



Live your dreams. Secure them too.
Insure your loan liability

Loansurance[®]
IDBI Federal Loansurance Group Insurance Plan

 **IDBI FEDERAL**
In association with Ageas
IDBI Federal Life Insurance Co Ltd




You Give


You Gain

Showing that 'you care' can go a long way in building strong bonds and customer loyalty. As a lending institution, you have been providing individuals with much-needed funds to fulfil their dreams and helping them build assets for themselves and their loved-ones. You have supported them in building homes, provided for their children's education and offered other attractive credit options. Now, you can go a step further and help them ensure that these dreams are not disrupted by the vagaries of life.



Presenting

IDBI Federal Loansurance Group Insurance Plan

IDBI Federal Life Insurance brings to you IDBI Federal Loansurance Group Insurance Plan, (hereinafter referred to as Loansurance) a comprehensive solution that enables you to help protect your borrower's assets and savings. Through Loansurance you extend peace of mind to your clients, ensuring that their debt does not become a burden on their family in their absence. In return, you are also protected from the risk of non-payment of the loan due to death of the borrower.

Loansurance allows you to cover the persons who are directly liable for loan repayment (and the partners, in case of a partnership) be it a loan taken by individuals or by business. Thus, even a business entity will be protected against loan default in case of death of the persons who are responsible for loan repayment.

Furthermore, with this product, you gain competitive edge while attracting new customers and retaining the existing ones. Loansurance, thus, extends benefits to you as well as your valuable customers.

About IDBI Federal Loansurance Group Insurance Plan



Loansurance is a cost-effective way to ensure that the outstanding debt is settled in the unfortunate event of death of the insured member. This term assurance plan provides cover to a person directly liable for loan repayment (and the partners, in case of a partnership), as per the benefit schedule. There are two cover options available:

- ◆ Reducing cover option, and
- ◆ Level cover option

Please note that all the claims will be settled in the name of the nominee/s or legal heir.

In case of minor life (only for education loans), risk cover will start immediately from the risk commencement date. The following conditions are applicable in case of a minor life:

- ◆ The proposer will pay the premium
- ◆ Either of the natural parents or legal guardian who have insurable interest in the minor life can be a proposer
- ◆ As and when the person insured attains majority, the policy will vest on the insured person
- ◆ On death of the proposer during the minority of the insured person, the surviving parent or legal guardian who has insurable interest in the minor life will be the proposer. In case there is no surviving parent or legal guardian then the policy terminates and surrender value if any will be payable as per the policy terms and conditions

Reducing cover



Under this option, your insurance cover reduces as per your benefit schedule. The benefit schedule is computed over a period of time, taking into account initial loan interest rate, the loan term and outstanding loan amount.

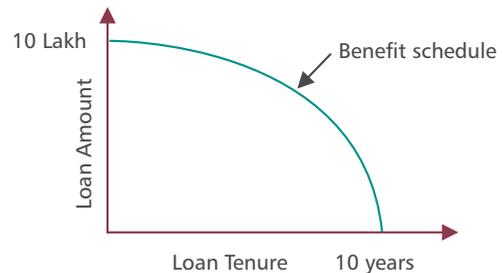
Coverage

Reducing cover is available for home, mortgage, education, SME term and agricultural term loans

Benefits

Death benefit

In the event of death during the cover term, a death benefit is paid, which is equal to the reducing amount as per the benefit schedule for the cover month at the time of the death.



Working of reducing cover

Situation:

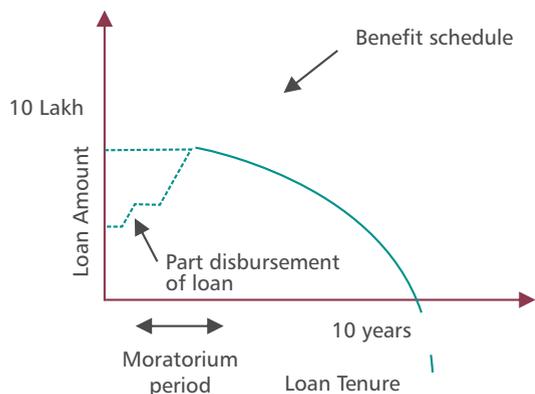
- ◆ Loan amount: ₹20 Lakh
- ◆ Cover amount: reducing amount as per the benefit schedule

