fund Value.
If the exit of the Member from the Scheme is due to death, the risk cover benefit of Rs.1000 will be payable by the Company. Also no Market Value Adjustment will be made in case of exit from the Scheme due to death.
In case of complete withdrawal of the Scheme before completing third policy anniversary of the Scheme, the respective Surrender Charges will be applicable and the Surrender Value will be equal to the Fund Value of the Scheme minus the Surrender Charges minus the Market Value Adjustment (MVA).
Market Value Adjustment is defined as below:
Market Value Adjustment = (Fund Value of the Scheme – Surrender Charges) * (1- Market Value of Total Fund / Policy Account value of Total Fund). Example:
The scheme 'ABC' wants to withdraw the Scheme

Suppose the Fund Value of the scheme 'ABC'	= 100
Market value of total fund	= 900
Policy Account Value of total fund	= 1000
Applicable Surrender Charges	= 0.05

Then MVA = (100-0.05) * (1- 900/1000)
= 99.95 * (1- 0.9)
= 9.995

Hence the Surrender Value of the ABC Scheme = 100 – 9.995 – 0.05
In case of bulk exit from the Scheme before completing third policy anniversary of the Scheme, the Fund will be adjusted to the extent of Market Value Adjustment (MVA).
The same logic described will be used for bulk exits. Instead of 'Fund Value of the scheme 'ABC'', we will use the 'Amount withdrawn in excess of 25% of the Fund Value'. Also the surrender charges will be taken as zero for such calculation.

Bulk Exits

If the total amount on exit, due to any event other than death, as defined in the Scheme Rules, in a policy year (including the current exit amount) exceeds 25% of the balance in the Policy Account as at the beginning of that policy year, such an exit shall be termed as a bulk exit.
Market Value Adjustment (MVA) shall be applied only to the amount which is over & above the amount representing bulk exit. MVA losses (if any) shall be adjusted from your Policy Account

Charges

There is a Fund Management Charge of 0.40% p.a. This charge is adjusted in the expected investment yield before declaration of quarterly rate of interest.
There is a mortality charge of Rs.1.35 per Rs.1000 Sum Assured, which is charged separately on annual basis.
There are no other charges under this product.

Your Benefit Statements

At the end of each Financial Year you would receive your benefit statement which would include the total contribution paid less any payout/withdrawals made plus all declared Interest.

Policy / Scheme Renewal:

The Scheme shall be automatically renewed on every single Policy Anniversary. There are no prescribed timelines for the payment of contributions and the Scheme will continue as long as there is adequate Fund to recover charges and settle Policy claims.
We will intimate, 30 days in advance, in case the Fund Value does not have sufficient Funds. In case the Group Policyholder fails to pay the sufficient Contribution as advised by the independent actuary and if the balance available in the Fund turns out to be zero due to settlement of benefits upon exit of Members from the Scheme the Scheme will be terminated.

PREMIUM PAYING MODES

The contributions towards the Fund can be payable in any mode or any installments.

ELIGIBILITY

Minimum Age at Entry^(1)	18 Years age last birthday
Maximum Age at Entry^(1)	1 year less than the 'Normal Retirement Age' defined in the individual Employer's Scheme Rules.
Maximum Maturity Age(1)	The 'Normal Retirement Age' as defined in the individual Employer's Scheme Rules.
Minimum /Maximum Contribution	Rs.100,000 / Rs.500 Crore
Minimum Group size	Minimum group size is 10
Maximum Group size	No Limit
Minimum Policy Term	Yearly renewable basis

(1)Age Last Birthday

OTHER PROVISIONS

The Group Policy shall automatically terminate if the scheme is surrendered or if the balance amount in the Group Policyholder's Fund is zero due to settlement of claims upon exit of members from the Scheme.

Surrender:

No partial surrender is allowed under this product. In case of surrender of the policy within third renewal of the policy, the surrender value will be equal to the Fund Value of the Scheme minus the Surrender Charges and the Market Value Adjustment (MVA).
The Surrender Charges applicable will 0.05% of the Fund Value subject to a maximum of Rs.500,000, if the policy is surrendered within the third renewal of the scheme. There is no Surrender Charge after the third renewal of the Scheme.
In exceptional circumstances, the Company may defer the surrender of the policy for a period not exceeding six months from the date of application with prior approval from IRDA of India. The exceptional circumstances are:

a) When, as a result of political, economic, monetary or any circumstances that are out of the control of the company, the disposal of high volume of investments is not reasonable or reasonably not practicable without being detrimental to the interests of the remaining policyholders who have invested in the fund.
b) During periods of extreme volatility of markets, when surrenders would, in our opinion, be detrimental to the interest of the existing policyholders.
c) In case of natural calamities, strikes, war, civil unrest, riots and bandhs.
d) In the event of any force Majeure or disaster that affects our normal functioning;

The Company may, at its sole discretion, defer the surrender of the Policy for a period not exceeding 30 days from the date of application in order to maintain fairness and equity between Group Policyholders remaining in and Group Policyholders leaving a Fund.

Free Look Provision:

You have a period of 15 days from the date of receipt of the Policy document to review the terms and conditions of this Policy. If you disagree with the terms and conditions, you have the option to return the Policy for cancellation stating the reasons for the objections, and shall be entitled to a refund of the Contributions and mortality charges paid subject to deduction of Stamp Duty and proportionate risk premium. All rights of the Group Policyholder under this Policy shall immediately stand extinguished at the cancellation of the Policy

STATUTORY WARNING

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 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 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 punishable with fine which may extend to ten lakh rupees.

