



Sonal Divekar / Travel start-up owner

PROTECTING what rightfully belongs to your family

**Aditya Birla Sun Life Insurance
Married Women's Property (MWP) Act, 1874**

- A tool to ensure your wealth is passed down only to your desired loved one/s
- Helps create an insulated corpus for your beneficiaries

Life Insurance

Aditya Birla Sun Life Insurance Company Limited



**ADITYA BIRLA
CAPITAL**

adityabirlacapital.com

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Aditya Birla Sun Life Insurance Company Limited (Formerly Birla Sun Life Insurance Company Limited)
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CAPITAL**

1800-270-7000



You work hard to build a corpus for the financial security and well-being of your family through investments in various asset classes. But in case of any eventuality, this hard earned corpus will be first used to settle your existing liabilities. Wouldn't you like an investment that is free from creditors and other liabilities, and from encumbrances & attachments and available exclusively for you and your family? The Married Women's Property (MWP) Act, 1874 aims to protect your investments so that you and your family get what rightfully belongs to them under any circumstances.

The MWP Act, 1874

The corpus created under MWPA policy/ies are free from creditors, other encumbrances and attachments (even in case of insolvency), provided there was no fraudulent intention in creating this instrument.

The two major sections of the act are:

Section 6 of the MWP Act, 1874: "A policy of insurance effected by any married man on his own life, and expressed on the face of it to be for the benefit of his wife, or of his wife and children, or any of them, shall ensure and be deemed to be a trust for the benefit of his wife, or of his wife and children, or any of them, based on the interest so expressed, and shall not, so long as any object of the trust remains, be subject to the control of the husband, or to his creditors, or form part of his estate." – Extract from MWPA 1874 Bare Act

Section 5 of MWP Act, 1874: "Any married woman may affect a policy of insurance on her own behalf and independently of her husband; and the same and all benefit, thereof, if expressed on the face of it to be so effected, shall ensure as her separate property, and the contract evidenced by such policy shall be valid" - Extract from MWPA'1874 Bare Act

Benefits of taking a Life Insurance Policy

- **Under section 6 of MWP Act, 1874**
 - A tool to ensure your wealth is passed down only to your desired loved one/s
 - Helps create an insulated corpus for your beneficiaries
 - Ensure your family is protected against any future financial adversities
 - Estate planning tool
 - Desired allocation of corpus for intended beneficiaries
 - Help the family maintain a better lifestyle even in case of financial adversities
 - Tax benefits under section 80C and 10 (10) D as applicable
Tax benefit are subject to changes in the tax laws, please consult your tax advisor for more details.
- **Under Section 5 of MWP Act, 1874**
 - Corpus created which is insulated from the liabilities of your husband
 - Benefits under this policy will go to the life insured on any chosen nominee
 - Tax benefits under section 80C and 10 (10) D as applicable
Tax benefit are subject to changes in the tax laws, please consult your tax advisor for more details.

Eligibility

- Any married man can take a life insurance policy under section 6 the MWP Act, 1874. The policy can be taken only on one's own name, i.e. the life assured has to be the proposer himself
- Any married woman can take a life insurance policy under section 5 of the MWP Act, 1874
- The policy can be taken only on one's own name, i.e., the life insured has to be the proposer himself
- Proposer classified basis religion as:
 1. Non-mohammedan (Only Hindus, Buddhists, Jains and Sikhs) or
 2. Mohammedan
- 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
- **Who can be the beneficiary/ies under the MWP Act, 1874?**
Beneficiary/ies is the person who is entitled to get all the financial benefits of the policy.
Under section 6 of the MWP Act, 1874, the beneficiary/ies can be:
Wife alone OR child/children alone (including legally adopted) OR Wife and child/ children together.
Under section 5 of the MWP Act, 1874, the beneficiary/ies can be:
There is no beneficiary concept for policies taken under section 5 of the MWP Act, 1874. The nominee/s can be anybody decided by the proposer (Married woman).



