L-42 IRDA Public Disclosures

## L-42- Valuation Basis (Life Insurance - Individual ) Chapter on Valuation Basis

## a. How the policy data needed for valuation is accessed.

The policy data is extracted from policy masters maintained at branch level. The data is consolidated first at the Divisional level and then at Zonal level. The summary files are created for every zone and sent to Corporate office where they are merged after verification for purity and consistency.

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

Once the valuation parameters are decided they are keyed in to the system to create explicit parameter file, in a form compatible to the system. The program for calculating reserves takes input from two files, viz. parameter file and policy data file.

taken for each segment         Max         Min           1. Life- Participating policies         8.5% p.a.         6.9% p.a.           2. Life- Non-participating Policies         6.8% p.a.         6.8% p.a.           3. Annuities- Participating policies         9.10% p.a.         7.10% p.a.           4. Annuities- Individual Pension Plan         7.60% p.a.         7.60% p.a.           5. Annuities- Individual Pension Plan         7.60% p.a.         6.8% p.a.           6. Unit Linked         6.89% p.a.         6.8% p.a.           6. Bow p.a.         6.80% p.a.         6.80% p.a.           7. Health Insurance         6.80% p.a.         6.80% p.a.           8. Sy p.a.         6.80% p.a.         6.80% p.a.           1I) Mortality Rates: the mortality rates used for each segment         2011-12 for the quarter ending as at 3.1.12.2011           1II) Mortality Rates: the mortality rates used for each segment         2011-12 for the quarter ending as at 3.1.12.2011           1. Life- Participating policies         1ALM(1994-96) mod. Ult. rated up by 2 years           1. Life- Participating policies         1ALM(1994-96) mod. Ult. rated up by 1 year           2. Life- Non-participating policies         1ALM(1994-96) mod. Ult. rated up by 1 year           3. Annuities - Non-participating policies         1ALM(1994-96) mod. Ult. rated up by 1 year           4.	I) Interest : Maximum and minimum interest rate	2011-12 for the quarter ending as at	
Max   Min	taken for each segment	31	.12.2011
2. Life- Non-participating Policies 3. Annuities- Participating policies 4. Annuities – Non-participating policies 5. Annuities- Individual Pension Plan 6. Unit Linked 6. 8% p.a. 7. 10% p.a. 8. Annuities- Individual Pension Plan 7. 10% p.a. 6. Unit Linked 6. 8% p.a. 6. 8% p.a. 6. 80% p.a. 6. 8	9	Max	Min
3. Annuities - Participating policies 4. Annuities - Non-participating policies 5. Annuities - Individual Pension Plan 6. Unit Linked 6.8% p.a. 7. Health Insurance 6.80% p.a. 6	Life- Participating policies	8.5% p.a.	6.9% p.a.
4. Annuities – Non-participating policies 5. Annuities – Individual Pension Plan 6. Unit Linked 7. Health Insurance 6. 8% p.a. 6. 8% p.a. 6. 8% p.a. 6. 8% p.a. 6. 80% p.a. 6.	2. Life- Non-participating Policies	6.8% p.a.	6.8% p.a.
5. Annuities- Individual Pension Plan 6. Unit Linked 6.8% p.a. 6. 8% p.a. 6. 8% p.a. 6. 8% p.a. 6. 8% p.a. 6. 80%	3. Annuities- Participating policies	9.10% p.a.	7.10% p.a.
5. Annuities- Individual Pension Plan 6. Unit Linked 6.8% p.a. 6. 8% p.a. 6. 8% p.a. 6. 8% p.a. 6. 8% p.a. 6. 80%	4. Annuities – Non-participating policies	7.10% p.a.	7.10% p.a.
6. Unit Linked 7. Health Insurance 6. 80% p.a. 6. 80%		7.60% p.a.	
7. Health Insurance  6.80% p.a.  6.80% p.a		6.8% p.a.	6.8% p.a.
31.12.2011  1. Life- Participating policies  1. Life- Participating policies  1. Life- Participating policies  2. Life- Non-participating Policies  3. Annuities- Participating policies  During Deferment  After Vesting  4. Annuities – Non-participating policies  During Deferment  After Vesting  LIC a (1996-98) Ult. rated down by 1 year	7. Health Insurance		-