Borrower dies during the cover term; reducing amount as per the benefit schedule = ₹15 Lakh

Total death benefit: ₹15 lakh

Benefit during moratorium period

Often, home, mortgage and education loans are disbursed in stages. However, if moratorium period is chosen by the insured member, the cover during the moratorium period is equal to the initial sum assured (to the extent of full agreed loan amount plus accrued interest as chosen by the insured member) and not merely the outstanding loan amount.



The moratorium period available is from one year to seven years. Payment of initial sum assured ensures that not only the disbursed loan can be repaid to the lender by the beneficiary (nominee, legal heir or the borrower in case of minor life insured, as the case may be), but the outstanding payments to the educational institute, builder, etc. (for which the loan is taken) can also be cleared. This will ensure completion of education or construction of the house even in case of the death of the borrower. Thus, the financial security of the family of the borrower is maintained at all times.

Option of covering multiple borrowers of the same loan

Co-borrowers of a loan can opt for cover. This is available to borrowers who are spouses, siblings, parent-child, business partners, uncle or aunt-nephew or niece, guardian-ward, etc.

Benefit of joint cover option

Two co-borrowers of a loan may insure themselves by using the joint cover option, provided they have insurable interest in each other. Upon death of either of the joint insured members, whichever occurs first, full benefit amount is paid and the cover terminates. Additionally, the younger life is offered a discount on the applicable premium rates.

Working of joint cover option for reducing cover

Situation:

- ◆ Loan amount: ₹20 lakh.
- ◆ Cover amount: reducing amount as per the benefit schedule

One of the borrower dies during the cover term;
reducing amount as per the benefit schedule = ₹15 lakh

Total death benefit: ₹15 lakh

Benefit of proportionate cover option

Co-borrowers of a loan may insure themselves for their respective share of loan, provided they have insurable interest in each other. Proportionate share of the benefit amount is paid in case of death of any of the co-insured members. After the death of each co-insured member, the total premium payable reduces to the extent of the premium payable for each of the deceased co-insured members.

About IDBI Federal Loansurance Group Insurance Plan (Contd...)

Working of proportionate cover option for reducing cover

Situation:

- ◆ Co-borrower 1 and co-borrower 2 have opted for a joint loan of ₹20 lakh.
- ◆ Share of co-borrower 1: 70% of loan amount.
- ◆ Share of co-borrower 2: 30% of loan amount.
- ◆ Both co-borrowers are covered for their respective share.

Co-borrower 1 dies during the cover term; reducing amount as per the benefit schedule = ₹18 lakh

Total death benefit: ₹12.6 lakh (70% of ₹18 lakh as per co-borrower 1's loan share)

Status of cover: Cover continues on co-borrower 2 for the balance term

Suppose, co-borrower 2 also dies during the cover term; reducing amount as per the benefit schedule = ₹10 lakh

Total death benefit: ₹3 lakh (30% of ₹10 lakh as per co-borrower 2's loan share).

Status of cover: Terminated

Coverage

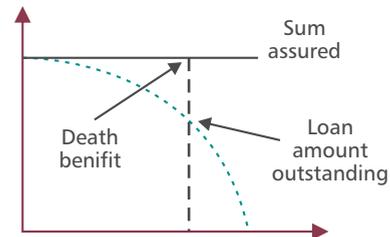
Level cover is available for various loans under "interest only" loan category.

Benefits

Death benefit

An amount equivalent to the sum assured is paid in case of the unfortunate incident of the borrower's death.

The plan pays the level cover even if the loan amount outstanding is lesser.



Level cover



The level cover option of Loansurance provides a cover for the sum assured as specified by the insured member and can be to the extent of the full agreed loan amount plus accrued interest as chosen by the insured member. This remains unchanged throughout the cover term. Thus, even if the loan liability declines over time, the plan cover is the sum assured throughout the cover term.

