

L-42- Valuation Basis (Life Insurance)

Name of the Insurer: SBI LIFE INSURANCE COMPANY LIMITED

1) a. How the policy data needed for valuation is accessed.

Data is extracted as at the end of each month. Reasonablene checks and reconciliation of movements are done to ensure the quality of data. After validation, the data is used for valuation.

b. How the valuation bases are supplied to the system

1) Interest : Maximum and minimum interest rate taken for each segment

A single discrete interest rate is assumed for valuation as below:

i. Individual Business	
1. Life- Participating policies	6.10%
2. Pension- Participating policies	6.10%
3. Life- Non-participating policies (Including unitized non-pension policies)	5.85%
4. Pension- Non-participating policies (Including unitized pension policies)	5.85%
5. Annuities- Participating policies	NA
6. Annuities – Non-participating policies	6.10%
7. Annuities- Individual Pension plan	NA
8. Unit-Linked	Non Unit Fund: 5.85%
9. Health Insurance	5.85%
ii. Group Business	
1. Annuities – Non-participating policies	6.10%
2. Other Group policies	5.85%

2) Mortality/Morbidity Rates : The mortality/morbidity rates used for each segment

i. Individual Business	
1. Life-participating policies (including VIP)	115% to 130% of IALM 2006-08 Ultimate depending on the product
2. Pension-participating policies	125% of IALM 2006-08 Ultimate
3. Life- Non-participating policies (Including VIP)	75% to 160% of IALM 2006-08 Ultimate depending on the product
4. Pension- Non-participating policies	115% of IALM 2006-08 Ultimate
5. Annuities – participating policies	NA
6. Annuities – Non-participating policies	90% of LIC 1996-98 Annuitant Rates; with 1% p.a. mortality improvement
7. Annuities – Individual Pension Plan	NA
8. Unit-Linked	115% of IALM 2006-08 Ultimate
9. Health Insurance	130% of the Reinsurance rates
ii. Group Business	
1. Annuities – Non-participating policies	90% of LIC 1996-98 Annuitant Rates; with 1% p.a. mortality improvement
2. Unit Linked	115% of IALM 2006-08 Ultimate
3. Other Group policies	90% to 135% of IALM 2006-08 Ultimate depending on the product

3) Expenses :

i. Individual Business

1. Life-participating policies

(Including VIP)

Single Premium / Fully paid-up (after PPT)/ Partly paid-up: 340
Regular Premium Policy (in force): 460
Inflation @ 5.75% p.a.

2. Pension-participating policies

Single Premium / Fully paid-up (after PPT)/ Partly paid-up: 340
Regular Premium Policy (in force): 460
Inflation @ 5.75% p.a.

3. Life- Non-participating policies

(Including VIP)

Single Premium / Fully paid-up (after PPT)/ Partly paid-up: 75 to 340 depending on the product
Regular Premium Policy (in force): 125 to 460 depending on the product
Inflation @ 5.75% p.a.

4. Pension- Non-participating policies

Single Premium / Fully paid-up (after PPT)/ Partly paid-up: 340
Regular Premium Policy (in force): 460
Inflation @ 5.75% p.a.

5. Annuities – participating policies

NA

6. Annuities – Non-participating policies

Single Premium Policy: 150
Inflation @ 5.75% p.a.

7. Annuities – Individual Pension Plan

NA

8. Unit Linked

Single Premium / Fully paid-up (after PPT)/ Partly paid-up: 750
Regular Premium Policy (in force): 1,000
Inflation @ 5.75% p.a.

9. Health Insurance

Regular Premium Policy: 460
Inflation @ 5.75% p.a.

ii. Group Business

1. Annuities – Non-participating policies

Single Premium Policy: 150
Inflation @ 5.75% p.a.

2. Other Group policies

Single Premium Per Life: Ranging from 50 to 115 based on the product
Regular Premium Per Life: Ranging from 50 to 150 based on the product
Inflation @ 5.75% p.a.