31.12.2011  1. Life- Participating policies  1. Life- Participating policies  1. Life- Participating policies  2. Life- Non-participating Policies  3. Annuities- Participating policies  During Deferment  After Vesting  4. Annuities – Non-participating policies  During Deferment  After Vesting  LIC a (1996-98) Ult. rated down by 1 year			
IALM(1994-96) mod. Ult. rated up by 2 years  IALM(1994-96) mod. Ult. rated up by 1 year  IALM(1994-96) mod. Ult. rated up by 1 year  After Vesting  IALM(1994-96) mod. Ult. rated up by 1 year  LIC a (1996-98) Ult. rated down by 1 year  IALM(1994-96) mod. Ult. rated up by 1 year  IALM(1994-96) mod. Ult. rated up by 1 year  LIC a (1996-98) Ult. rated down by 1 year  IALM(1994-96) mod. Ult. rated up by 1 year  LIC a (1996-98) Ult. rated down by 1 year  IALM(1994-96) mod. Ult. rated up by 1 year  LIC a (1996-98) Ult. rated down by 1 year  IALM(1994-96) mod. Ult. rated up by 1 year  LIC a (1996-98) Ult. rated down by 1 year  IALM(1994-96) mod. Ult. rated up by 2 years  IALM(1994-96) mod. Ult. Rated up by 3 year  IALM(1994-96) mod. Ult. Rated up	1 '		
1. Life- Participating policies 2. Life- Non-participating Policies 3. Annuities- Participating policies  During Deferment  After Vesting 4. Annuities – Non-participating policies  During Deferment  After Vesting 4. Annuities – Non-participating policies  During Deferment  After Vesting 4. Annuities – Non-participating policies  During Deferment  After Vesting  LIC a (1996-98) Ult. rated down by 1 year	segment		
2. Life- Non-participating Policies 3. Annuities- Participating policies  During Deferment  After Vesting 4. Annuities – Non-participating policies  During Deferment  After Vesting 4. Annuities – Non-participating policies  During Deferment  After Vesting  LIC a (1996-98) Ult. rated down by 1 year		-	
2. Life- Non-participating Policies 3. Annuities- Participating policies  During Deferment  After Vesting  4. Annuities – Non-participating policies  During Deferment  After Vesting  LIC a (1996-98) Ult. rated down by 1 year  4. Annuities – Non-participating policies  During Deferment  After Vesting  LIC a (1996-98) Ult. rated down by 1 year  LIC a (1996-98) Ult. rated down by 1 year  LIC a (1996-98) Ult. rated down by 1 year  LIC a (1996-98) Ult. rated down by 1 year  5. Annuities- Individual Pension Plan  During Deferment  After Vesting  After Vesting  LIC a (1996-98) Ult. rated down by 1 year  LIC a (1996-98) Ult. rated down by 1 year  LIC a (1996-98) Ult. rated down by 1 year  LIC a (1996-98) Ult. rated down by 1 year  After Vesting  All linked  Under Plans 191,193, 194 & 197  All linked plans except above  7. Health Insurance (Mortality Rate)  NIL  HCB & MSB: 135% of Munich Re	Life- Participating policies		
3. Annuities- Participating policies  During Deferment  After Vesting  4. Annuities – Non-participating policies  During Deferment  During Deferment  After Vesting  LIC a (1996-98) Ult. rated down by 1 year  After Vesting  LIC a (1996-98) Ult. rated down by 1 year  LIC a (1996-98) Ult. rated down by 1 year  LIC a (1996-98) Ult. rated down by 1 year  LIC a (1996-98) Ult. rated down by 1 year  5. Annuities- Individual Pension Plan  During Deferment  After Vesting  LIC a (1996-98) Ult. rated down by 1 year  LIC a (1996-98) Ult. rated down by 1 year  LIC a (1996-98) Ult. rated down by 1 year  LIC a (1996-98) Ult. rated down by 1 year  LIC a (1996-98) Ult. rated down by 1 year  After Vesting  All linked plans except above  7. Health Insurance (Mortality Rate)  NIL  HCB & MSB: 135% of Munich Re		•	,
