

- c) The policy would be assigned (Absolute/Conditional) to the life insured immediately upon issuance.
- d) Premium towards the policy will be paid by the Employer.
- e) The letter shall form part of the proposal.

• **INCOME PROOF (Any one)**

Latest ITR with balance sheet and computation of Income/Audited accounts of the firm/Chartered Accountant's Certificate/Bank Statement.

**Documentation of the Life to be insured (Employee)**

- Age Proof
- PAN Card and AADHAAR
- Address Proof
- Form 16/Salary Slip for last 3 months/Latest Salary Slip along with 6 months bank statement reflecting salary credit/Latest ITR with balance sheet and computation of Income/Appointment Letter mentioning salary details (Income Proof should validate employer and employee relationship)
- Photo to be pasted on Assignment form
- Duly filled and signed Nomination form

**Life Insurance**

Aditya Birla Sun Life Insurance Company Limited



adityabirlacapital.com

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Aditya Birla Sun Life Insurance Company Limited (Formerly Birla Sun Life Insurance Company Limited)  
 Registered Office: One Indiabulls Centre, Tower 1, 16th Floor, Jupiter Mill Compound, 841, Senapati Bapat Marg, Elphinstone Road, Mumbai - 400 013. IRDAI Reg No.109 CIN: U99999MH2000PLC128110 www.adityabirlasunlifeinsurance.com  
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Gaurav Gupta / Entrepreneur

**PROTECTING the dreams of those who build yours**

**Aditya Birla Sun Life Insurance Employer - Employee Insurance Scheme**

- Gains employees loyalty & boosts employee morale
- Sense of financial security and performance reward

**Life Insurance**

Aditya Birla Sun Life Insurance Company Limited



1800-270-7000



Gaurav Gupta / Entrepreneur

Life Insurance policy purchased by an employer on the life of its employee/s as a welfare scheme is known as employer employee scheme (EES). This arrangement is based on the principle of insurable interest which an employer has on its employees. The interesting fact is that both the employee and the employer are benefited through this arrangement.

### Benefits of Employer- Employee Scheme

#### Employer Benefits:

- Gains employees loyalty & boosts employee morale
- Enhances employee retention
- Reward and promote employee engagement
- <sup>(1)</sup>Tax Benefit
- Saves cost of hiring and training new employee

<sup>(1)</sup>Tax Benefits are subject to changes in the tax laws, please consult your tax advisor for details.

#### Employee Benefits:

- Sense of financial security and performance reward
- Financial Security for the dependants
- Build retirement corpus
- Additional service benefit

### Eligibility

- Any company or firm (including proprietorship), Trust, NGO, Society, etc. is eligible for taking insurance for their employees under this scheme
- There has to be employer – employee relationship to opt for EES. Salary Slip along with Bank Statement reflecting salary credit, Form 16, Appointment Letter, etc. are documentary evidence of employer – employee relationship
- Even a loss making company can propose policy under this scheme
- Allowable age, Sum Assured, Death Benefit, Policy Term, Pay Term and other product specific features depends on the product opted for under the scheme
- Maximum Sum Assured allowed depends on the financial & medical underwriting of the proposal

### Types of Employer - Employee Scheme

Employer is the owner of the policy and employee is the Life Insured.

In this scenario, employer proposes a policy under EES on the life of its employee/s and policy needs to be assigned to the employee after a defined period.

Employer can opt for either of the assignment type mentioned below:

- **Policies with Absolute Assignment**– Assignment by complete transfer of the ownership rights of the policy to the employee without any terms and conditions on the day of issuance of application
- **Policies with Conditional Assignment**– Assignment by which an employer (assignor) states its intention to transfer ownership rights of the policy to the employee (assignee), in accordance with some terms and conditions decided by the employer on the day of application and agreed upon by employee

### Taxation

- Premiums paid by the employer under EES can be claimed as deduction under section 37 (1) of the Income Tax Act, 1961
- EES policies shall fall within the definition of Keyman Insurance policy for income tax purpose and shall continue to remain the same even after assignment
- For all payouts under Keyman Insurance policy, tax benefit under section 10(10D) shall not be available therefore ABSLI will deduct TDS as per prevailing rates u/s 194 D A (Currently 1%) provided the total payout to the payee is ₹1 lakh or above in a financial year
- In EES policies with absolute assignment, premium paid by the company should be treated as perquisites in the hands of the employee and should be taxed accordingly for both employer and employee



