Maha Anand is an easy-to-purchase unit linked endowment assurance policy, recently introduced by SBI Life Insurance Company Limited.

The policy aims at the provision of the life assurance cover with minimal formalities required to be completed for taking the policy. This objective gets a boost with the fact that absolutely no medical tests are required to be undertaken by the proposed life assured for taking the policy.

Further, the ‘easy-to-purchase’ proposition of the policy gets strengthened from the minimum quantum of options that are available under the policy with respect to the parameters such as policy term, premium amount, sum assured value and investment fund options.

The policy can be taken by any individual aged up to 55 years with the maximum maturity age being 65 years. There are only 3 options for policy term, namely, 10 years, 15 years and 20 years.

The premium to be paid under the policy for a year can range from a minimum of Rs.6,000 to maximum Rs.30,000. As such, this policy can be quite ‘easy on the pocket’ for the policy holder. The value of sum assured available is fixed at 5 times of the value of the annualized premium. The maximum sum assured, thus available under a single policy is Rs.1,50,000 with the total value of sum assured available under all the Maha Anand policies for a particular person being Rs.3,00,000.

In case of death of the life assured during the policy term, higher of the sum assured value or the investment fund value is payable to the nominee and the policy ceases to exist. However, if the life assured dies before completing 7 years of age, then only the investment fund value will be paid as the death benefit. If the life assured is surviving at the end of the policy term, then the investment fund value is paid out as the maturity benefit.

The policy provides a choice of 3 investment funds. Here, the policy can be looked at as being a little biased towards the equity investments as 2 out of 3 investment funds are equity oriented and only 1 investment fund is debt oriented. The facility for switching of existing investment value and re-direction of future premium from one fund to another is available under the policy.

The investment value under the policy can be enhanced through the top-up premiums.

The charges applicable under the policy are competitive when compared to other unit linked insurance policies.

Partial withdrawals are available after the completion of five policy years, while the policy acquires a surrender value after at least one full year’s premium has been paid.

The usual tax benefits under Section 80C and Section 10(10D) of the Income Tax Act, 1961 are available under the policy.

This policy can be recommended for individuals who require a decent value of life assurance cover along with a unit linked savings component and are looking at an easy-to-purchase policy.

Other Similar Policies

Few recommendable policies that can be categorized as unit linked endowment assurance policies and are easy to purchase, are:

- **Spot Suraksha** from Bharti AXA Life Insurance Co. Ltd.
- **Saral Jeevan** from Birla SunLife Insurance Co. Ltd.
Maha Anand is a unit linked policy from SBI Life Insurance Company Limited. This policy does not participate in the profits of the insurance company.

**Unique features**

**Easy to purchase:** It is very easy to purchase the policy with minimal and easy-to-complete formalities.

**No medical tests:** No medical tests are required to be undertaken by the policy holder / life assured for taking this policy.

**Top-up premiums:** Top-up or additional premiums can be paid to enhance the investment value under the policy. Minimum value of top-up premium value is Rs.1,500. The total top-up premium paid under the policy is subject to maximum 25% of the basic regular premium paid till date.

**Policy benefits**

**Death benefit:** In the unfortunate event of death of the life assured during the policy term, the nominee will receive either the sum assured value or the investment fund value (accumulated up to the time of death), which ever is higher.

If the life assured is aged less than 7 years at the time of death, then only the investment fund value will be paid to the nominee.

**Maturity benefit:** If the life assured is surviving at the end of the policy term, then the accumulated investment fund value at that time will be paid to the policy holder.

The maturity benefit can be received either in as lump sum benefit or in installments spread over a tenure of up to maximum 5 years under the settlement option.

**Eligibility parameters**

**Age at entry:** minimum – 0 years; maximum – 55 years

**Maximum age at maturity:** 65 years

**Policy term:** 10 years / 15 years / 20 years

**Annualized premium value:** minimum – Rs.6,000; maximum – Rs.30,000

**Premium is payable:** annually, semi-annually, quarterly or monthly.
Monthly premium can be paid through bank standing instructions / ATMs / ECS / internet only with 3 months premium to be paid in advance.

**Value of sum assured:** 5 times of the annualized premium value. Maximum value of sum assured is Rs.1.5 lakhs and the total sum assured value under all Maha Anand policies is restricted to Rs.3 lakhs.

* In case of minor lives, policy term should be appropriately chosen so as to ensure that at the time of policy maturity the life assured is a major.

