

L-42 Valuation Basis (Life Insurance)

As on 31st March ,2008

- a. How the Policy data needed for valuation is accessed.
Policy data is supplied by the I.T. Department.
- b. How the valuation bases are supplied to the system
Valuation is done through excel sheets .So manually the basis is supplied to the system.

c. Valuation Basis

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

i. Individual Business

- | | | |
|---|---|------------|
| 1. Life- Participating policies | - | 6.25% p.a. |
| 2. Life –Non Participating Policies | - | 6.25% p.a. |
| 3. Annuities-Participating policies | - | |
| 4. Annuities- Non Participating policies- | | 6.25% p.a. |
| 5. Annuities-Individual Pension Plan | - | |
| 6. Unit Linked | - | 6% p.a. |
| 7. Health Insurance | - | |

ii. Group Business

- | | | |
|-------------------------------------|---|------------|
| 1. Life –Non Participating Policies | - | 6.25% p.a. |
|-------------------------------------|---|------------|

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

i. Individual Business

- | | | |
|---|---|--|
| 1. Life- Participating policies | - | IALM (94-96) Ultimate mod
rated up by 25% |
| 2. Life –Non Participating Policies | - | IALM (94-96) Ultimate mod
rated up by 25% |
| 3. Annuities-Participating policies | - | |
| 4. Annuities- Non Participating policies- | | LIC a(96-98) |
| 5. Annuities-Individual Pension Plan | - | |
| 6. Unit Linked | - | LIC(94-96) Ultimate mod |
| 7. Health Insurance | - | |

iii. Group Business

- | | | |
|-------------------------------------|---|---|
| 1. Life –Non Participating Policies | - | LIC (94-96) Ultimate
mod rated up by 25% |
|-------------------------------------|---|---|

3) Expenses

- i. Individual Business
 - 1. Life- Participating policies - Premium Related - 6%p.a.
Per Policy - Rs.300/- p.a..
 - 2. Life –Non Participating Policies - Per Policy - Rs.150/- p.a
 - 3. Annuities-Participating policies -
 - 4. Annuities- Non Participating policies- Per Policy -Rs. 50 P.a.
 - 5. Annuities-Individual Pension Plan -
 - 6. Unit Linked - Rs. 30/-p.m for Regular premium and Rs. 15/- p.m. for Single Premium
 - 7. Health Insurance -
 - ii. Group Business
 - 1. Life –Non Participating Policies - Rs.150 p.a.
- 4) Bonus Rates
- | | | |
|-------------|---|--------------------------|
| -Shri Life | - | Rs.20/- per Thousand SA |
| Shri Nidhi | - | Rs. 22/- per Thousand SA |
| Shri Raksha | - | Rs.30/- per Thousand SA |
| Shri Vidya | - | Rs. 22/- per Thousand SA |
| Shri Vivah | - | Rs. 22/- per Thousand SA |
| Shri Laabh | - | Rs.20/-per Thousand SA |
- 5) Policyholders Reasonable Expectations:
The Policyholders Expectations have been met keeping the market conditions prevailing now, by not reducing the Bonus rates .
- 6) Taxation and shareholder Transfers-
Allowance has been made on surplus to an extent of 14.1625% towards tax and the provision is made in the Revenue Account. The maximum amount of transfer to the shareholders is 10% of the surplus.
- 7) Basis of Provisions for Incurred But Not Reported-NIL
- 8) Change in Valuation Methods or Bases
- i. Individual Assurances
 - 1. Interest Increased from 6% p.a to 6.25% p.a.
 - 2. Expenses Increased to Rs.300 p.a. throughout the term from Rs.200 p.a. for the First Year and Rs. 150 p.a thereafter
 - 3. Inflation No Change

- ii. Annuities
 - 1. Interest
 - a. Annuity in payment NIL
 - b. Annuity during deferred period NIL
 - c. Pension: All Plans NIL
 - 2. Expenses NIL
 - 3. Inflation NIL
- iii. Unit Linked
 - 1. Interest NIL
 - 2. Expenses Increased from Rs.25/- p.m. to Rs.30/- pm for Regular premium and from Rs. 20/-p.m to Rs.15/- pm.for Single Premium Policies.
 - 3. Inflation NIL
- iv. Health
 - 1. Interest NIL
 - 2. Expenses NIL
 - 3. Inflation NIL
- v. Group
 - 1. Interest NIL
 - 2. Expenses NIL
 - 3. Inflation NIL