Product Name: Smart ULIP

Product Provider: SBI Life Insurance Company Limited

Category: Endowment Assurance Policy

Traditional / Unit Linked Policy: Unit Linked Policy

Main objective: To provide a life assurance cover as well as the basis for accumulation of wealth with the benefit of guaranteed maturity NAV.

Smart ULIP is a unit linked insurance policy with the innovative benefit of the guarantee of the highest NAV (Net Asset Value) recorded on the ‘reset dates’ in first seven policy years. Reset dates for the policy have been defined as the 8th and 23rd of every month (or the next working days if these dates are holidays). On these two days every month, the initial investment value in Money Market Fund (a transition fund) is automatically transferred to the FlexiProtect Fund (the main investment fund in the policy).

The feature of the guarantee of the highest NAV recorded in seven policy years, is available only for the maturity benefit payable under the policy. This guarantee helps in provision of security from the risk of loss of investment capital from the downturn of equity markets, while allowing the benefit from the upside of these markets.

The above time period of seven years has been defined as the ‘NAV Build-up Phase’ which is one of the four phases of the policy.

The policy has been introduced at approximately the same time as InvestAssure APEX, a unit linked insurance policy, introduced by Tata AIG Life Insurance Company Limited, with similar benefit of guaranteed highest NAV.

The policy term is fixed at 10 years. In the unfortunate event of death of the life assured during this policy term, the nominee will receive higher of the policy sum assured (net of applicable partial withdrawals, if any) or the investment fund value.

The maturity benefit payable at the end of the policy term and subject to the life assured being alive, comprises of the investment fund value. This fund value will be calculated based on the NAV, which will be higher of either the NAV as on the date of policy maturity or the Guaranteed Maturity NAV (i.e. the highest NAV recorded on the 168 reset dates in first seven policy years).

Policy holder has the choice to pay the premium for either three years or five years. Also, the premium can be paid annually, semi-annually, quarterly or monthly basis. This choice in turn ensures the suitability as well as the affordability of the policy for people with varied cash flow and income patterns.

The policy can be taken up till the normal age of retirement (i.e. 60 years). With this maximum age at entry, the fixed policy term of 10 years provides the life assurance cover upto the advanced age of 70 years.

The policy has been standardized upto the extent of the value of policy sum assured, which is fixed at five times of the annualized value of the policy premium. Likewise, the allocation of premiums in the investment fund has also been standardized with no choice available in this regard.

The policy charges are competitive when compared to other limited premium payment term policies. The only exception to this competitiveness could be in the form of the additional policy administration charge of Rs.5 per thousand (Rs.1,000) of sum assured value, levied for the first three policy years.

The facility for partial withdrawals is available after the completion of 5 policy years. Policy acquires a surrender value when a minimum of one year’s premium has been paid, where five years is the premium payment term. Similarly, at least six month’s premium should be paid where premium payment term is three years.

Policy is eligible for the usual tax benefits available under Section 80C and Section 10(10D) of the Income Tax Act, 1961.
Product Highlights – Smart ULIP

- Smart ULIP is a unit linked policy introduced by SBI Life Insurance Co. Ltd.
- Policy can be taken by anyone aged 8 years to 60 years. The fixed policy term is 10 years and the premium can be paid for either 3 years or 5 years. Further, premium can be paid annually, semi-annually, quarterly or monthly.
- Value of sum assured is fixed at 5 times of the annualized value of policy premium.
- In case of death of life assured during the policy term, the nominee / beneficiary is paid either the value of sum assured or the total existing fund value, whichever is higher.
- Investment fund value is payable as maturity benefit. It is calculated based on NAV which is higher of the NAV as on date of policy maturity or the guaranteed maturity NAV.
- The policy premium, net of premium allocation charge, gets allocated to the Money Market Fund, an interim fund. It is then automatically switched to FlexiProtect Fund.
- Guaranteed Maturity NAV is the highest NAV of the FlexiProtect Fund, recorded on the 168 Reset Dates. This guaranteed NAV is applicable to the fund for the purpose of determining the maturity benefit only.

