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Insure Life and Health by the Same Policy

Life and health insurance are two important covers that assist in the fulfillment of the financial objectives for a person, providing ancillary benefits such as savings on tax computation. A single innovative insurance policy now provides the answer for all of these requirements.

The first quarter of every calendar year usually witnesses in it the heightened activities focused on the worries of 'where' and 'how' to save tax. While these questions could be the reason for some sleepless nights for a large number of individuals whose income exceeds the income tax exemption limits, it is not often that one realizes that saving of tax is ancillary to some much greater financial objectives of one's life.

One of primary objectives of any individual is to safeguard the financial interests of himself and the loved ones against the contingencies associated with life and health. An untimely death of the breadwinner of a family can cause financial embarrassment to the dependants for even their basic sustenance requirements. On the other hand, an ill health of any of the family member can lead to a drain on the hard earned savings of the family due to the costly but necessary hospitalization. This can in turn put a question mark on the achievement of the other financial objectives that were dependant on these savings. Moreover, with the costs of proper medical treatment continuously increasing, it becomes difficult for a lot of people to afford the required medical care, let alone to save anything after making payment for such treatment.

While a life insurance policy provides for a kind of a financial compensation to the bereaved family on the death of the life assured, a health insurance plan provides for the payment or

the re-imbusement of the hospital and associated expenses incurred to recover from an illness or accident, etc.

These two covers are very importance as these contribute towards the maintenance of the necessary financial security for an individual and indirectly but importantly contribute to the accomplishment of the financial objectives (such as higher education of children, marriage of daughter, building ones house, etc.) by protecting the wealth creation for these objectives against the contingencies of life. The life insurance cover and the health insurance cover form important instruments for the much required financial security to an individual and as such these covers are promoted by the government in form of tax incentives.

The incentives are provided as the income tax deductions available under Section 80C and 80D of the Income Tax Act, 1961 for the premium payable for life and health insurance policies, respectively. Up till recently, the life and health insurance covers were available as separate policies and one was required to complete the procedural formalities for these policies separately. For some now, we have an innovative insurance policy available to us that provides the cover for both life and health, as introduced by life insurance companies in India.

We shall look at one of these policies in detail under the product showcase section.

For information on MUTUAL FUNDS contact: 1800 425 8282 or visit: www.thefinapolis.com

Product Showcase :: Reliance Wealth + Health Plan

Reliance Wealth + Health Plan is a unit linked health plan combining the benefits of a unit linked life insurance plan and a medical insurance plan. This is a non-profit policy.

Unique features of the policy

1. Life assurance cover is only available on the life of the principal insured, under the policy. However, health insurance cover (discussed in detail later) is available for the principal insured, his / her spouse and two children.
2. Policy provides a medical insurance cover that provides for:
 - ❖ Sum assured for injuries provided through the encashment of the unit of investment fund.
 - ❖ **Hospitalization and surgeries:** the policy helps in the payment of the routine medical expenses, covers multiple major surgeries and provides for the expenses related to follow-up tests and medicines post hospitalization.
 - ❖ Lump sum cash benefits for non covered injuries.
3. The policy provides for the hospitalization expenses which include:
 - ❖ Daily Hospitalization expenses
 - ❖ Intensive Care Unit expenses
 - ❖ Post Hospitalization expenses in the form recuperation benefits
4. Income tax benefit under section 80C, 80 D and 10(10D) of the Income Tax will be available.

Others features of the policy

1. The policy is a regular premium policy under which multiple lives can be insured.
2. The principal insured is the policyholder with the family member(s) as the other insured person(s). The insured family could consist of the principal insured, his / her spouse and the first two eligible children by seniority in age.
3. Policy provides for the choice of two different plan options, viz. the Ready-made fund option and the Tailor-made fund option. These fund options are discussed in detail later.
4. Policy can be customized with choice of multiple riders. The riders on the policy cover available to the principle insured, insured spouse and insured children, subject to policy conditions are:
 - ❖ Major Surgical Benefit Rider
 - ❖ Critical Conditions (25) Rider
 - ❖ Term Life Insurance Benefit Rider
 - ❖ Term Life with Accident Benefit Rider

The rider benefits can be selected on any policy anniversary during a policy term. However, the insured can avail of the riders only if he/she is continuing with the health insurance cover under the base plan.