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• **Types of Beneficiary/ies under the section 6 of MWP Act, 1874**

Beneficiaries can be:

a. Named Beneficiary/ies

Policy where the beneficiary/ies are named along with their relationship with the Life Insured.

b. Beneficiary/ies as a Class

Policy where the beneficiary/ies are mentioned as a Class (relationship). Only wife &/OR children are allowed as a class under section 6 of MWPA 1874. For policies with beneficiary as a “Class” policy payouts are distributed equally or in given proportion among all the beneficiaries. Example: Where wife and/or children are mentioned as a class beneficiary, even an unborn child becomes a beneficiary by default.

For Non-mohammedan Proposer: They can opt for either for Named or Class beneficiary in the policy as per their choice. Non-mohammedans can specify the beneficiary/ies as a Class and provide that the benefit should go to them jointly or to the survivors or survivor of them. The Proposer can specify unequal shares for beneficiaries under both named as well as Class policies or else the policy payouts will be equally distributed among all the beneficiaries.

For Mohammedans: They can ONLY opt for policy under MWPA 1874 with Named beneficiary/ies. The beneficiaries must exist on the date of application of the policy. If two or more beneficiaries are Named under an application, then respective shares of all the beneficiaries should be stated.

• **Who can be the Trustee/s under section 6 of MWP Act, 1874?**

For policies under section 6 of MWP Act, 1874 a “Deemed Trust” is created, if there is no existing Trust for the benefit of the beneficiaries and is mentioned in the policy along with Trust Deed. Any major/s other than the life insured or an organization can be a Trustee for the policy. The Trustee can be named at inception by executing an addendum or anytime during the Policy Term and can also be changed during the Policy Term. However, if the beneficiary is a minor appointment of Trustee is mandatory. There can be more than one Trustee in a policy and consent of Trustee/s is required.

Types of Trustee:

Special Trustee: Appointed by the Life Insured.

Official Trustee: A government appointed Trustee and the same is there for every state. Official Trustee only comes into picture if there is no Trustee appointed in the policy and all the beneficiaries are minor.

Points to Remember

- 1. A major beneficiary in the policy can be the Trustee.
- 2. Beneficiary/ies can never be changed in the policy.
- 3. Trustee is the legal owner of the policy and receives benefits on behalf of the beneficiary.
- 4. Among all the available financial investment tools, only Life Insurance is allowed under MWPA.
- 5. Life Insured holds no rights on the financial benefits for policies issued under section 6 of MWPA.

6. Beneficiaries can surrender/partial withdrawal from the policy, but only if all the beneficiaries are major and gives consent for the same.
7. If any of the beneficiaries is a minor then court order is required for early payout (Partial withdrawal/surrender) requests.
8. Revocation of Trust for policies under section 6 of MWPA 1874 is generally not possible. However, revocation can be done with the consent of all the beneficiaries.
9. Revocation of trust is not possible when beneficiaries are defined as a Class.
10. In case where beneficiary dies before payout from the policy, legal heir/s of the beneficiary is entitled to receive the share of payouts.
11. Policies issued under section 6 of MWPA 1874 cannot be mortgaged for any reason. Assignment is not allowed.
12. If Trustee is not appointed, policy payouts will be directly paid to the beneficiary/ies.
13. In case, Life Insured is not in a position to pay premium, beneficiary can continue the policy by paying premiums.
14. In case of Named beneficiary all payouts would be made to only the individual named, irrespective of their relationship with the Life Insured at the time of such payouts.
15. In case of beneficiary as a "Class" payouts would be made to the individual/s who hold the relationship specified under Class at the time of such payout.

Products offered

- Other than Pension and child Plan where child is life to be insured all other products are allowed under section 6 of MWP Act, 1874
- All products except Child Plan where child's life is to be insured is allowed under section 5 of MWP Act, 1874
- Riders are allowed under this policy

Taxation

Life Insured can avail tax benefit under section 80C & 10 (10)D subject to conditions specified therein.

Documentation

Policy Type to be selected as "MWPA" in the application form.

- I. AADHAAR Card
- II. PAN Card
- III. Age Proof
- IV. Address Proof
- V. Duly filled and signed MWPA Addendum of section 5 or section 6
- VI. Photograph
- VII. CKYC
- VIII. Income Proof wherever required.
- IX. Trust Deed (If any)