## Points to Remember

- Death Benefit is always paid to the nominee of the insured employee
- Assignment Form along with conditions of assignment (if any) is mandatorily to be submitted along with Application Form
- Absolute assignment can be done at anytime during the Policy Term
- Transfer of ownership to the insured employee after the assignment conditions are met (except death) is mandatory and cannot be opted as optional
- Employer–Employee policy is not allowed on the life of partners and proprietor
- Loan & partial withdrawal is allowed based on product features
  - a) During conditional assignment period employer can avail loan & partial withdrawals but with NOC of the employee and only if the same is mentioned in the initial assignment clause
  - b) Post absolute assignment, all payouts are made in the favour of employee only
- All payouts (including loan) during conditional assignment period would require consent of both employer and employee
- All mandated product specific money back payouts will be paid to the employee only, even during conditional assignment period
- In case of employee leaving the organization before fulfillment of the assignment conditions (except death), employer can opt for any of the below options
  - a) Absolutely assign the policy to the employee without any financial consideration
  - b) Absolutely assign the policy to the employee against financial consideration
  - c) Surrender the policy and take the policy proceeds back to the company
- Responsibility of informing ABSLI regarding termination of employment of the insured employee is of the employer and ABSLI holds no responsibility. Such policies ideally should be surrendered to the insurance company
- Employee should be on the payrolls of the company and a full time official of the company
- NRI can apply under this scheme provided, NRI is an employee and employer has a registered office in India. However underwriting decision will be made on the merits of the case
- Third party declaration is not required for EES type (a), where employee is both proposer and Life Insured and employer is just the payor but only if type of policy is selected as employer - employee in the proposal form

## Products offered

All products (Traditional, ULIP & Term) other than Pension and Child Product can be offered under Employer Employee Scheme.

## Documentation

### Sole Proprietorship

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- **POLICY OWNER**

Sole proprietor (All KYC submitted should be self-attested by the proprietor)

- **KYC DOCUMENTS**

- Recent Photograph
- PAN Card
- AADHAAR
- Address Proof
- Legal Person and Beneficial Owner Declaration (in ABSLI Format)
- AML / FATCA / CRS declaration (if not part of the application form)
- Letter from employer (In ABSLI prescribed format) on its letter head with its seal and signature of authorised person mentioning below details:
  - a) Objective of Insurance
  - b) Details of the employee along with designation
  - c) The policy would be assigned (Absolute/Conditional) to the Life Insured Immediately upon issuance
  - d) Premium towards the policy will be paid by the employer
  - e) The letter shall form part of the proposal
- Duly filled-up Assignment Form opting for either conditional or absolute assignment
- CKYC Form

- **INCOME PROOF (Any one)**

Latest ITR with balance sheet and computation of Income/Audited accounts of the firm/Chartered Accountant's Certificate.

### Partnership

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- **POLICY OWNER**

Partnership Firm (All KYC submitted should be self-attested by the Authorised Signatory)

- **KYC DOCUMENTS**

- Partnership Deed along with Registration Certificate (if registered)
- PAN Card of the firm
- AADHAAR & PAN of the Authorised Signatory
- Address Proof
- CKYC Form
- Legal Person and Beneficial Owner Declaration (in ABSLI Format)
- AML/FATCA/CRS declaration (if not part of the application form)
- Letter from employer (In ABSLI prescribed format) on its letter head with its seal and signature of authorised person mentioning below details :
  - a) Objective of Insurance
  - b) Details of the employee along with designation
  - c) The policy would be assigned (Absolute/Conditional) to the Life Insured immediately upon issuance
  - d) Premium towards the policy will be paid by the employer
  - e) The letter shall form part of the proposal.
- Duly filled-up Assignment Form opting for either conditional or absolute assignment
- Power of Attorney granted to its managers, officers or employees to transact business on its behalf

- **INCOME PROOF (Any one)**

Latest ITR with balance sheet and computation of Income / Audited accounts of the firm / Chartered Accountant's Certificate.

### Company

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- **POLICY OWNER**

Company (All KYC submitted should be self-attested by the Authorised Signatory)

- **KYC DOCUMENTS**

- Certificate of Incorporation
- MOA (Memorandum of Association) & AOA (Article of Association)
- PAN Card
- AADHAAR & PAN Card of the Authorised Signatory
- Address Proof
- CKYC Form
- Legal Person and Beneficial Owner Declaration (in ABSLI Format)
- Power of Attorney granted to its managers, officers or employees to transact business on its behalf
- AML/FATCA/CRS declaration (if not part of the application form)
- Letter from employer (In ABSLI prescribed format) on its letter head with its seal and signature of authorised person mentioning below details:
  - a) Objective of Insurance
  - b) Details of the employee along with designation
  - c) The policy would be assigned (Absolute/Conditional) to the Life Insured immediately upon issuance.
  - d) Premium towards the policy will be paid by the employer
  - e) The letter shall form part of the proposal.
  - f) Duly filled-up Assignment Form opting for either conditional or absolute assignment

- **INCOME PROOF (Any one)**

Latest ITR with balance sheet and computation of Income/Audited accounts of the firm/Chartered Accountant's Certificate.

### Trust & Foundations

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- **POLICY OWNER**

Trust (All KYC submitted should be self-attested by the Trustee)

- **KYC DOCUMENTS**

- Trust Deed along with Certificate of Registration (if registered)
- AADHAAR and PAN of the Trustee
- PAN Card of the trust
- Address Proof
- CKYC Form
- AML/FATCA/CRS declaration (if not part of the application form)
- Legal Person and Beneficial Owner Declaration (in ABSLI Format)
- Duly filled-up Assignment Form opting for either conditional or absolute assignment
- Letter from employer (In ABSLI prescribed format) on its letter head with its seal and signature of authorised person mentioning below details:
  - a) Objective of Insurance
  - b) Details of the employee along with designation