Working of level cover

Situation:

- ◆ Loan amount: ₹20 lakh.
- ◆ Cover amount: Full agreed loan amount i.e. ₹20 lakh.

Borrower dies during the cover term; loan amount outstanding = ₹15 lakh

Total death benefit: ₹20 lakh (full agreed loan amount)

Status of cover: Terminated

Option of covering multiple borrowers of the same loan

Co-borrowers can opt for cover to the extent of their full agreed loan amount. This is available to borrowers who are related to each other as spouses, siblings, parent-child, business partners etc.

Benefit of joint cover

Two co-borrowers of a loan may insure themselves using the joint cover option, provided they have insurable interest in each other. Upon death of either of the joint insured members, whichever occurs first, full benefit amount is paid and the cover terminates. Additionally, the younger life is offered a discount on the applicable premium rates.

Working of joint cover option for level cover

Situation:

- ◆ Loan amount: ₹20 lakh.
- ◆ Cover amount: Full agreed loan amount i.e. ₹20 lakh

One of the borrower dies during the cover term; outstanding loan amount = ₹15 lakh

Total death benefit: ₹20 lakh
(full agreed loan amount)

Status of cover: Terminated

Benefit of proportionate cover

Up to four co-borrowers of a loan may insure themselves for their respective share of the loan, provided they have insurable interest in each other. Proportionate share of the benefit amount is paid in case of death of any of the co-insured members. After the death of each co-insured member, the total premium payable reduces by the premium applicable for each of the deceased co-insured members.

Working of proportionate cover option for level cover

Situation:

- ◆ Co-borrower 1 and co-borrower 2 have opted for joint loan of ₹20 lakh.
- ◆ Share of co-borrower 1: 30% of loan amount
- ◆ Share of co-borrower 2: 70% of loan amount
- ◆ Both co-borrowers are covered for the full agreed loan amount i.e. ₹20 lakh

Co-borrower 1 dies during the cover term;
loan amount outstanding = ₹10 lakh

Total death benefit: ₹6 lakh (30% of ₹20 lakh as per co-borrower 1's loan share)

Status of the loan: Active

Status of cover: Cover continues on co-borrower 2 for the balance term.

Suppose co-borrower 2 also dies during the cover term

Outstanding balance: loan amount outstanding = ₹6 lakh (assumed)

Total death benefit: ₹14 lakh (70% of ₹20 lakh as per co-borrower 2's loan share)

Status of cover: Terminated

Cover at a glance

	Reducing cover	Level cover
Insurance cover	Reduces over time	Remains the same.
Available to	Borrowers of home, mortgage, education, SME term and agricultural term loans.	Borrowers of "interest only" loans.
Options available	<ul style="list-style-type: none"> • Joint cover • Proportionate cover 	<ul style="list-style-type: none"> • Joint cover • Proportionate cover
Coverage	Reducing amount as per the benefit schedule.	Remains constant and is to the extent of the full agreed loan amount.

About IDBI Federal Loansurance Group Insurance Plan (Contd...)

Premium payment



The premium amount depends on the borrower's age, cover term, gender, sum assured and the IDBI Federal loan interest bands. We recommend that the borrower should choose an appropriate IDBI Federal loan interest band in order to take care of a possible rise in home loan interest rates by the bank in the future. This would be applicable in the case of floating rate home loans.

We understand that different borrowers have different preferences when it comes to premium payment. To enable you to reach a wide borrower base, Loansurance offers the following flexibilities:

Premium payment options

Loansurance offers increased flexibility through limited and regular premium payment options.

Premium payment options	Premium payment term (years)	
	Reducing cover option	Level cover option
Limited premium payment	5, 10, 2/3 rd of cover term (subject to a minimum of 5 years)	5, 10
Regular premium payment	Not available	Equal to the cover term.

Premium payment frequency

The frequency of premium payment can be monthly, quarterly, half-yearly or yearly. Premiums for frequency other than annual premium = annual premium multiplied by modal frequency factor. A modal frequency factor of 0.51 for half-yearly payment frequency, 0.26 for quarterly payment frequency and 0.09 for monthly payment frequency is applicable.

