

SBI Life - Dhanaraksha Plus LPPT(hereafter referred to as Dhanaraksha Plus LPPT) – A Decreasing Term Cover Group Life Insurance Plan

Dhanaraksha Plus LPPT makes it easier for your customers and their families to realize their dreams!

Dhanaraksha Plus LPPT is the perfect solution to protect your customers to the extent of their loan liabilities. With Dhanaraksha Plus LPPT, you can give your customers the reassurance that their loved ones can enjoy the assets that they have so painstakingly and lovingly acquired. The Dhanaraksha Plus LPPT Group Life Insurance Plan is a decreasing term Non-Participating Plan, which is specially created to be convenient and affordable for your customers, and will allow you a competitive advantage.

What are the key features of Dhanaraksha Plus LPPT?

Dhanaraksha Plus LPPT is the perfect choice for a variety of insurance needs. Here's how:

- Life cover to a borrower in the age group of 18 to 65 years of age under a Group Insurance arrangement with the Master Policyholder (e.g. Bank)
- Suitable for a wide variety of loans -including Housing Loans (with or without moratorium period), Car Loans, Property Loans, Two Wheeler loans, Personal loans etc.
- Cover can be availed for a term of 3 to 30 years, subject to a cease age of 70 years (age as on last birthday)
- Sum Assured starting from as little as Rs.10,000/-, with no maximum limit
- A borrower can avail of cover for all types of moratorium period (with/without interest repayment)
- Insured members will be provided certificates of insurance containing cover details for their information and convenience
- Mode of Payment: Limited premium payment term of 2 years.
- A grace period a 30 days is allowed for payment of the second premium. Revival of the group member's cover can be done within 2 years from the date of unpaid premium.

What are the advantages of Dhanaraksha Plus LPPT for the Bank/Financial Institution?

Dhanaraksha Plus LPPT has a very strong **Value Proposition**, as explained below:

- Loan plus insurance increases customer loyalty
- Even during the moratorium period, your borrower is fully covered
- Dhanaraksha Plus LPPT is a powerful protection which will lend a competitive edge to the Bank's/ Financial Institution's products and help win over customers

Brochure for the Group Master Policyholder – SBI Life - Dhanaraksha Plus LPPT

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- A Bank/ Financial Institution can possibly lend higher amounts because of the assurance of having no Non Performing Asset (NPA) due to death thanks to this convenient life insurance cover
- Default risk due to a customer's death is reduced

What are the advantages of the Dhanaraksha Plus LPPT for customers of the Bank/ Financial Institution?

Dhanaraksha Plus LPPT gives the customers of a Bank/Financial Institution great benefits as explained below:

- Build up of assets, not liabilities
- Even during the moratorium period, the loan is fully covered.
- Joint borrowers can be covered for their specific share of loan or each of them can be covered for 100% of the loan amount
- Matchless advantage of insurance protection at attractive rates
- Loan and Insurance under a single window
- Simplified joining process
- Free cover limit: Cover will be provided on the basis of a Good Health Declaration as follows:

If entry age is between 18 and 60: upto a loan amount of Rs. 7.5 lakhs.

If entry age is between 61 and 65: upto a loan amount of Rs. 3 lakhs.

- Convenient claim settlement process

Are there any rebates available?

Attractive rebates available are:

- A 2% rebate on female lives on the tabular premium.
- High Sum assured rebates:

Initial sum assured	Rebate as % of tabular premium
less than Rs. 10 lakhs	Nil
Rs. 10 lakhs to less than Rs. 15 lakhs	1%
Rs. 15 lakhs to less than Rs. 20 lakhs	2%
Rs. 20 lakhs to less than Rs. 30 lakhs	3%
Rs. 30 lakhs and above	4%

- A 10% discount is available for the younger joint borrowers if the loan term is 10 years or above, if all the joint borrowers are covered for 100% of the loan amount.

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Is there any limit on the group size?

Dhanaraksha Plus LPPT offers cover for a group of a minimum of 25 members. There is no ceiling with regard to group size.

Is it mandatory for all group members to be covered under Dhanaraksha Plus LPPT?

Dhanaraksha Plus LPPT offers great features, while allowing the Bank/financial institution to choose to offer it to all customers on a compulsory basis, or at the choice of each member. All that the Bank/Financial Institution needs to do is ensure that a minimum of 25 members should enroll for SBI Life to consider the issuance of a Master Policy.

Who is eligible for insurance protection under the Dhanaraksha Plus LPPT?

- Any person in good health who requires a decreasing cover protection – e.g housing loan borrowers.
- Minimum age at entry: 18 years (age is defined as on last birthday)
- Maximum age at entry: 65 years (age is defined as on last birthday)
- Cease age: Term of the loan subject to a maximum of 70 years of age (as on last birthday)
- Joint borrowers(subject to a maximum of 3) who fulfill the eligibility criteria are also eligible

What are the benefits available under this Plan?

