

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.

Valuation data is extracted from policy administration system

b. How the valuation bases are supplied to the system

1) Interest : Maximum and minimum interest rate taken for each segment

i. Individual Business

30/06/2010

1.	Life- Participating policies	Min : 5.75% pa ; Max : 5.75% pa*
2.	Life- Non-participating Policies	Min : 5.00% pa ; Max : 5.00% pa*
3.	Annuities- Participating policies	NA
4.	Annuities – Non-participating policies	NA
5.	Annuities- Individual Pension Plan	NA
6.	Unit Linked	Min : Unit Growth : 5.75% pa Non-Unit Growth : 4.75% pa ; Max : Unit Growth : 5.75% pa Non-Unit Growth : 4.75% pa
7.	Health Insurance	NA

ii. Group Business

Valuation has been done on Unearned Premium basis ,hence no interest rate required.

2) Mortality Rates : the mortality rates used for each segment

1.	Life- Participating policies	110% to 130% of Indian Assured Lives Mortality (1994-96) Modified Ult.
2.	Life- Non-participating Policies	115.5% to 132% of Indian Assured Lives Mortality (1994-96) Modified Ult.
3.	Unit Linked	110% of Indian Assured Lives Mortality (1994-96) Modified Ult.

3) Expense :

1.	Life- Participating policies	1.65% of Premium and per policy is : Min-Rs. 247.50 & Max-Rs. 302.50
2.	Life- Non-participating Policies	1.65% to 2.75% of Premium and per policy is : Min-Rs.88 & Max-Rs. 302.50
3.	Unit Linked	1.65% of Premium and per policy is : Min-Rs. 220.00 & Max-Rs. 302.5

4) Bonus Rates :

1.	Life- Participating policies	Rs. 28 to Rs 36 per thousand Sum Assured
2.	Life- Non-participating Policies	NA
3.	Unit Linked	NA

5) Policyholders Reasonable Expectations

Policyholders Reasonable Expectations have been met by keeping bonus rates atleast equal to what was communicated in the marketing literature.

6) Taxation and Shareholder Transfers

Tax	14.1625%
Shareholders Transfer	(1/9)th of bonus allocated for that year

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

Nil

8) Change in Valuation Methods or Bases (In comparsion to Corresponding previous Year)

i. Individuals Assurances

1.	Interest	
a)	Life- Participating policies	No Change
b)	Life- Non-participating Policies	No Change

2. Expenses

a)	Life- Participating policies	No Change
b)	Life- Non-participating Policies	No Change

3. Inflation

No Change

ii. Annuities

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

iii. Unit Linked

1.	Interest	No Change
2.	Expense	No Change
3.	Inflation	No Change

iv. Health

1.	Interest	NA
2.	Expenses	NA
3.	Inflation	NA

v. Group

1.	Interest	NA
2.	Expenses	NA
3.	Inflation	NA