Premium payment method

The borrower may choose to either pay the premium separately or increase the EMI to cover the premium. In case the borrower does not wish to pay the premium separately, you have the option of funding the premiums by increasing the loan amount to that extent.

Sample premiums

Reducing cover option:

10 Lacs sum assured for 10% interest rate

Term →	10	15	30
PPT → Age ↓	5	10	20
30	2720	2010	2630
40	4360	3590	5330
50	9910	8130	Not applicable

Reducing cover option with moratorium period:

10 Lacs sum assured for 10% interest rate, with 3 year moratorium period

Total term including moratorium period →	10	15	30
PPT → Age ↓	5	10	20
30	2965	2131	2669
40	4752	3805	5410
50	10802	8618	Not applicable

Level cover option:

10 Lacs sum assured for 10% interest rate

Term →	5	10	15	20	25
PPT → Age ↓	5	10	15	20	25
15	1790	1640	1610	1610	1660
20	2010	1790	1750	1790	1890
25	2090	1890	1910	2030	2280

Note: In the tables shown above, the unit for terms, PPTs and ages is 'years' and the unit for premium amounts is 'rupees'. The premium rate tables are available on our website www.idbifederal.com

The tax angle



Tax benefits are subject to change in tax laws. You are advised to consult your tax advisor for details.



Other plan features

Automatic acceptance



For all home loan borrowers there will be automatic acceptance of risk, subject to fulfilment of the following conditions as mentioned below:

- ◆ The insured member has to be the borrower.
- ◆ The insured member intends to live in the house for which the loan is applied.
- ◆ Maximum age at entry is 60 years as per last birthday.
- ◆ Insured member has to complete a health declaration.
- ◆ Cover will commence from the date when premiums are cleared.
- ◆ Maximum automatic cover is ₹20 lakhs up to age of 50 years and ₹15 lakhs from age of 51 to 60 years.
- ◆ For sum assured beyond ₹15/20 lakhs we will issue a cover for sum assured up to ₹15/20 lakhs, at standard rates, even if we decline or load cover above that limit.
- ◆ The sum assured must not exceed the loan amount plus capitalised interest in case of a construction loan.
- ◆ The cover term must not exceed the loan term.
- ◆ For sum assured beyond automatic cover, the member has to make a complete personal health statement.
- ◆ In case of joint lives, each life must satisfy all the requirements. The automatic cover limit is ₹20/15 lakhs for each life.

Eligibility criteria



All individual borrowers and co-borrowers of your institution are eligible for cover, provided they meet the eligibility criteria.

Parameters	Minimum	Maximum
Group size	50 lives	No limit
Entry age	For education loan: 15 years (last birthday) For other loans: 18 years (last birthday)	65 years (last birthday)
Cover ceasing age	Not applicable	70 years (last birthday)
Cover term	For reducing cover option: 8 years For level cover option: 5 years	30 years (including moratorium period, if any)
Sum assured	₹10,000 (in respect of each member)	No limit (subject to underwriting)

Discounts



Advantage Women

There will be a premium discount for a female insured member in this plan. Basic premium payable will be equivalent to the premium for a three-year younger male insured member.

Other plan features (Contd...)

High Sum Assured Rebate

Loansurance offers an attractive premium discount structure for the level cover option, where you can have a discount if the sum assured purchased is ₹10 lakhs or above. The rate of discount is as mentioned in the tables below:

Sum assured level (in ₹)	Discount rate as a percentage of premium	
	Age at entry less than or equal to 35 years	Age at entry greater than 35 years
10,000 to 9,99,999	Nil	Nil
10,00,000 to 19,99,999	5%	2%
20,00,000 to 49,99,999	25%	15%
50,00,000 to 99,99,999	33%	20%
100,00,000 and above	35%	22%

Other criteria



A borrower can apply for the cover for his/her loan at any time. In case the cover was not taken at the time of loan disbursement, Loansurance can cover the present outstanding loan for the remaining period.

