

L-42 Valuation Basis
Name of the insurer:

LIC of India

Quarter End:31st March 2025
INDIVIDUAL BUSINESS

		Range (Minimum to Maximum) of parameters used for valuation			
Type	Category of business	Interest Rate (p.a.)		Mortality Rate	
		As at 31/03/2025	As at 31/03/2024	As at 31/03/2025	As at 31/03/2024
Par	Non-Linked -VIP				
	Life	N A	N A	N A	N A
	General Annuity	N A	N A	N A	N A
	Pension	N A	N A	N A	N A
	Health	N A	N A	N A	N A
	Non-Linked -Others				
	Life	6.65% - 7.38%	6.65% - 7.38%	145%-150% of IALM (2012-14) Ult	145%-150% of IALM (2012-14) Ult
	General Annuity	6.65% - 7.38%	6.65% - 7.38%	Deferment- 115% of IALM (2012-14) Ult / After vesting-IIAM(2012-15) Ultimate rated down by 3 years	Deferment- 115% of IALM (2012-14) Ult / After vesting-IIAM(2012-15) Ultimate rated down by 3 years
	Pension	6.65% - 7.38%	6.65% - 7.38%	Deferment- 115% of IALM (2012-14) Ult / After vesting-IIAM(2012-15) Ultimate rated down by 3 years	Deferment- 115% of IALM (2012-14) Ult / After vesting-IIAM(2012-15) Ultimate rated down by 3 years
	Health	N A	N A	N A	N A
	Linked -VIP				
	Life	N A	N A	N A	N A
	General Annuity	N A	N A	N A	N A
	Pension	N A	N A	N A	N A
	Health	N A	N A	N A	N A
	Linked-Others				
	Life	N A	N A	N A	N A
	General Annuity	N A	N A	N A	N A
	Pension	N A	N A	N A	N A
	Health	N A	N A	N A	N A

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Type	Category of business	Interest Rate (p.a.)		Mortality Rate	
		As at 31/03/2025	As at 31/03/2024	As at 31/03/2025	As at 31/03/2024
Non -Par	Non-Linked -VIP				
	Life	5.65% - 6.38%	5.65% - 6.38%	145% of IALM (2012-14) Ult	145% of IALM (2012-14) Ult
	General Annuity	N A	N A	N A	N A
	Pension	N A	N A	N A	N A
	Health	N A	N A	N A	N A
	Non-Linked -Others				
	Life	5.65% - 6.38%	5.65% - 6.38%	90%-150% of IALM (2012-14) Ult	90%-150% of IALM (2012-14) Ult
	General Annuity	5.65% - 6.38%	5.65% - 6.38%	Deferment- 115% of IALM (2012-14) Ult / After vesting- IIAM(2012-15) Ultimate rated down by 3 years	Deferment- 115% of IALM (2012-14) Ult / After vesting- IIAM(2012-15) Ultimate rated down by 3 years
	Pension	N A	N A	N A	N A
	Health	5.65% - 6.38%	5.65% - 6.38%	115% of IALM (2012-14) Ult.	115% of IALM (2012-14) Ult.
	Linked -VIP	N A	N A	N A	N A
	Life	N A	N A	N A	N A
	General Annuity	N A	N A	N A	N A
	Pension	N A	N A	N A	N A
	Health	N A	N A	N A	N A
	Linked-Others				
	Life	5.65% - 6.38%	5.65% - 6.38%	145% of IALM (2012-14) Ult	145% of IALM (2012-14) Ult
	General Annuity	N A	N A	N A	N A
	Pension	5.65% - 6.38%	5.65% - 6.38%	145% of IALM (2012-14) Ult	145% of IALM (2012-14) Ult
	Health	5.65% - 6.38%	5.65% - 6.38%	115% of IALM (2012-14) Ult.	115% of IALM (2012-14) Ult.

