

**SECURE THE ONE
WHO SECURES YOUR BUSINESS**





Business is like chess..



Your Knights help you grow



Your Bishops help you innovate



**But it is your Keyman who
makes it all happen**

Who is a Keyman?

- Director of the company
- CXO of the company
- A key partner
- A key sales person
- A key project manager

**Any one or all of the above*



A chessboard with white pieces on a dark background. The pieces are arranged in their starting positions. The background is dark, and the chessboard is a lighter color, creating a high contrast.

Company may face unexpected losses, in the unfortunate event of Keyman's death

- Interruption in flow of activities
- Affects financial control
- Affects general management
- Shrinkage of customer base
- Loss of a specialized skill
- Delay in critical projects, etc

SECURE THE ONE WHO SECURES YOUR BUSINESS

Presenting,



with





BENEFIT FOR THE EMPLOYER

Financial protection against Keyman's death

The core team members of any organization play a very important and vital role in the running of the organization. Their absence can translate into huge financial losses for the company.

The Keyman policy can secure the company from these unforeseen circumstances.

Allowable cover under Keyman



The proposed allowable cover under Keyman insurance shall be higher of the above.

- 5 times the average annual net profit is after depreciation after tax for last 3 yrs.
- If sum at risk is < 10 Lac then employee will not be eligible for Keyman Insurance.

Source : Underwriting Guidelines by Kotak Life



Boosts morale of employees

Insuring the organization's key team members makes them feel important. They tend to work with more zest and zeal.

Tax implication (employer & employee)



For Mr. David (Employee)
Premium not added to income



For Mr. Smith (Employer)
Premium is treated as business
expense.

Tax benefit - Employer

Mr. Smith takes a Keyman Insurance policy of 2 Lac annual premium. Taxable income for the company is 15 Crore

Before Policy	After Policy
Taxable Income = 15 Crore	Taxable Income = 15 Crore
	Less Business Expense = 2 Lac
	Net Income = 14.98 Cr
Tax @ 34.608% = 5,19,12,000	Tax @ 34.608 % = 5,18,42,784

Total Tax Saving = Rs.69,216

Net Premium Payable Post Tax Saving = Rs.1,30,784

Note:

- Rates mentioned above are including education cess @ 3% and surcharge @ 12% which is applicable where total income of the company exceeds Rs. 10 Cr.
- Rates mentioned are for domestic companies
- Policy proceeds on the death of the Keyman are taxable in the hands of the company
- Tax benefits are subject to conditions specified under section 10(10D) and section 80C of the Income-tax Act, 1961. The above tax calculation is applicable only upto 31st March 2018. Tax laws are subject to amendments from time to time. Customer is advised to take an independent view from tax consultant.

Illustration: For 5 Yrs Term

SA (Rs.) Age (Yr)	3 Cr	5 Cr	10 Cr	15 Cr	20 Cr	25 Cr	30 Cr
30	16,800	28,000	56,000	84,000	1,12,000	1,40,000	1,68,000
35	18,900	31,500	63,000	94,500	1,26,000	1,57,500	1,89,000
40	25,500	42,500	85,000	1,27,500	1,70,000	2,12,500	2,55,000
45	38,100	63,500	1,27,000	1,90,500	2,54,000	3,17,500	3,81,000
50	59,700	99,500	1,99,000	2,98,500	3,98,000	4,97,500	5,97,000
55	87,600	1,46,000	2,92,000	4,38,000	5,84,000	7,30,000	8,76,000

Note :

- 1) The above premium rates are for a healthy male, non - tobacco user for the life option.
- 2) Policy Term = Premium Payment Term = 5 years (regular pay)
- 3) Frequency of premium payment is yearly.
- 4) Above premiums are for immediate payout option
- 5) The Above premium figures are exclusive of Goods and Services Tax and Cess. Goods and Services Tax and Cess thereon, shall be charged as per the prevalent tax laws over and above the said premiums.
- 6) The above premiums are assuming step up option is not availed
- 7) The above premiums are for Offline channel.

Illustration: For 10 Yrs Term

SA (Rs.) Age (Yr)	3 Cr	5 Cr	10 Cr	15 Cr	20 Cr	25 Cr	30 Cr
30	18,000	30,000	60,000	90,000	1,20,000	1,50,000	1,80,000
35	21,600	36,000	72,000	1,08,000	1,44,000	1,80,000	2,16,000
40	30,300	50,500	1,01,000	1,51,500	2,02,000	2,52,500	3,03,000
45	46,500	77,500	1,55,000	2,32,500	3,10,000	3,87,500	4,65,000
50	71,700	1,19,500	2,39,000	3,58,500	4,78,000	5,97,500	7,17,000
55	1,04,400	1,74,000	3,48,000	5,22,000	6,96,000	8,70,000	10,44,000

Note :

- 1) The above premium rates are for a healthy male, non - tobacco user for the life option.
- 2) Policy Term = Premium Payment Term = 10 years (regular pay)
- 3) Frequency of premium payment is yearly.
- 4) Above premiums are for immediate payout option
- 5) The Above premium figures are exclusive of Goods and Services Tax and Cess. Goods and Services Tax and Cess thereon, shall be charged as per the prevalent tax laws over and above the said premiums.
- 6) The above premiums are assuming step up option is not availed
- 7) The above premiums are for Offline channel.

