

## Public disclosure requirement (June 30, 2013)

### Data

Policy data is maintained on the following administration systems.

<b>System</b>	<b>Data</b>
Life Asia	Individual retail products including some individual annuities
	Group Bancassurance products
WEGA	Group Gratuity
	Group Term Insurance
	Superannuation
	Employer Deposit Linked Insurance (EDLI)
Leave Encashment Spreadsheet	Leave Encashment – 9 group schemes
Compulsory Annuity Management System (CAMS)	Group annuities
Annuity Spreadsheet	Individual tied annuities
Reinsurance Management System	Administration, premium calculations for life, group and health products
Claims Automated Processing System (CAPS)	Health and non-par Health claims, standalone CI, crisis cover
Claim Processing system	Managing death claims and living benefits for individual policies (not health claims)

The key considerations from the statutory valuation perspective are to ensure the completeness and accuracy of data.

There are a series of validation checks based on product rules built into the business systems of the four outsourced data centres for retail business. Data is then uploaded into the Life Asia system for policy issue. Besides this, the Actuarial Department carries out its own checks to be reasonably certain that the data is complete and accurate.

## **Treatment of Valuation Parameters**

The liability valuation calculations have been carried out using actuarial software called "Prophet". The assumptions for each plan are fed in Prophet. Monthly cash flows are then projected by Prophet to determine the reserves using the specific characteristics of each policy such as age at entry, sum assured, term, etc.

The valuation parameters were calculated as detailed here.

- Age at Entry was extracted from LifeAsia.
- Valuation Age was calculated by summing Age nearer birthday at entry with curtate duration, i.e. the age would change only on policy anniversaries.
- Premium Paying Term under the plan is extracted from Life Asia.
- Maturity Date is obtained by summing up the date of commencement and policy term extracted from LifeAsia.
- Period from Valuation date to maturity is calculated in Prophet as the difference between the maturity date and the valuation date

## **Treatment of Future Premiums**

### **Incidence of premium income**

The premiums are assumed to be received when due.

For linked business, premium income is recognized when the associated units are allocated. Fees on linked policies are recognized when due. For the purpose of projections in the actuarial models, future premiums are assumed to be received when due.

### **Premiums payable otherwise than annually**

As premiums are taken to be received when due, no adjustment is required for non-annual plans.

## **Valuation Method – Non Linked Business**

### **Methods adopted in the determination of mathematical reserves**

The prescribed method of valuation is the Gross Premium Valuation. The reserve held represents the net present value of benefits and expenses less premiums. Following is the broad basis of the valuation.

- The cash flows are projected assuming zero lapses.
- 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 Guaranteed Surrender Value if applicable or zero.

Valuation parameters are set prudently and include MAD in accordance to GN7 issued by Institute of Actuaries of India.

The following sections summarise the specific methods used to value liabilities under each type of product.

## Non-Participating Business

Contract Status	Category	Applicability	Method
In Force	Individual Products	Base Plan	Higher of the Gross Premium Reserve or Surrender Value (if applicable) or zero
		Riders – Excluding Accident Benefit Riders	Higher of Gross Premium Reserve and Unearned Premium Reserve on a policy basis
		Riders – Accident Benefit Riders	Unearned Premium Reserve
	Group Products-Non Par	All group risk products and riders	Higher of <ul style="list-style-type: none"> <li>• Gross Premium Reserve and</li> <li>• Surrender Value for Mortgage and Auto Loans dependent term assurances or Unearned Premium Reserve for others.</li> </ul> (The single premium MRTA has a surrender value.)
Reduced Paid up	Individual Products	Base Plan	Higher of Gross Premium 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 outstanding premiums plus the paid-up/lapsed reserve, Subject to a floor of zero.

## **Participating Business**

For the purpose of asset shares on the participating business as on the valuation date, we have estimated the book value asset shares in order to be consistent with the reported value of assets.

A supportable future reversionary bonus is calculated at product level. This bonus rate is consistent with the other valuation assumptions, subject to a floor of zero, and with Policyholders' Reasonable Expectations (PRE), and is targeted to exhaust the asset shares. In general, therefore, the bonus reserve valuation in respect of premium paying business is equated to asset share, on a book value basis. Till last year, the asset share was equated to the bonus reserve valuation after zeroisation of the prospective reserve. However, this year, we have modified the approach. The supportable future bonus rates are determined by equating the asset share to the prospective reserve before zeroisation. The prospective reserves based on the supportable bonus as calculated above are then zeroised. This approach ensures that that there is no valuation strain in case policies with negative reserves were to discontinue.

The cost of the one off special bonus declared in 2010 is treated as an addition to the reserves calculated above. It is valued prospectively on the valuation basis.

For the Group participating business we hold the face value of the policies as the liability. However, we check that this liability would support a prospective gross premium valuation, as required by IRDA (ALSM) Regulations, 2000, Schedule II- A, 2(6).

The additional one off bonus declared in 2010 was added to the liability as at March 31, 2010, and is included in the face value. The asset shares are also adjusted to reflect the value of this additional bonus.

