Kotak
Privileged Assurance Plan

kotak® Life Insurance

A JOINT VENTURE WITH OLD MUTUAL | plc

Zindagi se ek kadam aagey

In this policy, the investment risk in the investment portfolio is to be borne by the policyholder.

Kotak Privileged Assurance Plan is exclusively crafted to ensure that while your money is protected, it multiplies. Offering the best mix of steady and stable growth with dynamic management of your funds, the plan strives to give you that extra bit of return, protection and flexibility, in a single plan made specially for discerning customers like you. The plan offers you access to two# funds to provide you avenue for growth while offering you Capital Guarantee.

Why should you invest in the Kotak Privileged Assurance Plan?

This plan is ideal if you want:

- Low cost structure on an investment plus insurance package
- A short investment horizon
- Flexibility of investment amounts
- Protection of your hard earned money
- Aggressive growth with calculated risks

Key Features

Flexibility to suit your needs

You may decide the amount of contribution (annual premium) to be made towards this plan. The life cover (Sum Assured on death) will be 5 times the annual premium paid in the first year.

The amount towards your mortality charges i.e. the Risk Premium, will be a level amount payable by you throughout the premium payment term i.e. 3 years. This will be deducted from your annual premium. The balance of the annual premium after deduction of the level mortality charge is called Investment Premium and will be available for allocation across funds into the Main Account.

Short investment horizon

You are required to pay your premiums for just 3 years and are not tied down to long-term commitments. The policy term can be either 5 years or 10 years. During the policy term your investments have a potential to multiply while you enjoy the benefits of life cover as well.

Guarantee of capital with high equity exposure

This plan offers the unique proposition of a capital guarantee^ on the amount used to buy units even with a high equity exposure. At the end of the policy term, Kotak Life Insurance will pay out the market value of units or an aggregate of all the investment premiums in the Main Account, whichever is higher. This implies that the gains from the markets are definitely yours and in the event of the equity markets being bearish, the portion of your capital used to buy units is still secure. Kotak Privilege Assurance Plan lets you enjoy the benefits of gains without pains.

^Guarantee applies only on investment premiums

Choice of investment portfolios

There is a choice of 2# fund options giving your investment that extra zing to multiply.

If you are an aggressive investor, you could opt for the Advantage Multiplier Fund II# where the portfolio is primarily invested in equities.

For a moderate risk taker, the Advantage Plus Fund II, which comprises of equities and fixed income securities, is ideal.

Fund Options	Equity (High Risk)	Debt (Medium Risk)	Cash & Money Market (Low Risk)	Risk - Return Profile	Objective
#Advantage Multiplier Fund II	0% - 100%	0% - 100%	0% - 20%	Aggressive	Aims for a high level of capital growth by holding a significant portion in equities. May experience high levels of shorter term volatility (downside risk).
Advantage Plus Fund II	0% - 80%	20% - 100%	0% - 20%	Moderate	Aims for moderate growth by holding a diversified mix of equities and fixed interest instruments. May also be susceptible to moderate levels of shorter-term volatility (downside risk).

#Available only when policy term is 10 years for Main Account.
Note: The fund name does not indicate the quality of investments.

Liquidity through partial withdrawals / surrender

You can access your money by partial withdrawals from each Top-Up Account after the third year from the date of top-up premium injection into the respective account. These withdrawals have to be made in multiples of Rs. 25,000 subject to a maximum of two withdrawals in a year. In the event of any emergency, you may surrender your policy after the 3rd year. There is no surrender charge on the Top-Up Accounts. Withdrawals will be allowed only after the life insured attains the age of 18.

Additionally on the risk premiums the policyholder shall be entitled to a Guaranteed Surrender Value provided the policy has not lapsed. Such Guaranteed Surrender Value will be 30% of the risk premiums paid (excluding service tax). However no surrender value will be payable in the last two years of the policy term.

Maturity Benefit

When the quantum of premiums remains unchanged, the sum of all the investment premiums or value of units in the Main Account, whichever is higher, will be paid to you. In addition, if you have invested any surplus in the Top-Up Accounts, the value of such units at date of maturity will be paid.