NA= Not Applicable

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INDIVIDUAL BUSINESS

		Range (Minimum to Maximum) of parameters used for valuation					
Type	Category of business	Morbidity Rate		Fixed Expenses ⁽¹⁾ (Rs.)		Variable Expenses ⁽²⁾	
		As at 31/03/2025	As at 31/03/2024	As at 31/03/2025	As at 31/03/2024	As at 31/03/2025	As at 31/03/2024
Par	Non-Linked -VIP						
	Life	N A	N A	N A	N A	N A	N A
	General Annuity	N A	N A	N A	N A	N A	N A
	Pension	N A	N A	N A	N A	N A	N A
	Health	N A	N A	N A	N A	N A	N A
	Non-Linked -Others						
	Life	N A	N A	Ren- 297.5-1172	Ren- 275.5-1172	NB- 1.65%-15%. Ren- 0.75%-3.00%	NB- 1.65%-15%. Ren- 0.75%-3.00%
	General Annuity	N A	N A	Deferred- 586-1172 In-payment- 223 Claim payment- 195	Deferred- 586-1172 In-payment- 206 Claim payment- 195	Ren- 3.00%	Ren- 3.00%
	Pension	N A	N A	Deferred- 586-1172 In-payment- 223 Claim payment- 195	Deferred- 586-1172 In-payment- 206 Claim payment- 195	Ren- 0.75%-3.00%	Ren- 0.75%-3.00%
	Health	N A	N A	N A	N A	N A	N A
	Linked -VIP						
	Life	N A	N A	N A	N A	N A	N A
	General Annuity	N A	N A	N A	N A	N A	N A
	Pension	N A	N A	N A	N A	N A	N A
	Health	N A	N A	N A	N A	N A	N A
	Linked-Others						
	Life	N A	N A	N A	N A	N A	N A
	General Annuity	N A	N A	N A	N A	N A	N A
	Pension	N A	N A	N A	N A	N A	N A
	Health	N A	N A	N A	N A	N A	N A

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INDIVIDUAL BUSINESS

Type	Category of business	Range (Minimum to Maximum) of parameters used for valuation					
		Morbidity Rate		Fixed Expenses ⁽¹⁾ (Rs.)		Variable Expenses ⁽²⁾	
		As at 31/03/2025	As at 31/03/2024	As at 31/03/2025	As at 31/03/2024	As at 31/03/2025	As at 31/03/2024
Non -Par	Non-Linked -VIP						
	Life	N A	N A	Ren- 586-1172	Ren- 586-1172	Ren-2.65%	Ren-2.65%
	General Annuity	N A	N A	N A	N A	N A	N A
	Pension	N A	N A	N A	N A	N A	N A
	Health	N A	N A	N A	N A	N A	N A
	Non-Linked -Others						
	Life	N A	N A	Ren- 199-1172	Ren- 184-1172	NB- 1.65%-16% Ren- 0.75%- 18.75%	NB- 1.65%-16% Ren- 0.75%- 18.75%
	General Annuity	N A	N A	Deferred- 264-1172 In-payment- 223 Claim payment- 195	Deferred- 264-1172 In-payment- 206 Claim payment- 195	NB-7% Ren- 0.75%-3.00%	Ren- 0.75%-3.00%
	Pension	N A	N A	N A	N A	N A	N A
	Health	HCB & MSB : 135% of Swiss Re incidence rates for Plan 903, 904 & 906; Plan 905: 130% - 145% of RGA reinsurance rates.	HCB & MSB : 135% of Swiss Re incidence rates for Plan 903, 904 & 906; Plan 905: 130% - 145% of RGA reinsurance rates.	Plan 903, 904 & 906: 1334 for Principal Insured & 667 for others; Plan 905: Inforce- 999 ; Claim Expense: 594; Income Benefit expense- 214	Plan 903, 904 & 906: 1334 for Principal Insured & 667 for others; Plan 905: Inforce- 999 ; Claim Expense: 594; Income Benefit expense- 214	NB- 20% Ren-0.75%-18.75%	NB- 20% Ren-0.75%-18.75%
	Linked -VIP	N A	N A	N A	N A	N A	N A
	Life	N A	N A	N A	N A	N A	N A
	General Annuity	N A	N A	N A	N A	N A	N A
	Pension	N A	N A	N A	N A	N A	N A
	Health	N A	N A	N A	N A	N A	N A
	Linked-Others						
	Life	N A	N A	NB- 4752 Ren- 734.5-1469	NB- 4752 Ren- 734.5-1469	NB-7% Ren-0.75%	NB-7% Ren-0.75%
	General Annuity	N A	N A	N A	N A	N A	N A
	Pension	N A	N A	NB- 4752; Ren- 734.5-1469	NB- 4752; Ren- 734.5-1469	NB-7% ; Ren- 0.75%	NB-7% ; Ren- 0.75%
	Health	HCB & MSB: 135% of Munich Re incidence rates	HCB & MSB: 135% of Munich Re incidence rates	Ren- 756-1512	Ren- 756-1512	Ren- 0.75%	Ren- 0.75%

