

Public disclosure requirement (March 31, 2021)

1. Data

Policy data is extracted from policy administration systems and checks are carried out to ensure completeness and accuracy of data.

2. Treatment of valuation parameters

The liability valuation calculations have been carried out using an actuarial software. Assumptions for each plan are updated in the model. Specific characteristics of each policy such as age at entry, sum assured, term, etc. are either directly obtained from data or calculated within the model.

3. Valuation method –Methods adopted in the determination of mathematical reserves

In general the method of valuation is the gross premium valuation. The reserve held represents the net present value of benefits and expenses less premiums. The reserves are calculated on a per policy basis. Any negative reserves are zeroised, so that a policy is not treated as an asset. The minimum value of reserves is the higher of guaranteed surrender value, non guaranteed surrender value, and zero.

The following sections contain specific details about reserving for different lines of business.

Non-participating business

Contract status	Category	Applicability	Method
In-force	Individual products	Base plan	Higher of the gross premium valuation (GPV) reserve and surrender value (if applicable) and zero
		Riders	Higher of GPV reserve and unearned premium reserve (UPR) on a policy basis
	Group products – non-participating	All group risk products, except group term with duration less than or equal to one year, and group fund based savings product	Higher of GPV reserve and Surrender value (if applicable) or zero
		Group term with duration less than or equal to one year	Unearned premium reserve
		Group savings product (non-variable)	Policy account value is held as reserve
		Group variable life and pension	Policy account value is held in addition to general fund reserve

Contract status	Category	Applicability	Method
Reduced paid up	Individual products	Base plan	Higher of GPV reserve or surrender value on reduced benefit with no future premiums payable
Lapse reserve	Individual products	Base plan	Reserve for expenses till the end of the revival period
Lapsed/reduced paid up, in respect of those that are expected to revive	Individual products	Reinstatement reserve	Reinstatement rate is applied to the difference between (A) & (B) where, (A) = the reserve assuming contract is In force and (B) = the revival premiums minus commissions payable plus the paid-up/lapsed reserve, Subject to a floor of zero.

Participating business

Contract status	Category	Applicability	Method
In-force	Individual products	Base plan	Higher of the GPV reserve and surrender value (if applicable) and zero, with allowance for future bonus and associated tax and transfers to shareholders
		Riders	Higher of GPV reserve and UPR on a policy basis
	Group products – participating	Base plan	Higher of the GPV reserve with allowance for future bonus and associated tax and transfers to shareholders and face value of liability
Reduced paid up (all)	Individual products	Base plan	Higher of GPV reserve or surrender value on reduced benefit with no future premiums payable
Lapse reserve (all)	Individual products	Base plan	Reserve for expenses till the end of the maximum revival period
Lapsed or reduced paid up, in respect of those that are expected to revive	Individual products	Reinstatement reserve	Reinstatement rate is applied to the difference between (A) & (B) where, (A) = the reserve assuming contract is In force and (B) = the revival premiums minus commissions payable plus the paid-up/lapsed reserve, Subject to a floor of zero.

Unit linked business

Contract status	Category	Applicability	Method
In-force premium paying/ premium holiday	Unit reserves	Unit fund	The unit reserve is the number of units held by the policyholder multiplied by the NAV at the valuation date.
	Non-unit reserves – except for group linked	Life cover, rider benefits and adequacy of charges to cover expenses	For base policy and associated mortality benefit we take the higher of the unearned risk benefit charges and all the projected cash flows. We allow for zeroisation under all contracts at a policy level, so that credit is taken for future positive cash flows only to the extent that they offset subsequent negative cash flows. For riders a higher of GPV reserve and UPR on a policy basis
Lapsed	Unit reserves	Unit fund	Paid up/surrender value to the credit of the policyholders
		Reinstatement reserve	A reinstatement rate is applied to the difference between the full unit value and the paid up/surrender value. We adjust this reserve for death benefits payable prior to revival or foreclosure.
	Non-unit reserves	Adequacy of charges to cover expenses during the maximum revival period. Reinstatement reserve	Projected cash flows as for in-force contracts allowing for zeroisation. The cash flows do not include cost of insurance charges and claims outgo. For pre-September 2010 policies Reinstatement rate is applied to the difference between the reserve assuming contract is in force and the charges on outstanding premiums and non-unit reserve. For post-September 2010 policies the reinstatement reserve is calculated by allowing for refund of surrender penalty, levy of back charges, release of lapsed non-unit reserve and setting up of in-force non-unit reserve, all multiplied by probability of revival, subject to a floor of zero.