In the event of death of an insured member, this Plan provides for the payment of a lump sum death benefit amount. This amount is the loan amount outstanding for the month during which the death occurs, as specified in the Certificate of Insurance issued to each member on his/ her admission.

The benefit is payable to the group master policyholder, provided that the group master policyholder is a regulated entity, otherwise the benefits will be payable to the nominee.

In case of death of any one of the joint borrowers, where all the joint borrowers are insured for 100% of the loan amount, the applicable surrender value will be paid to the remaining/surviving joint borrowers. On such payment of the surrender value, the insurance cover shall cease on the lives of the remaining/surviving joint borrowers.

In case of death of one of the joint borrowers, where all the joint borrowers are insured as per their respective loan share, the cover on the lives of the remaining joint borrowers will continue for their respective outstanding loan amounts and for the balance cover term.

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In case of non-payment of the second premium, the sum assured becomes reduced and acquires a paid-up value equal to 25% of the original scheduled sum assured benefit and in the event of surrender, the surrender value will be calculated for the reduced Sum Assured

There is no survival/ maturity benefit under this plan.

What happens if a borrower prepays his/her loan?

If the borrower prepays his/her loan in full, he/she is entitled for the surrender value. The surrender value is available at any point of time from the start of the cover, and will be as follows*:

$(45\% \text{ of the Premiums paid less taxes}) \times (\text{Unexpired term} / \text{Total term}) \times (\text{Sum Assured benefit at the time of surrender}^{**} / \text{Sum Assured at inception}).$

* See Example for calculation

** If moratorium option is chosen then the sum assured benefit at the time of surrender will be limited to the sum assured at inception in the above mentioned formula.

*Are there any tax benefits? ***

An insured borrower who bears the premiums may be eligible for benefit under Section 80C of the Income Tax Act, 1961. Any premium paid by the Bank/financial institution may also be treated as part of business expenses and may be tax deductible. Death claim payouts are absolutely tax free (as per Section 10 (10 D) of the Income Tax Act, 1961)

** Subject to changes in tax laws. Please consult your tax advisor.

Examples of how this Plan works:

A 40 year old customer, in good health, borrows Rs. 10, 00,000 for a term of 20 years to buy a house. This borrower elects to cover the outstanding balance of the loan under Dhanaraksha Plus LPPT. The yearly premium is 2.926 % of the loan amount, which works out to Rs. 29,260 . At the beginning of 2nd year, he pays the second premium.

In case of the unfortunate death of borrower at the end of year 3 (say), the death benefit payable will be the outstanding loan amount as printed on his Certificate Of Insurance, i.e Rs. 950,992.

In case the same borrower wants to surrender at the end of third year, then the surrender value would be:

$45\% * 58\,520 (29260 \times 2) * (17 / 20) * (950\,992 / 1\,000\,000) = \text{Rs. } 21\,287$

If the same customer has opted for 24 months moratorium period with interest payment during moratorium period then the cost for the moratorium cover will be 3.31% of the Dhanaraksha Plus yearly premium amount of Rs 29,260 (without moratorium option), as



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shown above . Thus the cost for moratorium cover works out to Rs 969 and the total yearly premium will be Rs 29,260 *plus* Rs 969, i.e. Rs 30,229 . In case of unfortunate death at any point of time during the moratorium period, the benefit payable will be equal to the loan amount of Rs 10,00,000

And, if the same customer has opted for 24 months moratorium period without interest payment during moratorium period, then the cost for the moratorium cover will be 29.55% of the Dhanaraksha Plus yearly premium amount of Rs 29,260 (without moratorium option), as shown above . Thus the cost for moratorium cover works out to Rs 8,646 and the total yearly premium will be Rs 29,260 *plus* Rs 8,646, i.e. Rs 37,906. In case of unfortunate death at the end of 12 months from the policy cover start date (i.e. death during the moratorium period), the benefit payable will be equal to the loan amount of Rs 11,15,719 (initial loan amount *plus* accrued interest).

SBI Life will pay out claim amount to the group master policyholder, provided that the group master policyholder is a regulated entity otherwise the benefits will be payable to the nominee, and the borrower's family will have a debt free house.

What are the exclusions under this Plan?

- During the first 45 days from the date of commencement of cover for an Insured Member, the Company shall not be liable to pay any claim amount except for a claim arising out of death due to accident.
- If the group member (Life Assured) commits Suicide, whether sane or insane, within one year from the Date of Commencement of the Insurance Cover for that member, the Company shall refund 50% of basic Premium paid (excluding taxes) and all insurance for that member will automatically cease

For any further assistance, contact us at :

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Note: This is a traditional non participating group creditor protection decreasing term cover insurance product. This document does not purport to contain all conditions governing this plan, which will be governed by the terms expressed in the Master Policy document.

Insurance is the subject matter of solicitation



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Section 41 of the Insurance Act, 1938: “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 prospectus or tables of the insurer:....”

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 a statement made in the proposal for insurance 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 material matter or suppressed facts which it was material to disclose and that it was fraudulently made by the policyholder 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 do 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.”