

## 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.

<p>1) a. How the policy data needed for valuation is accessed.</p>	<p>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, resonableness and completeness checks, the data is used for valuation.</p>
<p>b. How the valuation bases are supplied to the system</p> <p>1) Interest : Maximum and minimum interest rate taken for each segment</p> <p style="padding-left: 40px;">i. Individual Busines:</p> <ol style="list-style-type: none"> <li>1. Life- Participating policies</li> <li>2. Life- Non-participating Policies</li> <li>3. Annuities- Participating policies</li> <li>4. Annuities – Non-participating policies</li> <li>5. Annuities- Individual Pension Plan</li> <li>6. Unit Linked</li> <li>7. Health Insurance</li> </ol> <p style="padding-left: 40px;">ii. Group Busines:</p>	<p>6.5% (Without MAD)</p> <p>6.25% (Without MAD)</p> <p>NA</p> <p>6.25%</p> <p>NA</p> <p>Non Unit Fund: 6.25%</p> <p>NA</p> <p>6.25% (Without MAD)</p>
<p>2) Mortality Rates : the mortality rates used for each segment</p>	<p><b>Life- Non-participating</b>  Sukhjeevan: 103% (Without MAD) of IAL 1994-96 Ultimate  Saral Shield: 80% (Without MAD) of IAL 1994-96 Ultimate  Smart Shield : 74% (Without MAD) of IAL 1994-96 Ultimate  Others: 100% (Without MAD) of IAL 1994-96 Ultimate</p> <p><b>Life-participating</b>  100% (Without MAD) of IAL 1994-96 Ultimate</p> <p><b>Individual Pension - Participating</b>  100% of IAL 1994-96 Ultimate</p> <p><b>Annuities – Non-participating</b>  Annuitant 1996-98 (adjusted for improvements)</p> <p><b>Unit Linked</b>  100% of IAL 1994-96 Ultimate</p> <p><b>Group</b>  Ladli: 120% of IAL 1994-96 Ultimate  Suraksha Plus &amp; 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>

<p>3) Expenses :</p>	<p><b>Life- Non-participating</b>  Single Premium Policy: 250 (Without MAD)  Regular Premium Policy: 400 (Without MAD)  Lapsed Policy : 250 (Without MAD)  Inflation @ 5.75% p.a.</p> <p><b>Life-participating</b>  Single Premium Policy: 250 (Without MAD)  Regular Premium Policy: 400 (Without MAD)  Lapsed Policy : 250 (Without MAD)  Inflation @ 5.75% p.a.</p> <p><b>Individual Pension - Participating</b>  Single Premium Policy: 250  Regular Premium Policy: 250  Inflation @ 5.75% p.a.</p> <p><b>Annuities - Non-participating</b>  Single Premium Policy: 300  Regular Premium Policy: NA</p> <p><b>Unit Linked</b>  Single Premium Policy : 645  Regular Premium Policy:  Maha Anand : 684  Maha Anand II &amp; Saral Maha Anand : 547  Others: 860  Inflation @ 5.75% p.a.</p> <p><b>Group</b>  Single Premium Per Life: 125 (Without MAD)  Regular Premium Per Life: 150 (Without MAD)  Lapsed Per Life : 125 (Without MAD)  Inflation @ 5.75% p.a.</p>
<p>4) Bonus Rates :</p>	<p><b>Life- Non-participating</b>  NA</p> <p><b>Life-participating</b>  Annexure A</p> <p><b>Individual Pension - Participating</b>  Annexure A</p> <p><b>Annuities - Non-participating</b>  NA</p> <p><b>Unit Linked</b>  NA</p> <p><b>Group</b>  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 Assurance  
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%	5%
			20 - 24	1.55%	5%
			25 & above	1.45%	5%
		Single Premium	5-9	3.00%	5%
			10-14	2.50%	5%
			15 - 19	2.25%	5%
			20 - 24	2.00%	5%
			25 & above	1.75%	5%
2	Sudarshan Plan B	Regular Premium	5-9	2.00%	5%
			10-14	1.70%	5%
			15 - 19	1.55%	5%
			20 - 24	1.55%	5%
			25 & above	1.55%	5%
		Single Premium	5-9	2.75%	5%
			10-14	2.75%	5%
			15 - 19	2.75%	5%
			20 - 24	2.75%	5%
			25 & above	2.75%	5%
3	Scholar	Regular Premium	6-11	2.75%	5%
			12-16	2.50%	5%
			17 - 21	2.50%	5%
		Single Premium	6-11	3.25%	5%
			12-16	3.25%	5%
			17 - 21	3.25%	5%
4	Scholar II	Regular Premium	6-11	3.00%	5%
			12-16	2.75%	5%
			17 - 21	2.75%	5%
		Single Premium	6-11	3.75%	5%
			12-16	4.00%	5%
			17 - 21	4.00%	5%
5	Money Back	Regular Premium	10 (Plan-1)	1.80%	5%
			15 (Plan-2)	1.30%	5%
			20 (Plan-3)	1.30%	5%
			25 (Plan-4)	1.75%	5%
6	Sanjeevan Supreme	Regular Premium	15 (Plan-1)	2.75%	5%
			20 (Plan-2)	2.75%	5%
			20 (Plan-3)	2.75%	5%
			25 (Plan-4)	2.75%	5%
		Single Premium	15 (Plan-1)	3.00%	5%
			20 (Plan-2)	3.00%	5%
			20 (Plan-3)	3.00%	5%
			25 (Plan-4)	3.00%	5%
7	Shubh Nivesh	Regular Premium	5-9	2.85%	5%
			10-14	2.85%	5%
			15 - 19	2.85%	5%
			20 - 24	2.85%	5%
			25 & above	2.85%	5%
		Single Premium	5-9	3.25%	5%
			10-14	3.25%	5%
			15 - 19	3.25%	5%
			20 - 24	3.25%	5%
			25 & above	3.25%	5%
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%	5%
13	Smart Money Back	Regular Premium	12 (Plan-1)	2.50%	5%
			15 (Plan-2)	2.50%	5%
			20 (Plan-3)	2.50%	5%
			25 (Plan-4)	2.50%	5%

# 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.