During Deferment  After Vesting  After Vesting  LIC a (1996-98) Ult. rated down by 1 year  LIC a (1996-98) Ult. rated down by 1 year  4. Annuities – Non-participating policies  During Deferment  After Vesting  LIC a (1996-98) Ult. rated down by 1 year  LIC a (1996-98) Ult. rated down by 1 year  LIC a (1996-98) Ult. rated down by 1 year  5. Annuities- Individual Pension Plan  During Deferment  After Vesting  LIC a (1996-98) Ult. rated down by 1 year  LIC a (1996-98) Ult. rated down by 1 year  LIC a (1996-98) Ult. rated down by 1 year  LIC a (1996-98) Ult. rated down by 1 year  LIC a (1996-98) Ult. rated down by 1 year  LIC a (1996-98) Ult. rated down by 1 year  LIC a (1996-98) Ult. rated down by 1 year  LIC a (1996-98) Ult. rated down by 1 year  LIC a (1996-98) Ult. rated down by 1 year  LIC a (1996-98) Ult. rated down by 1 year  LIC a (1996-98) Ult. rated down by 1 year  LIC a (1996-98) Ult. rated down by 1 year  LIC a (1996-98) Ult. rated down by 1 year  LIC a (1996-98) Ult. rated down by 1 year  LIC a (1996-98) Ult. rated down by 1 year  LIC a (1996-98) Ult. rated down by 1 year  LIC a (1996-98) Ult. rated down by 1 year  LIC a (1996-98) Ult. rated down by 1 year		rated ι	ıp by 2 years
After Vesting  After Vesting  LIC a (1996-98) Ult. rated down by 1 year  4. Annuities – Non-participating policies  During Deferment  After Vesting  LIC a (1996-98) Ult. rated down by 1 year  LIC a (1996-98) Ult. rated down by 1 year  LIC a (1996-98) Ult. rated down by 1 year  LIC a (1996-98) Ult. rated down by 1 year  5. Annuities- Individual Pension Plan  During Deferment  After Vesting  LIC a (1996-98) Ult. rated down by 1 year  LIC a (1996-98) Ult. rated down by 1 year  LIC a (1996-98) Ult. rated down by 1 year  LIC a (1996-98) Ult. rated down by 1 year  125% of IALM (1994-96) mod. Ult.  All linked plans except above  7. Health Insurance (Mortality Rate)  NIL  HCB & MSB: 135% of Munich Re	Annuities- Participating policies		
After Vesting  After Vesting  LIC a (1996-98) Ult. rated down by 1 year  4. Annuities – Non-participating policies  During Deferment  After Vesting  LIC a (1996-98) Ult. rated down by 1 year	During Deferment	IALM(1994-96) mod. Ult.	
Alter Vesting  4. Annuities – Non-participating policies  During Deferment  After Vesting  LIC a (1996-98) Ult. rated down by 1 year	During Determent	rated	up by 1 year
4. Annuities – Non-participating policies  During Deferment  After Vesting  LIC a (1996-98) Ult. rated down by 1 year  LIC a (1996-98) Ult. rated down by 1 year  5. Annuities- Individual Pension Plan  During Deferment  After Vesting  LIC a (1996-98) Ult. rated down by 1 year	After Vesting	LIC a (1996-98)	) Ult. rated down by 1
During Deferment  After Vesting  LIC a (1996-98) Ult. rated down by 1 year  5. Annuities- Individual Pension Plan  During Deferment  After Vesting  LIC a (1996-98) Ult. rated down by 1 year  IALM(1994-96) mod. Ult. rated up by 1 year  LIC a (1996-98) Ult. rated down by 1 year  LIC a (1996-98) Ult. rated down by 1 year  LIC a (1996-98) Ult. rated down by 1 year  125% of IALM (1994-96) mod. Ult.  All linked plans except above  T.Health Insurance (Mortality Rate)  NIL  HCB & MSB: 135% of Munich Re	Aiter vesting	, ,	
After Vesting  After Vesting  LIC a (1996-98) Ult. rated down by 1 year  5. Annuities- Individual Pension Plan  During Deferment  After Vesting  LIC a (1996-98) mod. Ult. rated up by 1 year  LIC a (1996-98) Ult. rated down by 1 year  LIC a (1996-98) Ult. rated down by 1 year  LIC a (1996-98) Ult. rated down by 1 year  125% of IALM (1994-96) mod. Ult.  All linked plans except above  7. Health Insurance (Mortality Rate)  IALM (1994-96) mod. Ult. rated up by 2 years  NIL  HCB & MSB: 135% of Munich Re	4. Annuities – Non-participating policies		
After Vesting  After Vesting  LIC a (1996-98) Ult. rated down by 1 year  5. Annuities- Individual Pension Plan  During Deferment  After Vesting  LIC a (1996-98) mod. Ult. rated up by 1 year  LIC a (1996-98) Ult. rated down by 1 year  LIC a (1996-98) Ult. rated down by 1 year  LIC a (1996-98) Ult. rated down by 1 year  125% of IALM (1994-96) mod. Ult.  All linked plans except above  7. Health Insurance (Mortality Rate)  IALM (1994-96) mod. Ult. rated up by 2 years  NIL  HCB & MSB: 135% of Munich Re	During Deformant	IALM(1994-96) mod. Ult.	
