

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

The IT department provides the data required for performing the valuation. IT extracts the data from the Policy Administration System by means of a  
 The valuation parameters are classified as:

		2004-05		2005-06		2006-07		2007-08		2008-09	
		Min	Max	Min	Max	Min	Max	Min	Max	Min	Max
1)	Interest : Maximum and minimum interest rate taken for each segment										
	i. Individual Business										
	1. Life- Participating policies	7%	7%	7%	7%	7%	7%	7%	7%	6.50%	6.50%
	2. Life- Non-participating Policies	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
	3. Annuities- Participating policies	n/a									
	4. Annuities – Non-participating policies	n/a									
	5. Annuities- Individual Pension Plan	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
	6. Unit Linked	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
	7. Health Insurance	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
	ii. Group Business	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
2)	Mortality Rates : the mortality rates used for each segment										
	1. Life- Participating policies	100%	120%	100%	120%	100%	120%	90%	120%	90%	120%
	2. Life- Non-participating Policies	100%	120%	100%	120%	100%	120%	90%	120%	90%	120%
	3. Annuities- Participating policies	n/a									
	4. Annuities – Non-participating policies	n/a									
	5. Annuities- Individual Pension Plan	100%	100%	100%	100%	100%	100%	90%	90%	90%	90%
	6. Unit Linked	100%	100%	100%	100%	100%	100%	90%	90%	90%	90%
	7. Health Insurance	100%	100%	100%	100%	100%	100%	90%	90%	90%	90%
	ii. Group Business	112.5%	112.5%	112.5%	112.5%	112.5%	112.5%	112.5%	112.5%	112.5%	112.5%
3)	Expense : (all are per policy un less otherwise mentioned)										
	1. Life- Participating policies	312	520	340	520	354	540	354	540	354	540
	2. Life- Non-participating Policies	50	520	52	520	54	540	54	540	54	540
	3. Annuities- Participating policies	n/a									
	4. Annuities – Non-participating policies	n/a									
	5. Annuities- Individual Pension Plan	520	520	520	520	540	540	540	540	540	540
	6. Unit Linked *	500	500	500	500	520	520	520	520	520	520
	7. Health Insurance	520	520	520	520	540	540	540	540	540	540
	ii. Group Business	14.98	14.98	14.98	14.98	15.58	15.58	15.58	15.58	15.58	15.58

Single Premium Mortgage  
 \* In addition to this in respect of UL policies additional expenses varying from 0.3% to 0,8% based on type of fund was also allowed. In respect of traditional paid up policies expenses @ 200 per policy upto 2005-06 and 208 per policy thereafter was also allowed for in valuation  
 In case of IPP where premium discontinued beyond a year, expense @ 405 has been used for valuation with effect from 2007-08

4)	Bonus Rates :	Attached separately									
5)	Policyholders Reasonable Expectations	Bonus rates declared were above the bonus rates illustrated @6% and below that illustrated @10% (the lower and higher rates prescribed by Life									
6)	Taxation and Shareholder Transfers	Allowed in case of participating portfolio at 12.5% Base Rate + applicable Surcharge + Education Cess									
7)	Basis of provisions for Incurred But Not Reported (IBNR)	Set up assumed 2 month reporting delay in respect of death claims									
8)	Change in Valuation Methods or Bases										
	i. Individuals Assurances										
	1. Interest										
	Participating	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	6.5%	6.5%
	Non participating	5.5%	6.0%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
	2. Expenses	Increased as per Table 3 above									
	3. Inflation	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%

		ii. Annuities									
1.	Interest	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
a.	Annuity in payment	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
b.	Annuity during deferred period	5.5%	6.0%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
c.	Pension : All Plans										
2.	Expenses	Increased as per Table 3 above									
3.	Inflation	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
		iii. Unit Linked									
1.	Interest	5.5%	6.0%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
2.	Expenses	Increased as per Table 3 above									
3.	Inflation	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
		iv. Health									
1.	Interest	5.5%	6.0%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
2.	Expenses	Increased as per Table 3 above									
3.	Inflation	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
		v. Group									
1.	Interest	5.5%	6.0%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
2.	Expenses	Increased as per Table 3 above									
3.	Inflation	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%

