Employer – Employee Insurance

TATA AIA LIFE INSURANCE

Secure your business by Securing your employees

Concept

Employer takes life insurance policy for designated employees, where benefits are payable either to the employee on retirement or after agreed number of years in continued service. The benefits are extended to the family, in the event of death of employee.

Most of the prudent companies provide insurance coverage benefits along with the financial remuneration. This helps them in being identified as an employee centric organization, a trait that attracts talent. A feeling of being cared for tends to keep the employees motivated. All employees, a specific group or individual employee can be covered with appropriate documentation.

Business benefits of motivated work force

40%
Increase in Employee Performance

18%
Increase in Customer Satisfaction

4.5X
Multiplication in Business Success

14%
Decrease in Employee Turnover

Benefits to employee

- **Financial Security for loved ones**
- **Planning for life goals**
- **Creating a retirement corpus**
- **Legacy creation**

Source - http://atrium.haygroup.com/au/our-products/employee-effectiveness-benefits.aspx

How Does It Work

Scheme A

Employer buys insurance for one or more employees and pays the premium

Employer undertakes to assign the policy to the employee absolutely upon the employee continuation in service for a agreed and specified period.

After assignment, employee needs to continue paying the premiums to keep the policy in force.

Employee gets the maturity benefit or the nominee gets the death benefit in case of employee's death.

Scheme B

Employer buys insurance for one or more employees and pays the premium.

Employer is only the premium payer, Employee is the policy holder and life assured.

Employee gets the maturity benefit or the nominee gets the death benefit in case of employee's death.

Documentation and Eligibility

PARTNERS of partnership firm are not allowed under Employer – Employee Scheme.

Scheme A

- Annexure A to G for Employer
- ITRs / Audited Books of accounts to include P & L accounts, Balance sheets with all schedules of last 3 years
- Memorandum of Association / Articles of Association of the Company
- KYC (Which includes Current Address Proof and Latest Photo Identification Proof of Company and Life assured is required)
- Latest Year Form 16 or Up to date FORM 26 AS of Life assured is required
- The employee should be more than 18 years of age
- Employee should not be a Sole Proprietor or a Partner in the Business
- Beneficial Owner declaration along with KYC of all stakeholders

PARTNERS of partnership firm are not allowed under Employer – Employee Scheme.

Scheme B

- Payor annexure
- Employer-Employee addendum
- ITRs/ Audited Books of accounts to include P & L accounts, Balance sheets with all schedules of last 3 years
- Memorandum of Association / Articles of Association of the Company
- KYC (Which includes Current Address Proof and Latest Photo Identification Proof of Company and Life assured is required)
- Latest Year Form 16 or Up to date FORM 26 AS of Life assured is required
- Financial Eligibility Calculation:
- Financial Eligibility will be calculated basis the SALARY received from the Employer who is taking the cover for the employee. Standard Income Multiple as per age will be used. Any existing individual cover / EE Cover / HUF Cover will be deducted from the overall eligibility.
- The employee should be more than 18 years of age
- Employee should not be a Sole Proprietor or a Partner in the Business
- Beneficial Owner declaration along with KYC of all stakeholders

Products Offered

All products except pension and micro category products.

Tax implications*

Tax implications – Scheme A: Pre assignment

- The premium paid is eligible as business expense under section 37 (1) of the Income Tax Act 1961.
- No perquisites in the hands of the employees under section 17(2) of Income Tax Act 1961
- Maturity benefits /death benefit would be taxable irrespective of assignment.

Tax implications – Scheme A: Post Assignment

- The Surrender value at the time of assignment will be treated as a taxable perquisite in the hands of the employees under section 17(2) of Income Tax Act 1961
- Employee can claim deduction u/s 80 C or 80 D for the premium paid.
- Death benefits can be exempt from tax under Section 10(10D) in the hands of the nominee.
- Maturity benefits would be taxable in the hands of employee.

Tax implications – Scheme B

- The premium paid is eligible as business expense under section 37 (1) of the Income Tax Act 1961.
- The premiums paid are treated as a taxable perquisite in the hands of the employees under section 17(2).
- Employee can claim deduction u/s 80 C or 80 D for the premium paid by the employer and charged as perquisite.
- Death benefits will be exempt from tax under Section 10(10D) in the hands of the nominee.
- Tax implications on Maturity benefits are dependent on Tax laws prevalent from time to time.

Disclaimers

1. Please read sales brochure and its associated terms and conditions carefully before concluding a sale.
2. *Income Tax benefits would be available as per the prevailing income tax laws, subject to fulfillment of conditions stipulated therein. Income Tax laws are subject to change from time to time. Tata AIA Life Insurance Company Ltd does not assume responsibility on tax implication mentioned anywhere in this document. Please consult your own tax consultant to know the tax benefit available to you.

Tata AIA Life Insurance Company Limited (IRDAI Regn. No.110 • CIN: U66010MH2000PLC128403). **L&C/Advt/2019/May/298**
Registered & Corporate Office: 14th Floor, Tower A, Peninsula Business Park, Senapati Bapat Marg, Lower Parel, Mumbai - 400013. Trade logo displayed above belongs to Tata Sons Ltd and AIA Group Ltd. and is used by Tata AIA Life Insurance Company Ltd under a license. For any information including cancellation, claims and complaints, please contact our Insurance Advisor / Intermediary or visit Tata AIA Life's nearest branch office or call 1-860-266-9966 (local charges apply) or write to us at customercare@tataaia.com. Visit us at: www.tataaia.com or SMS 'LIFE' to 58888.

BEWARE OF SPURIOUS /FRAUD PHONE CALLS!
IRDAI is not involved in activities like selling insurance policies, announcing bonus or investment of premiums. Public receiving such phone calls are requested to lodge a police complaint.