## Conventional Participating business (further details)

Further details regarding the valuation of Conventional Par business are given below:

Contract Status	Category	Applicability	Method
In Force	Individual Products	Base Plan	Higher of the Gross Premium Reserve or Surrender Value (if applicable) or zero, with allowance for future bonus and associated tax and transfers to shareholders
		Riders –Excluding Accident Benefit Riders	Higher of Gross Premium Reserve and Unearned Premium Reserve on a policy basis
		Riders –Accident Benefit Riders	Unearned Premium Reserve
	Group Products - Par		Higher of the Gross Premium 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 Gross Premium 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 outstanding premiums plus the paid-up/lapsed reserve,  Subject to a floor of zero.

## Bonus rates (Retail products)

Details of bonuses declared in the previous financial years for products launched before FY2011 are given below:

Financial Year	Par Assurance (Bonus Type – Compound Reversionary)	Par Pension (Bonus Type – Compound Reversionary)
FY 2006-07	3.25%	3.25%
FY 2007-08	3.00%	3.00%
FY 2008-09	2.25%	2.5%
FY 2009-10	2.5+1.5% <sup>1</sup>	2.75+1.25% <sup>2</sup>
FY 2010-11	2.50%	3.00%
FY 2011-12	2.25%	2.75%

For products launched in FY2011 the bonuses declared in the previous financial years are given below:

Financial Year	LOB	Product	Bonus Type	Bonus Rate
FY 2010-11	Par Assurance	Whole Life	Simple	Premium Payment Term: up to 15 yrs 3.50% 16 to 20 yrs 3.90% 21 to 25 yrs 4.70% 26 yrs and above 5.10%
		Future Secure	Simple	Policy Term: up to 15 years 3.60% 16 years and above 4.00%
FY 2011-12	Par Assurance	Whole Life	Simple	Premium Payment Term: up to 15 yrs 3.50% 16 to 20 yrs 3.90% 21 to 25 yrs 4.70% 26 yrs and above 5.10%
		Future Secure	Simple	Policy Term: up to 15 years 3.60% 16 years and 4.00%

Reversionary Bonus rates for the current year

LOB	Product	Bonus Type	Bonus Rate
Life	Save' n' Protect Series I and II	Compound	2.25%
Life	Cashbak Series I and II	Compound	2.25%
Life	Smartkid Series I and II	Compound	2.25%

<sup>1</sup> 1.5% is a special one time reversionary bonus

<sup>2</sup> 1.25% is a special one time reversionary bonus



<b>LOB</b>	<b>Product</b>	<b>Bonus Type</b>	<b>Bonus Rate</b>
Life	Save' n' Protect Mass	Compound	2.25%
Life	Whole Life	Simple	Premium Payment Term: up to 15 yrs 3.50% 16 to 20 yrs 3.90% 21 to 25 yrs 4.70% 26 yrs and above 5.10%
Life	Future Secure	Simple	Policy Term: up to 15 years 3.60% 16 years and above 4.00%
Pension	Forever Life Regular Premium Series I and II	Compound	2.75%
Pension	Forever Life Single Premium	Compound	2.75%

Terminal Bonus rates for the current year

<b>Product</b>	<b>UIN</b>	<b>Term (in years)</b>	<b>Terminal Bonus Rate</b>
Save 'n' Protect Series I	105N004V01	11 to 12	25%
Save 'n' Protect Series I	105N004V01	13 and above	30%
Save 'n' Protect Series II	105N004V02	8 to 10	15%
Save 'n' Protect Series II	105N004V02	11 and above	20%
Smartkid Series I	105N014V01	11 to 12	25%
Smartkid Series II	105N014V02	10	15%
Smartkid Series II	105N014V02	11 and above	20%
Forever Life Regular Premium Series-I	105N001V01	11 to 12	25%
Forever Life Regular Premium Series-II	105N001V02	5 to 11	20%
Forever Life Single Premium	105N002V01	11 to 12	30%

**Interim Bonus Rates:**

<b>LOB</b>	<b>Product</b>	<b>Bonus Type</b>	<b>Interim Bonus Rate</b>
Life	Save' n' Protect Series I and II	Compound	2.25%
Life	Cashbak Series I and II	Compound	2.25%
Life	Smartkid Series I and II	Compound	2.25%
Life	Save' n' Protect Mass	Compound	2.25%

LOB	Product	Bonus Type	Interim Bonus Rate
Life	Whole Life	Simple	Premium Payment Term: up to 15 yrs 3.50% 16 to 20 yrs 3.90% 21 to 25 yrs 4.70% 26 yrs and above 5.10%
Life	Future Secure	Simple	Policy Term: up to 15 years 3.60% 16 years and above 4.00%
Pension	Forever Life Regular Premium Series I and II	Compound	2.75%
Pension	Forever Life Single Premium	Compound	2.75%

Interim Bonus is paid in respect of the following contracts:

- contracts that have completed their contractual period of guaranteed additions and have received a reversionary bonus and that result in death claim in the period from the date of declaration to the day immediately preceding any subsequent declaration;
- contracts that will be completing their contractual period of guaranteed additions and that result in death claim in the period from the date of declaration to the day immediately preceding any subsequent declaration.