Loan prepayment

If the borrower pre pays the loan, the actual loan outstanding balance will be extinguished and the cover can be cancelled. In such a case, surrender value will be payable. Surrender value is available for limited premium payment covers:

- ◆ After payment of 2 annual premiums for premium payment term less than 10 years; and
- ◆ After payment of 3 annual premiums for premium payment term greater than or equal to 10 years

There is no surrender value for regular premium payment covers.

Transfer of loan to another bank:

If the borrower closes his loan with the original bank and refinances it with another bank, then the cover may be cancelled. In such a case the surrender value will be payable, if any.

Termination of cover:

The cover with respect to an insured member will terminate and a surrender value, if any and as applicable at that time shall be paid on the earliest of:

- ◆ early settlement of loan amount outstanding, other than as a result of occurrence of the insured event,
- ◆ an insured member who was directly liable for loan repayment ceasing to be directly liable for loan repayment, other than as a result of occurrence of the insured event.

The surrender value, if any, will be paid in the event of death of such insured member after the occurrence of any of the above events.

The cover will terminate and our obligations will cease on the earliest of:

- ◆ the expiry of the grace period if premiums due within that period is not paid,
- ◆ the cover expiry date as shown in the certificate of insurance irrespective of whether the loan in conjunction with which the certificate of insurance was issued continues or has been extended,
- ◆ surrender of cover, and
- ◆ death of the insured member in case of individual cover, or death of either of the joint insured members, whichever occurs first, in case of joint cover, or death of all the co-insured members in case of proportionate cover.

Grace period



Grace period is effective from the date of the last unpaid premium. The cover remains in force during the grace period with all benefits. The days of grace are as per the table below:

Premium Paying Frequency	Grace Period
Monthly	15
Quarterly	30
Half-yearly	30
Yearly	30

In case of death during the grace period, before the premium due at that time is paid; the premium due shall be deducted from the death benefit payable.

Lapse



In case we do not receive the premium in respect to the borrower within the grace period, the cover lapses. No benefits are payable on a lapsed cover.

In case of proportionate cover, if premium with respect to any of the co-insured members is received by us within the grace period, the cover with respect to that co-insured member will lapse.

Reinstatement



The borrower may apply for reinstatement of a cover that has lapsed by sending us:

- ◆ An application for reinstatement within two years from the date of last unpaid premium,
- ◆ Satisfactory evidence of health and other requirements as per the underwriting guidelines for the insured member, and
- ◆ Arrears of premium along with interest at a pre-determined rate.

Is the borrower eligible for benefits during the reinstatement period?

No benefits are payable during the reinstatement period. An insured member is entitled to receive all benefits only after the cover has been reinstated.

What happens if a lapsed cover is not reinstated?

If a lapsed cover has not been reinstated, the premiums already received by us are forfeited and the cover cannot be reinstated thereafter.

Other plan features (Contd...)

Surrender value



A surrender value is available with respect to each insured member for limited premium payment covers:

- ◆ After payment of 2 annual premiums for premium payment term less than 10 years; and
- ◆ After payment of 3 annual premiums for premium payment term greater than or equal to 10 years.

No surrender value is payable for regular premium payment covers.

Surrender value is calculated as per the following formula:

For Limited Premium Payment covers:

$75\% \times [\text{Number of premiums paid} / \text{Total number of premiums payable}] \times [\text{Unexpired cover term} / \text{Cover term}] \times [\text{Sum assured at the time of surrender} / \text{Initial sum assured}] \times \text{Total premiums paid till date}$

For Regular Premium Payment covers:

No surrender value is payable

Free look period



For the Master policyholder:

A free-look period of 15 days from the date of receipt of the master policy is provided, for review of the master policy by the master policyholder. In case the master policyholder does not agree with any of the provisions in the master policy, the same can be returned within this period by communicating the same in writing along with the original policy document. Premiums shall

be refunded after deduction of stamp duty, medical expenses incurred and proportionate risk premium for the period of cover. A master policy once returned cannot be revived, reinstated or restored at any point in time and a new proposal will have to be made for a new master policy.

