

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:

- 1) Interest : Maximum and minimum interest rate taken for each segment
 i. Individual Business
 1. Life- Participating policies
 2. Life- Non-participating Policies
 3. Annuities- Participating policies
 4. Annuities – Non-participating policies
 5. Annuities- Individual Pension Plan
 6. Unit Linked
 7. Health Insurance
 ii. Group Business

2004-05		2005-06		2006-07		2007-08		2008-09		2009-10	
Min	Max	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max
7%	7%	7%	7%	7%	7%	7%	7%	6.50%	6.50%	6.50%	6.50%
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
n/a											
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
5.50%	5.50%	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
 2. Life- Non-participating Policies
 3. Annuities- Participating policies
 4. Annuities – Non-participating policies
 5. Annuities- Individual Pension Plan
 6. Unit Linked
 7. Health Insurance
 ii. Group Business

100%	120%	100%	120%	100%	120%	90%	120%	90%	120%	90%	135%
100%	120%	100%	120%	100%	120%	90%	120%	90%	120%	90%	135%
n/a											
n/a											
100%	100%	100%	100%	100%	100%	90%	90%	90%	90%	90%	90%
100%	100%	100%	100%	100%	100%	90%	90%	90%	90%	90%	90%
100%	100%	100%	100%	100%	100%	90%	90%	90%	90%	90%	90%
112.5%	112.5%	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
 2. Life- Non-participating Policies
 3. Annuities- Participating policies
 4. Annuities – Non-participating policies
 5. Annuities- Individual Pension Plan
 6. Unit Linked *
 7. Health Insurance
 ii. Group Term Assurance

312	520	340	520	354	540	354	540	354	540	368	562
50	520	52	520	54	540	54	540	54	540	56	562
n/a											
n/a											
520	520	520	520	540	540	540	540	540	540	562	562
500	500	500	500	520	520	520	520	520	520	541	541
520	520	520	520	540	540	540	540	540	540	562	562
14.98	14.98	14.98	14.98	15.58	15.58	15.58	15.58	15.58	15.58	16.20	16.20

* 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. For financial year 2009-10 this was changed to 216 per policy.
 In case of IPP where premium discontinued beyond a year, expense @ 405 has been used for valuation with effect from 2007-08 which was changed to 421 in 2009-10 valuation

- 4) Bonus Rates :

Attached separately

- 5) Policyholders Reasonable Expectations
 6) Taxation and Shareholder Transfers

Bonus rates declared were above the bonus rates illustrated @6% and below that illustrated @10% (the lower and higher rates prescribed by Life Allowed in case of participating portfolio at 12.5% Base Rate + applicable Surcharge + Education Cess
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- 7) Basis of provisions for Incurred But Not Reported (IBNR)
 8) Change in Valuation Methods or Bases

Set up assumed 2 month reporting delay in respect of death claims

- i. Individuals Assurances

1. Interest
 Participating
 Non participating

2004-05		2005-06		2006-07		2007-08		2008-09		2009-10	
Min	Max	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max
7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	6.5%	6.5%	6.5%	6.5%
5.5%	6.0%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%

2. Expenses
 3. Inflation

Increased as per Table 3 above											
4.0%	4.0%	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	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	n/a	n/a
b.	Annuity during deferred period	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
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%	4.0%	4.0%
		iii. Unit Linked											
1.	Interest	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
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%	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%	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%	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%	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%	4.0%	4.0%

