

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.

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| a. How the policy data needed for valuation is accessed. | Data is extracted for each month by IT. Once 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. |
| 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 | 6.50% 6.25% NA 6.25% NA Non Unit Fund: 6% NA 6.25% |
| 2) Mortality Rates : the mortality rates used for each segment | Life- Non-participating 100% of IAL 1994-96 Ultimate Life-participating 100% of IAL 1994-96 Ultimate Individual Pension - Participating 100% of IAL 1994-96 Ultimate Annuities – Non-participating 100% of Annuitant 1996-98 Unit Linked 100% of IAL 1994-96 Ultimate Group 100% of IAL 1994-96 Ultimate |

| | |
|----|-----------|
| 3) | Expense : |
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| <p>Life- Non-participating Single Premium: 250 Regular Premium: 400 Inflation @ 5.75%</p> |
| <p>Life-participating Single Premium: 250 Regular Premium: 400 Inflation @ 5.75%</p> |
| <p>Individual Pension - Participating Single Premium: 400 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: 860 Inflation @ 5.75%</p> |
| <p>Group Single Premium: 100 Regular Premium: 150 Inflation @ 5.75%</p> |

| | |
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| 4) | Bonus Rates : |
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| <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> |

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

14.1625%

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 | 2.25% | 5% |
| | | | 10-14 | 1.75% | NA |
| | | | 15 - 19 | 1.65% | NA |
| | | | 20 - 24 | 1.55% | NA |
| | | | 25 & above | 1.45% | NA |
| | | Single Premium | 5-9 | 2.75% | 5% |
| | | | 10-14 | 2.25% | NA |
| | | | 15 - 19 | 2.00% | NA |
| | | | 20 - 24 | 2.00% | NA |
| | | | 25 & above | 1.75% | NA |
| 2 | Sudarshan Plan B | Regular Premium | 5-9 | 1.95% | 5% |
| | | | 10-14 | 1.65% | NA |
| | | | 15 - 19 | 1.50% | NA |
| | | | 20 - 24 | 1.50% | NA |
| | | | 25 & above | 1.50% | NA |
| | | Single Premium | 5-9 | 2.50% | 5% |
| | | | 10-14 | 2.50% | NA |
| | | | 15 - 19 | 2.50% | NA |
| | | | 20 - 24 | 2.50% | NA |
| | | | 25 & above | 2.50% | NA |
| 3 | Scholar | Regular Premium | 6-11 | 2.75% | 5% |
| | | | 12-16 | 2.50% | NA |
| | | | 17 - 21 | 2.25% | 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 | 3.50% | 5% |
| | | | 12-16 | 3.75% | NA |
| | | | 17 - 21 | 3.75% | NA |
| 5 | Money Back | Regular Premium | 10 (Plan-1) | 1.75% | NA |
| | | | 15 (Plan-2) | 1.25% | NA |
| | | | 20 (Plan-3) | 1.25% | NA |
| | | | 25 (Plan-4) | 1.75% | NA |
| | | | | | |
| 6 | Sanjeevan Supreme | Regular Premium | 15 (Plan-1) | 2.50% | NA |
| | | | 20 (Plan-2) | 2.50% | NA |
| | | | 20 (Plan-3) | 2.50% | NA |
| | | | 25 (Plan-4) | 2.50% | NA |
| | | Single Premium | 15 (Plan-1) | 2.75% | NA |
| | | | 20 (Plan-2) | 2.75% | NA |
| | | | 20 (Plan-3) | 2.75% | NA |
| | | | 25 (Plan-4) | 2.75% | NA |
| | | | | | |
| | | | | | |
| 7 | Shubh Nivesh | Regular Premium | 6-11 | 2.75% | NA |
| | | | 12-16 | 2.75% | NA |
| | | | 15 - 19 | 2.75% | NA |
| | | | 20 - 24 | 2.75% | NA |
| | | | 25 & above | 2.75% | NA |
| | | Single Premium | 6-11 | 3.00% | NA |
| | | | 12-16 | 3.00% | NA |
| | | | 15 - 19 | 3.00% | NA |
| | | | 20 - 24 | 3.00% | NA |
| | | | 25 & above | 3.00% | NA |
| 8 | Sanjeevan | Single Premium | All | 1.00% | NA |
| 9 | Young Sanjeevan | Single Premium | All | 1.00% | NA |

Bonus Rates per 1000 Sum Assured

The rate of Terminal Bonus is a percentage of the total amount of bonuses (Reversionary plus Interim) and not per 1000 Sum Assured.