For the insured member:

A free-look period of 15 days from the date of receipt of the certificate of insurance is provided, for review of the certificate of insurance by the member. In case the member does not agree with any of the provisions in the certificate of insurance, the same can be returned within this period by communicating the same in writing along with the original certificate of insurance either directly or through the master policyholder. Premiums shall be refunded after deduction of stamp duty, medical expenses and proportionate risk premium for the period of cover of the member. In case of return of a certificate of insurance, the master policyholder shall thereafter also remove the names of the dissatisfied member from the membership register.

Please note that this plan will not be sold through Direct Marketing.

Policy discontinuance



As a master policyholder, you may discontinue the policy for new members by giving us a prior written notice of at least three months or of such period as mutually agreed between you and us. No new insured members can be admitted once the policy is discontinued for new members. For existing insured members, the cover shall continue for the balance cover term provided all future premiums are paid duly on or before the respective due dates. Similarly, all other provisions of the master policy shall continue to apply.

Suicide claim provision



The company will pay 80% of the premiums paid as the death benefit if the insured member, whether sane or insane, commits suicide within 12 months from the date of commencement of the policy or from the date of policy issue whichever is later.

In case of suicide within one year of reinstatement of the plan, the benefit payable will be equal to higher of 80% of the premiums paid till date of death or the surrender value as available on the date of death.

Nomination



As per section 39 of the Insurance Act, 1938, the member can nominate a person to receive the benefit under this policy. During the lifetime of the insured member and while this policy is in force, the member may at any time by written notice to us or to the master policyholder, designate any person or persons as a nominee, to whom the benefits under this policy shall be paid upon the unfortunate death of the insured member.

We will register the nomination of a member in the Certificate of Insurance, or any change in nomination by endorsing the Certificate of Insurance, registering it in our records, and we will acknowledge the change in nomination to the member in writing.

The receipt of policy benefits by a nominee shall be a valid discharge of our liability. If on the date of death, there is no surviving nominee, then we will pay the benefits to your estate or legal representatives.

In today's competitive world, where acquiring customer satisfaction and retaining customer loyalty is not only increasingly difficult but also of paramount importance, IDBI Federal Loansurance Group Insurance Plan takes you a couple of steps closer in this endeavour.

IDBI Federal Life Insurance Company Ltd (Reg No. 135) Reg Office: 22nd Floor, A Wing, Marathon Futurex, N. M. Joshi Marg, Lower Parel (East) Mumbai 400013 Toll Free Number: 1800 209 0502. www.idbifederal.com. Insurance is the subject matter of the solicitation. This brochure is not a contract of insurance please refer to the policy contract for complete details with regards to the terms and condition of the policy. This product is underwritten by IDBI Federal Life Insurance Company Limited and is approved by IRDA as IDBI Federal Loansurance Group Insurance Plan. Tax benefits are as per the Income Tax Act, 1961 and amendments made thereto from time to time.



Statutory Information

Prohibition of Rebate

Insurance Act, 1938 prohibits an agent or any other person from passing any portion of his commission to the customer whether as incentive or rebate of premium. Section 41 of the Act 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 rebate as may be allowed in accordance with the published prospectuses or tables of the insurer.
- ◆ Any person making default in complying with the provisions of this Section shall be punishable with a fine, which may extend to five hundred rupees.

Non Disclosure Clause

Sec. 45 of Insurance Act states:

“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 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 policyholder and that the policyholder 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.”

Product UIN: 135N028V01



How to Contact Us

You can reach us in the following convenient ways:



Branches

Visit or call any branch of IDBI Bank, Federal Bank, or IDBI Federal Life Insurance Co Ltd.

For the list of branches, please visit www.idbifederal.com



SMS

SMS 'LOAN' to 5757515. We will call you back



Phone

Call our nation-wide toll-free number **1800 209 0502** at any time from Monday to Saturday between 8 am to 8 pm



Write

Write to Customer Service Desk,
IDBI Federal Life Insurance Co Ltd.,
22nd Floor, A Wing, Marathon Futurex,
N. M. Joshi Marg, Lower Parel (East),
Mumbai 400013



Website

Visit our website www.idbifederal.com



Email

Email us at support@idbifederal.com

Loansurance[®]

IDBI Federal Loansurance Group Insurance Plan



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