

Modification in NAV computation

As stipulated by the Insurance and Regulatory Development Authority (IRDA), in its circular dated 29th July 2011 and subsequent corrigendum dated 17th August 2011, the formula for computation of the Net Asset Value per Unit (NAV) for Linked funds stands modified.

Old formula as prescribed by IRDA and as contained in the policy document:

The unit pricing shall be computed based on whether the company is purchasing (appropriation price) or selling (expropriation price) the assets in order to meet the day to day transactions of unit allocations and unit redemptions.

Appropriation price shall be computed as: Market value of investment held by the fund plus the expenses incurred in the purchase of the assets plus the value of any current assets plus any accrued income net of fund management charges less the value of any current liabilities less provisions, if any. This gives the net asset value of the fund. Dividing by the number of units existing at the valuation date (before any new units are allocated), gives the unit price of the fund under consideration.

Expropriation price shall be computed as: Market Value of investment held by the fund less the expenses incurred in the sale of the assets plus the value of any current assets plus any accrued income net of fund management charges less the value of any current liabilities less provisions, if any. This gives the net asset value of the fund. Dividing by the number of units existing at the valuation date (before any units are redeemed), gives the unit price of the fund under consideration. We round the resulting price to the nearest Re. 0.0001.

Modified formula as stipulated by IRDA:

The NAV of Unit Linked Funds shall be computed as: Market Value of Investments held for the fund plus the value of any current assets plus any accrued income net of fund management charges less the value of any current liabilities less provision, if any. This gives the net asset value of the fund. Dividing by the number of units existing at the valuation date (before any new units are allocated), gives the unit price of the fund under consideration.

Please note that the above change is effective 2nd August 2011 and all the policy contracts issued by us (linked funds) stand modified to the above extent.