Unit Linked business (continued)

Contract status	Category	Applicability	Method
Group linked	Non-unit reserves		No reserves are held on account of expenses as charges are currently higher than expenses and expected to remain so. In case of mortality benefits, unexpired risk premium is held.

4. Bonus rates for participating policies

The current year declared reversionary and terminal bonuses and historical reversionary bonus rates given in Annexure I.

4.1. Policyholders' reasonable expectations (PRE)

Due consideration is given to the reasonable expectations of policyholders when making a distribution of surplus. "Reasonable" is not explicitly defined in the regulations and is left to the interpretation of the Appointed Actuary. Our interpretation of "Reasonable" refers to a well-informed, financially literate policyholder.

The main drivers of PRE are currently our point of sale material, the bonus rates declared last year and past communication with policyholders.

4.2. Taxation and shareholder transfers

The gross premium reserve (GPV) includes reserve for transfer and tax. Tax is provided on surplus emerging under participating products. For the current valuation, we have assumed that the participating pension business is tax exempt. However, our interpretation of PRE would be that future bonuses would in any case reflect the taxes charged to the fund. As a result, the reserves would not be changed even if taxes came to be charged.

5. Valuation assumptions

Valuation parameters are set prudently and include margin for adverse deviation (MAD) as required under APS7 issued by Institute of Actuaries of India.

5.1. Interest Rate

The valuation discount rates for the various lines of business are set out below:

Valuation Discount rate (%)	Mar-2020		Mar-2021	
	Minimum	Maximum	Minimum	Maximum
(a) Individual Business				
(a.1) Life - Participating policies	4.33	5.43	4.40	4.74
(a.2) Life - Non-participating policies	5.24	6.59	3.13	5.56
(a.3) Annuities - Participating policies	NA	NA	NA	NA
(a.4) Annuities – Non-participating policies	5.58	5.58	5.44	5.44
(a.5) Annuities - Individual pension plan	NA	NA	NA	NA
(a.6) Unit Linked	5.49	5.49	5.49	5.49
(a.7) Health insurance	5.14	5.14	5.49	5.49
(b) Group Business				
Life - Non-participating policies	5.23	5.23	4.79	5.47

5.2. Expense Inflation

The inflation assumption is 4.22% at March 31, 2021. There is an increase in inflation by 17 bps from March 31, 2020.

5.3. Mortality and morbidity assumptions

The mortality assumptions for different products expressed as a percentage of Standard table are as below:

Plan	Valuation basis at March 31, 2020	Valuation basis at March 31, 2021
Retail		
Participating (Life and Pension)	107.5% to 152.5% of IALM 12-14 rated up by 1 year for males and rated down 1 year for females	102.5% to 145% of IALM 12-14 rated up by 1 year for males and rated down 1 year for females
Non Participating	72% to 473% of IALM 12-14 rated up by 1 year for males and rated down by 1 year for females depending on products	52.5% to 536.3% of IALM 12-14 rated up by 1 year for males and rated down by 1 year for females depending on products
Linked	10% to 227.5% of IALM 12-14 rated up by 1 year for males and rated down by 1 year for females depending on products	12.5% to 197.5% of IALM 12-14 rated up by 1 year for males and rated down by 1 year for females depending on products
Rural	200% of IALM 12-14	200% of IALM 12-14
Health	42.5% to 72.5% of IALM 12-14 rated up by 1 year for males, rated down by 1 year for females	42.5% to 72.5% of IALM 12-14 rated up by 1 year for males, rated down by 1 year for females
Annuity	20% to 45% of LIC 96-98 for males, rated down by 4 years for females with appropriate mortality improvement	20% to 45% of LIC 96-98 for males, rated down by 4 years for females with appropriate mortality improvement
Group		
Non Participating Group	77.5% to 300% of IALM 12-14 rated up by 1 year for males and rated down by 1 year for females depending on products	61% to 693% of IALM 12-14 rated up by 1 year for males and rated down by 1 year for females depending on products
Group Term	Unearned premium basis	Unearned premium basis

Morbidity rates used are based on CIBT 93 table, adjusted for expected experience, or on risk rates provided by reinsurers.