<p>4) Bonus Rates :</p>	<p>i. Individual Business</p> <p>1. Life-participating policies Refer Annexure A</p> <p>2. Pension-participating policies Refer Annexure A</p> <p>3. Life- Non-participating policies NA</p> <p>4. Pension- Non-participating policies NA</p> <p>5. Annuities – participating policies NA</p> <p>6. Annuities – Non-participating policies NA</p> <p>7. Annuities – Individual Pension Plan NA</p> <p>8. Unit Linked NA</p> <p>9. Health Insurance NA</p> <p>ii. Group Business</p> <p>1. Annuities – Non-participating policies NA</p> <p>2. Pension-participating policies Refer Annexure A</p> <p>3. Other Group policies NA</p>
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<p>5) Policyholders Reasonable Expectations</p>	<p>The Policyholders' Reasonable Expectation are being taken into account while giving the discretionary benefits like reversionary bonuses. However the bonuses are declared after evaluating bonus earning capacity of each product further classified by mode of payment (Single/Regular Premium) and policy terms so that bonuses are equitable for groups of policyholders. Bonuses are smoothed and are based on pooled experience.</p>
<p>6) Taxation and Shareholder Transfers</p>	<p>As per tax laws</p>
<p>7) Basis of provisions for Incurred But Not Reported (IBNR)</p>	<p>Calculated using Extended Chain Ladder Method</p>
<p>8) Change in Valuation Methods or Bases</p>	
<p>i. Individuals Assurances</p> <p>1. Interest 2. Expenses 3. Inflation</p>	<p>No change No change No change</p>
<p>ii. Annuities</p> <p>1. Interest a. Annuity in payment b. Annuity during deferred period c. Pension : All Plans 2. Expenses 3. Inflation</p>	<p>No change NA No change No change No change</p>
<p>iii. Unit Linked</p> <p>1. Interest 2. Expenses 3. Inflation</p>	<p>No change No change No change</p>
<p>iv. Health</p> <p>1. Interest 2. Expenses 3. Inflation</p>	<p>No change No change No change</p>
<p>v. Group</p> <p>1. Interest 2. Expenses 3. Inflation</p>	<p>No change No change No change</p>

Annexure A

Table A: Simple Reversionary, Interim and Terminal Bonus Rates

Sr. No.	Product Name	Premium Type	Policy Term	Reversionary Bonus	Interim Bonus	Terminal
			(in years)	Rate #	Rate(Future Bonus Rate) #	Bonus Rate ##
1	Sudarshan Plan A	Regular Premium	5-9	2.50%	2.50%	12.00%
			10-14	1.80%	1.80%	12.00%
			15 - 19	1.80%	1.80%	6.00%
			20 - 24	1.55%	1.55%	6.00%
			25 & above	1.45%	1.45%	6.00%
		Single Premium	5-9	3.00%	3.00%	12.00%
			10-14	2.50%	2.50%	12.00%
			15 - 19	2.25%	2.25%	6.00%
			20 - 24	2.25%	2.25%	6.00%
			25 & above	2.25%	2.25%	6.00%
2	Sudarshan Plan B	Regular Premium	5-9	2.00%	2.00%	12.00%
			10-14	1.80%	1.80%	12.00%
			15 - 19	1.55%	1.55%	6.00%
			20 - 24	1.55%	1.55%	6.00%
			25 & above	1.55%	1.55%	6.00%
		Single Premium	5-9	3.00%	3.00%	12.00%
			10-14	3.00%	3.00%	12.00%
			15 - 19	3.00%	3.00%	6.00%
			20 - 24	3.00%	3.00%	6.00%
			25 & above	3.00%	3.00%	6.00%
3	Scholar	Regular Premium	6-11	2.75%	2.75%	12.00%
			12-16	2.75%	2.75%	12.00%
			17 - 21	2.75%	2.75%	6.00%
		Single Premium	6-11	3.25%	3.25%	12.00%
			12-16	3.25%	3.25%	12.00%
			17 - 21	3.25%	3.25%	6.00%
4	Scholar II	Regular Premium	6-11	3.00%	3.00%	12.00%
			12-16	3.10%	3.10%	6.00%
			17 - 21	3.10%	3.10%	6.00%
		Single Premium	6-11	4.00%	4.00%	12.00%
			12-16	4.00%	4.00%	6.00%
			17 - 21	4.00%	4.00%	6.00%
5	Money Back	Regular Premium	10 (Plan-1)	1.80%	1.80%	12.00%
			15 (Plan-2)	1.30%	1.30%	6.00%
			20 (Plan-3)	1.30%	1.30%	6.00%
			25 (Plan-4)	1.75%	1.75%	6.00%
			15 (Plan-1)	3.25%	3.25%	6.00%
6	Sanjeevan Supreme	Regular Premium	20 (Plan-2)	3.25%	3.25%	6.00%
			20 (Plan-3)	3.25%	3.25%	6.00%
			20 (Plan-3)	3.25%	3.25%	6.00%
			25 (Plan-4)	3.25%	3.25%	6.00%
		Single Premium	15 (Plan-1)	3.25%	3.25%	6.00%
			20 (Plan-2)	3.25%	3.25%	6.00%
7	Shubh Nivesh (UIN: 111N055V01)	Regular Premium	5-9	3.00%	3.00%	12.00%
			10-14	3.00%	3.00%	6.00%
			15 - 19	3.00%	3.00%	6.00%
			20 - 24	3.10%	3.10%	6.00%
			25 & above	3.10%	3.10%	6.00%
		Single Premium	5-9	3.25%	3.25%	12.00%
			10-14	3.25%	3.25%	6.00%
			15 - 19	3.25%	3.25%	6.00%
			20 - 24	3.25%	3.25%	6.00%
			25 & above	3.25%	3.25%	6.00%
8	Shubh Nivesh (UIN: 111N055V02)	Regular Premium	7-9	2.75%	2.75%	6.00%
			10-14	2.75%	2.75%	6.00%
			15 - 19	2.75%	2.75%	6.00%
			20 - 24	2.75%	2.75%	6.00%
			25 & above	2.75%	2.75%	6.00%
		Single Premium	5-9	2.75%	2.75%	6.00%
			10-14	2.75%	2.75%	6.00%
			15 - 19	2.75%	2.75%	6.00%
			20 - 24	2.75%	2.75%	6.00%
			25 & above	2.75%	2.75%	6.00%

