

FORM L-42: VALUATION BASIS (LIFE)



[IRDA Registration No.135 dated 19th December 2007]
VALUATION BASIS (LIFE) 2011- 2012

a) How the policy data needed for valuation is accessed.

The policy data is extracted from the Elixir policy administration system using SQL.

b) How the valuation bases are supplied to the system

The valuation bases are manually keyed into the VIPiTech reserving assumption sets and cross checked for accuracy.

Policyholders Reasonable Expectations

For participating business, the total of the reversionary and terminal bonus rates is set equal to the total bonus rate that is supportable by the aggregate asset share on the valuation basis. For linked business, the investment policy is aligned with the sales literature.

Taxation and Shareholder Transfers

For participating business, the reserves include provision for taxation of surplus and for transfers to shareholders. For non-participating and linked business, the reserves do not require any provision for taxation of surplus and for transfers to shareholders

Basis of provisions for Incurred But Not Reported (IBNR)

IBNR reserves are held as follows:

Non-participating policies : Expected claims cost for an average delay for intimation of one month

Unit linked : Expected claims cost for an average delay for intimation of one month

Riders : Expected claims cost for an average delay for intimation of two months

Group Microsurance : One twelfth of annual premium in force

Valuation assumptions

2012	Individual business						
	Life- Participating policies	Life- Non-participating Policies	Annuities- Participating policies	Annuities – Non-participating policies	Annuities- Individual Pension Plan	Unit Linked	Health Insurance
Interest rates (p.a.)	6%	4.66% - 8.08%	NA	NA	5.00%-14.31%	5.00%-14.31%	6.30%
Mortality rates	77% of IALM 94-96	38.36% - 110% of IALM 94-96	NA	NA	110% of IALM 94-96	110% of IALM 94-96	Specified % of CIBT 93
Expense	Rs 220 - Rs 330	Rs 220 - Rs 330	NA	NA	Rs 220 - Rs 330	Rs 220 - Rs 330	11.5% of Premium
Inflation (p.a.)	5%	5%	NA	NA	5%	5%	5%
Reversionary bonus rate p.a. (% of sum assured)	1.9%	NA	NA	NA	NA	NA	NA
Terminal bonus rate (% of sum assured)	1% for each year in force	NA	NA	NA	NA	NA	NA

2012	Group business						
	Life- Participating policies	Life- Non-participating Policies	Annuities- Participating policies	Annuities – Non-participating policies	Annuities- Individual Pension Plan	Unit Linked	Health Insurance
Interest rates (p.a.)	NA	4.66% - 8.08%	NA	NA	NA	NA	NA
Mortality rates	NA	38.36% - 110% of IALM 94-96	NA	NA	NA	NA	NA
Expense	NA	Rs 220 - Rs 330	NA	NA	NA	NA	NA
Inflation (p.a.)	NA	5%	NA	NA	NA	NA	NA
Bonus rates	NA	NA	NA	NA	NA	NA	NA

2011	Individual business						
	Life- Participating policies	Life- Non-participating Policies	Annuities- Participating policies	Annuities – Non-participating policies	Annuities- Individual Pension Plan	Unit Linked	Health Insurance
Interest rates (p.a.)	NA	4.66% - 8.08%	NA	NA	3.92%-12.22%	3.92%-12.22%	6.30%
Mortality rates	NA	74.8% - 110% of IALM 94-96	NA	NA	110% of IALM 94-96	110% of IALM 94-96	Specified % of CIBT 93
Expense	NA	Rs 165 - Rs 330	NA	NA	Rs 220 - Rs 330	Rs 220 - Rs 330	11.5% of Premium
Inflation (p.a.)	NA	5%	NA	NA	5%	5%	5%
Bonus rates	NA	NA	NA	NA	NA	NA	NA

2011	Group business						
	Life- Participating policies	Life- Non-participating Policies	Annuities- Participating policies	Annuities – Non-participating policies	Annuities- Individual Pension Plan	Unit Linked	Health Insurance
Interest rates (p.a.)	NA	4.66% - 8.08%	NA	NA	NA	NA	NA
Mortality rates	NA	74.8% - 110% of IALM 94-96	NA	NA	NA	NA	NA
Expense	NA	Rs 165 - Rs 330	NA	NA	NA	NA	NA
Inflation (p.a.)	NA	5%	NA	NA	NA	NA	NA
Bonus rates	NA	NA	NA	NA	NA	NA	NA

2010	Individual business						
	Life- Participating policies	Life- Non-participating Policies	Annuities- Participating policies	Annuities – Non-participating policies	Annuities- Individual Pension Plan	Unit Linked	Health Insurance
Interest rates (p.a.)	NA	4.66% - 8.08%	NA	NA	3.95%-11.61%	3.95%-11.61%	NA
Mortality rates	NA	74.8% - 110% of IALM 94-96	NA	NA	110% of IALM 94-96	110% of IALM 94-96	NA
Expense	NA	Rs 165 - Rs 330	NA	NA	Rs 220 - Rs 330	Rs 220 - Rs 330	NA
Inflation (p.a.)	NA	5%	NA	NA	5%	5%	NA
Bonus rates	NA	NA	NA	NA	NA	NA	NA

2010	Group business						
	Life- Participating policies	Life- Non-participating Policies	Annuities- Participating policies	Annuities – Non-participating policies	Annuities- Individual Pension Plan	Unit Linked	Health Insurance
Interest rates (p.a.)	NA	6.30%	NA	NA	NA	NA	NA
Mortality rates	NA	110% Male, 137.5% Female	NA	NA	NA	NA	NA
Expense	NA	10% of renewal commission	NA	NA	NA	NA	NA
Inflation (p.a.)	NA	5.00%	NA	NA	NA	NA	NA
Bonus rates	NA	NA	NA	NA	NA	NA	NA