### Bonus rates (Group products)

Bonus rates declared in the previous financial year

Financial Year	Bonus rate for Group Par Assurance products	Bonus rate for Group Par Pension products
FY 2009-10	7.5%+3.5% <sup>3</sup>	8.5%+2.5% <sup>4</sup>
FY 2010-11	9.85%	9.85%
FY 2011-12	9.10%	9.10%

Bonus rates for the current year

Product	Bonus Rate
Group Gratuity Suraksha	9.00%
Group Leave Encashment Suraksha	9.00%
Group Superannuation Suraksha	9.00%

<sup>3</sup> 3.5% is a special one time reversionary bonus

<sup>4</sup> 2.5% is a special one time reversionary bonus

In case of Group Par products, interim bonus has been recommended on contracts that result in death claims and on withdrawals, in the period, from the date of the bonus declaration to the day immediately preceding any subsequent declaration.

<b>Product</b>	<b>Interim Bonus Rate</b>
Group Gratuity Suraksha	8.00%
Group Leave Encashment Suraksha	8.00%
Group Superannuation Suraksha	8.50%

### **Policyholder Reasonable Expectations (PRE) (retail products)**

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.

PRE can be formed with respect to many areas including the following.

- Nature of Bonus
- Reversionary (added each year) vs. Terminal (added only on claim)
- Type of Reversionary bonus
- Simple vs. compound vs. super compound
- Level of bonus
- Level of guarantees implicit in the declaration

The main drivers of PRE are currently our point of sale material, the bonus rates declared last year and past communication with policyholders. We interpret our point of sale material as having created the expectation that bonuses would be compound reversionary for all products except for the products "Wholelife" and "Future Secure" for which it would be simple reversionary.

PRE ultimately needs to be set to the principle that each customer should receive a fair return on the premiums he has paid, allowing for the insurance protection and guarantees provided over the duration of his policy. The basic reference point for this, and therefore PRE, will be the asset share under the policy.

Policyholders enjoy the benefits and protection of both guarantees and smoothing for which they may be charged appropriately. However, the Company will not seek to make any systematic profit through these charges over generations of policies.

PRE will be shaped and actively managed through appropriate communication to the policyholder. The tools that will be used for this purpose are Sales Brochures, Policy Illustrations and annual communications of bonus rates.

Early duration surrender benefits will be established at a level that enables the Company to recover the cost of acquisition and capital support provided subject to the minimum surrender values written into the contracts.

### **Policyholder Reasonable Expectations (PRE) (group products)**

This being a relatively new line of business we interpret the main drivers of PRE currently as our point of sale material.

PRE ultimately needs to be set to the principle that each customer should receive at least a fair return on the premiums he has paid, allowing for the insurance protection and guarantees provided over the duration of his policy. The basic reference point for this, and therefore PRE, will be the asset share under the policy.

**Tax Rate**

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 Policyholders' Reasonable Expectations (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.

## Valuation Method – Linked Business

### Methods adopted in the determination of mathematical reserves

For linked business, unit liabilities are fully matched. A non-unit reserve is also held which includes provision for the cost of any guarantee. Further details are given here.

Contract Status	Category	Applicability	Method
In Force Premium Paying/ Premium Holiday	Unit Reserves	Unit Fund	The unit reserve is 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, where charges are taken by a deduction of units a UPR, in other cases higher of UPR or GPV is held as reserve.
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. The balance of the unit fund forms the linked FFA. (This does not apply to ULIPs sold since September 2010.)  Full values of units of Premier Life and Elite Pension are held as reserve.
	Non-unit Reserves	Adequacy of charges to cover expenses during the maximum revival period.	Projected cash flows as for in force contracts allowing for zeroisation.  The cash flows do not include cost of insurance charges and claims out go.
		Reinstatement reserve	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

<b>Contract Status</b>	<b>Category</b>	<b>Applicability</b>	<b>Method</b>
			reserve, all multiplied by probability of revival, subject to a floor of zero.
Additional Reserves	Cost of Guarantee	Linked Plans with capital guarantee (other than Return Guarantee Funds)	<p>For guarantees on products other than Pinnacle, the gross cost of guarantee is computed based on principles of market consistency. The fund values are projected using risk neutral asset return scenarios and the payout on account of the guarantee is calculated for each simulation. The present value of the payouts for each simulation is calculated by discounting using the forward rates of that simulation. The average of the present value of payouts from the simulations is the gross cost of the guarantee.</p> <p>For Pinnacle there is no requirement for additional reserves on account of guarantee as the guarantee will be managed by following a Constant Proportion Portfolio Insurance strategy on the assets. The strategy dynamically allocates the investments between risky assets (equity) and risk free assets (debt), based on the performance of risky assets and yields available on risk free assets.</p>
Additional Reserves	Cost of Guarantee	Return Guarantee Funds (RGF)	<p>The RGF are closed ended tranches of funds that are intended to provide customers a return over a specified period, subject to a guarantee. The investments in this fund are in fixed income (debt) instruments. The expected returns achievable on the fund will be known at the outset. The quantum of the guarantee would depend upon our assessment of the risk adjusted yield of the portfolio, allowing in particular for any credit or reinvestment risk. Reserving for guarantee on these funds is done by deterministic modelling. The non unit reserve is on a prospective Gross Premium basis and is the present value of all future outgo less future income of the non unit fund calculated on a prudent basis, including the additional estimated cashflow associated with the guarantee</p>
Group Linked	Non Unit reserves		<p>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 as non unit reserve.</p>

## Valuation assumptions

### Interest Rate

The valuation interest rates for the various lines of business along with the details of the previous valuation are set out below.