**Investments fund options**

Policy holder can choose one or more funds from three investment funds. Details of these funds are:

<table>
<thead>
<tr>
<th>Fund Name</th>
<th>Investment Objective</th>
<th>Risk Return Profile</th>
<th>Investment Allocation in</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Equities</td>
</tr>
<tr>
<td><strong>Equity Fund</strong></td>
<td>To provide high returns for long term capital gains through high equity exposure</td>
<td>High</td>
<td>80% to 100%</td>
</tr>
<tr>
<td><strong>Equity Optimizer Fund</strong></td>
<td>To provide high returns for long term capital gains through balanced equity exposure</td>
<td>High</td>
<td>60% to 100%</td>
</tr>
<tr>
<td><strong>Bond Fund</strong></td>
<td>To invest in debt securities which are relatively safer and help in reducing investment volatility</td>
<td>Medium to Low</td>
<td>0%</td>
</tr>
</tbody>
</table>

Policy provides the option of switching of the existing investment value from one fund to the other depending on the change in market conditions and financial priorities of the policy holder. Minimum switch amount is Rs.2,000 and 4 switches are available free-of-charge in a policy year.

Also, the future premium payable under the policy can be re-directed to a different investment fund. This facility is available once a year, from the second year onwards and will be free of charge.
Policy charges

Premium allocation charge: This charge is applicable as a percentage of the premium paid under the policy before the premium is allocated to the chosen investment fund(s). The details are:

<table>
<thead>
<tr>
<th>Policy Year</th>
<th>Year 1</th>
<th>Year 2 &amp; Year 3</th>
<th>Year 4 &amp; Year 5</th>
<th>Year 6 and onwards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premium allocation charge (as a % of regular premium)</td>
<td>30%</td>
<td>7.5%</td>
<td>5%</td>
<td>3%</td>
</tr>
</tbody>
</table>

Premium allocation charge for top-up premium is 1%.

Mortality charge: This charge is applicable on a daily basis for the provision of the life assurance coverage. This charge is based on the entry age of the life assured and the value of sum at risk*.

* Sum at risk = sum assured value – investment fund value

Policy administration charge: This charge is applicable on a monthly basis at the rate of Rs.40 per month (for the financial year 2009 – 2010). It is subject to an increase of 5% every financial year, up to a maximum of Rs.300 per month.

Fund management charge: This charge is applicable for the management of the investment value under the policy. The details are:

<table>
<thead>
<tr>
<th>Fund name</th>
<th>Equity Fund</th>
<th>Equity Optimizer Fund</th>
<th>Bond Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund management charge</td>
<td>1.50% p.a.</td>
<td>1.50% p.a.</td>
<td>1.00% p.a.</td>
</tr>
</tbody>
</table>

The charge is subject to an increase of 2.5% for Equity Optimizer Fund and 2.0% for Equity Fund and Bond Fund.

Switch charge: A switch subsequent to 4 free-of-charge switches in a policy year will be charged at the rate of Rs.100 per switch.

Surrender charge: This charge will be applicable as a percentage of the investment fund value in the policy year in which the surrender has been opted for. The investment fund value less the surrender charge as applicable will be paid to the policy holder. The details are:

<table>
<thead>
<tr>
<th>Policy Year</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
<th>Year 6</th>
<th>Year 7</th>
<th>Year 8</th>
<th>Year 9</th>
<th>Year 10 &amp; onwards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surrender Charge</td>
<td>60%</td>
<td>50%</td>
<td>10%</td>
<td>9%</td>
<td>4%</td>
<td>3%</td>
<td>2%</td>
<td>1%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Partial withdrawals

Partial withdrawals can be availed under the policy after the completion of five policy years or after the life assured attains 18 years of age, which ever is later, to meet any unforeseen expenses. Two partial withdrawals can be made during a policy year and are free-of-charge.

Policy surrender

Policy will acquire a surrender value after payment of at least one full year’s premium and will be payable after the completion of three policy years. The surrender charges will be applicable as discussed in the policy charges section above.

Tax benefits

The premium paid under this policy is deductible under the provisions of Section 80C of the Income Tax Act, 1961. The policy benefits are exempt from tax under Section 10(10D) of the Act.

In this policy, the investment risk in the investment portfolio is borne by the policy holder.

Disclaimer

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Insurance Research Desk
Atul Stanley Hermit
Email: atul.hermit@karvy.com
Phone: 040-23312454, Ext: 304
Production: Raju A

Call us on: 1800 425 8282
Visit us at www.thefinapolis.com