

L-42 Valuation Basis (Life Insurance)

As on 30th September, 2013

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

Policy data is extracted from the policy administration system and supplied by the I.T. Department

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

Individual and Group other than OYRGTA: The basis is updated in various tables used by the valuation software, Prophet.

OYRGTA: The basis is updated in excel sheets.

- c. Valuation Basis

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

i. Individual Business

1. Life- Participating policies	-	6.25% p.a.
2. Life –Non Participating Policies	-	6.25% p.a.
3. Annuities-Participating policies	-	NA
4. Annuities- Non Participating policies	-	6.25% p.a.
5. Annuities-Individual Pension Plan	-	NA
6. Unit Linked	-	6.00% p.a.
7. Health Insurance	-	NA

ii. Group Business

1. Life –Non Participating Policies	-	6.25% p.a.
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2) Mortality Rates: the mortality rates used for each segment

i. Individual Business

- | | | | |
|----|---|---|--|
| 1. | Life- Participating policies | - | 0-2 years: 125% and
250% of IALM (94-96) |
| | | - | 2+ years: 115% ,125% and
250% of IALM(94-96) |
| 2. | Non Participating Policies | - | 0-2 years: 125%,200%
and 250% of IALM (94-96) |
| | | | 2+ years: 115%,175% and
250% of IALM(94-96) |
| 3. | Annuities-Participating policies | - | NA |
| 4. | Annuities- Non Participating policies
a(96-98) | - | 40% of LIC |
| 5. | Annuities-Individual Pension Plan | - | NA |
| 6. | Unit Linked | - | 0-1 years: 100% and
170% of IALM (94-96)
1+ years: 100% and 110% of
IALM(94-96) |
| 7. | Health Insurance | - | NA |

ii. Group Business

1. Life –Non Participating Policies - 150% and 225% of IALM (94-96)

3) Expenses

i. Individual Business(per Policy)

Regular premium policies	-	Rs. 489/- p.a.
Single premium policies	-	Rs. 438/- p.a.
Paid-up policies	-	Rs. 245/- p.a.
Annuities	-	Rs. 463/- p.a.

ii. Group Business

1. Life –Non Participating Policies - Rs.51 per member

4) Bonus Rates	Shri Life	-	Rs.20/- per Thousand SA
	ShriNidhi	-	Rs. 22/- per Thousand SA
	ShriRaksha	-	Rs.30/- per Thousand SA
	ShriVidya	-	Rs. 22/- per Thousand SA
	Shri Vivah	-	Rs. 22/- per Thousand SA
	ShriLaabh	-	Rs.20/-per Thousand SA

5) Policyholders Reasonable Expectations:

Reasonable benefit expectations are currently mainly formed by sales material and the bonus rates declared for the previous financial year. To this extent the company aims to manage reasonable benefit expectations through sales material, annual communications of bonus rates and the smoothing of bonuses.

6) Taxation and shareholder Transfers:

Allowance has been made on surplus to an extent of 14.1625% towards tax and the provision is made in the Revenue Account. The maximum amount of transfer to the shareholders is 1/9th of the policyholder's cost of bonus in case of participating policies and 100% of surplus in case of non-participating policies.

7) Basis of Provisions for Incurred But Not Reported:

Group Business: IBNR reserve equal to the two months' earned premium under OYRGTA schemes. Under credit shield an IBNR reserve is maintained based on past claims experience.

Individual Business: IBNR reserve is based on past claim experience.

8) Change in Valuation Methods or Bases

i. Individual Assurances

- | | |
|--------------|---|
| 1. Interest | No change |
| 2. Expenses | No Change other than
increase with inflation |
| 3. Inflation | No change |

ii. Annuities

- | | |
|-----------------------------------|---|
| 1. Interest | |
| a. Annuity in payment | No Change |
| b. Annuity during deferred period | NIL |
| c. Pension: All Plans | NIL |
| 2. Expenses | No Change other than
increase with inflation |

	3. Inflation	No change
iii.	Unit Linked	
	1. Interest	No Change
	2. Expenses:	No Change other than increase with inflation
	3. Inflation	No change
iv.	Health	
	1. Interest	NIL
	2. Expenses	NIL
	3. Inflation	NIL
v.	Group	
	1. Interest	No Change
	2. Expenses	No Change other than increase with inflation
	3. Inflation	No change.