<b>Line of Business</b>	<b>As on March 31, 2013</b>	<b>As on June 30, 2013</b>
Par Life In force	5.68%	5.68%
Par Life Paid up	5.70%	5.70%
Par Group Life	5.68%	5.68%
Par Pension In force	5.40%	5.40%
Par Pension Paid up	4.96%	4.96%
Par Group Pension	5.70%	5.70%
Annuity	5.68%	5.68%
Non Par protection	5.49%	5.49%
Non par health	5.68%	5.68%
Non par Group	5.71%	5.71%
Non par investment (other than GSIP)	6.26%	6.26%
GSIP	5.37%	5.37%
Health	4.43%	4.43%
Non Unit Life	5.89%	5.89%
Non Unit Pension	5.89%	5.89%
Non Unit Health	5.89%	5.89%

### Inflation

#### Expense Inflation

The inflation assumption is 5.41% as on June 30, 2013. There is no change in inflation assumption from March 31, 2013.

#### Medical Inflation

The medical inflation assumption is 20.41% as on June 30, 2013. There is no change in inflation assumption from March 31, 2013.



## Mortality & Morbidity rates for each product

The mortality assumptions for various products are given below. The mortality assumptions are based on IALM 94-96 mortality tables. The mortality assumptions as at June 30, 2013 have also been expressed as proportion of the new Standard Mortality Table, IALM 06 -08, which was made applicable from April 1, 2013 vide IRDA Circular (IRDA/ACT/CIR/MISC/033/02/2013) dated February 20, 2013.

Plan	As at March 31, 2013 Valuation Basis	As at June 30, 2013 Valuation Basis	
Non Par Investment excluding GSIP, Par Pension, Par Assurance except for Smart Kid	% of IALM 94-96 rated up by 1 year for males and rated down 1 year for females	% of IALM 94-96 rated up by 1 year for males and rated down 1 year for females	
	<b>Policy Duration Year 1</b>	<b>Policy Duration &gt;Year 1</b>	<b>Policy Duration Year 1</b>
	120%	100%	100%
		The mortality assumption ranges from 23% to 231% as a proportion of IALM 06-08.	
Term Products (other than IProtect and ICare)	For ages less than equal to 30: 80% IALM 94-96 rated up by 1 year for males, rated down by 1 year for females	For ages less than equal to 30: 80% IALM 94-96 rated up by 1 year for males, rated down by 1 year for females	
	For ages greater than 30: 60% IALM 94-96 rated up by 1 year for males, rated down by 1 year for females	For ages greater than 30: 60% IALM 94-96 rated up by 1 year for males, rated down by 1 year for females	
		The mortality assumption ranges from 18% to 116% as a proportion of IALM 06 – 08.	
GSIP	80% of IALM 94-96 rated by 1 year for males and rated down 1 year for females	80% of IALM 94-96 rated by 1 year for males and rated down 1 year for females	
		The mortality assumption ranges from 18% to 154% as a proportion of IALM 06 – 08.	
Smart kid (Linked and Conventional)	% of IALM 94-96 rated up by 1 year for males and rated down 1 year for females based on age and whether medically underwritten or not For non medical (Jet cases)	% of IALM 94-96 rated up by 1 year for males and rated down 1 year for females based on age and whether medically underwritten or not For non medical (Jet cases)	
	<b>Age</b>	<b>Valuation Basis</b>	<b>Age</b>
	<=30	140%	<=30
	>30	110%	>30