5.4. Expense Assumptions

Type of expense (₹)	Valuation basis at March 31, 2020	Valuation basis at March 31, 2021
Renewal expense per policy		
All conventional and unit linked (includes in-force premium paying, paid up policies, lapsed/premium discontinuance state within revival period policies)	150 to 500	160 to 500
Rural	60	65
Renewal expense per premium		
All conventional and unit linked in force, paid up and lapsed policies (% of annual premium)	0.575% to 2.40%	0.70% to 2.40%
Claim expenses per policy	220 to 15,725	170 to 16,610

5.5. Future bonus rate assumptions for participating policies

Supportable future reversionary bonus rates are calculated at a product level. These bonus rates are consistent with the other valuation assumptions, subject to a floor of zero, and with PRE, and is targeted to exhaust the asset shares at valuation date.

6.6 Reserves for incurred but not reported (IBNR) claims

IBNR reserves are required for claims which may have been incurred at the valuation date but which have not been reported to the company. IBNR reserve is held for all group and retail protection products.

IBNR ratio is calculated as the weighted average of the past few years ratio of claims reported with a delay to total reported claims. The claims which are taken as delayed are the claims which are reported in the subsequent financial years following the year of death. The total claims are all claims pertaining to a financial year. We have applied a MAD of 10% to the ratio calculated as described to arrive at the valuation IBNR ratio. The claims reported in the current financial year of deaths which have happened in the current year are grossed up by this ratio.

We note that for all products the mortality experience analysis is carried out on data with a lag of 3 months. In addition to allow for residual IBNR, an additional multiplier has been used to gross up claims that are intimated more than 3 months after the extract date. Hence this allows for a sufficient margin for IBNR for all other lines of business.

6.7 Reserves for additional COVID-19 claims

An additional provision has been held for potential death claims on account of Covid-19 allowing for one year of expected death outgo, net of reinsurance recovery. The expected death outgo has been calculated by applying a MAD on the best estimate expectation of Covid-19 claims which has been set based on the observed age cohort wise experience on overall portfolio of the Company.

Annexure I

Retail Participating Life

Historical Bonus Rates

Financial year	Products	Compound reversionary
FY 2020-21	Save 'n' Protect Series I and II Save 'n' Protect Mass	2.00%
FY 2019-20		2.00%
FY 2018-19		2.00%
FY 2017-18		2.00%
FY 2016-17		2.00%
FY 2015-16		2.25%
FY 2014-15		2.50%
FY 2013-14		2.25%
FY 2012-13		2.25%
FY 2011-12		2.25%
FY 2010-11		2.50%
FY 2009-10		2.50%
FY 2008-09		2.25%
FY 2007-08		3.00%
FY 2006-07		3.25%
FY 2020-21	Cashbak Series I and II	2.25%
FY 2019-20		2.25%
FY 2018-19		2.00%
FY 2017-18		2.00%
FY 2016-17		2.00%
FY 2015-16		2.25%
FY 2014-15		2.50%
FY 2013-14		2.25%
FY 2012-13		2.25%
FY 2011-12		2.25%
FY 2010-11		2.50%
FY 2009-10		2.50%
FY 2008-09		2.25%
FY 2007-08		3.00%
FY 2006-07		3.25%
FY 2020-21	Smartkid Series I and II	2.75%
FY 2019-20		2.50%
FY 2018-19		2.25%
FY 2017-18		2.00%
FY 2016-17		2.00%
FY 2015-16		2.25%
FY 2014-15		2.50%
FY 2013-14		2.25%
FY 2012-13		2.25%
FY 2011-12		2.25%
FY 2010-11		2.50%
FY 2009-10		2.50%
FY 2008-09		2.25%
FY 2007-08		3.00%
FY 2006-07		3.25%