Death Benefit

In the event of death, your beneficiary would receive an amount equal to basic Sum Assured plus the value of units in the Main and Top-Up Accounts.

Other Features

- The facility to switch between funds has been provided, in the 10 year term option.
- The policyholder can pay premiums in Annual, Half-Yearly, Quarterly or Monthly mode.

Lapse

- If the premiums are paid monthly, quarterly or half-yearly and if all the first year's premiums are not received in full within the grace period (15 days for monthly and 30 days for other modes) then the policy lapses i.e. no benefit becomes payable. The policy can be revived by paying the outstanding premium along with a fixed revival charge of Rs. 500/- within two years from the date of premium being due.
- For an existing policyholder, a new policy will not be issued if the previous policy on this plan is not in force.

Policy Revivals : The policy may be revived within 2 years from the date of the first unpaid premium by making payment of the arrears of premiums with an additional revival charge of Rs. 500. Any revivals after six months from the due date of unpaid premium will require production of evidence of good health. For such revived policies, the guarantee on maturity will cease to apply and the benefit at maturity will be the fund value in the Main and Top-Up Accounts.

Loans : No loan facility

Advantages

- Choose your investment premium amount and vary at will
- Pay premiums for a short span of 3 years
- Enjoy a guarantee on your investment while there is a potential to earn aggressive returns on a high equity portfolio
- Increase contribution at will by way of Top-Up Premiums, subject to applicable conditions
- Easy exit options

*Tax Benefit

Section 80C and Section 10(10D) of Income Tax Act, 1961 would apply if your total premium including Top-Up Premiums in any year is within 20% of the sum assured.

Eligibility

Entry Age	Min - 12 years for 10 year term and 13 years for 5 year term, Max - 65 years
Term Options	5 years and 10 years
Premium Payment Term	3 years
Minimum Premium	Rs. 1,00,000 annually
Top-Up Premium / Partial Withdrawals	Minimum Rs. 25,000

NAV Calculation

The NAVs of your fund are calculated on a daily basis

Net Asset Value (NAV) =

$$\frac{\text{Market Value of the Fund's Investments +/- the expenses incurred in the purchase/sale of assets + Current Assets + any accrued income net of fund management charges - Current Liabilities and Provisions}}{\text{Number of outstanding units in the Fund}}$$

The basis used for unit pricing would be appropriation price or the expropriation price, whichever prevails on the valuation date. The Appropriation price shall be the basis used for determining unit price when the Company purchases assets to allocate the units at the valuation date. The Expropriation price shall be the basis in a situation when the Company sells assets to redeem the units at the valuation date.

Appropriation price/Expropriation price

Market value of assets +/- expenses of buying/selling + value of current assets + accrued income net of fund management charge - value of current liabilities - provisions. Dividing by the number of units existing at the valuation date (before any new units are allocated), gives the unit price of the fund under consideration.

Charges

Premium Allocation Charge

The first year allocation charge related to policy issue is 7% of investment premiums in the Main Account. In the 2nd and 3rd year; the allocation charge is 3%.

For Top-Up Premiums in the Top-Up Account, the charge would be 2% of the Top-Up Premium.

Fund Management Charge

The fund management charge of 3% of the fund value includes a charge of 1.75% towards additional fund management charged to manage capital guarantees and 1.25% towards managing your money efficiently and to earn you handsome returns.

Switching Charge

The first four switches in any year will not attract any charges. Any additional switches will attract a switching charge of Rs. 500/- per switch thereafter. Switches will not be allowed in the last two years of the policy.

Surrender / Partial Withdrawal Charge

For the Main Account, a surrender charge of 2% in the fourth year and 1% in the fifth year is applicable on the value of units. No partial withdrawal/surrender charges apply to the Top-Up Account.

