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**ROYAL INSURANCE CORPORATION OF BHUTAN LTD.**

**MEMORANDUM OF UNDERSTANDING  
FOR THE MANAGEMENT OF GRATUITY FUND**

This Memorandum of Understanding (hereinafter referred to as “the MOU”) for the management of Gratuity Fund (hereafter referred to as “the Gratuity Fund”) is executed on ... / ... / ... at .....

Between: **The Royal Insurance Corporation of Bhutan Limited**, an insurance company incorporated under the Companies Act of the Kingdom of Bhutan, having its registered office at Norzin Lam, Post Box No. 315, Thimphu (hereinafter referred to as “the RICBL”), represented by its authorized signatory, **Mr./Mrs.** .....

AND: .....having its registered office at ..... (hereinafter referred to as “the Member Organization”), represented by its authorized signatory, **Mr./Mrs** .....

**WHEREAS:**

- a. The Member Organization has offered to entrust the RICBL with the management of the Gratuity Fund of the employees of the Member Organization; and
- b. The RICBL being the duly approved Company by the Royal Monetary Authority (RMA) of Bhutan vide approval No. 3301 of 9<sup>th</sup> March 2016 to manage retirement benefit plans, has accepted to manage the Gratuity Fund of the Member Organization on the terms and conditions specified herein.

**NOW THEREFORE, the Parties hereby agree as follows:**

- 1. The RICBL shall receive from the Member Organization the Gratuity Fund in lump sum, and implement, manage, administer, invest and operate the Gratuity Fund in the best interest of the Member Organization.
- 2. The disbursing officers of the Member Organization shall remit a lump sum contribution amount so appropriated as annual contribution to the Gratuity Fund to the RICBL on finalization of Financial Statement or as and when it becomes available during the currency of the Agreement.



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3. A single account in the name of the Member Organization shall be maintained in respect of all contributions received from the Member Organization and the interest shall be credited on a daily product basis at the agreed rate to the account from the day the contribution is received by the RICBL.
4. The RICBL shall credit return on the Gratuity Fund accumulation on daily product basis @.....% per annum. However, the interest rate shall depend on the investment performance of the Gratuity Fund and should there be any change in the interest rate during the currency of the Agreement, the same shall be intimated accordingly.
5. Payment from the Gratuity Fund account shall be made as and when there is separation of employees from the service of the Member Organization.
6. The Member Organization shall intimate the RICBL on the separation of its employees from the employment. The intimation must be in writing with clear instructions to the RICBL specifying the amount to be paid and to whom the payment from the Gratuity Fund to be paid. The RICBL shall not be responsible for correctness of the Gratuity paid amount.
7. The Member Organization shall inform the RICBL in writing for payment of gratuity amount from the Gratuity Fund at any point of time during office hours.
8. The RICBL will make all payments from the Gratuity Fund payable to employees of the Member Organization directly to the Member Organization, unless otherwise specially directed/authorized by the Member Organization to make direct payment to the concerned employee or employee's nominee (in case of death of the employee).
9. The RICBL shall pay the amount of gratuity as determined by the Member Organization so long as the fund balance is available in the 'Gratuity Fund Account' of the Member Organization.
10. All the correspondence related to Gratuity Fund shall be between the RICBL and the Member Organization.



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## ROYAL INSURANCE CORPORATION OF BHUTAN LTD.

11. The term of the Gratuity Fund under this MOU shall continue to be in force unless terminated by either party.
12. Either party may discontinue the Gratuity Fund by terminating the MOU at any time during its term by providing two months' prior notice in writing.
13. Any amendment to the Gratuity Fund under this MOU shall be effected by an endorsement signed by authorized person of the RICBL and the Member Organization.
14. Any controversy or dispute arising out of or relating to the Gratuity Fund under this MOU may be resolved by mutual agreement of the Parties through mutual agreement or negotiated settlement.
15. In the event the dispute cannot be resolved by mutual agreement or negotiated settlement, the dispute between the parties shall be referred to the Royal Court of Justice of competent jurisdiction for adjudication.
16. Any matter arising from or relating to this MOU or any dispute arising from or in connection to the Gratuity Fund under this MOU shall be governed by and construed in accordance with the Guidelines of the Gratuity Fund of the RICBL and other relevant laws of the Kingdom of Bhutan.

To evidence the Parties' agreement to the MOU, the Parties hereto have executed, set their hands and seals, and delivered it on the date first above-written.

**For the RICBL**

**For the Member Organization**

**(Authorized Signature and seal)**

**(Authorized Signature and seal)**

Name: .....

Name: .....

Title:.....

Title: .....

EID No.: .....

EID No.: .....



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**ROYAL INSURANCE CORPORATION OF BHUTAN LTD.**

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**Witness of the RICBL:**

**Witness of the Member Organization:**

Signature.....

Signature.....

Name: .....

Name: .....

CID No: .....

CID No: .....

Address: .....

Address: .....