Section 45 of the Insurance Act, 1938 states, as amended from time to time states:

1. No policy of life insurance shall be called in question on any ground whatsoever after the expiry of three years from the date of the policy i.e. from the date of issuance of the policy or the date of commencement of risk or the date of revival of the policy or the date of the rider to the policy, whichever is later.
2. A policy of life insurance may be called in question at any time within three years from the date of issuance of the policy or the date of commencement of risk or the date of revival of the policy or the date of the rider to the policy, whichever is later, on the ground of fraud; provided that the insurer shall have to communicate in writing to the insured or the legal representatives or nominees or assignees of the

insured, the grounds and materials on which such decision is based. For the purposes of this sub-section, the expression 'fraud' means any of the following acts committed by the insured or by his agent, with the intent to deceive the insurer or to induce the insurer to issue a life insurance policy:

a. the suggestion, as a fact of that which is not true and which the insured does not believe to be true;
b. The active concealment of a fact by the insured having knowledge or belief of the fact;
c. Any other act fitted to deceive; and
d. Any such act or omission as the law specifically declares to be fraudulent.

Mere silence as to facts likely to affect the assessment of risk by the insurer is not fraud, unless the circumstances of the case are such that regard being had to them, it is the duty of the insured or his agent, keeping silence to speak, or unless his silence is, in itself, equivalent to speak.

3. Notwithstanding anything contained in sub section 2, no insurer shall repudiate a life insurance policy on the ground of fraud if the insured can prove that the misstatement of or suppression of a material fact was true to the best of his knowledge and belief or that there was no deliberate intention to suppress the fact or that such mis-statement of or suppression of a material fact are within the knowledge of the insurer; provided that in case of fraud, the onus of disproving lies upon the beneficiaries, in case the policyholder is not alive. A person who solicits and negotiates a contract of insurance shall be deemed for the purpose of the formation of the contract, to be the agent of the insurer.
4. A policy of life insurance may be called in question at any time within three years from the date of issuance of the policy or the date of commencement of risk or the date of revival of the policy or the date of the rider to the policy, whichever is later, on the ground that any statement of or suppression of a fact material to the expectancy of the life of the insured was incorrectly made in the proposal or other document on the basis of which the policy was issued or revived or rider issued; provided that the insurer shall have to communicate in writing to the insured or the legal representatives or nominees or assignees of the insured the grounds and materials on which such decision to repudiate the policy of life insurance is based. In case of repudiation of the policy on the ground of misstatement or suppression of a material fact, and not on ground of fraud, the premiums collected on the policy till date of repudiation shall be paid to the insured or the legal representatives or nominees or assignees of the insured within a period of ninety days from the date of such repudiation. The mis-statement of or suppression of fact shall not be considered material unless it has a direct bearing on the risk undertaken by the insurer, the onus is on the insurer to show that had the insurer been aware of the said fact, no life insurance policy would have been issued to the insured.

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.
Service Tax, as applicable will be charged at the prevailing rate. PNB MetLife reserves the right to levy service tax and also any other taxes as may be applicable from time to time.

ABOUT PNB METLIFE

PNB MetLife India Insurance Company Limited (PNB MetLife) is one of the leading life insurance companies in India. PNB MetLife has as its shareholders MetLife International Holdings LLC (MIHL), Punjab National Bank Limited (PNB), Jammu & Kashmir Bank Limited (JKB), M. Pallonji and Company Private Limited and other private investors, MIHL and PNB being the majority shareholders. PNB MetLife has been present in India since 2001.
PNB MetLife brings together the financial strength of a leading global life insurance provider, MetLife, Inc., and the credibility and reliability of PNB, one of India's oldest and leading nationalised banks. The vast distribution reach of PNB together with the global insurance expertise and product range of MetLife makes PNB MetLife a strong and trusted insurance provider.

PNB MetLife is present in over 111 locations across the country and serves over 100 million customers in more than 8,700 locations through its strong bank partnerships with PNB, JKB and KBL.

PNB MetLife provides a wide range of protection and retirement products through its Agency sales of over 6,000 financial advisors and multiple bank partners, and provides access to Employee Benefit plans for over 800+ corporate clients in India. The company continues to be consistently profitable and has declared profits for last five Financial Years.

For more information, visit www.pnbmetlife.com

PNB MetLife India Insurance Company Limited, Registered office address: Unit No. 701, 702 & 703, 7th Floor, West Wing, Raheja Towers, 26/27 M G Road, Bangalore -560001, Karnataka. IRDAI Registration number 117. CIN U66010KA2001PLC028883. PNB MetLife Traditional Employee Benefits Plan (UIN 117N085V02) is a fund based group non-linked variable insurance scheme. Benefit option, chosen at inception, cannot be altered during the term. Please read this Sales brochure carefully before concluding any sale. This product brochure is only indicative of terms, conditions, warranties and exceptions contained in the insurance policy. The detailed Terms and Conditions are contained in the Policy Document. Tax benefits are as per the Income Tax Act, 1961, & are subject to amendments made thereto from time to time. Please consult your tax consultant for more details. Goods and Services Tax (GST) shall be levied as per prevailing tax laws which are subject to change from time to time. The marks "PNB" and "MetLife" are registered trademarks of Punjab National Bank and Metropolitan Life Insurance Company, respectively. PNB MetLife India Insurance Company Limited is a licensed user of these marks. Call us Toll-free at 1-800-425-6969. Phone: 080-66006969, Website: www.pnbmetlife.com, Email: indiaservice@pnbmetlife.co.in or Write to us: 1st Floor, Techniplex - 1, Techniplex Complex, Off Veer Savarkar Flyover, Goregaon (West), Mumbai – 400062, Maharashtra. Phone: +91-22-41790000, Fax: +91-22-41790203. LD/2017-18/211 EC220.

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