Illustration: For 15 Yrs Term

SA (Rs.) Age (Yr)	3 Cr	5 Cr	10 Cr	15 Cr	20 Cr	25 Cr	30 Cr
30	18,300	30,500	61,000	91,500	1,22,000	1,52,500	1,83,000
35	22,500	37,500	75,000	1,12,500	1,50,000	1,87,500	2,25,000
40	33,000	55,000	1,10,000	1,65,000	2,20,000	2,75,000	3,30,000
45	50,700	84,500	1,69,000	2,53,500	3,38,000	4,22,500	5,07,000
50	76,800	1,28,000	2,56,000	3,84,000	5,12,000	6,40,000	7,68,000
55	1,12,200	1,87,000	3,74,000	5,61,000	7,48,000	9,35,000	11,22,000

Note :

- 1) The above premium rates are for a healthy male, non - tobacco user for the life option.
- 2) Policy Term = Premium Payment Term = 15 years (regular pay)
- 3) Frequency of premium payment is yearly.
- 4) Above premiums are for immediate payout option
- 5) The Above premium figures are exclusive of Goods and Services Tax and Cess. Goods and Services Tax and Cess thereon, shall be charged as per the prevalent tax laws over and above the said premiums.
- 6) The above premiums are assuming step up option is not availed
- 7) The above premiums are for Offline channel.

FAQ's – Keyman Insurance

- **Who is a Keyman?**

Keyman is a person whose services have significant effect on the profitability of the company.

- **Who can be a Keyman?**

Keyman could be any important member of a company whose death would result in financial losses for the business. There can be more than one Keyman within a company. Also it is not necessary for a Keyman to hold the highest position in the company.

- **Which plans are offered under Keyman Insurance?**

Kotak e-Term Plan and Kotak Term Plan can be offered under Keyman Insurance*

* Kotak Term Plan can only be offered for Sum Assured from 10,00,000/- to 24,99,999/-

- **Whether the proceeds under Keyman Insurance Policy are taxable#?**

Yes, proceeds under Keyman policy become taxable in the hands of the company.

Tax benefits are subject to conditions specified under section 10(10D) and section 80C of the Income-tax Act, 1961. Tax laws are subject to amendments from time to time. Customer is advised to take an independent view from tax consultant.

FAQ's – Keyman Insurance continued

- **What could be duration of term plan in Keyman?**

The duration of the term plan can be maximum up to 40 years or (75 years – Age at Entry) or till the Keyman is in employment of the company, whichever is earlier.

- **Whether premium paid by the Company for Keyman Insurance Policy would be allowable as deduction under Income Tax #Act?**

Yes.

- **In the event of Keyman leaving the company can another Keyman be replaced in the same policy?**

Substitution of life assured is not permissible in policy.

- **Is nomination allowed in Keyman insurance policy?**

Nomination is not permitted under Keyman insurance policy.

Tax benefits are subject to conditions specified under section 10(10D) and section 80C of the Income-tax Act, 1961. Tax laws are subject to amendments from time to time. Customer is advised to take an independent view from tax consultant.

FAQ's – Keyman Insurance continued

- **Whether the premium paid by the company will be “perquisite” in the hands of Keyman if the policy is not assigned to the employee?**

No.

- **Whether prior permission is required from Income Tax Authorities before placing insurance of Key-Person?**

No permission is needed from tax authorities.

- **Can employee (Keyman) claim deduction under section 80C of the Income Tax[#] Act if the policy is not assigned to the employee and the premium is paid by the company?**

No he/she cannot avail deduction under section 80C of the Income Tax Act

[#] Tax benefits are subject to conditions specified under section 10(10D) and section 80C of the Income-tax Act, 1961. Tax laws are subject to amendments from time to time. Customer is advised to take an independent view from tax consultant.

Document List

Financial Documents to be submitted by the company:

- ✓ A copy of its memorandum & article of association or partnership deed
- ✓ Audited balance sheet & profit loss account for the last 3 financial years
- ✓ Income Tax Return for last 3 financial years Income Tax Return for last 3 financial years with computation of income, of the Company & the Key Person
- ✓ Shareholding details of the company
- ✓ Cheque for the first premium issued by the firm

A certified true copy of the board resolution stating the following:

- ✓ The fact that company has decided to take a Keyman policy to cover an employee and a confirmation on all premiums will be paid by the company
- ✓ The authorized signatories who can sign documents on behalf of the company along with specimen signatures
- ✓ The name of the employee/s to be covered
- ✓ The sum to be assured, the term & the plan

Additional Documents:

- ✓ Proposal form to be duly filled
- ✓ Complete KYC documents of the Key Person, authorized signatories & the Company
- ✓ Necessary medicals, as required



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Kotak e-Term Plan: UIN:107N104V01, Form No: N104, Ref No: KLI/17-18/E-PPT/754

This is a non-participating pure protection plan. For sub-standard lives, extra premium may be charged based on Kotak Life Insurance underwriting policy. For more details on risk factors, terms and conditions please read sales brochure carefully before concluding a sale.

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