



[IRDA Registration No.135 dated 19th December 2007]

IDBI Federal Life Insurance Co Ltd. Registered Office: 22nd floor, A Wing, Marathon Futurex, N. M. Joshi Marg, Lower Parel (E), Mumbai 400013, India. www.idbifederal.com
Corporate Identity Number (CIN) – U66010MH2007PLC16716

VALUATION BASIS (LIFE) - 2019-20

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

Separate data files for each product with policy/member level information required for valuation is provided by the IT Team in text format after extraction from the policy administration system. Data validations and checks are performed by the actuarial team on this data for ensure completeness, consistency and accuracy. Then data files compatible with the actuarial valuation software are prepared.

(b) How the valuation bases are supplied to the system.

The valuation bases are supplied to the system through various tables (both internal and external) linked to the workspace of the actuarial valuation system.

(1) Interest: Maximum and minimum interest rate taken for each segment is illustrated below

	Maximum	Minimum
(i) Individual Business		
(i.1) Life- Participating policies	6.20%	5.42%
(i.2) Life- Non-participating Policies	8.73%	5.28%
(i.3) Annuities- Participating policies	NA	NA
(i.4) Annuities – Non-participating policies	NA	NA
(i.5) Annuities- Individual Pension Plan	5.88%	5.10%
(i.6) Unit Linked	4.83%	4.05%
(i.7) Health Insurance	6.20%	5.42%
(ii) Group Business		
(ii.1) Life- Participating policies	NA	NA
(ii.2) Life- Non-participating Policies	5.93%	5.15%
(ii.3) Annuities- Participating policies	NA	NA
(ii.4) Annuities – Non-participating policies	NA	NA
(ii.5) Annuities- Individual Pension Plan	NA	NA
(ii.6) Unit Linked	4.83%	4.83%
(ii.7) Health Insurance	NA	NA

(2) Mortality Rates: Maximum and minimum mortality rates taken for each segment is illustrated below

Expressed as a percentage of IALM 2012-14, unless otherwise stated

	Maximum	Minimum
(i) Individual Business		
(i.1) Life- Participating policies	247.50%	74.80%
(i.2) Life- Non-participating Policies	154.00%	28.60%
(i.3) Annuities- Participating policies	NA	NA
(i.4) Annuities – Non-participating policies	NA	NA
(i.5) Annuities- Individual Pension Plan	74.80%	74.80%
(i.6) Unit Linked	74.80%	74.80%
(i.7) Health Insurance	110%	110%
		Expressed as a percentage of CI8T93 Table
(ii) Group Business		
(ii.1) Life- Participating policies	NA	NA
(ii.2) Life- Non-participating Policies	167.20%	55.00%
(ii.3) Annuities- Participating policies	NA	NA
(ii.4) Annuities – Non-participating policies	NA	NA
(ii.5) Annuities- Individual Pension Plan	NA	NA
(ii.6) Unit Linked	86.90%	86.90%
(ii.7) Health Insurance	NA	NA

(3) Expenses: Maximum and minimum fixed maintenance expense as at March 31, 2019 taken for each segment is illustrated below. Expenses are inflated monthly at 5% per annum.

	Maximum	Minimum
(i) Individual Business		
(i.1) Life- Participating policies	668.5	468.0
(i.2) Life- Non-participating Policies	668.5	254.7
(i.3) Annuities- Participating policies	NA	NA
(i.4) Annuities – Non-participating policies	NA	NA
(i.5) Annuities- Individual Pension Plan	668.5	468.0
(i.6) Unit Linked	732.2	512.5
(i.7) Health Insurance	11.6% of Premium	11.6% of Premium
(ii) Group Business		
(ii.1) Life- Participating policies	NA	NA
(ii.2) Life- Non-participating Policies	668.5	468
(ii.3) Annuities- Participating policies	NA	NA
(ii.4) Annuities – Non-participating policies	NA	NA
(ii.5) Annuities- Individual Pension Plan	NA	NA
(ii.6) Unit Linked	0.275% of Fund	0.275% of Fund
(ii.7) Health Insurance	NA	NA

Investment related expense of 0.17% is assumed for all the segments



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VALUATION BASIS (LIFE) - 2019-20**(4) Bonus Rates****(i) Individual Business**

For participating policies, the future reversionary bonus rates vary between 0.5% to 6.30%.

Terminal bonuses are reserved for Secured Income Insurance Plan (UIN 135N045V01) at 13.50% p.a.

(ii) Group Business

Not applicable.

(5) Policyholder's Reasonable Expectations

The Policyholder's Reasonable Expectation (PRE) is formed through several sources:

- a) Sales & marketing literature
- b) Policy illustrations
- c) Past performance/Company's practice
- d) Industry practice

The Company allows for this PRE while declaring bonus rates to its participating policyholders.

(6) Taxation and Shareholder's Transfers

Taxation (where applicable) of surplus and shareholder transfers have been treated as additional cashflows in determination of reserves.

(7) Basis of provisions for Incurred But Not Reported (IBNR)**(i) Individual Business**

Provision for Incurred But Not Reported (IBNR) claims is based on chain-ladder method approach.

(ii) Group Business

Provision for Incurred But Not Reported (IBNR) claims is equal to four twelfth of the annual premium of the in-force policies.

(8) Changes in Valuation Methods or Bases**(i) Individual Assurances**

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

(ii) Annuities

1. Interest	Not applicable
1a. Annuity in payment	Not applicable
1b. Annuity during deferred period	Not applicable
2. Expenses	Not applicable
3. Inflation	Not applicable

(iii) Unit Linked

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

(iv) Health

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

(v) Group

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

Notes

Zero surrenders are assumed for the purpose of determination of reserves.