Plan	As at March 31, 2013 Valuation Basis	As at June 30, 2013 Valuation Basis																																																
	<p>For medically underwritten business</p> <table border="1"> <thead> <tr> <th>Age</th> <th>Valuation Basis</th> </tr> </thead> <tbody> <tr> <td>&lt;=30</td> <td>120%</td> </tr> <tr> <td>&gt;30</td> <td>90%</td> </tr> </tbody> </table>	Age	Valuation Basis	<=30	120%	>30	90%	<p>For medically underwritten business</p> <table border="1"> <thead> <tr> <th>Age</th> <th>Valuation Basis</th> </tr> </thead> <tbody> <tr> <td>&lt;=30</td> <td>120%</td> </tr> <tr> <td>&gt;30</td> <td>90%</td> </tr> </tbody> </table> <p>The mortality assumption ranges from 27% to 212% as a proportion of IALM 06-08.</p>	Age	Valuation Basis	<=30	120%	>30	90%																																				
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<b>Plan</b>	<b>As at March 31, 2013 Valuation Basis</b>	<b>As at June 30, 2013 Valuation Basis</b>																				
Group Term	Unearned Premium	Unearned Premium																				
Rural products - Mitr, Suraksha (RP)	330% of IALM 94-96	330% of IALM 94-96  The mortality assumption ranges from 75% to 589% as a proportion of IALM 06-08.																				
Suraksha Kavach (Individual )	330% of IALM 94-96	330% of IALM 94-96  The mortality assumption ranges from 75% to 589% as a proportion of IALM 06-08.																				
Sarv Jan Suraksha	330% of IALM 94-96	330% of IALM 94-96  The mortality assumption ranges from 75% to 589% as a proportion of IALM 06-08.																				
Annuity	<p>Up to age 40: 25% LIC 96-98 for males, rated down by 4 years for females;</p> <p>Age 40 to 60 (Both inclusive): 40% LIC 96-98 for males, rated down by 4 years for females;</p> <p>From age 61: 65% (75%-10%) LIC 96-98 for males, rated down by 4 years for females;</p> <p>The mortality improvement is set as</p> <table border="1"> <thead> <tr> <th><b>Age as on 1 April 2008</b></th> <th><b>Rate</b></th> </tr> </thead> <tbody> <tr> <td>&lt; 35</td> <td>4.50%</td> </tr> <tr> <td>&lt; 55</td> <td>3.50%</td> </tr> <tr> <td>&lt; 65</td> <td>2.00%</td> </tr> <tr> <td>&gt;= 65</td> <td>1.75%</td> </tr> </tbody> </table> <p>The mortality improvement factor would be applied based on annuitant's age in 2007-08 and would include improvements since 2007-08 and would be fixed for life.</p>	<b>Age as on 1 April 2008</b>	<b>Rate</b>	< 35	4.50%	< 55	3.50%	< 65	2.00%	>= 65	1.75%	<p>Up to age 40: 25% LIC 96-98 for males, rated down by 4 years for females;</p> <p>Age 40 to 60 (Both inclusive): 40% LIC 96-98 for males, rated down by 4 years for females;</p> <p>From age 61: 65% (75%-10%) LIC 96-98 for males, rated down by 4 years for females;</p> <p>The mortality improvement is set as</p> <table border="1"> <thead> <tr> <th><b>Age as on 1 April 2008</b></th> <th><b>Rate</b></th> </tr> </thead> <tbody> <tr> <td>&lt; 35</td> <td>4.50%</td> </tr> <tr> <td>&lt; 55</td> <td>3.50%</td> </tr> <tr> <td>&lt; 65</td> <td>2.00%</td> </tr> <tr> <td>&gt;= 65</td> <td>1.75%</td> </tr> </tbody> </table> <p>The mortality improvement factor would be applied based on annuitant's age in 2007-08 and would include improvements since 2007-08 and would be fixed for life.</p>	<b>Age as on 1 April 2008</b>	<b>Rate</b>	< 35	4.50%	< 55	3.50%	< 65	2.00%	>= 65	1.75%
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ADD and AD Riders	Unearned Premium Basis	Unearned Premium Basis																				
Level Term Rider	For ages less than equal to 30: 80% of IALM 94-96 rated up by 1 year for males, rated down by 1 year for females;	For ages less than equal to 30: 80% of IALM 94-96 rated up by 1 year for males, rated down by 1 year for females;																				

<b>Plan</b>	<b>As at March 31, 2013 Valuation Basis</b>	<b>As at June 30, 2013 Valuation Basis</b>
	For ages greater than 30: 70% of IALM 94-96 rated up by 1 year for males, rated down by 1 year for females.	For ages greater than 30: 70% of IALM 94-96 rated up by 1 year for males, rated down by 1 year for females.  The mortality assumption ranges from 18% to 135% as a proportion of IALM 06-08.
Income Benefit Rider	For ages less than equal to 30: 100% of IALM 94-96 rated up by 1 year for males, rated down by 1 year for females For ages greater than 30: 90% of IALM 94-96 rated up by 1 year for males, rated down by 1 year for females	For ages less than equal to 30: 100% of IALM 94-96 rated up by 1 year for males, rated down by 1 year for females For ages greater than 30: 90% of IALM 94-96 rated up by 1 year for males, rated down by 1 year for females  The mortality assumption ranges from 23% to 173% as a proportion of IALM 06-08.
Waiver of premium Rider	For ages less than or equal to 30: 90% IALM 94-96 rated up by 1 year for males, rated down by 1 year for females For ages greater than 30: 80% IALM 94-96 rated up by 1 year for males, rated down by 1 year for females	For ages less than or equal to 30: 90% IALM 94-96 rated up by 1 year for males, rated down by 1 year for females For ages greater than 30: 80% IALM 94-96 rated up by 1 year for males, rated down by 1 year for females  The mortality assumption ranges from 21% to 154% as a proportion of IALM 06-08.

The morbidity assumptions for various products are given below.