Both the Term Life Insurance Benefit Rider and Term Life with Accident Benefit Rider cannot be selected at the same time.

Eligibility parameters

Particulars	For Principal Insured / Insured Spouse	For Insured Child
Minimum age at entry	18 years (last birthday)	3 months (completed)
Maximum age at entry	55 years (last birthday)	19 years (last birthday)
Age at maturity / benefit ceasing age	65 years (last birthday)	20 years (last birthday)
Maximum policy term	10 years	
Minimum policy term	25 years	

Policy benefits

Particulars	For principal insured	For insured spouse	For insured children *
Daily Hospital Cash Benefit (HCB)			
Eligibility requirements / conditions	<ol style="list-style-type: none"> 1. Insured person has to stay in hospital for more than 48 hours as a result of injury, sickness or disease provided the policy is in force. 2. HCB will be paid for each complete day of hospitalization (i.e.24 hours) after first 48 hours. 3. No retroactive payments from day one are to be made. 4. There is a waiting period of 90 days from the date of adjustment of first premium or date of revival / reinstatement of policy whichever is later. No hospital cash benefit claim will be entertained during the waiting period unless the hospitalization has arisen on account of an Accident. 		
Benefit amount (for admission in a ward other than the ICU)	HCB will be 5% of annual premium, subject to maximum Rs.2,500 per day	HCB will be 5% of annual premium, subject to maximum Rs.1,500 per day	HCB will be 2.5% of annual premium, subject to maximum Rs.1,250 per day
Benefit amount (for admission in the ICU)	Twice the HCB amount payable in a ward other than the ICU		
Maximum number of days that can be spent in an ICU	Restricted to 7 in first policy year and 30 days in any policy year thereafter		
Maximum number of days that can be spent in hospital (including days spent in an ICU)	Restricted to 18 days in first policy year and 60 days in any policy year thereafter		
Maximum number of days that can be spent in hospital (including those in ICU) for the entire policy tenure	Restricted to 180 days		Restricted to 180 days (90 days until child completes age of 5 years)
Recuperation Benefit (RB)			
Eligibility conditions	RB is paid in addition to the daily hospital cash benefit. It will be payable in one lump sum if the insured person completes 5 full days (i.e. 120 hours) in a hospital (including the days spent in an ICU) and has received the daily HCB.		
Benefit amount	Is equal to twice the amount of daily HCB applicable for a ward other than ICU		
Death Benefit			
Applicable	Yes	No	No
Benefit amount	<p>Equal to fund value of the base plan and top ups (if any) and calculated as upto the date of death intimation to the insurance company.</p> <p>This benefit is payable in one lump sum on occurrence of death during the policy term.**</p>	<p>No death benefit is payable on death of the spouse or that of any of the insured child.</p> <p>However, the deduction of charges for hospital cash benefit for the dead person will stop from the policy month immediately falling after the receipt of intimation of death by the Company</p>	

Particulars	For principal insured	For insured spouse	For insured children *
Maturity Benefit			
Applicable	Yes	No	No
Benefit amount	<p>Is equal to fund value of the base policy and top-ups (if any) as calculated on the maturity date of the policy.</p> <p>This benefit is payable in one lump sum on survival of the principal insured.</p>	Not applicable	Not applicable

* subject to maximum of first two eligible children

** the policy will be terminated on the death of the principal insured and payment of the death benefit. Similarly, the policy will be terminated on the payment of the maturity benefit.

Investment Fund Options Available

The policy offers two plan options, namely Ready-made Plan Option & Tailor-made Plan Option.

