Benefits of Partnership Insurance

• Ensures that working capital requirements are not compromised to buy out the share of the deceased partner
• Risk mitigation & business continuity
• Reduces the risk of partners having to bring additional funds to purchase the share of the deceased partner

Tax benefit are subject to changes in the tax law, please consult your tax advisor for more details.

Eligibility

• All profit making partnership firms that are not corporate entities
• Partnership insurance cannot be given to a firm that has incurred losses in the preceding three years
• Partnership firm should apply insurance on life of all the partners simultaneously. However if any of the partners of the firm is uninsurable on medical grounds, product specification or already adequately insured, he may be excluded
• The amount of insurance cover in Partnership Insurance depends on the firm’s net worth. Net worth is evaluated taking below points into consideration:
  • Share of capital of partner, and
  • Share of profit among the partners and
  • Partner’s share in the goodwill of the firm, at the time of death
• Allowable Age, Sum Assured, Death Benefit, Policy Term, Pay Term and other product specific features depends on the product opted for under the scheme
• Maximum Sum Assured allowed depends on the financial & medical underwriting of the proposal

Taxation

• Premiums paid by the partnership firm under Partnership Insurance Policy can be claimed as deduction under section 37(1) of the Income Tax Act, 1961
• For all payouts under Partnership Insurance Policy, tax benefit under section 10(10D) shall not be available therefore ABSLI will deduct TDS as per prevailing rates u/s 194 D A (Currently 1%) provided the total payout to the payee is ₹1 lakh or above in a financial year

Clients are advised to consult their Tax Consultant on above tax positions.

Points to Remember

• Nominations are not allowed for policies under Partnership Insurance
• Absolute assignment is allowed in favour of the Life Insured only
• Post absolute assignment all the payouts will go to the nominee/s of the assignee

Product Offered

Only term plans can be offered under Partnership Insurance.

Documentation

Type of policy to be selected as Partnership Insurance in the application form.

Partnership Firm:

• PAN Card of the firm
• PAN & AADHAAR of Authorised Signatory
• Address Proof
• Endorsement Letter on the letter head of the firm duly signed by all the partners on taking Partnership Insurance mentioning the names of partners to be insured and coverage applied for
• Partnership Insurance supplementary questionnaire
• Partnership Deed and Registration Certificate (if registered)
• Audited balance sheet of last three years
• Audited profit and loss statements for last three years
• Capital accounts record of last three years
• Copies of three year’s IT assessment orders of the partnership firm
• Beneficial Owner Declaration on firm’s letter head (ABSLI Format)
• AML/Fatca/CRS declaration (If not part of the application form) (ABSLI Format)
• Legal Person Declaration (ABSLI Format)
• KYC form completely filled and signed by Authorised Signatory
• Buy-Sell agreement (if any)

Partner/s:

• PAN Card & AADHAAR Card of partner whose life is to be insured
• Address Proof
• Copy of last three years individual income tax return along with computation of income...
If any of the partners suffer from an unforeseen eventuality, it may have major repercussions on the future of your partnership firm. It may cause immediate financial hardship for the firm, possibly jeopardise the future of your business and may even have major financial implications for the surviving partners. Partnership Insurance ensures that the continuity of the business is maintained even in the eventuality of losing a partner.

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