5. Annuities- Individual Pension Plan  During Deferment  After Vesting  6. Unit Linked  Under Plans 191,193, 194 & 197  All linked plans except above  7. Health Insurance (Mortality Rate)  JALM(1994-96) mod. Ult.  rated up by 1 year  LIC a (1996-98) Ult. rated down by 1 year  125% of IALM (1994-96) mod. Ult.  rated up by 2 years  NIL  HCB & MSB: 135% of Munich Re	During Determent	·	
5. Annuities- Individual Pension Plan  During Deferment  After Vesting  6. Unit Linked  Under Plans 191,193, 194 & 197  All linked plans except above  7. Health Insurance (Mortality Rate)  JALM(1994-96) mod. Ult.  rated up by 1 year  LIC a (1996-98) Ult. rated down by 1 year  125% of IALM (1994-96) mod. Ult.  rated up by 2 years  NIL  HCB & MSB: 135% of Munich Re	After Mentine	LIC a (1996-98) Lilt, rated down by 1	
5. Annuities- Individual Pension Plan  During Deferment  After Vesting  6. Unit Linked  Under Plans 191,193, 194 & 197  All linked plans except above  7. Health Insurance (Mortality Rate)  IALM(1994-96) mod. Ult.  IALM(1994-96) mod. Ult.  IALM(1994-96) mod. Ult.  rated up by 2 years  NIL  HCB & MSB: 135% of Munich Re	After Vesting	, , , , , , , , , , , , , , , , , , , ,	
During Deferment  After Vesting  LIC a (1996-98) Ult. rated down by 1 year  LIC a (1996-98) Ult. rated down by 1 year  6. Unit Linked  Under Plans 191,193, 194 & 197  All linked plans except above  7. Health Insurance (Mortality Rate)  IALM(1994-96) mod. Ult. rated up by 2 years  NIL  HCB & MSB: 135% of Munich Re	5. Annuities- Individual Pension Plan	yeai	
After Vesting  After Vesting  LIC a (1996-98) Ult. rated down by 1 year  6. Unit Linked  Under Plans 191,193, 194 & 197  All linked plans except above  7. Health Insurance (Mortality Rate)  Tated up by 1 year  LIC a (1996-98) Ult. rated down by 1 year  125% of IALM (1994-96) mod. Ult. rated up by 2 years  NIL  HCB & MSB: 135% of Munich Re		· · · · · · · · · · · · · · · · · · ·	
After Vesting  6. Unit Linked  Under Plans 191,193, 194 & 197  All linked plans except above  7. Health Insurance (Mortality Rate)  LIC a (1996-98) Ult. rated down by 1 year  125% of IALM (1994-96) mod. Ult.  IALM(1994-96) mod. Ult.  rated up by 2 years  NIL  HCB & MSB: 135% of Munich Re	During Deferment		
6. Unit Linked  Under Plans 191,193, 194 & 197  All linked plans except above  7. Health Insurance (Mortality Rate)  All linked plans except above  The lin			
6. Unit Linked  Under Plans 191,193, 194 & 197  125% of IALM (1994-96) mod. Ult.  All linked plans except above  7. Health Insurance (Mortality Rate)  NIL  HCB & MSB: 135% of Munich Re	After Vesting	LIO a (1990-90)	•
Under Plans 191,193, 194 & 197  All linked plans except above  7.Health Insurance (Mortality Rate)  Under Plans 191,193, 194 & 197  IALM (1994-96) mod. Ult. rated up by 2 years  NIL HCB & MSB: 135% of Munich Re	6. Unit Linked		yeai
All linked plans except above  IALM(1994-96) mod. Ult. rated up by 2 years  7.Health Insurance (Mortality Rate)  NIL  HCB & MSB: 135% of Munich Re		1050/ -510104	(1004.00) ===== 1.114
7.Health Insurance (Mortality Rate)  Robert above rated up by 2 years  NIL  HCB & MSB: 135% of Munich Re	Under Plans 191,193, 194 & 197	125% OT IALM	(1994-96) MOG. UIT.
7.Health Insurance (Mortality Rate)  NIL  HCB & MSB: 135% of Munich Re	All linked plans except shove	IALM(1994-96) mod. Ult.	
7.Health Insurance (Mortality Rate)  NIL  HCB & MSB: 135% of Munich Re	Ali illikeu pialis except above	· · ·	
HCB & MSB: 135% of Munich Re	7.Health Insurance (Mortality Rate)		
		HCB & MSB:	135% of Munich Re
, ,	(Morbidity Rates)		
		5.5	

