

BD RATHORE

INDEPENDENT INSURANCE ADVISOR & CLAIMS ADVOCATE

IRDAI Certified | 15+ Years Experience | Rs. 500 Cr+ Coverage Managed

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ESTATE & WEALTH BLUEPRINT

HNI Term Life & MWP Act Wealth Protection Blueprint

Legal Ring-Fencing of Rs. 5 Crore to Rs. 25 Crore+ Insurance Payout for High-Net-Worth Families

1. The Need for Wealth Ring-Fencing for HNIs & Business Founders

Business owners, startup founders, and high-earning executives face personal guarantees, tax liabilities, insolvency proceedings, and legal claims. Standard life insurance policies can be attached by creditors under the Insolvency & Bankruptcy Code (IBC) or Civil Court decrees.

2. Section 6 of the Married Women's Property (MWP) Act 1874

A policy effected by a married person on his own life for the benefit of his wife and/or children creates an immediate statutory trust. The policy and all payout benefits are outside the estate of the insured, outside the control of the policyholder, and strictly beyond the reach of creditors, court attachments, and tax authorities.

3. Key Beneficiary & Trustee Structures

You appoint your wife and/or children as absolute beneficiaries and designate a Trustee (can be the spouse). Once the policy is issued under MWP Act, the beneficiary cannot be changed without written consent of the trustee, and the policy can never be mortgaged or assigned for business loans.

4. Tax Exemption under Section 10(10D)

The entire claim payout received by the trust/beneficiary is 100% tax-free under Section 10(10D) of the Income Tax Act, providing clean, liquid, and litigation-free estate transfer to the surviving family.

KEY ACTION CHECKLIST:

- [x] Endorse MWP Act Section 6 Form during Term Insurance proposal submission
- [x] Designate spouse and children with clear percentage share allocation
- [x] Appoint independent trustee or surviving spouse as sole executor
- [x] Ensure sum insured matches 20x annual income + business debt exposure
- [x] Store trust deed and original policy bond in secure family locker

NEED A COMPLIMENTARY 1-ON-1 POLICY AUDIT?

Get BD Rathore's unbiased IRDAI fine-print audit of your existing or new family insurance plans.

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