



HOW TO SUBSCRIBE TO “SBI LIFE – SHIELD” USED AS A KEYMAN POLICY

Documents to be submitted by the Company or Partnership firm as the case may be

⇒ Submission of the following: -

- a. Proposal form of SBI Life – Shield Individual Product to be signed by the life assured (Keyman)
- b. Board Resolution in respect of “SBI Life – Shield” used as a Keyman to be filled and signed by the authorized official of the company / employer identifying a person as a Keyman (*Annexure A*)
- c. Questionnaire of “SBI Life – Shield” used as a Keyman (*Annexure B*)
- d. Special Questionnaire to be furnished by Keyman (*Annexure C*)
- e. Authorized signatory of the company’s consent for placing special endorsement on “SBI Life – Shield” used as a Keyman policy. (*Annexure D*)
- f. Audited Directors report/Profit & Loss/Balance Sheet with schedules for the last 3 years.
- g. Proof of Shareholding Pattern of the company on company letterhead.
- h. Copies of Memorandum and Articles of Association.
- i. Copies of Partnership Deed.
- j. Certificate of Incorporation.
- k. Certificate for Commencement of Business.

⇒ Along with the premium to be paid by the company / employer

⇒ Life Assured (Keyman) shall go through the medical process as per SBI Life medical underwriting rules.

Frequently Asked Questions

Q 1. Who is a Keyman?

Ans. Keyman is the key member or staff of the organisation who is a major contributor to its growth and the profit and whose absence may affect the continuity of the business.

A Keyman insurance policy is taken to protect the organisation against the reduction in profit resulting from the death of the Keyman.

Q 2. What is the purpose of insuring a Keyman?

Ans. To protect the interest of the organisation against any of the following losses:

- a) The loss of customers or sales.
- b) The loss of day-to-day specialized skills.
- c) the cost of recruiting and training a suitable replacement.
- d) Delay or cancellation of any business project that the Keyman is associated with.
- e) The loss of opportunity for future explanation
- f) Recall of existing loan guaranteed by the Keyman.

Q 3. Which is the Product available with SBI Life to be used as a Keyman Policy?

Ans. SBI Life - Shield a pure protection individual plan (UIN No. 111N018V01) with the options of:

- Increasing Sum Assured @ 5% p.a. and
- Level Cover.
- No riders available
- Option of Sum Assured increasing by 50% every 5 years not available
- Sum Assured Limits

Minimum Sum Assured (Per Life Assured) : Rs. 10 Lakhs

Maximum Sum Assured (per Corporate) : The quantum of cover would be based on the following parameters, underwriting requirements and subject to the maximum Sum Assured permitted in the respective plan chosen

The maximum Sum Assured should be LOWER of

- 5 times the average net profit of the Company for the past 3 years.
- 3 times the average gross profit of the Company for the past 3 years.

A multiple of the individual remuneration/compensation package that the Keyman receive may also be considered.

If there are more than 1 Keyman, the total cover shall be governed by the same principles and shall not exceed the overall limit arrived from the method mentioned below

- 5 times the average net profit of the Company for the past 3 years.
- 3 times the average gross profit of the Company for the past 3 years.

Q 4. What are the Tax Benefits*?

- Ans.**
1. Companies may claim the premium paid under Keyman insurance as a business expenses under Section 37 (1) of the Income tax Act.
 2. As per the Finance Bill 1996, the amount received under a Keyman insurance policy will not be exempt from tax under Section 10 (10D) of Income Tax Act. The proceeds of the policy will be treated as income under Section 28 (vi) of Income Tax Act.
 3. In the event of the policy being assigned to the Keyman, the proceeds of the policy including bonus will be treated as “Profit in lieu of salary” under Section 17 (clause 17) of Income Tax Act.

**Tax Benefits are subject to changes in the Tax Laws, please consult your Tax Advisor for details*

Q 5. What happens in the event if the Keyman leaves the organization ?

Ans. In the event of Keyman leaving the organisation he can either end the policy by

- Surrendering or
- Assigning the policy absolutely to the Keyman.

Section 41 of Insurance Act 1938 states: 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.

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 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”.



**The above information is a brief summary of “SBI Life – Shield” used as a Keyman
For further details, ask for an appointment on the below mentioned number or
address.**

SBI Life on 1800 22 9090 (toll free) or Email: corporate@sbilife.co.in

SBI Life Insurance Co. Ltd

Corporate Office: Turner Morrison Building. G. N. Vaidya Marg, Fort, Mumbai 400 023. Regn No
111

Website: www.sbilife.co.in

Insurance is the subject matter of solicitation.