



## **POWERGRID EMPLOYEES (HBA) GROUP INSURANCE SCHEME**

### **1.0 INTRODUCTION**

In order to provide insurance cover on the liability of the employees towards their outstanding House Building Advance and interest accrued thereon, in the event of death while in employment, POWERGRID Employees Group House Building Advance Insurance Scheme is introduced w.e.f. 1.11.1993 to obtain insurance cover from the LIC of India under their Mortgage Redemption (Insurance) Scheme as per the terms and conditions outlined below.

### **1.1 COVERAGE**

Employees who have taken House Building Advance from the company shall be covered under the scheme w.e.f. 1.11.1993 on giving their willingness and consent to be covered under the Insurance Scheme and for monthly recovery of their share of the premium.

All employees who are sanctioned HBA after 1.11.1993 shall be compulsorily covered under the scheme.

### **1.2 INSURANCE COVER**

In terms of the Insurance policy, LIC shall provide insurance cover to individual house building advances taken by the employees to the extent of Rs. 10 lakhs (principal and interest). In other words, in the event of death of an employee while in service and before repayment of the entire amount of HBA and the interest thereon, LIC shall pay to the company the outstanding HBA and interest of the employee, limited to Rs. 3.5 lakhs. However, the outstanding HBA and interest thereon shall not include the defaults in payments, if any, of the concerned employees.

Any amount beyond the limit of Rs. 10 lakhs shall be adjusted as due from the concerned employee.

### **1.3 PREMIUM**

The premium towards taking the insurance policy shall be as per the rates charged by LIC from time to time and shall be determined on the basis of the outstanding HBA and interest of the employees as on 1st April of every year.

The premium payable under the scheme will be shared by the company and the concerned employees in equal proportion of 1:1 and the employees' share shall be recovered from them in 12 equal monthly installments.



## 1.4 PROCEDURE

- 1.4.1 In all cases of fresh sanction of HBA, immediately on release of first instalment (or lumpsum as the case may be) recovery of the premium, corresponding to the amount released and interest thereon, shall be effected by F&A. For this purpose, the HR Deptt., shall inform F&A through a monthly list, the age details of the employees sanctioned HBA in a particular month.
- 1.4.2 As on every 1st April an updated list showing all the particulars as per proforma at Annexure-A will be prepared jointly by HR & F&A and sent by the Regions/C.C. to Corporate Personnel Establishment Group, incorporating additions and deletions to enable LIC to calculate the premium payment for the year.
- 1.4.3 In the case of transfer of an employee covered under the scheme to another region, the particulars of the total HBA and interest outstanding and the rate of recovery of monthly premium shall be shown in the LPC issued by Finance Deptt. The HR Deptt. will also send details of Date of Birth of the transferred employee to the region concerned.
- 1.4.4 In the case of resignation from the service of the corporation, the recovery of the premium would be effected till the month in which the employee is relieved.
- 1.4.5 In the event of death of a covered employee while in service and in respect of whom the entire/part amount of HBA and interest thereon is still to be repaid, the Region/C.C. shall send the necessary intimation to LIC, along with the details of the concerned employee in the prescribed form. On receipt of the said intimation, LIC will process the case and pay to POWERGRID the outstanding HBA and interest thereon of the employee, as admissible under the scheme.

## 2.0 DEFINITIONS

In these rules, the following words and expressions shall, unless repugnant to the context, have the following meanings :

- i) 'THE EMPLOYER' shall mean Power Grid Corporation of India Ltd. (POWERGRID).
- ii) 'THE CORPORATION' shall mean the Life Insurance Corporation of India established u/s 3 of the Life Insurance Corporation Act, 1956.
- iii) 'THE SCHEME' shall mean the POWERGRID Employees (House Building Advance) Group Insurance Scheme.
- iv) "THE RULES" shall mean the Rules of the Scheme as set out below and as amended from time to time.
- v) 'THE BORROWER' shall mean an employee of POWERGRID who has been sanctioned house building advance by the employer and for whom a loan either in full or in part has been disbursed by the employer on or after the effective date, hereinafter defined.