Ready-made Plan Option – The option provides for the asset allocation based on the life stage of the person. There are 3 funds under this option i.e. Fund A, Fund B and Fund C and are applicable for the age bands 18 years to 40 years, 41 years to 60 years and over 61 years (as on last birthday) respectively.

On commencement of the policy, depending on the age of the principal insured (as on the last birthday), the premiums will be invested in one of the above three 'ready-made' funds. There will be a change in the fund as the principal insured moves from one age band into the next and this change/shift will be automatically effected at the next policy anniversary. This change will be applicable for the existing fund balances and future premiums.

The details for the 3 funds are:

Fund	Investment Objective	Risk Profile	Asset Allocation (as % of premium)		
			Money market instrument	Debt securities	Equities
Fund A	To provide high real rate of returns in the long term	High	0% to 40%	0% to 100%	0% to 80%
Fund B	To provide returns, significantly higher than the inflation rate, in the long term	Moderate to High	0% to 40%	0% to 100%	0% to 50%
Fund C	To provide returns that exceed the inflation rate in the long term	Moderate to Low	0% to 40%	0% to 100%	0% to 20%

Tailor-made Plan Option – This option provides the full freedom to the policy holder to decide on the fund mix which could comprise of money market, corporate bond, gilt & equity funds. Here, the maximum allocation towards money market fund cannot exceed 40% of the premium contribution at any point of time. All the four funds are available irrespective of attained age, in contrast of the provision of the Ready-made plan option.

The details of the funds available under this option are:

Fund	Investment Objective	Risk Profile	Asset Allocation (as % of premium)			
			Money market instrument	Corporate bonds	Government securities	Equities
Money Market Fund	To maintain the capital value of all contributions (net of charges) and all interest additions, at all times	Low	100%	0%	0%	0%
Gilt Fund	To provide returns that exceed the inflation rate, without taking any credit risk	Low to Moderate	0% to 40%	0%	0% to 100%	0%
Corporate Bond Fund	To provide returns that exceed the inflation rate, while taking some credit risk	Low to Moderate	0% to 40%	0% to 100%	0%	0%
Equity Fund	To provide high real rate of return in the long term	High	0% to 100%*		0%	0% to 100%

* the proportion of money market instruments will be limited to maximum of 40% of the premium allocation.

Systematic Transfer Plan (STP) option – STP can be chosen only if the Tailor-made fund option has been chosen under the policy. This feature allows the policyholder to initially park the premium contributions towards equity fund in the Gilt fund and then systematically transfer this amount into the equity fund over 4 weeks.

Policy charges

1. Allocation charge:

The allocation charge is deducted from the premiums paid:

Year	Charge as a % of annualized premium
1 st year	25%
2 nd year onwards	5%

For top-up premium paid (if any), allocation charge will be @ 2% of the top-up amount. The allocation charge under top up under the exchange option will be 1% of the top up amount. Allocation rates are different for employees of the insurance company and any other company of the Reliance Anil Dhirubhai Ambani Group.

2. Hospitalization charge:

Hospitalization charge is applicable for all the lives covered

under the policy (for health insurance cover) and depends on factor of :

- ❖ Amount of health related cover
- ❖ Attained age of insured person(s)
- ❖ Occupation of the insured person(s)
- ❖ Health of the insured person(s)

This charge will be deducted on a monthly basis on the beginning of first day of each policy month using 1/12th of the HCB rates.

3. Policy administration charge:

Policy administration charge is a monthly fixed charge of Rs.40 and will be deducted by cancellation of units in advance at the beginning of the month.

4. Switching charge:

Policy provides for 52 free switches of the fund value during

a policy year. Any subsequent switch if any will be charged at the rate of Rs.100 / switch.

5. Fund management charge:

Fund management charge is applicable as a percentage of the fund value that is being managed by the insurer and ranges from 1.25% p.a. to 1.50% depending on the choice of the fund.

6. Service Tax Charge:

Service tax charge (along with education cess) will be levied on the morbidity charges. The level of this charge will be as per the rate of service tax on risk premium, as declared by the government from time to time. The current rate of service tax (including education cess) on risk premium is 12.36%.