Miscellaneous Charges

The charges for alteration in policy contract (such as change in sum assured, change in policy term, change in premium mode etc.) are Rs. 500/-. For premium redirection a fee of Rs. 100/- will be charged. Revival Charge are Rs 500/-. The miscellaneous charge will not be increased to more than Rs 1000/- subject to IRDA approval.

Please note, in the event of experience being worse than expected, the Company reserves its right to impose charges not beyond the level mentioned below: Any revision of charges would be with approval from IRDA (not being statutory charges) and with prospective effect.

- The Fund Management charges may be increased in future but only if a change takes place for all the participants in that Fund and on prior written notice to the policyholder.
- The Annual Fund Management charges would not increase beyond 40% of the initial level.

Risk Factors

- Unit Linked Life Insurance products are different from the traditional insurance products and are subject to the risk factors
- The premium paid in Unit Linked Life Insurance policies are subject to investment risks associated with capital markets and the NAVs of the units may go up or down based on the performance of fund and factors influencing the capital market and the insured is responsible for his/her decisions
- Kotak Mahindra Old Mutual Life Insurance Ltd is only the name of the Insurance Company and Kotak Privileged Assurance Plan is only the name of the unit linked life insurance contract and does not in any way indicate the quality of the contract, its future prospects or returns. The various funds offered under this contract are the names of the funds and do not in any way indicate the quality of these plans, their future prospects and returns

- Please know the associated risks and the applicable charges, from your Insurance agent or the Intermediary or policy document of the insurer

Free Look Provision

The Policyholder is offered 15 days free look period, from the date of receipt of this policy where the Policyholder may choose to reconsider his/her decision to hold this policy, or may choose to return the same within the said 15 days. Should the Policyholder choose to return the Policy, he/she shall then be entitled to a refund of the premium paid after adjustments for expenses for medical examination, stamp duty and proportionate risk premium for the period of cover.

About Us

Kotak Mahindra Old Mutual Life Insurance is a joint venture between Kotak Mahindra Bank Ltd., along with its affiliates; and Old Mutual plc.

Established in 1984, the Kotak Mahindra Group has long been one of India's most reputed organizations in the financial services domain. Kotak Mahindra Group is committed for providing high quality financial products, services & support to its customers; and is structured in different business like Banking, Life Insurance, Mutual Funds, Car Finance, Securities, Institutional Equities and Investment Banking. Kotak Mahindra Finance Limited, the flagship company of Kotak Mahindra Group was converted into **Kotak Mahindra Bank Ltd.** in March 2003, making it the first NBFC to be offered a banking license. As on 31st December, 2006, the Group stands at a net worth of around Rs. 3,100 crore, employing around 9,600 people in its various businesses and has a distribution network of branches, franchisees, representative offices and satellite offices across 300 cities and towns in India and offices in New York, London, Dubai and Mauritius. The Group services around 2.2 million customer accounts.

Old Mutual plc is the 37th largest company in the FTSE100 with a market cap of approximately £10 billion and is listed on the London, Johannesburg and Stockholm stock exchanges. Originating in South Africa in 1845, the group has a balanced portfolio of businesses offering asset management, life assurance, banking and general insurance services in over 40 countries, with a focus on South Africa, Europe and the United States. Old Mutual had £239 billion ($468 billion) of funds under management as on 31st December, 2006.

For our customers, this joint venture translates into a company, which combines international expertise in insurance, advice and fund management with an understanding of the local market.

General Exclusions

If, within one year of the date of issue/revival of this policy, the life insured commits suicide, whether being sane or insane at the time of committing suicide, the policy shall cease to exist and only the selling value of units in Main and Top-Up Accounts shall be payable.

Prohibition of Rebates

Section 41 of the Insurance Act, 1938 states:-

(1) 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.

(2) Any person making default in complying with the provision of this section shall be punishable with fine, which may extend to five hundred rupees.

The Product leaflet, gives only the salient features of the plan. The Policy Document is the conclusive document, and provides in detail all the conditions relating to the Kotak Privileged

BR/V1.2/KPAP03/RAJ/10K/260307

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***Please consult your tax advisor for details**

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