- vi) 'THE LOAN' shall mean the amount of house building advance raised not exceeding Rs. 7.5 lakhs by the borrower member from POWERGRID.
- vii) 'THE MEMBER' shall mean the particular Borrower who has been admitted to the Membership of the scheme and on whose life an assurance has been, or is to be, effected in accordance with the Rules.
- viii) 'EFFECTIVE DATE' shall mean 1st day of Nov. 1993, the date as from which the scheme commences.
- ix) 'ENTRY DATE' shall mean (a) in relation to the members joining the scheme on the Effective Date, the Effective Date and (b) in relation to the new Members admitted to the scheme after the effective date, the date on which the 1st installment of the loan is disbursed for them.
- x) 'ANNUAL RENEWAL DATE' shall mean, in relation to the scheme, the 1st day of April, 1994 and the 1st day of April in each subsequent year.
- xi) 'TERMINAL DATE' shall mean, in relation to the Member, the 1st day of the month coincident with or next following (a) the expiration of the period of repayment of loan or (b) the last date of the month in which the Member completes the age of 58 years or (c) the date on which the member leaves the employment of POWERGRID whichever is earlier.
- xii) 'THE ASSURANCE' shall mean the particular assurance effected or to be effected on the life of the Member.
- xiii) 'OUTSTANDING INDEBTEDNESS' shall mean in relation to the Member, the amounts representing from time to time the difference between the total amount of loan disbursed for the Member and the accrued interest and the aggregate of the sum repaid towards liquidation of the principal and interest on such loan. PROVIDED HOWEVER THAT for the purpose of the scheme, the aggregate of such sum repaid which forms a deduction for arriving at the outstanding indebtedness shall be reckoned at yearly rests on the Annual Renewal Dates, notwithstanding the fact that the repayments are made in monthly installments during the relevant years.
- xiv) 'NORMAL DATE OF RETIREMENT' shall mean the last date of month in which the member attains the age of 58 years.

### **3.0 EMPLOYER TO DEAL WITH THE CORPORATION**

The employer will act for and on behalf of the Member in all the matters relating to the Scheme and every act done by agreement made with and notice given to the Corporation by the Employer shall be binding on the Members.



## **4.0 THE EMPLOYER TO FURNISH REQUIREMENTS**

The Employer shall furnish to the Corporation the relevant particulars of the Members as are required in connection with the smooth administration of the scheme, such as notifications regarding admission of new members, amount of loan disbursed, defaults in repayments, repayment of full loan, death of the members, etc. so as to enable the corporation to take appropriate action.

POWERGRID will also have to furnish the particulars of the outstanding loan including accrued interest for each individual member on the commencement date of the scheme and also on every Annual Renewal Date.

## **5.0 MEMBERSHIP OF THE SCHEME**

The persons in the following categories who are aged not less than 18 years and who have not attained retirement on superannuation shall, subject to the provisions of Rule 6 hereof, be eligible to participate in the benefits of the scheme. The employees have an option to become members of the scheme till 31.10.93 and they will not be allowed to become members at a later date. The scheme is compulsory for all the employees who avail the loan after 1-11-1993.

## **6.0 EVIDENCE OF AGE**

Evidence of age, satisfactory to the Corporation, shall be furnished by every Member at the time of entry into the Scheme.

## **7.0 INSURABILITY CONDITION**

The member should not be on leave on sick grounds as on the date of commencement of risk i.e. 1.11.93 and for the new members as on the date of joining the scheme.

## **8.0 ASSURANCE**

Subject to the provisions of the Rule 6, an Assurance shall be effected on the life of each member under One Year Renewal Group Team Assurance Plan for a sum assured equal to the Outstanding Indebtedness with interest, or Rs. 10 lakhs, whichever is less. The sum assured shall be increased from time to time consequent upon increase in the Outstanding Indebtedness arising from further disbursement of loan by the employer.

The sum assured shall be revised on the subsequent Annual Renewal Dates having regard to the aggregate of the sums since deemed to have been repaid towards part of the principal and interest thereon in the relevant year.

The Assurance shall be held by the Employer upon trust for the benefit of the Members to be utilised for the purpose of liquidating their Outstanding Indebtedness. The



balance amount, if any, remitting out of the claim amount after setting the actual indebtedness of the deceased member, shall be paid by the Employer to the nominee of the member concerned.