L-42 IRDA Public Disclosures

III) Expense :	2011-12 for the quarter ending as at 31.12.2011	
Life- Participating policies		
Premium Related	6.25% of premium	
Policy Related		
For premium paying	₹ 380/- per policy	
For reduced & fully paid-up	₹190/- per policy	
Life- Non-participating Policies		
Premium Related	6.25% of premium	
Policy Related		
For premium paying	₹ 380/- per policy	
For reduced & fully paid-up	₹190/- per policy	
3. Annuities- Participating policies	, , ,	
Annuities in payment	₹ 80/- per policy p.a. & ₹ 120 for claim payments	
	2.25% of premium, ₹ 260/- per policy for	
	premium paying and ₹ 130/- per policy	
	for reduced paid up, fully paid & single	
During deferment	premium policies	
4. Annuities – Non-participating policies		
Annuities in payment	₹ 80/- per policy p.a. & ₹ 120 for claim payments	
	2.25% of premium, ₹ 260/- per policy for	
	premium paying and ₹ 130/- per policy	
	for reduced paid up, fully paid & single	
During deferment	premium policies	
5. Annuities- Individual Pension Plan		
Annuities in payment	₹ 80/- per policy p.a. & ₹ 120 for claim payments	
During deferment	5% of premium for endowment & 2.25% of premium for other options. ₹ 260/- per policy for premium paying and ₹ 130/- per policy for reduced paid up, fully paid up and single premium.	
6. Unit Linked		
Premium Related	1.5% to 4.0% of premium depending on plan, 7% NB related for plans 802, 803 & 804	
Policy Related		
For inforce plans	₹ 480/- per policy	
For reduced paid up and SP plans	₹ 240/- per policy	