<b>Product Name</b>	<b>As at March 31, 2013 Valuation Basis</b>	<b>As at June 30, 2013 Valuation Basis</b>
Crisis Cover (Mortality Assumption)	80% of IALM 94-96 up to age 30 , rated up by 1 year for males, and down by 1 year for females and 70% of IALM 94-96 after age 30 , rated up by 1 year for males, and down by 1 year for females	80% of IALM 94-96 up to age 30 , rated up by 1 year for males, and down by 1 year for females and 70% of IALM 94-96 after age 30 , rated up by 1 year for males, and down by 1 year for females  The mortality assumption ranges from 18% to 135% as a proportion of IALM 06-08.
Crisis Cover (CI Benefit)	150% of reinsurance premium rates	150% of reinsurance premium rates
Cancer Care (Mortality Assumption)	70% of IALM 94-96 up to age 30 , rated up by 1 year for males, and down by 1 year for females and 60% of IALM 94-96 after age 30 , rated up by 1 year for males, and down by 1 year for females	70% of IALM 94-96 up to age 30 , rated up by 1 year for males, and down by 1 year for females and 60% of IALM 94-96 after age 30 , rated up by 1 year for males, and down by 1 year for females  The mortality assumption ranges from 16% to 116% as a proportion of IALM 06-08.
Cancer Care (analysed with Cancer Care Plus)	120% of reinsurance premium rates	120% of reinsurance premium rates
Cancer Care Plus (Mortality Assumption)	70% of IALM 94-96 up to age 30 , rated up by 1 year for males, and down by 1 year for females and 60% of IALM 94-96 after age 30 , rated up by 1 year for males, and down by 1 year for females	70% of IALM 94-96 up to age 30 , rated up by 1 year for males, and down by 1 year for females and 60% of IALM 94-96 after age 30 , rated up by 1 year for males, and down by 1 year for females  The mortality assumption ranges from 16% to 135% as a proportion of IALM 06-08.
Cancer Care Plus	130% of reinsurance premium	130% of reinsurance premium
Health Assure Plus (Death Benefit)	80% of IALM 94-96 up to age 30 , rated up by 1 year for males, and down by 1 year for females and 70% of IALM 94-96 after age 30 , rated up by 1 year for males, and down by 1 year for females	80% of IALM 94-96 up to age 30 , rated up by 1 year for males, and down by 1 year for females and 70% of IALM 94-96 after age 30 , rated up by 1 year for males, and down by 1 year for females  The mortality assumption ranges from 18% to 135% as a proportion of IALM 06-08.

<b>Product Name</b>	<b>As at March 31, 2013 Valuation Basis</b>	<b>As at June 30, 2013 Valuation Basis</b>
Health Assure Plus (CI Benefit)	140% of reinsurance premium rates	140% of reinsurance premium rates
Health Assure (Mortality Assumption)	70% of IALM 94-96 up to age 30 , rated up by 1 year for males, and down by 1 year for females and 60% of IALM 94-96 after age 30 , rated up by 1 year for males, and down by 1 year for females	70% of IALM 94-96 up to age 30 , rated up by 1 year for males, and down by 1 year for females and 60% of IALM 94-96 after age 30 , rated up by 1 year for males, and down by 1 year for females  The mortality assumption ranges from 18% to 135% as a proportion of IALM 06-08.
Health Assure	135% of reinsurance premium rates	135% of reinsurance premium rates
Hospital Care I (Mortality Assumption)	70% of IALM 94-96 up to age 30 , rated up by 1 year for males, and down by 1 year for females and 60% of IALM 94-96 after age 30 , rated up by 1 year for males, and down by 1 year for females	70% of IALM 94-96 up to age 30 , rated up by 1 year for males, and down by 1 year for females and 60% of IALM 94-96 after age 30 , rated up by 1 year for males, and down by 1 year for females  The mortality assumption ranges from 16% to 116% as a proportion of IALM 06-08.
Hospital Care I (Morbidity Assumption)	160% of reinsurance premium rates	160% of reinsurance premium rates
Hospital Care II (Mortality Assumption)	70%of IALM 94-96 up to age 30 , rated up by 1 year for males, and down by 1 year for females and 60% of IALM 94-96 after age 30 , rated up by 1 year for males, and down by 1 year for females	70%of IALM 94-96 up to age 30 , rated up by 1 year for males, and down by 1 year for females and 60% of IALM 94-96 after age 30 , rated up by 1 year for males, and down by 1 year for females  The proportion ranges from 16% to 116% as a proportion of IALM 06-08.
Hospital Care II (Morbidity Assumption)	400% of reinsurance premium rates	400% of reinsurance premium rates

