

Partnership Insurance

Have you **planned** to mitigate the **risks faced** by your **partnership firm**?

Concept

A partnership brings in a benefits that can be leveraged to propel the business to new heights of growth and stability. However, the many benefits also bring along certain risks. Section 42 of the Indian Partnership Act, 1932 states that partnership can be dissolved upon the happening of certain contingencies, death being one of them.

Partnership insurance is an instrument that provides financial stability that ensures business' buoyancy. The remaining partners in a business can buy the business interest of a deceased **partner from the legal heirs using proceeds from Partnership Insurance**.

Benefits



Conserve capital in case of eventuality of any partner



Avoid setbacks that may affect day to day functioning of business

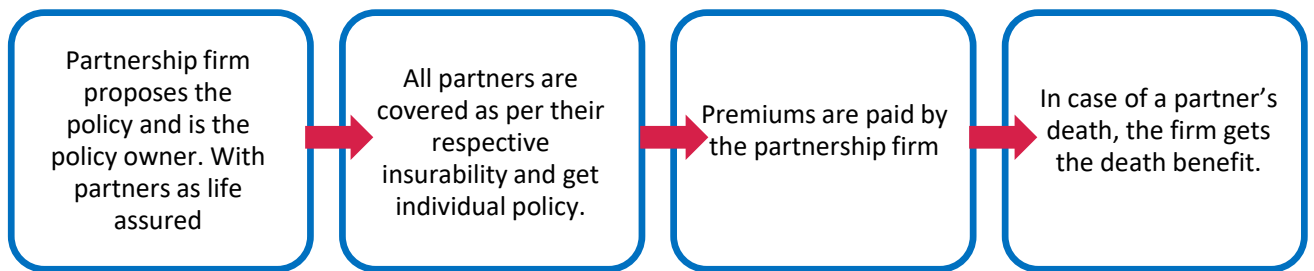


Personal stakes of partners remain intact, securing individual goals



Concede Confidence in creditors, vendors and employees

How Does It Work



Documentation and Eligibility



- Partnership Deed
- Supplementary Deed of Partnership (if Original Shareholding has changed)
- Last three years ITRs / balance sheets / P&L accounts of the Partnership Firm for last three years
- All partners should be insured in proportion to their Shareholding Pattern / Contribution of Capital
- Sleeping Partners not actively engaged in business will not be insured.
- Details of existing partnership insurance taken by company (complete insurance details with company name, Sum assured, premium and decision for each partner).
- If all partners are not covered, adequate justification / reason is required.
- Beneficial ownership declaration, along with KYC and PAN details of all beneficiaries

Financial Eligibility



- Maximum cover that can be offered is calculated as 3 times the average net profits of the partnership firm for the past 3 years on all lives involved.

Taxation*



- The premium paid is eligible for business expense deduction in accordance to provisions of section 37 (1) of the Income Tax Act 1961.
- According to provisions of the Income Tax Act 1961, claim received will be treated as business income in case the insurance policy is not assigned. Claim received will be treated as income in hands of partner in case the insurance policy is assigned to him.

Products Offered



- Only Pure Term Product as prescribed by IRDAI Circular currently will be allowed.
- No riders are allowed

1. For more details on risk factors, terms and conditions please read sales brochure 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.
3. Insurance cover is available in the products offered by Tata AIA Life Insurance

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