

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.	The valuation data is extracted from the policy administration system RLS for individual business and Ashima system for Group business & Health Insurance business. Data for Rural individual and Group Social is maintained in spreadsheets.
b. How the valuation bases are supplied to the system	Bases are supplied through tables of Actuarial Software (Prophet). The valuation is performed using Prophet system.
1) Interest : Maximum and minimum interest rate taken for each segment i. Individual Business 1. Life- Participating policies 2. Pension- Participating policies 3. Life- Non-participating Policies Targeted to mass market Targeted to Rural Market Micro Insurance type 4. Annuities- Participating policies 5. Annuities – Non-participating policies 6. Annuities- Individual Pension Plan 7. Unit Linked 8. Health Insurance ii. Group Business Targeted to mass market For Social Sector Micro Insurance	6.10% p.a. for the first five years and 5.20% p.a. thereafter 6.10% p.a. for the first five years and 5.20% p.a. thereafter 6.10% p.a. for the first five years and 5.20% p.a. thereafter 5.35% p.a. 7% p.a. NA 6.64% p.a. for the first five years and 5.78% p.a. thereafter NA 6.10% p.a. for the first five years and 5.20% p.a. thereafter 4.9% to 6.10% p.a. for the first five years and 4.4% to 5.20% p.a. thereafter 6.10% p.a. for the first five years and 5.20% p.a. thereafter 5% p.a. 7.25% p.a.
2) Mortality Rates : the mortality rates used for each segment (Please see note below for definition of IAM table) i. Individual Business 1. Life- Participating policies 2. Pension- Participating policies 3. Life- Non-participating Policies Targeted to mass market Targeted to Rural Market Micro Insurance type 4. Annuities- Participating policies 5. Annuities – Non-participating policies 6. Annuities- Individual Pension Plan 7. Unit Linked Single Premium & Pension Regular Premium (Non Pension & Normal underwriting) Simplified Underwriting products Semi-Urban & rural markets 8. Health Insurance ii. Group Business Targeted to mass market For Social Sector Micro Insurance	80 to 100% of IAM Table 67% of IAM Table Depends on the target market 30% to 100% of IAM Table 300% of IAM Table 200% of IAM Table NA 110% of LIC(96-98) Annuitant mortality with improvement of 4% p.a. NA Depends on the target market 84% to 100% of IAM Table 83% to 100% of IAM Table 135% of IAM Table 250% of IAM Table 55 % to 100% of IAM Table 60% to 140% of IAM Table 175% of IAM Table 150% of IAM

3) Expense :	Premium %	Per Policy (INR)
i) Individual Business		
1. Life- Participating policies	1st year: 11% to 22% p.a. 2 to 5 year : 0 to 2.2% p.a. (either for entire term or specified number of years) 6 to 15 year : 0 to 2.2% p.a. 16+ year : 0 to 2.2% p.a.	Maintenance : 516 p.a (Increasing with inflation at 5% p.a. at the start of each calendar year)
2. Pension- Participating policies	1st year: 22% p.a. , 2+ year : 2.2% p.a.	Maintenance : 516 p.a (Increasing with inflation at 5% p.a. at the start of each calendar year)
3. Life- Non-participating Policies Targeted to mass market Targeted to Rural Market Micro Insurance type	1st year: 11% to 33% p.a. 2nd year : 0% to 2.2% p.a. (either for entire term or specified number of years) 2nd year+: Nil	Maintenance: 265 to 516 p.a (Increasing with inflation at 5% p.a. at the start of each calendar year) Maintenance 37.5 p.a. (Increasing with inflation at 5% p.a. at the start of each calendar year)

3.	Annuities- Participating policies	NA	NA
4.	Annuities – Non-participating policies	NA	Maintenance 420 p.a. (Increasing with inflation at 5% p.a. at the start of each calendar year)
5.	Annuities- Individual Pension Plan	NA	NA
6.	Unit Linked		
	Unit Linked (Non Pension -- Normal Underwriting)	Regular Premium 1st year:3.3% to 22% p.a. 2 to 3rd year :0 to 2.2% p.a. 3+ year: 0%	Maintenance: Fixed expense of 737 p.a. (Increasing with inflation at 5% p.a. at the start of each calendar year) Investment expense (% of Unit Fund) : Varies from 0.3% p.a. to 0.425% p.a.
	Unit Linked (Non Pension -- Simplified Underwriting)	1 st year: 11% p.a. , 2nd - 5th year : 2.2% p.a.(either for entire term or specified number of years) 6th year onwards: Varies from 0% to 1.1% p.a.	Maintenance: Fixed expense of 737 p.a. (Increasing with inflation at 5% p.a. at the start of each calendar year) Investment expense (% of Unit Fund) : Varies from 0.3% to 0.425%.
	Unit Linked (Pension)	Regular Premium 1st year :11% p.a. 2nd year+: 0%	Maintenance : Fixed expense of 737 p.a. (Increasing with inflation at 5% p.a. at the start of each calendar year) Investment expense (% of Unit Fund) : 0.425% p.a.
7	Health Insurance	1 st year+: 22% 2nd - 3 rd year: 0% to 2.2% 3+ year: 0%	Maintenance : Fixed expense of 153 p.a. (Increasing with inflation at 5% p.a. at the start of each calendar year)
8	ii) Group Business Targeted to mass market Social Sector Micro Insurance	2nd year+: Nil 1st year: 18% p.a. 2nd year :0%	Maintenance:Varies between 0 p.a. to 122 p.a. (Increasing with inflation at 5% p.a. at the start of each calendar year)

- 4) Bonus Rates :
- The declared bonus rates are as follows:
For Par Life :2.75% p.a. on Sum Assured plus vested bonus
For Par Pension:For policy benefit term to age 60- 2.75% of Guaranteed Retirement Amount.
For policy benefit term of 10yrs - 2% of Guaranteed Retirement Amount.
The future bonus rates are discretionary in nature.
- 5) Policyholders Reasonable Expectations
- The illustrated bonus rate are in the range of 2.30% to 4.15% of (Sum Assured plus Vested Bonus,Guaranteed Retirement Amount) based on benefit illustration of the product at illustrated gross investment return of 6% & 10% p.a.respectively.
- 6) Taxation and Shareholder Transfers
- No tax is assumed for Non par products. However 13.52% p.a. is assumed while valuing the reserves for participating products.
Share holder tax rate is 32.45% p.a.
- 7) Basis of provisions for Incurred But Not Reported (IBNR)
- 2 months expected cost of claims.
- 8) Change in Valuation Methods or Bases
- i. Individuals Assurances
1. Interest Yes
2. Expenses No
3. Inflation No
- ii. Annuities
1. Interest No
a. Annuity in payment No
b. Annuity during deferred period No
c. Pension : All Plans No
2. Expenses No
3. Inflation No
- iii. Unit Linked
1. Interest Yes
2. Expenses No
3. Inflation No
- iv. Health
1. Interest Yes
2. Expenses No
3. Inflation No
- v. Group
1. Interest Yes
2. Expenses No
3. Inflation No

Note : Indian Assured Lives(IAM) Table -- Indian Assured Lives Mortality (1994-96) (Modified) Ult Table.