

L-42 Valuation Basis (Life Insurance)

As on 31st March ,2006

- a. How the Policy data needed for valuation is accessed.

Policy data is supplied by the I.T. Department.

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

Valuation is done through excel sheets .So manually the basis is supplied to the system.

- c. Valuation Basis

- 1) Interest : Maximum and Minimum interest rate taken for each segment

- i. Individual Business

- | | | |
|--|---|---------|
| 1. Life- Participating policies | - | 6% p.a. |
| 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

1. Life –Non Participating Policies

- 2) Mortality Rates: the mortality rates used for each segment

- i. Individual Business

- | | | |
|--|---|--------------------------|
| 1. Life- Participating policies | - | LIC (94-96) Ultimate mod |
| 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 | | |

iii. Group Business

1. Life –Non Participating Policies

3) Expenses

i. Individual Business

- | | | | |
|--|---|-------------------|---------------|
| 1. Life- Participating policies | - | Premium Related - | 6%p.a. |
| | | Per Policy | - Rs.150 p.a. |
| 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

1. Life –Non Participating Policies

- | | | | |
|----------------|-------------|---|--------------------------|
| 4) Bonus Rates | -Shri Life | - | Rs.20/- per Thousand SA |
| | Shri Nidhi | - | Rs. 25/- per Thousand SA |
| | Shri Raksha | - | Rs.30/- per Thousand SA |

5) Policyholders Reasonable Expectations: The Company has only 3 months of operations as on 31st March 2006. However to meet the reasonable expectations of the policy holder, mortuary bonus is paid at the above rates for deaths occurring before the next valuation.

6) Taxation and shareholder Transfers-NIL

7) Basis of Provisions for Incurred But Not Reported-NIL

8) Change in Valuation Methods or Bases

i. Individual Assurances

1. Interest NIL
2. Expenses NIL
3. Inflation NIL

ii. Annuities

- | | |
|-----------------------------------|-----|
| 1. Interest | |
| a. Annuity in payment | NIL |
| b. Annuity during deferred period | NIL |
| c. Pension: All Plans | NIL |

	2. Expenses		NIL
	3. Inflation		NIL
iii.	Unit Linked		
	1. Interest	NIL	
	2. Expenses	NIL	
	3. Inflation	NIL	
iv.	Health		
	1. Interest	NIL	
	2. Expenses	NIL	
	3. Inflation	NIL	
v.	Group		
	1. Interest	NIL	
	2. Expenses	NIL	
	3. Inflation	NIL	