Financial year	Products	Compound reversionary
FY 2020-21	Cash Advantage	4.50%
FY 2019-20		4.50%
FY 2018-19		4.75%
FY 2017-18		4.75%
FY 2016 -17		4.75%
FY 2015 -16		5.00%
FY 2014-15		5.25%
FY 2013-14		5.25%
FY 2020-21		Saving Suraksha LP
FY 2019-20	3.00%	
FY 2018-19	3.00%	
FY 2017-18	3.00%	
FY 2016 -17	3.00%	
FY 2015 -16	3.25%	
FY 2014-15	3.50%	
FY 2013-14	3.50%	
FY 2020-21	Saving Suraksha RP	1.50%
FY 2019-20		1.75%
FY 2018-19		1.75%
FY 2017-18		1.75%
FY 2016-17		1.75%
FY 2015-16		2.00%
FY 2014-15		2.25%
FY 2013-14		2.25%
FY 2020-21	Anmol Bachat RP	0.90%
FY 2019-20		0.90%
FY 2018-19		0.90%
FY 2017-18		0.90%
FY 2016-17		0.90%
FY 2015-16		1.15%
FY 2014-15		1.40%
FY 2013-14		Not Applicable
FY 2020-21	Future Perfect	2.25%
FY 2019-20		2.25%
FY 2018-19		2.25%
FY 2017-18		2.25%
FY 2016-17		2.00%
FY 2020-21	Anmol Bachat II	1.25%
FY 2019-20		1.25%
FY 2018-19		1.25%
FY 2017-18		1.25%
FY 2016-17		1.25%

Financial year	Products	Simple Reversionary Bonus
FY 2020-21	Whole Life	Premium Payment Term Up to 15 years 3.25% 16 to 20 years 3.65% 21 to 25 years 4.45% 26 years and above 4.85%
	Future Secure	Policy term: up to 15 years 3.35% 16 years and above 3.75%
FY 2020-21	Lakshya LifeLong Plan	1%
FY 2019-20	Whole Life	Premium Payment Term Up to 15 years 3.00% 16 to 20 years 3.40% 21 to 25 years 4.20% 26 years and above 4.60%
	Future Secure	Policy term: up to 15 years 3.10% 16 years and above 3.50%
FY 2019-20	Lakshya LifeLong Plan	1%
FY 2018-19	Whole Life	Premium Payment Term Up to 15 years 3.00% 16 to 20 years 3.40% 21 to 25 years 4.20% 26 years and above 4.60%
	Future Secure	Policy term: up to 15 years 3.10% 16 years and above 3.50%
FY 2017-18	Whole Life	Premium Payment Term Up to 15 years 3.00% 16 to 20 years 3.40% 21 to 25 years 4.20% 26 years and above 4.60%
	Future Secure	Policy term: up to 15 years 3.10% 16 years and above 3.50%
FY 2016-17	Whole Life	Premium Payment Term Up to 15 years 3.00% 16 to 20 years 3.40% 21 to 25 years 4.20% 26 years and above 4.60%
	Future Secure	Policy term: up to 15 years 3.10% 16 years and above 3.50%

FY 2015-16	Whole Life	Premium Payment Term Up to 15 years 3.25% 16 to 20 years 3.65% 21 to 25 years 4.45% 26 years and above 4.85%
	Future Secure	Policy term: up to 15 years 3.35% 16 years and above 3.75%
FY 2010-11 till FY2014-15	Whole Life	Premium Payment Term Up to 15 years 3.50% 16 to 20 years 3.90% 21 to 25 years 4.70% 26 years and above 5.10%
	Future Secure	Policy term: up to 15 years 3.60% 16 years and above 4.00%

The table below shows bonus rates for Lakshya Wealth Plan for FY2019-20 and FY2020-21.