9	Sanjeevan	Single Premium	20 (Plan 1)	1.25%	1.25%	6.00%
			15 (Plan 2)	1.25%	1.25%	12.00%
			10 (Plan 3)	NA	NA	NA
10	Young Sanjeevan	Single Premium	All	NA	NA	NA
11	Saras Life	Regular Premium	10 (Plan-1)	2.75%	2.75%	6.00%
			15 (Plan-2)	2.75%	2.75%	6.00%
			20 (Plan-3)	3.00%	3.00%	6.00%
			25 (Plan-4)	3.00%	3.00%	6.00%
			All	3.00%	3.00%	6.00%
12	Smart Money Back	Regular Premium	12 (Plan-1)	3.00%	3.00%	6.00%
			15 (Plan-2)	3.00%	3.00%	6.00%
			20 (Plan-3)	3.00%	3.00%	6.00%
			25 (Plan-4)	3.00%	3.00%	6.00%
			All	3.00%	3.00%	6.00%
13	Smart Money Back Gold	Regular Premium	12 (Plan-1)	2.50%	2.50%	6.00%
			15 (Plan-2)	2.50%	2.50%	6.00%
			20 (Plan-3)	2.50%	2.50%	6.00%
			25 (Plan-4)	2.50%	2.50%	6.00%
			All	2.50%	2.50%	6.00%
14	Smart Income Protect (UIN: 111N088V01)	Regular Premium	5 (Plan-1)	2.75%	2.75%	6.00%
			10 (Plan-2)	2.75%	2.75%	6.00%
			15 (Plan-3)	2.75%	2.75%	6.00%
			All	2.75%	2.75%	6.00%
15	Smart Income Protect (UIN: 111N088V01)	Regular Premium	7 (Plan-1)	2.50%	2.50%	6.00%
			12 (Plan-2)	2.50%	2.50%	6.00%
			15 (Plan-3)	2.50%	2.50%	6.00%
			All	2.50%	2.50%	6.00%
16	Smart Champ Insurance	Regular Premium	8-11	2.50%	2.50%	6.00%
			12-16	2.50%	2.50%	6.00%
			17 - 21	2.50%	2.50%	6.00%
		Single Premium	8-11	2.50%	2.50%	6.00%
			12-16	2.50%	2.50%	6.00%
			17 - 21	2.50%	2.50%	6.00%
			All	2.50%	2.50%	6.00%
17	Saras Pension (UIN: 111N088V01)	Regular Premium	All	2.75%	2.75%	6.00%
		Single Premium	All	2.75%	2.75%	6.00%
18	Saras Pension (UIN: 111N088V02)	Regular Premium	All	2.75%	2.75%	6.00%
		Single Premium	All	2.75%	2.75%	6.00%

Bonus Rates as a percentage of Sum Assured.

The rate of Terminal Bonus is a percentage of the total amount of bonuses (Reversionary plus Interim) and not a percentage of Sum Assured.

The future Bonus rates are assumed as per the Interim bonus rates.

Table B1 - Pension Products

Sr. No.	Product Name	Premium Type	Policy Term (in years)	Regular Accumulating Bonus Rate *	Interim Bonus Rate *	Terminal Bonus Rate *
1	Life Long Pension Plan - Individual	Regular Premium	All	7.50%	7.00%	7.50%
		Single Premium	All	7.50%	7.00%	7.50%
2	Life Long Pension Plan - Group	Regular Premium	All	7.50%	7.00%	7.50%
		Single Premium	All	7.50%	7.00%	7.50%

Table B2 - VIP Products

Sr. No.	Product Name	Bonus Type	Policy Term (in years)	Regular Accumulating Bonus Rate *	Interim Bonus Rate *	Terminal Bonus Rate *
1	Flexi Smart Plus - Individual Regular Premium	(A) Min. Guaranteed Bonus Interest Rate	All	1.00%	1.00%	-
		(B) Regular Bonus interest Rate	All	6.25%	6.00%	-
		(C) Residual Bonus Rate from 5th policy year onwards	All	-	-	-

Note: Bonus type B and C are in addition to A.

* Regular Accumulating & Interim Bonus Rate as a percentage of { net premium paid & already attached bonuses } & Terminal bonus rate as a percentage of Total Bonus Allocated to PFA.