

Guide to Mortality and Risk Benefit Charges

This section aims to make you understand what Mortality and Risk Benefit Charges in unit-linked products are and how we compute them. There can be two types of risk benefit charges in our unit-linked products. Each type is meant to charge for different types of cover you choose. They are (as defined by IRDA vide Circular No. 032/IRDA/Act/Dec-2005):

1. Mortality Charge

This is the cost of life insurance cover. It is exclusive of any expense loadings levied either by cancellation of units or by debiting the premium but not both. This charge may be levied at the beginning of each policy month from the fund.

2. Risk Benefit Charge

This is the cost of morbidity benefit offered to you as per the Benefit Option chosen by you. The morbidity benefits include spousal life cover if the Elite option is selected. It is exclusive of any expense loadings levied either by cancellation of units or by debiting the premium but not both. This charge may be levied at the beginning of each policy month from the fund. This charge will be taken in addition to the Mortality charge only in case you're covered for the benefit.

We compute the monthly charge for any benefit using the following formula:

$$\text{Charge amount} = \text{Charge Rate (attained age)} * \frac{\text{Sum_at_Risk}}{1000} * \frac{1}{12}$$

Here,

- Charge Rate (attained age) = Charge Rate applicable for the month depending on the attained age of the life assured on the day of calculation of charge amount
- Sum at Risk = Value of the part of the risk benefit that the company is liable to pay if claim is reported.

We deduct these charges every month by de-allocating units proportionately from all funds that your money is invested at the time of deduction of charge.

The morbidity risk charge for each group of events is the Sum at Risk for the morbidity benefit multiplied by the appropriate morbidity benefit charge rate.

The table below sets out the Sum at Risk for morbidity benefit for each event group:

Benefit Option	Sum at Risk for the purpose of calculating Risk Charges		
	Group 1: Pregnancy Complications or Birth of child with congenital disorder	Group 2: Diagnosis of malignant cancer of female organs	Group 3: Death of the spouse
Classic	Present Value of Waived Premiums	Present Value of Waived Premiums	None
Premier	2 x Present Value of Waived Premiums	2 x Present Value of Waived Premiums	None
Elite	2 x Present Value of Waived Premiums	2 x Present Value of Waived Premiums	Present Value of Waived Premiums

The present values are calculated using an interest rate of 6%.

HDFC Life Smart Woman Plan

The charge rates (per Rs. 1,000 Sum at Risk) applicable for specific ages and events are:

Attained Age	Mortality Charge	Risk Benefit Charge/ Morbidity Charge		
		Group 1	Group 2	Group 3
18	1.4954	0.8400	0.1170	1.4954
19	1.5064	0.9315	0.1185	1.5064
20	1.5284	1.0230	0.1200	1.5284
21	1.5505	1.1400	0.1290	1.5505
22	1.5725	1.2570	0.1395	1.5725
23	1.6056	1.3740	0.1605	1.6056
24	1.6277	1.4910	0.1800	1.6277
25	1.6607	1.6080	0.2010	1.6607
26	1.6938	1.6380	0.2190	1.6938
27	1.7269	1.6665	0.2385	1.7269
28	1.7489	1.6950	0.2790	1.7489
29	1.7600	1.7250	0.3195	1.7600
30	1.7710	1.7535	0.3585	1.7710
31	1.7930	1.7910	0.3945	1.7930
32	1.8151	1.8270	0.4320	1.8151
33	1.8482	1.8645	0.4890	1.8482
34	1.8923	1.8990	0.5475	1.8923
35	1.9364	1.9365	0.6030	1.9364
36	1.9915	1.8780	0.6645	1.9915
37	2.0576	1.8195	0.7245	2.0576
38	2.1348	1.7625	0.8100	2.1348
39	2.2230	1.7025	0.8925	2.2230
40	2.3333	1.6440	0.9765	2.3333
41	2.4545		1.0605	2.4545
42	2.5538		1.1445	2.5538
43	2.6861		1.2825	2.6861
44	2.8514		1.4190	2.8514
45	3.0609		1.5555	3.0609
46	3.2924		1.6800	3.2924
47	3.5570		1.7550	3.5570
48	3.8657		1.9620	3.8657
49	4.2296		2.1210	4.2296
50	4.6265		2.2740	4.6265
51	5.0564		2.4195	5.0564
52	5.5526		2.5575	5.5526
53	6.1038		2.6895	6.1038
54	6.6992		2.8125	6.6992
55	7.3717		2.9355	7.3717
56	8.1104		3.0930	8.1104
57	8.8380		3.2490	8.8380
58	9.6318		3.4635	9.6318
59	10.5910		3.6930	10.5910
60	11.7266		3.9300	11.7266

Notes

- Mortality charge rates are guaranteed for the policy term.
- Risk Benefit Charges are guaranteed for period of 3 years from commencement date of the policy.
- Statutory Charges – Service Tax & Education Cess is payable at the applicable rate on the Mortality and the other Risk Benefit Charges.

We will be providing you information about how much we have deducted towards mortality and risk benefit charges for your policy in the annual unit statement send to you after every policy anniversary. It is important that you **do not** judge a unit linked plan solely on the basis of the risk benefit charges or any other charge taken independently. Charges interact with each other. Thus, the key to understand the charges of your plan and how they impact the maturity value of your policy is to look at the policy benefit illustration. Our certified Financial Consultant will be happy to explain the plan and the impact of charges in detail.