7 Haalth Inguranaa	<u> </u>	IRDA Public Disc
7. Health Insurance Premium related		
New Business	25.009/ o	of promium
Renewal		of premium f premium
Policy related	0.25 /6 01	i premium
Folicy related For premium paying	₹ 550/- per policy	
1 or premium paying	( 330/-	per policy
For reduced paid-up & SP policies	₹ 275/- per policy	
**Per policy inflation rate is 3%	p.a. for all plans	
IV) Bonus Rates : V) Policyholders Reasonable Expectations :	Future bonuses va	s Rates alued at the current ed rates
VI) Taxation and Shareholder Transfers	2011-12 for the quarter ending as at 31.12.2011	
Life- Participating policies	_	5% & 5%
Life- Non-participating Policies     Life- Non-participating Policies		
Annuities- Participating policies		5% & 5%
Annuities – Non-participating policies		
5. Annuities- Individual Pension Plan	Fyemsted from tay	
6. Unit Linked	Exempted from tax.	
7. Health Insurance		
7. Floatil Hodranoo		
VII) Basis of provisions for Incurred But Not Reported (IBNR)		
Tieported (IBINT)	2011-12 for the au	uarter ending as at
VIII)Change in Valuation Methods or Bases	-	2.2011
1. Individuals Assurances	01.12	
A. Life Participating Policies		
a. Interest	No Change	Increase by 1.47%
b. Expenses	140 Change	Increase by 1.47 /o
Premium Related	No change	
Policy Related	ino change	
For premium paying	Increased	l by ₹ 120/-
For reduced & fully paid-up		
c. Inflation	Increased by ₹ 60/- No Change	
B. Life- Non-Participating policies	140 0	Harigo
a. Interest	No Change	No Change
b. Expenses	140 Onange	I NO Onange
Premium Related	No o	hange
Policy Related	No change	
Folicy Related For premium paying	Increased	by ₹ 120/-
For premium paying For reduced & fully paid-up		d by ₹ 60/-
c. Inflation		hange
2. Annuities & Pension	INO C	nanye
A. Participating Policies	Ingrance by 1 110/	Ingrasas but 400/
a. Interest	increase by 1.11%	Increase by 1.43%
b. Expenses		
Annuities in payment	No Change	
During deferment	No change	

L-42 IRDA Public Disclosures

c. Inflation	No Change		
B. Non-Participating Policies			
a. Interest	Increase by 1.43%	Increase by 1.43%	
b. Expenses			
Annuities in payment	No change		
During deferment	No change		
c. Inflation	No ch	nange	
C. Individual Pension Plan		9	
a. Interest	Increase by 1.33%	Increase by 1.33%	
b. Expenses			
Annuities in payment	No Change		
During deferment	No change		
c. Inflation	No Change		
3. Unit Linked	140 Onange		
a. Interest	No change	No change	
b. Expenses		<b>y</b> -	
Premium Related	No Change		
Policy Related			
For inforce plans	Increase of ₹ 180/-		
For reduced paid up and SP plans		Increase of ₹ 90/-	
c. Inflation	No Change		
4. Health	NI I		
a. Interest	No change		
b. Expenses  Premium related			
New Business	No Change		
Renewal	No Change		
Policy related	140 Griange		
For premium paying	Increase of ₹ 190/- per policy		
For reduced paid-up & SP policies	Increase of ₹ 95/- per policy		
c. Inflation	No Change		