Notes: (1): Fixed per policy expenses

(2): Premium related expenses

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INDIVIDUAL BUSINESS

		Range (Minimum to Maximum) of parameters used for valuation					
Type	Category of business	Inflation Rate (p.a.)		Withdrawal rates ⁽³⁾		Future Bonus Rates (Per 1000 Sum Assured/ Death Benefit SA/ NCO/Premium) (Rs.)	
		As at 31/03/2025	As at 31/03/2024	As at 31/03/2025**	As at 31/03/2024	As at 31/03/2025	As at 31/03/2024
Par	Non-Linked -VIP						
	Life	N A	N A	N A	N A	N A	N A
	General Annuity	N A	N A	N A	N A	N A	N A
	Pension	N A	N A	N A	N A	N A	N A
	Health	N A	N A	N A	N A	N A	N A
	Non-Linked -Others						
	Life	6%-8%	6%-8%	0% - 41%	0% - 32%	12.50 to 66.50	12.50 to 59.30
	General Annuity	6%-8%	6%-8%	0% - 4%	0% - 3%	20 to 25	20 to 25
	Pension	6%-8%	6%-8%	0% - 3%	0% - 6%	22 to 43.10	22 to 43.10
	Health	N A	N A	N A	N A	N A	N A
	Linked -VIP						
	Life	N A	N A	N A	N A	N A	N A
	General Annuity	N A	N A	N A	N A	N A	N A
	Pension	N A	N A	N A	N A	N A	N A
	Health	N A	N A	N A	N A	N A	N A
	Linked-Others						
	Life	N A	N A	N A	N A	N A	N A
	General Annuity	N A	N A	N A	N A	N A	N A
	Pension	N A	N A	N A	N A	N A	N A
	Health	N A	N A	N A	N A	N A	N A

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INDIVIDUAL BUSINESS

		Range (Minimum to Maximum) of parameters used for valuation					
Type	Category of business	Inflation Rate (p.a.)		Withdrawal rates ⁽³⁾		Future Bonus Rates (Per 1000 Sum Assured/ Death Benefit SA/ NCO/Premium) (Rs.)	
		As at 31/03/2025	As at 31/03/2024	As at 31/03/2025**	As at 31/03/2024	As at 31/03/2025	As at 31/03/2024
Non -Par	Non-Linked -VIP						
	Life	6%-8%	6%-8%	1%	1% - 14%	N A	N A
	General Annuity	N A	N A	N A	N A	N A	N A
	Pension	N A	N A	N A	N A	N A	N A
	Health	N A	N A	N A	N A	N A	N A
	Non-Linked -Others						
	Life	6%-8%	6%-8%	0% - 74%	0% - 74%	N A	N A
	General Annuity	6%-8%	6%-8%	0%- 12%	0%- 12%	N A	N A
	Pension	N A	N A	N A	N A	N A	N A
	Health	6%-8%	6%-8%	6%- 39%	6%- 39%	N A	N A
	Linked -VIP	N A	N A	N A	N A	N A	N A
	Life	N A	N A	N A	N A	N A	N A
	General Annuity	N A	N A	N A	N A	N A	N A
	Pension	N A	N A	N A	N A	N A	N A
	Health	N A	N A	N A	N A	N A	N A
	Linked-Others						
	Life	6%-8%	6%-8%	0%- 39%	0%- 60%	N A	N A
	General Annuity	N A	N A	NA	NA	N A	N A
	Pension	6%-8%	6%-8%	0% - 35%	0% - 60%	N A	N A
	Health	6%-8%	6%-8%	3%	1%-22%	N A	N A

(3): Restricted to Lapse and Surrender (** Rates shown are for inforce policies)

Brief details on valuation data covering its accuracy, completeness and reasonableness and how the data flows to the valuation system:

- (1) Data: Policy data is extracted from the policy administration system. The extracted data are used by the Data Conversion System (DCS) which is a part of the actuarial software called "Prophet" and reasonable checks are carried out to ensure the completeness and accuracy of data. The policy data after validation are used for valuing policy liabilities.
- (2) The valuation parameters are incorporated in the system to create explicit assumption tables for the Prophet software. The Prophet software takes the individual model point file along with the parameter file as input and calculates the reserves.

