Exide Life Insurance Company Limited
(Formerly known as ING Vysya Life Insurance Company Limited)
(Registration No: 114; Date of registration: 2 August 2001)

L-42- Valuation Basis (Life Insurance)

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

The IT department provides the data required for performing the valuation. IT extracts the data from the Policy Administration System by means of a query. Fields that are necessary for the purpose of valuation are extracted. Validation checks are performed on the data received from the Policy administration system. The download contains details of both base policies and riders. The data is then converted in to the requisite format, used for valuation purpose, using a Data Conversion System (DCS) package. The actuarial valuation process is done by means of the actuarial software – Prophet

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

The valuation parameters are classified as:
Global: These are common across businesses and do not vary according to product, e.g., tax on surplus, inflation, etc.
Input: These are product-specific, e.g., expenses, commission, etc.
The non-variants are classified as constants and the individual modal points are generated from the policy download after validation checks. These inputs are fed into the Prophet System for generating the valuation output.

The Valuation Bases:

1) Interest : Maximum and minimum interest rate taken for each segment	Mar-19		Jun-19		Sep-19		Dec-19	
i. Individual Business	**Min**	**Max**	**Min**	**Max**	**Min**	**Max**	**Min**	**Max**
1. Life- Participating policies	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
2. Life- Non-participating Policies	6.00%	7.65%	6.00%	7.65%	6.00%	7.65%	6.00%	7.65%
3. Annuities- Participating policies								
4. Annuities – Non-participating policies	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
5. Annuities- Individual Pension Plan	4.50%	6.75%	4.50%	6.75%	4.50%	6.75%	4.50%	6.75%
6. Unit Linked	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
7. Health Insurance	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
ii. Group Business	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
2) Mortality Rates : the mortality rates used for each segment [1]								
1. Life- Participating policies	100.00%	148.50%	100.00%	148.50%	100.00%	148.50%	100.00%	148.50%
2. Life- Non-participating Policies	20.50%	200.00%	20.50%	200.00%	20.50%	200.00%	20.50%	200.00%
3. Annuities- Participating policies								
4. Annuities – Non-participating policies	55.00%	75.00%	55.00%	75.00%	55.00%	75.00%	55.00%	75.00%
5. Annuities- Individual Pension Plan	70.00%	80.00%	70.00%	80.00%	70.00%	80.00%	70.00%	80.00%
6. Unit Linked	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
7. Health Insurance [2]	60.80%	100.00%	60.80%	100.00%	60.80%	100.00%	60.80%	100.00%
ii. Group Business	100.00%	180.00%	100.00%	180.00%	100.00%	180.00%	100.00%	180.00%
3) Expense : (all are per policy unless otherwise mentioned)								
1. Life- Participating policies	523	802	529	810	534	818	539	825.564105287139 Some products have additional expense related to premium amount
2. Life- Non-participating Policies	415	802	419	810	423	818	283	825.564105287139 Some products have additional expense related to premium amount
3. Annuities- Participating policies	-	-	-	-	-	-	-	-
4. Annuities – Non-participating policies	370	370	374	374	377	377	381	381
5. Annuities- Individual Pension Plan	802	802	810	810	818	818	826	826
6. Unit Linked [3]	771	771	779	779	787	787	794	794
7. Health Insurance	544	544	549	549	555	555	560	560
ii. Group Business (Term Assurance)	24	81	24	82	17	83	17	84

1) The percentages shown above refer to the adjustments made to the base tables. The base table used For Non-participating annuity products was "Mortality for Annuitants - LIC (a) (1996-98) Ultimate Rates" and for all other assurance products both Indian Assured Lives Mortality (2006 -2008) (modified) Ult.

2) The morbidity assumption used in valuaton varies from 110% to 192.5% of CIBT 93 rates and 100% of K_x factor (proportion of Post-CI deaths out of total deaths at age x in any year).

3) In addition to this in respect of Unit Linked policies, additional expenses varying from 0.3% to 0.8% to unit balance based on type of fund was also allowed. In respect of traditional paid up policies, expenses @40% of that of inforce policy expense was allowed for in the valuation as at 31 December 2019. In case of Individual Pension Plan where premium discontinued beyond a year, expense @ 75% of inforce policy expense has been used for valuation as on 31 December 2019.

4) Bonus Rates : Each year bonus rates are declared on 31st of March post annual actuarial valuation in accordance with section 49 of Insurance Act,1938 and IRDA (Distribution of Surplus) Regulations, 2002.

5) Policyholders Reasonable Expectations: Bonus rates declared were in line with with the bonus rates illustrated at the time of sale based on rates prescribed by the Life Council/IRDA Regulations.

6) Taxation and Shareholder Transfers: Both allowed for in the valuation of participating business. Taxes charged were at **12.5% Base Rate** + applicable Surcharge + Education Cess

7) Basis of provisions for Incurred But Not Reported (IBNR): Set up assumed 2 - 3 month reporting delay in respect of death claims based on Line of Business

8) Change in Valuation Methods or Bases (comparison to valuation bases as at 30 September 2019)

i. Individuals Assurances

	Dec-19	
	Min	**Max**
1. Interest		
Participating	No Change	No Change
Non participating	No Change	No Change
2. Expenses	Change with regard to new products.	
3. Inflation	No Change	No Change

ii. Annuities

1. Interest	No Change	No Change
a. Annuity in payment	No Change	No Change
b. Annuity during deferred period	No Change	No Change
c. Pension : All Plans	No Change	No Change
2. Expenses	No change other than allowing for implied inflation	
3. Inflation	No Change	No Change

iii. Unit Linked

1. Interest	No Change	No Change
2. Expenses	No change other than allowing for implied inflation	
3. Inflation	No Change	No Change

iv. Health

1. Interest	No Change	No Change
2. Expenses	No change other than allowing for implied inflation	
3. Inflation	No Change	No Change

v. Group

1. Interest	No Change	No Change
2. Expenses	No change other than allowing for implied inflation	
3. Inflation	No Change	No Change