As on 31st March, 2015
a. How the Policy data needed for valuation is accessed.

Policy data is extracted from the policy administration system and supplied by the I.T.
Department
b. How the valuation bases are supplied to the system

Individual and Group other than OYRGTA: The basis is updated in various tables used by the valuation software, Prophet.
OYRGTA: The basis is updated in excel sheets.
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 - NA
4. Annuities- Non Participating Policies $\quad-\quad 6.25 \%$ p.a.
5. Annuities-Individual Pension Plan - NA
6. Unit Linked - 6.0\% p.a.
7. Health Insurance - NA
ii. Group Business
8. Life - Non Participating Policies $\quad-\quad 6.25 \%$ p.a.
2) Mortality Rates: the mortality rates used for each segment
i. Individual Business
1. Life- Participating policies - $0-2$ years: $150 \%$ and $275 \%$ of IALM (2006-2008)

- $\quad 2+$ years: $130 \%, 150 \%$ and $275 \%$ of IALM (2006-2008)

2. Non Participating Policies - $0-2$ years: $150 \%, 220 \%$ and $275 \%$ of IALM (2006-2008)
$2+$ years: $130 \%, 190 \%$ and $275 \%$ of IALM (2006-2008)
3. Annuities-Participating Policies - NA
4. Annuities- Non Participating Policies- $\quad 40 \%$ of LIC a(96-98)
5. Annuities-Individual Pension Plan - NA
6. Unit Linked - 0-1 years: $100 \%$ and $225 \%$ of IALM (2006-2008)
$1+$ years: $100 \%$ and $110 \%$ of IALM (2006-2008)
7. Health Insurance - NA
ii. Group Business
8. Life -Non Participating Policies - $80 \%$ and $245 \%$ of

IALM (2006-2008)

## 3) Expenses

i. Individual Business(per Policy)

Regular premium policies - Rs. 525/- p.a.
Single premium policies - Rs. 475/- p.a.
Annuities - Rs. 475/- p.a.
ii. Group Business

1. Life -Non Participating Policies

- $\quad$ Rs. 50 per member

4) Bonus Rates:

Life Participating policies: The future reversionary bonus rates vary between Rs 20/- per thousand SA to Rs. 36 per thousand SA, which vary by product as well as premium paying term..
5) Policyholders Reasonable Expectations:

Reasonable benefit expectations are currently mainly formed by sales material and the bonus rates declared for the previous financial year. To this extent the company aims to manage reasonable benefit expectations through sales material, annual communications of bonus rates and the smoothing of bonuses.
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 $1 / 9^{\text {th }}$ of the policyholder's cost of bonus in case of participating policies and $100 \%$ of surplus in case of non-participating policies.
7) Basis of Provisions for Incurred But Not Reported:

Group Business: IBNR reserve equal to the two months' earned premium under OYRGTA schemes. Under credit shield an IBNR reserve is maintained based on past claims experience. Individual Business: IBNR reserve is based on past claim experience.
8) Change in Valuation Methods or Bases
i. Individual Assurances

1. Interest
2. Expenses
3. Inflation
ii. Annuities
4. Interest
a. Annuity in payment
b. Annuity during deferred period
c. Pension: All Plans
No change
NIL
NIL
5. Expenses
6. Inflation
iii. Unit Linked
7. Interest
8. Expenses:
9. Inflation
iv. Health
10. Interest
11. Expenses
12. Inflation
v. Group
13. Interest
14. Expenses
15. Inflation

Decreased from $6.5 \%$ p.a to $6.25 \%$ p.a
No change
decreased from $6.05 \%$ p.a to $5.5 \%$ p.a.

No change
decreased from $6.05 \%$ p.a to $5.5 \%$ p.a

Decreased from 6.5\%p.a to6.0\%p.a
No Change
decreased from $6.05 \%$ p.a to $5.5 \%$ p.a

NIL
NIL
NIL

Decreased from $6.5 \%$ p.a to $6.25 \%$ p.a
No Change
decreased from $6.05 \%$ p.a to $5.5 \%$ p.a