Actuarial Assumptions and methodology for valuation of policy liabilities including significant changes during the period:

The Corporation's Life Insurance Business consists of linked and non-linked business under Individual and Group contracts. The non-linked business consists of Participating Assurance/Annuity/Pension policies and Non-participating Assurance/ Annuity/Pension/Individual Health policies with Group policies written under non-participating assurances. The linked business consists of Non-participating Assurance/Pension/Individual Health policies with a small proportion of linked assurance business written under Group contracts. Some of these policies have riders attached to them such as Critical Illness, Premium Waiver Benefit, Term Assurance and Accident Benefit, including Accidental Death & Disability Benefit.

The policy liabilities for Individual and Group policies in the books as at respective valuation dates have been determined actuarially for each policy based on applicable Acts, Regulations, Actuarial Professional Standards etc. after allowing for applicable margins for prudence. It is ensured that the reserve for each policy is at least equal to the applicable surrender value. It is also ensured that negative reserve is set to zero while determining policy liabilities. The unit liability in respect of Linked business is the total Net Asset Value of the units as on the date of valuation. The non-unit liability under the linked business is determined using the discounted cash flow method. The policy liabilities are determined based on the valuation assumptions for interest, mortality, morbidity, withdrawal, expenses, inflation and bonuses etc wherever applicable. The liability for Group Cash Accumulation schemes is the fund value of all such schemes at the respective valuation dates. The liability in respect of Group Insurance schemes has been arrived at as unearned risk premium based on period up to next annual renewal date.

Interest rate for valuation considers and includes variable rate of interest for future periods consistent with the models and liabilities for various products based on the assets backing the respective block of liabilities. The future reversionary bonus rates assumed are consistent with the expected future experience on investment returns and valuation rate of interest corresponding to the block of assets backing respective policy liabilities. Further, the actual reversionary bonus rates would depend upon the actual and expected future experience and determination under provisions of LIC Act, 1956 (including sections 24, 26 and 28) and other applicable provisions of insurance Act, 1938. The mortality rates used are

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based on the published Indian Assured Lives Mortality (2012-14) Ultimate mortality table and for annuity, IIAM (2012-15) Ultimate table duly adjusted to reflect expected experience. Morbidity rates are based on the Critical Illness Base Table (CIBT 93, UK)/Reinsurer's incidence rates, suitably modified for our use with margins included for prudence. Allocation of common expenses among various lines of business is based on the Board approved expense policy of the Corporation. The expense assumptions are expressed as a percentage of premiums, or per policy, or sum assured or a combination of these. The expense inflation for valuing policy liabilities has been made consistent with the valuation rate of interest. The renewal per policy expenses used for valuing individual policies vary according to the type of plan and status of the policy.

Allowance for taxation and allocation of surplus to shareholders has been made while determining policy liabilities for participating policies. Additionally, global reserves have been provided for liability including for revival of paid up policies, reinstatement of policies which have not acquired paid up value, immediate increase in expenses in case the office is closed for new business, premium waiver benefit, double accident benefit including permanent disability benefit, liability in respect of refundable extra premium and refundable double accident benefit premium, extra risk in respect of sub-standard lives, AIDS/HIV, incurred but not reported deaths (IBNR), catastrophe, etc.. The assumptions used for arriving at the reserves for above mentioned items are determined based on a prudent assessment of the future experiences for the outstanding durations of the policies as at the date of valuation allowing for margin for any adverse deviation. Further, in case of linked plans, where there is a guarantee at maturity, cost of such guarantee has been arrived at using stochastic methods. For plans with interest rate guarantee, the cost of interest guarantee has been provided. For plans where there are options which can be exercised by the policyholders, the most onerous option has been taken for valuing these options. Fund for Future Appropriations (FFA) has been provided for Linked policies.

Various sections of Life Insurance Corporation Act 1956 were amended vide Part III of the Finance Act, 2021 and by Gazette notification dated June 29, 2021 effective June 30, 2021. The Board of the Corporation, on 8th January, 2022, approved bifurcation of the Single fund into separate Par and Non Par funds as mandated under amended section 24 of LIC Act, 1956, and the surplus distribution policy on 17th September, 2021 as required under the amended section 28 of LIC Act, 1956. The surplus distribution policy mandates the surplus distribution pattern for par policies as 95:5 for the financial year 2021-22, 92.5:7.5 for the financial years 2022-23 and 2023-24, and 90:10 from financial year 2024-25 onwards and 0:100 for non-par policies from financial year 2021-22 onwards. The same has been incorporated in valuing policy liabilities as at 31st March, 2025.

The Board approved surplus distribution policy has been published on the website with link –

<https://licindia.in/web/guest/policies-and-code-of-conduct>