Main policy charges:

- Premium allocation charge is 15% of premium in the 1st year and 5% in the 2nd and 3rd year. It is 5% for the 4th and 5th year for premium payment term of 5 years.
- Mortality charge is applicable for the provision of the life assurance cover.
- Fund management charge is 0.25% p.a. and 1.50% p.a. for the Money Market Fund and FlexiProtect Fund, respectively.
- Policy administration charge is applicable as Rs.60 per month for entire policy term. An additional annual charge of Rs.5 per Rs.1,000 sum assured is levied for the first three policy years.

- The facility for partial withdrawals is available after five policy years. Policy acquires surrender value after payment of minimum one year’s (six month’s) premium for the premium payment term of 5 years (3 years).
- Tax benefits are available under Section 80C and Section 10(10D) of the Income Tax Act.

Other Similar Policies

Another similar unit linked insurance policy that provides a potential upside of the equity markets while safeguarding the investment money is:

- InvestAssure APEX from Tata AIG Life Insurance Company Limited. This is a close ended policy.
Smart ULIP is a unit linked insurance policy from SBI Life Insurance Company Limited.

**Unique features**

**Guaranteed maturity NAV:** Policy provides a guarantee of the highest NAV (Net Asset Value) as recorded on the 168 reset dates during the first seven policy years. This benefit will be available for the maturity benefit payable under the policy.

**Choice of premium payment term:** Policy holder has the choice of two premium payment terms of 3 years and 5 years.

**Innovative investment fund:** Policy provides for the management of the investment component in an innovatively structured investment fund called ‘FlexiProtect Fund’.

**4 phases of policy:** Policy is divided in 4 phases, which are:

- **Subscription phase:** This will be a period of first 12 months from the launch of the product. During this phase new policies will be issued.
- **Premium payment phase:** This phase will be for a period of either 3 years or 5 years from the commencement of policy, depending on the choice of the premium payment term.
- **NAV Build-up phase:** This phase will be for a period of 7 years from the date of commencement of policy.
- **Accumulation phase:** This phase will succeed the NAV Build-up phase and will be a period of 3 years. This phase will extend up to the end of the policy term.

**Policy benefits**

**Death benefits:** In the unfortunate event of death of the life assured during the policy term, the nominee will receive higher of the policy sum assured (net of applicable partial withdrawals, if any) or the investment fund value.

**Maturity benefit:** At the end of the policy term, the investment fund value will be paid to the policy holder. The fund value will be calculated based on the NAV, which will be higher of either the NAV as on the date of policy maturity or the Guaranteed Maturity NAV.

**Eligibility parameters**

**Age at entry:** minimum – 8 years; maximum – 60 years

**Maximum age at maturity:** 70 years

**Policy term:** fixed term of 10 years

**Minimum premium amount:** Rs.50,000 (for premium payable annually); Rs.25,000 (for premium payable semi-annually); Rs.15,000 (for premium payable quarterly); Rs.5,000 (for premium payable monthly)

**Premium payment frequency:** annual, semi-annual, quarterly or monthly. Premium is payable on a monthly basis only through standing instructions / ATMs / ECS / Internet. Also, 3 months premium has to be paid in advance if it is paid on a monthly basis.

**Fixed sum assured value:** 5 times of the annualized premium

**How does the policy work?**

Policy premium, net of premium allocation charges, gets automatically invested in the Money Market Fund. On two
fixed reset dates, i.e. 8th and 23rd of every month (or the next working days if these dates are holidays), the investment value will be automatically transferred to the FlexiProtect Fund. The objective of this fund is to optimize the investment returns, while providing significant capital protection by adopting a dynamic asset allocation strategy.

