

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 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 6.00% NA NA NA NA NA
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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Life- Non-participating Single Premium: 200 Regular Premium: 300 Inflation @ 5.75%
Life-participating Single Premium: 200 Regular Premium: 300 Inflation @ 5.75%
Individual Pension - Participating Single Premium: 100 Regular Premium: 100 Inflation @ 5.75%
Annuities - Non-participating Single Premium: 400 Regular Premium: NA
Unit Linked NA
Group NA

4) Bonus Rates :

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Life- Non-participating NA
Life-participating Annexure A
Individual Pension - Participating Annexure A
Annuities - Non-participating NA
Unit Linked NA
Group NA

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 and asset share analysis of each product further classified by term and 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

14.0250%

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

Calculated using acceptable Actuarial Methodology based on past experience of claim reporting delays

8) Change in Valuation Methods or Bases

i. Individuals Assurance:
 1. Interest
 2. Expenses
 3. Inflation

0.00%
 0
 0.75%

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

NA
 NA
 NA
 NA
 NA

iii. Unit Linkec
 1. Interest
 2. Expenses
 3. Inflation

NA
 NA
 NA

iv. Health
 1. Interest
 2. Expenses
 3. Inflation

NA
 NA
 NA

v. Group
 1. Interest
 2. Expenses
 3. Inflation

NA
 NA
 NA

Annexure A

2006-07	
Sudarshan Plan A	2.25%
Sudarshan Plan B	1.50%
Sanjeevan Supreme (Plan 1,2,3,4)	1.25%
Sanjeevan (Plan 1,2,3)	1.25%
Young Sanjeevan	1.25%
Scholar	2.75%
Scholar - II	2.50%
Money Back (Plan 1,2,3,4)	1.50%
Life Long Pension - Plan 1 & 2	9.00%
Group Pension	9.00%