<b>Product Name</b>	<b>As at March 31, 2013 Valuation Basis</b>	<b>As at June 30, 2013 Valuation Basis</b>																																																												
Diabetes Assure (Mortality Assumption)	230% of IALM 94-96 up to age 30 , rated up by 1 year for males, and down by 1 year for females and 220% of IALM 94-96 after age 30 , rated up by 1 year for males, and down by 1 year for females	230% of IALM 94-96 up to age 30 , rated up by 1 year for males, and down by 1 year for females and 220% of IALM 94-96 after age 30 , rated up by 1 year for males, and down by 1 year for females  The mortality assumption ranges from 53% to 393% as a proportion of IALM 06-08.																																																												
Diabetes Assure	120% of pricing basis	120% of pricing basis																																																												
Diabetes Care (Mortality Assumption)	Base: IALM 94-96 rated up by 1 year for males, and down by 1 year for females up to age 30 Males 0 Class 140% Males 1 Class 175% Males 2 Class 230% Males 3 Class 285% Males 4 Class 370% Females 0 Class 150% Females 1 Class 190% Females 2 Class 245% Females 3 Class 330% Females 4 Class 415% Above form for ages above 30 but with a reduction in mortality corresponding to 10% of the IALM 94-96 table	Base: IALM 94-96 rated up by 1 year for males, and down by 1 year for females up to age 30 Males 0 Class 140% Males 1 Class 175% Males 2 Class 230% Males 3 Class 285% Males 4 Class 370% Females 0 Class 150% Females 1 Class 190% Females 2 Class 245% Females 3 Class 330% Females 4 Class 415% Above form for ages above 30 but with a reduction in mortality corresponding to 10% of the IALM 94-96 table  Proportion of IALM 06-08 rated up by 1 year for males, and down by 1 year for female The proportion ranges from 32% to 723%																																																												
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on)	96 rated up by 1 year for males and 290% of IALM 94-96 rated down by 1 year for females	96 rated up by 1 year for males and 290% of IALM 94-96 rated down by 1 year for females  The mortality assumption ranges from 64% to 518% as a proportion of IALM 06-08.				
Death Benefit Rider	120% of the pricing basis	120% of the pricing basis				
Major Surgical Benefit rider (Mortality Assumption)	80% of IALM 94-96 up to age 30 , rated up by 1 year for males, and down by 1 year for females and 70% of IALM 94-96 after age 30 , rated up by 1 year for males, and down by 1 year for females	80% of IALM 94-96 up to age 30 , rated up by 1 year for males, and down by 1 year for females and 70% of IALM 94-96 after age 30 , rated up by 1 year for males, and down by 1 year for females  The mortality assumption ranges from 18% to 135% as a proportion of IALM 06-08.				
Major Surgical Benefit rider	125% of reinsurance premium rates	125% of reinsurance premium rates				
Critical Illness Accelerated and Standalone (Mortality Assumption) rider	Accelerated - Unearned Premium Standalone - 80% of IALM 94-96 up to age 30 , rated up by 1 year for males, and down by 1 year for females and 70% of IALM 94-96 after age 30 , rated up by 1 year for males, and down by 1 year for females	Accelerated - Unearned Premium Standalone - 80% of IALM 94-96 up to age 30 , rated up by 1 year for males, and down by 1 year for females and 70% of IALM 94-96 after age 30 , rated up by 1 year for males, and down by 1 year for females  The mortality assumption ranges from 18% to 135% as a proportion of IALM 06-08.				
Critical Illness Accelerated and Standalone rider	<b>Age</b>	<b>Males</b>	<b>Females</b>	<b>Age</b>	<b>Males</b>	<b>Females</b>
	18-20	171%	157%	18-20	171%	157%
	21-25	149%	157%	21-25	149%	157%
	26-30	165%	160%	26-30	165%	160%
	31-35	175%	171%	31-35	175%	171%
	36-40	155%	171%	36-40	155%	171%
	41-45	157%	171%	41-45	157%	171%
	46-50	161%	166%	46-50	161%	166%
	51-55	144%	153%	51-55	144%	153%
	56-60	120%	140%	56-60	120%	140%
61-65	109%	137%	61-65	109%	137%	
	Based on CIBT 93			Based on CIBT 93		

<b>Product Name</b>	<b>As at March 31, 2013 Valuation Basis</b>	<b>As at June 30, 2013 Valuation Basis</b>																																																
MediAssure (Mortality Assumption)	80% of IALM 94-96 up to age 30 , rated up by 1 year for males, and down by 1 year for females and 70% of IALM 94-96 after age 30 , rated up by 1 year for males, and down by 1 year for females	80% of IALM 94-96 up to age 30 , rated up by 1 year for males, and down by 1 year for females and 70% of IALM 94-96 after age 30 , rated up by 1 year for males, and down by 1 year for females  The mortality assumption ranges from 18% to 135% as a proportion of IALM 06-08.																																																
MediAssure	100% of reinsurance premium rates	100% of reinsurance premium rates																																																
Health Saver (Linked product) (Mortality Assumption)	<p>% of IALM 94-96 rated up by 1 year for males and rated down 1 year for females based on age and whether medically underwritten or not</p> <p>For non medical (Jet cases)</p> <table border="1"> <thead> <tr> <th>Age</th> <th>Premium &lt;=18k</th> <th>Premium &gt;18k</th> </tr> </thead> <tbody> <tr> <td>&lt;=30</td> <td>90%</td> <td>70%</td> </tr> <tr> <td>&lt;=45</td> <td>100%</td> <td>80%</td> </tr> <tr> <td>&gt;45</td> <td>85%</td> <td>70%</td> </tr> </tbody> </table> <p>For medically underwritten business</p> <table border="1"> <thead> <tr> <th>Age</th> <th>Premium &lt;=18k</th> <th>Premium &gt;18k</th> </tr> </thead> <tbody> <tr> <td>&lt;=30</td> <td>70%</td> <td>50%</td> </tr> <tr> <td>&lt;=45</td> <td>80%</td> <td>60%</td> </tr> <tr> <td>&gt;45</td> <td>65%</td> <td>50%</td> </tr> </tbody> </table>	Age	Premium <=18k	Premium >18k	<=30	90%	70%	<=45	100%	80%	>45	85%	70%	Age	Premium <=18k	Premium >18k	<=30	70%	50%	<=45	80%	60%	>45	65%	50%	<p>% of IALM 94-96 rated up by 1 year for males and rated down 1 year for females based on age and whether medically underwritten or not</p> <p>For non medical (Jet cases)</p> <table border="1"> <thead> <tr> <th>Age</th> <th>Premium &lt;=18k</th> <th>Premium &gt;18k</th> </tr> </thead> <tbody> <tr> <td>&lt;=30</td> <td>90%</td> <td>70%</td> </tr> <tr> <td>&lt;=45</td> <td>100%</td> <td>80%</td> </tr> <tr> <td>&gt;45</td> <td>85%</td> <td>70%</td> </tr> </tbody> </table> <p>For medically underwritten business</p> <table border="1"> <thead> <tr> <th>Age</th> <th>Premium &lt;=18k</th> <th>Premium &gt;18k</th> </tr> </thead> <tbody> <tr> <td>&lt;=30</td> <td>70%</td> <td>50%</td> </tr> <tr> <td>&lt;=45</td> <td>80%</td> <td>60%</td> </tr> <tr> <td>&gt;45</td> <td>65%</td> <td>50%</td> </tr> </tbody> </table> <p>The mortality assumption ranges from 16% to 164% as a proportion of IALM 06-08.</p>	Age	Premium <=18k	Premium >18k	<=30	90%	70%	<=45	100%	80%	>45	85%	70%	Age	Premium <=18k	Premium >18k	<=30	70%	50%	<=45	80%	60%	>45	65%	50%
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Health Saver (Linked product) (Morbidity Assumption)	125% of reinsurance premium rates	125% of reinsurance premium rates																																																
Diabetes																																																		