7. Surrender & partial withdrawal charges from basic plan:

Surrender / partial withdrawal charges are applicable as percentage of fund value under the basic plan are given below:

Year of surrender / partial withdrawal	Surrender / partial withdrawal charge as percentage of fund value to be surrendered
1 to 3	Surrender Value not available
4 th	5%
5 th	3%
6 th onwards	Nil

There will be no partial withdrawal charge if the withdrawal is made to fund medical expenses.

Note: The surrender charge or partial withdrawal charge is not applicable on top-up.

8. Premium for rider benefits:

The premium for rider benefits if selected, will be collected over and above the premium under base plan.

9. Miscellaneous Charge (Charge for Systematic Transfer Plan (STP) Option):

There is no charge, the first time the Systematic Transfer

Plan (STP) Option is effected for premium payment mode as well as top-up premium. Subsequently, a fixed miscellaneous charge of Rs.100 will be levied every time the STP is option is selected. There are no charges for cancellations for STP.

How does the policy work?

The premium contributed by the policy holder, after being deducted with the premium allocation charge and miscellaneous charges, is invested in fund option of chosen for a specified period of time as selected by the policy holder. The units are allocated depending on the price of units for the fund/funds.

While the allocation charges are deducted from the premiums before allocation of units, the insurance charges (along with the service charge), are deducted through cancellation of units whereas the fund management charge is priced in the unit value. The premiums for riders, if selected, are payable over and above the premium for the basic policy.

Tax benefits

As per current tax rules, the premium paid in respect of hospitalization charges is eligible for tax deduction under Section 80D of the Income Tax Act, 1961. The balance of premium (including the one paid for Term life insurance benefit rider and Term Life with Accident Benefit Rider) is eligible for deduction under Section 80C of the Act, provided the annual premium during the year does not exceed 20% of the sum assured.

Likewise, premium paid under major surgical benefit rider and critical conditions (25) riders are eligible for tax deduction under Section 80D of the Act.

The benefits under this policy and riders are exempt from tax under section 10 (10D) of the Act, subject to conditions.

Important provisions to policy benefits

- The policy has a waiting period of 90 days from the date of adjustment of first premium or date of revival/reinstatement of policy whichever is later. No hospital cash benefit claim will be entertained during the waiting period unless the hospitalization has arisen on account of an Accident.

2. If the principle insured is not married at the time of completing the proposal, he/she will have the option of including the spouse after the marriage. The option consent and the health questionnaire for the spouse need to be received by the insurance company within 90 days from the date of marriage. Subject to the acceptance of the insurance company, the health insurance for the spouse will be effective from the policy anniversary falling immediately after the underwriting decision of the Company. The deduction of charges for health insurance for principle insured will begin from the date of commencement of the policy. The deduction of charges for the spouse and the two children will commence from the effective policy anniversary following the date of inclusion of spouse and children in the policy.
3. If the principle insured dies during the policy term, the policy will be terminated by paying the fund value. On death of the insured spouse during the policy term, the deduction of the health insurance charges for the deceased person will stop. If the principal insured remarries subsequently, he/she will have the option of including the spouse in the policy.
4. If the principle insured does not have any child or has only one child at the time of completing the proposal form, he/she will have option of including the child after the child completes 3 months. The option consent and health questionnaire for the child need to be received by the insurance company within 90 days after the child completes 3 months. Subject to acceptance by the insurance company, the health insurance for the child will be effective from policy anniversary immediately falling after the date of underwriting decision by the company.
5. If any of the child dies during the policy term, or the child attains the maximum benefit ceasing age, the principle insured will have option of including the next child in the policy. The requirements for this inclusion will be the same as that for the first child.
6. If the spouse and any of the children are not included in the policy at the first opportunity, they can not be included at a later date.

Important: In this policy, the investment risk in the investment portfolio is borne by the policy holder.

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