

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

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.

4) Bonus Rates :

**i. Individual Business**

**1. Life-participating policies**

Refer Annexure A

**2. Pension-participating policies**

Refer Annexure A

**3. Life- Non-participating policies**

NA

**4. Pension- Non-participating policies**

NA

**5. Annuities – participating policies**

NA

**6. Annuities – Non-participating policies**

NA

**7. Annuities – Individual Pension Plan**

NA

**8. Unit Linked**

NA

**9. Health Insurance**

NA

**ii. Group Business**

**1. Annuities – Non-participating policies**

NA

**2. Pension-participating policies**

Refer Annexure A

**3. Other Group policies**

NA

5) Policyholders Reasonable Expectations	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.
6) Taxation and Shareholder Transfers	As per tax laws
7) Basis of provisions for Incurred But Not Reported (IBNR)	Calculated using Extended Chain Ladder Method
8) Change in Valuation Methods or Bases	
<b>i. Individuals Assurances</b>	
1. Interest 2. Expenses 3. Inflation	No change No change No change
<b>ii. Annuities</b>	
1. Interest a. Annuity in payment b. Annuity during deferred period c. Pension : All Plans 2. Expenses 3. Inflation	No change NA No change No change No change
<b>iii. Unit Linked</b>	
1. Interest 2. Expenses 3. Inflation	No change No change No change
<b>iv. Health</b>	
1. Interest 2. Expenses 3. Inflation	No change No change No change
<b>v. Group</b>	
1. Interest 2. Expenses 3. Inflation	No change No change No change