## **9.0 PREMIUMS**

The Employer shall pay to the Corporation, in respect of each member, on the Effective Date and on every Annual Renewal Date such premiums as are required to secure and continue the assurance on the life of the Member for the relevant Sum Assured as specified in Rule 7. Provided that, if the Sum Assured in respect of Member is increased subsequently consequent upon increase in the Outstanding Indebtedness on any date other than the Annual Renewal Date, an appropriate premium shall be payable relating to the increase in sum Assured. The premium payable to the corporation will be on the outstanding principal amount of house building advance and accrued interest thereon. Adjustment of excess premium paid/deposit of additional premium in respect of previous year will, however, be made on the Annual Renewal Date.

## **10.0 BENEFIT OF DEATH PRIOR TO NORMAL RETIREMENT DATE**

Upon the death of a Member whilst being covered under the scheme, the sum assured under the Assurance then in force shall become payable to POWERGRID. On production of proof of death of the Member, the corporation shall pay the sum Assured and the same shall be utilised by the POWERGRID for the purpose of liquidating the outstanding indebtedness of the borrower by effecting a reduction in the loan outstanding in respect of him. Provided that, if the sum Assured under the Assurance exceeds the outstanding indebtedness, excess sum assured shall be paid by employer to the nominee of the member concerned.

## **11.0 TERMINATION OF ASSURANCE**

The Assurance on the life of Member shall forthwith terminate upon the happening of any one of the following events and no benefit will become payable thereunder :

- i) The member reaching the Terminal Date.
- ii) If the premium is not paid by POWERGRID within 60 days of the due date.
- iii) If the outstanding Indebtedness is extinguished any time prior to the Terminal Date.
- iv) The member ceasing to be an employee of POWERGRID.

## **12.0 RESTRAINT ON ASSIGNMENT OF ENCUMBRANCE**

The benefits assured under the Scheme are strictly personal and cannot be assigned, charged or alienated in any way.



## **13.0 DISCONTINUANCE OR AMENDMENT OF THE SCHEME**

POWERGRID reserves the right to discontinue the Scheme at any time or to amend the Rules thereof on any Annual Renewal Date subject to 3 months notice being given to the Corporation.

## **14.0 JURISDICTION**

All assurance effected under the scheme shall be Indian contracts. They will be subject to Indian Laws including the India Insurance Act, 1938, the Life Insurance Corporation Act, 1956, the Income Tax Act 1961 and the amendments thereto and to any legislation subsequently introduced. All benefits under the scheme arising out of death of any Member shall be payable in Indian Rupees.

## **15.0 MASTER POLICY**

The Corporation will issue to POWERGRID the Master Policy incorporating all the terms and conditions governing the Assurance effected under the Scheme.

## **16.0 RATES OF PREMIUM AND CONDITIONS OF ASSURANCE**

The rate of premium and conditions of assurance under which the Corporation is prepared to arrange the scheme shall be subject to an agreement between POWERGRID and the Corporation. The conditions and assurance and the rates of premium may be varied by the Corporation from time to time on any Annual Renewal Date subject to 3 months notice being given to POWERGRID.

## **17.0 EXPERIENCE RATING ADJUSTMENT**

The Corporation's scheme of Experience Rating Adjustment shall be applicable to the life Insurance Benefit in respect of the members, provided that the Membership strength at the beginning of the policy year is at least 200. At intervals of not more than 3 years, Experience Rating Adjustment will be determined subject to such conditions as may be applicable in that behalf.



**POWER GRID CORPORATION OF INDIA LTD.  
 PROFORMA FOR SUBMITTING EMPLOYEE  
 DETAILS TO LIC/CORPORATE CENTRE  
 (Every year as on 1st April)\***

EMP. NO.	NAME	DESIGNATION	DATE OF BIRTH	AMOUNT OF HBA SANCTIONED
1.	2.	3.	4.	5.
DATE OF RELEASE	TOTAL OUTSTANDING HBA & INTEREST	MONTHLY HBA RECOVERY	DATE OF RELEASE (IN CASE OF DELETIONS ONLY)	
6.	7.	8.	9.	
* Additions/Deletions lists to be prepared separately.				