

L-42- Valuation Basis (Life Insurance)

A chapter on Valuation basis covering the following minimum criteria should also be displayed on the web-site of the Insurers.

a. How the policy data needed for valuation is accessed.	Data is extracted for each month by IT. Once data extracted, actuaries perform the reasonable checks, and the movements are reconciled with opening and closing data. After the validity, reasonableness and completeness checks, 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 i. Individual Business 1. Life- Participating policies 2. Life- Non-participating Policies 3. Annuities- Participating policies 4. Annuities – Non-participating policies 5. Annuities- Individual Pension Plan 6. Unit Linked 7. Health Insurance ii. Group Business	6.5% (Without MAD) 6.25% (Without MAD) NA 6.25% NA Non Unit Fund: 6.25% NA 6.25% (Without MAD)
2) Mortality Rates : the mortality rates used for each segment	Life- Non-participating Sukhjeevan: 103% (Without MAD) of IAL 1994-96 Ultimate Saral Shield: 90% (Without MAD) of IAL 1994-96 Ultimate Smart Shield : 80% (Without MAD) of IAL 1994-96 Ultimate Others: 100% (Without MAD) of IAL 1994-96 Ultimate Life-participating 100% (Without MAD) of IAL 1994-96 Ultimate Individual Pension - Participating 100% of IAL 1994-96 Ultimate Annuities – Non-participating Annuitant 1996-98 (adjusted for improvements) Unit Linked 100% of IAL 1994-96 Ultimate Group Grameen Shakti: 200% (Without MAD) of IAL 1994-96 Ultimate Ladli: 120% of IAL 1994-96 Ultimate Suraksha Plus & Criti9: 110% (Without MAD) of IAL 1994-96 Ultimate Swarna Ganga : 80% (Without MAD) of IAL 1994-96 Ultimate Others: 100% (Without MAD) of IAL 1994-96 Ultimate

<p>3) Expense :</p>	<p>Life- Non-participating Single Premium: 250 (Without MAD) Regular Premium: 400 (Without MAD) Inflation @ 5.75%</p> <p>Life-participating Single Premium: 250 (Without MAD) Regular Premium: 400 (Without MAD) Inflation @ 5.75%</p> <p>Individual Pension - Participating Single Premium: 250 Regular Premium: 250 Inflation @ 5.75%</p> <p>Annuities - Non-participating Single Premium: 300 Regular Premium: NA</p> <p>Unit Linked Single Premium: 645 Regular Premium: Maha Anand : 684 Maha Anand II & Saral Maha Anand: 547 Others: 860 Inflation @ 5.75%</p> <p>Group Single Premium: 125 (Without MAD) Regular Premium: 150 (Without MAD) Inflation @ 5.75%</p>
<p>4) Bonus Rates :</p>	<p>Life- Non-participating NA</p> <p>Life-participating Annexure A</p> <p>Individual Pension - Participating Annexure A</p> <p>Annuities - Non-participating NA</p> <p>Unit Linked NA</p> <p>Group NA</p>

* Margin for Adverse Deviation (MAD) is over and above the base rate mentioned above

5) Policyholders Reasonable Expectations

The Policyholder Expectation is 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) so that bonuses are equitable for groups of policyholders. Bonuses are smoothed and are based on pooled experience.

6) Taxation and Shareholder Transfers

13.51875%

7) Basis of provisions for Incurred But Not Reported (IBNR)

Calculated using Extended Chain Ladder Method

8) Change in Valuation Methods or Bases

i. Individuals Assurances

- 1. Interest
- 2. Expenses
- 3. Inflation

0.00%
Single Premium: 0
Regular Premium: 0
0.00%

ii. Annuities

- 1. Interest
 - a. Annuity in payment
 - b. Annuity during deferred period
 - c. Pension : All Plans
- 2. Expenses
- 3. Inflation

0.00%
NA
NA
NA

iii. Unit Linked

- 1. Interest
- 2. Expenses
- 3. Inflation

0.00%
0
0.00%

iv. Health

- 1. Interest
- 2. Expenses
- 3. Inflation

NA
NA
NA

v. Group

- 1. Interest
- 2. Expenses
- 3. Inflation

0.00%
0
0.00%

Annexure A

Table: Simple Reversionary and Terminal Bonus Rates

Sr. No.	Product Name	Premium Type	Policy Term (in years)	Reversionary Bonus Rate #	Terminal Bonus Rate ##	
1	Sudarshan Plan A	Regular Premium	5-9	2.50%	5%	
			10-14	1.80%	5%	
			15 - 19	1.65%	NA	
			20 - 24	1.55%	NA	
			25 & above	1.45%	NA	
		Single Premium	5-9	3.00%	5%	
			10-14	2.50%	5%	
			15 - 19	2.25%	NA	
			20 - 24	2.00%	NA	
			25 & above	1.75%	NA	
2	Sudarshan Plan B	Regular Premium	5-9	2.00%	5%	
			10-14	1.70%	5%	
			15 - 19	1.55%	NA	
			20 - 24	1.55%	NA	
			25 & above	1.55%	NA	
		Single Premium	5-9	2.75%	5%	
			10-14	2.75%	5%	
			15 - 19	2.75%	NA	
			20 - 24	2.75%	NA	
			25 & above	2.75%	NA	
3	Scholar	Regular Premium	6-11	2.75%	5%	
			12-16	2.50%	NA	
			17 - 21	2.50%	NA	
		Single Premium	6-11	3.25%	5%	
			12-16	3.25%	NA	
			17 - 21	3.25%	NA	
4	Scholar II	Regular Premium	6-11	3.00%	5%	
			12-16	2.75%	NA	
			17 - 21	2.75%	NA	
		Single Premium	6-11	3.75%	5%	
			12-16	4.00%	NA	
			17 - 21	4.00%	NA	
5	Money Back	Regular Premium	10 (Plan-1)	1.80%	NA	
			15 (Plan-2)	1.30%	NA	
			20 (Plan-3)	1.30%	NA	
			25 (Plan-4)	1.75%	NA	
			6	Sanjeevan Supreme	Regular Premium	15 (Plan-1)
20 (Plan-2)	2.75%	NA				
20 (Plan-3)	2.75%	NA				
25 (Plan-4)	2.75%	NA				
Single Premium	15 (Plan-1)	3.00%	NA			
	20 (Plan-2)	3.00%	NA			
	20 (Plan-3)	3.00%	NA			
	25 (Plan-4)	3.00%	NA			
7	Shubh Nivesh	Regular Premium	5-9		2.85%	NA
			10-14		2.85%	NA
			15 - 19	2.85%	NA	
			20 - 24	2.85%	NA	
			25 & above	2.85%	NA	
		Single Premium	5-9	3.25%	NA	
			10-14	3.25%	NA	
			15 - 19	3.25%	NA	
			20 - 24	3.25%	NA	
			25 & above	3.25%	NA	
8	Sanjeevan	Single Premium	All	1.25%	5%	
9	Young Sanjeevan	Single Premium	All	1.25%	5%	
10	Life Long Pension	Regular Premium	All	7.50%	5%	
11	Life Long Pension	Single Premium	All	7.50%	5%	
12	Saral Life	Regular Premium	All	2.50%	NA	

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.