<b>Product Name</b>	<b>As at March 31, 2013 Valuation Basis</b>	<b>As at June 30, 2013 Valuation Basis</b>
Rider (Mortality Assumption)	70% (of IALM 94-96 up to age 30 , rated up by 1 year for males, and down by 1 year for females and 60% of IALM 94-96 after age 30 , rated up by 1 year for males, and down by 1 year for females	70% (of IALM 94-96 up to age 30 , rated up by 1 year for males, and down by 1 year for females and 60% of IALM 94-96 after age 30 , rated up by 1 year for males, and down by 1 year for females  The mortality assumption ranges from 16% to 116% as a proportion of IALM 06-08.
Diabetes Rider	145% of pricing basis	145% of pricing basis
Diabetes Rider (Modified) (mortality assumption)	70% of IALM 94-96 up to age 30 , rated up by 1 year for males, and down by 1 year for females and 60% of IALM 94-96 after age 30 , rated up by 1 year for males, and down by 1 year for females	70% of IALM 94-96 up to age 30 , rated up by 1 year for males, and down by 1 year for females and 60% of IALM 94-96 after age 30 , rated up by 1 year for males, and down by 1 year for females  The mortality assumption ranges from 16% to 116% as a proportion of IALM 06-08.
Diabetes Rider (Modified)	110% of pricing basis	110% of pricing basis
Waiver of Premium Benefits	100% of reinsurance risk rates	100% of reinsurance risk rates
Waiver of Premium-CI	100% of reinsurance risk rates	100% of reinsurance risk rates

## **IBNR**

Late reported claims are analysed periodically and are allowed in the experience analysis for setting the valuation bases. However for one year renewable Group Term policies we hold an IBNR of 4 months of premium.

## Expense Assumption

Type of Expense (₹)	As at March 31, 2013 Valuation Basis	As at June 30, 2013 Valuation Basis
<b>Renewal Expense per policy</b>		
Conventional Single premium, Credit Assure, Home Assure, Conventional paid up	483	483
Annuity	Annual annuity payment- 989 Semi annual payment- 989 Quarterly annuity payment- 1031 Monthly annuity payment- 1169	Annual annuity payment- 989 Semi annual payment- 989 Quarterly annuity payment- 1031 Monthly annuity payment- 1169
Mitr, Suraksha (SP, RP), Suraksha Kavach	89	89
Sarv Jan Suraksha	60	60
All other policies including paid up unit linked and single premium unit linked (inforce)	483	483
Conventional and unit linked lapsed policies	483	483
<b>Renewal premium related expense</b>		
All conventional and unit linked in force (pre September 2010), paid up and lapsed policies (% of annual premium) except MRTA, Credit Assure, Old Conventional SP Bond, Retail Immediate Annuity, Group Business, Riders and Rural	1.44%	1.44%
Post September unit linked single premium product	0.72%	0.72%
Post September 2010 Unit Linked Regular Premium business	0.72%	0.72%
<b>Claim Expenses per Policy (₹)</b>		
Cancer Care	6561	6561
Cancer Care Plus	6561	6561
Crisis Cover	3936	3936

<b>Type of Expense (₹)</b>	<b>As at March 31, 2013 Valuation Basis</b>	<b>As at June 30, 2013 Valuation Basis</b>
Diabetes Care	1969	1969
Diabetes Care Plus	1969	1969
Diabetes Assure	1969	1969
Diabetes Care Active	1969	1969
Heath Assure	3936	3936
Heath Assure Plus	3936	3936
IProtect	12083	12083
I Care	11218	11218
Hospital Care	138	138
Health Saver	138	138
MediAssure	138	138
Suraksha Kavach (SP)	138	138
Disability Claims	124	124
<b>Screening Expense per policy (₹)</b>		
Diabetes Care	393 quarterly and 2754 annually	393 quarterly and 2754 annually
Diabetes Care Plus	393 quarterly and 2754 annually	393 quarterly and 2754 annually
Diabetes Care Active	393 quarterly and 2754 annually	393 quarterly and 2754 annually
Cancer Care Plus		
Males (20 to 50 yrs)	437	437
Males (above 51 yrs)	1337	1337
Females (20 to 40 yrs)	962	962
Females (above 41 yrs)	2613	2613