Term/PPT (years)	5	7	10	12
12	3.00%	2.30%	NA	NA
15	3.40%	2.80%	2.10%	1.70%
20	4.70%	4.00%	3.20%	2.90%
25	5.90%	5.10%	4.40%	4.10%
30	7.20%	6.40%	5.60%	5.30%

Retail Participating Pension

Products	Financial Year	Bonus Rates
Forever Life Regular Premium Series I and II	FY 2020-21	3.50%
	FY 2019-20	3.25%
	FY 2018-19	3.00%
	FY 2017- 18	2.75%
	FY 2016- 17	2.75%
	FY 2015- 16	2.75%
	FY 2014-15	3.00%
	FY 2013-14	2.75%
	FY 2012-13	2.75%
	FY 2011-12	2.75%
	FY 2010-11	3.00%
	FY 2009-10	2.75%
	FY 2008-09	2.50%
	FY 2007-08	3.00%
FY 2006-07	3.25%	

Special bonuses were declared in FY2010 of the following rates:

Financial Year	Retail Participating Life	Retail Participating Pension
2010-11	1.50%	1.25%

Interim bonus rates (as a percentage of sum assured, vested guaranteed additions and vested reversionary bonus) for the current year:

The interim bonus rates for the current year are same as reversionary bonus rates for FY 2020-21 given above.

Terminal bonus rates (as a percentage of sum assured) for the current year (Participating life):

Product	UIN	Term (in years)	Terminal bonus rate
Save 'n' Protect Series I	105N004V01	10	15%
Save 'n' Protect Series I	105N004V01	11 to 15	30%
Save 'n' Protect Series I	105N004V01	16 to 18	35%
Save 'n' Protect Series I	105N004V01	19 to 20	50%
Save 'n' Protect Series I	105N004V01	21 and above	55%
Save 'n' Protect Series II	105N004V02	10	20%
Save 'n' Protect Series II	105N004V02	11	25%
Save 'n' Protect Series II	105N004V02	12	25%
Save 'n' Protect Series II	105N004V02	13	30%
Save 'n' Protect Series II	105N004V02	14 to 15	35%
Save 'n' Protect Series II	105N004V02	16	40%
Save 'n' Protect Series II	105N004V02	17	45%
Save 'n' Protect Series II	105N004V02	18	50%
Save 'n' Protect Series II	105N004V02	19 and above	60%
Smartkid Series I	105N014V01	19	65%
Smartkid Series I	105N014V01	20 and above	75%
Smartkid Series II	105N014V02	10 & 11	20%
Smartkid Series II	105N014V02	12	25%
Smartkid Series II	105N014V02	13	30%
Smartkid Series II	105N014V02	14	35%
Smartkid Series II	105N014V02	15	40%
Smartkid Series II	105N014V02	16	45%
Smartkid Series II	105N014V02	17	50%
Smartkid Series II	105N014V02	18	60%
Smartkid Series II	105N014V02	19 and above	65%
Cashbak Series I	105N005V01	20	50%
Cashbak Series II	105N005V02	15	25%
Future Secure	105N117V01	10 and above	45%
Whole Life	105N116V01	10 and above	45%

Terminal bonus rates (as a percentage of sum assured) for the current year (Participating pension):

Product	UIN	Term (in years)	Terminal Bonus Rate
Forever Life Regular Premium Series I	105N001V01	19 and above	55%
Forever Life Regular Premium Series II	105N001V02	10 & 11	25%
Forever Life Regular Premium Series II	105N001V02	12 to 14	35%
Forever Life Regular Premium Series II	105N001V02	15	40%
Forever Life Regular Premium Series II	105N001V02	16	45%
Forever Life Regular Premium Series II	105N001V02	17	50%
Forever Life Regular Premium Series II	105N001V02	18 & above	55%

Group Business

Historical Bonus rates :

Financial year	Bonus rate for group participating life products	Bonus rate for group participating pension products
FY 2020-21	6.75%	7.75%
FY 2019-20	7.00%	8.00%
FY 2018-19	6.50%	7.50%
FY 2017-18	6.75%	7.75%
FY 2016-17	7.25%	8.25%
FY 2015-16	7.50%	8.50%
FY 2014-15	8.50%	8.50%
FY 2013-14	9.00%	9.00%
FY 2012-13	9.10%	9.10%
FY 2011-12	9.85%	9.85%
FY 2010-11	7.50%	8.50%

Special bonuses were declared in FY2010 of the following amounts

Financial Year	Group Participating Life	Group Participating Pension
2010-11	3.50%	2.50%

Interim bonus rates for the current financial year:

Product	Bonus rate
Group Gratuity Suraksha	6.50%
Group Leave Encashment Suraksha	6.50%
Group Superannuation Suraksha	7.50%