The guarantee for the highest NAV will be applicable as based on the highest of the NAVs for 168 reset dates. These 168 reset dates will be as falling on 8th and 23rd of every month for the first seven years of the policy, i.e. the NAV Build-up phase.

The details of the investment funds are:

<table>
<thead>
<tr>
<th>Fund Name</th>
<th>Investment Objective</th>
<th>Risk Profile</th>
<th>Equity &amp; equity related instruments</th>
<th>Debt instruments</th>
<th>Money market instruments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money Market Fund</td>
<td>To provide capital protection with secure short term returns</td>
<td>Low</td>
<td>0%</td>
<td>0% to 20%</td>
<td>80% to 100%</td>
</tr>
<tr>
<td>FlexiProtect Fund</td>
<td>To provide capital protection and optimum returns based on dynamic asset allocation</td>
<td>Low to Medium</td>
<td>0%</td>
<td>0% to 100%</td>
<td></td>
</tr>
</tbody>
</table>

The facilities for premium redirection and fund switching are not available under this policy.

**Main policy charges**

**Premium allocation charge:** The details of the charge (as a percentage of the value of the premium amount) are:

<table>
<thead>
<tr>
<th>Policy year</th>
<th>Premium allocation charge as a % of premium amount for a premium payment term of</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3 years</td>
</tr>
<tr>
<td>Year 1</td>
<td>15%</td>
</tr>
<tr>
<td>Year 2 &amp; Year 3</td>
<td>5%</td>
</tr>
<tr>
<td>Year 4 &amp; Year 5</td>
<td>Nil</td>
</tr>
</tbody>
</table>

**Mortality charge:** This charge is levied for the provision of the life assurance cover under the policy. It is levied on a monthly basis and is based on the age of the life assured and the sum at risk (i.e. the value of policy sum assured less the investment fund value).

**Policy administration charge:** This is a fixed charge of Rs.60 per month levied throughout the policy term. The charge is levied by cancellation of units on a monthly basis, proportionately from each investment fund.

An additional policy administration charge will be levied for the first three policy years. This charge will be an annual charge and will be levied at the rate of Rs.5 per thousand of the value of sum assured.

**Fund management charge:** This charge will be levied for the management of the investment fund value. It will be adjusted in the calculation of daily NAV value. The details are:

<table>
<thead>
<tr>
<th>Investment Fund</th>
<th>Fund management charge as a % of the fund value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money Market Fund</td>
<td>0.25% p.a.</td>
</tr>
<tr>
<td>FlexiProtect Fund</td>
<td>1.50% p.a.</td>
</tr>
</tbody>
</table>

The above charge can be increased upto maximum of 2.00% p.a. for Money Market Fund and 2.50% p.a. for FlexiProtect Fund with prior notice to policy holder and prior approval of IRDA.
Surrender charge: This charge is expressed as a percentage of the investment fund value. The details are:

<table>
<thead>
<tr>
<th>Policy year in which surrender happens</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5 &amp; thereafter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surrender charge as a % of investment fund value</td>
<td>20%</td>
<td>12%</td>
<td>9%</td>
<td>2%</td>
<td>Nil</td>
</tr>
</tbody>
</table>

Partial withdrawals

Policy provides the facility of partial withdrawals after the completion of 5 policy years. The policy holder can exercise one partial withdrawal in a policy year. Minimum partial withdrawal amount is Rs.2,000 and maximum partial withdrawal amount is 20% of the investment fund value as on the date of the withdrawal request. Further, the partial withdrawals can be made when the life assured is aged 18 years or more.

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

Policy surrender

Policy will acquire a surrender value when at least one full year’s premium has been paid where premium payment term is 5 years or when at least six month’s premium has been paid where premium payment term is 3 years. The surrender value will, however, be paid after the completion of three policy years and will be subject to deduction of surrender charges, as applicable.

Tax benefits

Premium paid under the policy is eligible for deduction 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.