

## Public disclosure requirement (June 30, 2014)

### Data

Policy data is maintained on the following administration systems.

<b>System</b>	<b>Data</b>
Life Asia	Individual retail products including individual annuities
	Group Bancassurance products
WEGA	Group Gratuity
	Group Term Insurance
	Superannuation
	Employer Deposit Linked Insurance (EDLI)
Leave Encashment Spreadsheet	Leave Encashment Linked liability details taken from MFund
Compulsory Annuity Management System (CAMS)	Group 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
Claims Management System (CMS)	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.

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 Policyholders' Reasonable Expectations (PRE), and is targeted to exhaust the asset shares at maturity. The prospective reserves based on the supportable bonus rates as calculated above are subject to a floor of the higher of the guaranteed and non-guaranteed surrender values as on the valuation date.

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 2012-13	2.25%	2.75%
FY 2011-12	2.25%	2.75%
FY 2010-11	2.50%	3.00%
FY 2009-10	2.5+1.5%	2.75+1.25%
FY 2008-09	2.25%	2.50%
FY 2007-08	3.00%	3.00%
FY 2006-07	3.25%	3.25%

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 2012-13	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 above 4.00%
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 4.00%



Reversionary Bonus rates for the current year:

<b>LOB</b>	<b>Product</b>	<b>Bonus Type</b>	<b>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%
Life	Cash Advantage <sup>1</sup>	Compound	5.25%
Life	Savings Suraksha LP <sup>1</sup>	Compound	3.50%
Life	Savings Suraksha RP <sup>1</sup>	Compound	2.25%
Life	Anmol Bachat RP <sup>1</sup>	Compound	1.40%
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%

<sup>1</sup> The reversionary bonus rates are applicable on the Guaranteed Maturity Benefit and vested reversionary bonus, if any.

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 and above	25%
Smartkid Series II	105N014V02	10	15%
Smartkid Series II	105N014V02	11 and above	20%
Forever Life Regular Premium Series-I	105N001V01	12 to 13	25%
Forever Life Regular Premium Series-II	105N001V02	5 to 12	20%
Forever Life Single Premium	105N002V01	12 to 13	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%
Life	Cash Advantage <sup>2</sup>	Compound	5.25%
Life	Savings Suraksha LP <sup>2</sup>	Compound	3.50%
Life	Savings Suraksha RP <sup>2</sup>	Compound	2.25%
Life	Anmol Bachat RP <sup>2</sup>	Compound	1.40%
Life	Anmol Bachat SP <sup>2</sup>	Compound	3.20%
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%

<sup>2</sup> The interim bonus rates are applicable on the Guaranteed Maturity Benefit and vested reversionary bonus, if any.

<b>LOB</b>	<b>Product</b>	<b>Bonus Type</b>	<b>Interim Bonus Rate</b>
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

<b>Financial Year</b>	<b>Bonus rate for Group Par Assurance products</b>	<b>Bonus rate for Group Par Pension products</b>
FY 2012-13	9.00%	9.00%
FY 2011-12	9.10%	9.10%
FY 2010-11	9.85%	9.85%
FY 2009-10	7.5%+3.5%	8.5%+2.5%

Bonus rates for the current year

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

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	8.00%

### **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, 2014</b>	<b>As on June 30, 2014</b>
Par Life In force	5.36%	5.36%
Par Life Paid up	5.61%	5.61%
Par Group Life	5.77%	5.77%
Par Pension In force	5.32%	5.32%
Par Pension Paid up	5.33%	5.33%
Par Group Pension	5.67%	5.67%
Annuity	5.49%	5.49%
Non Par protection	5.53%	5.53%
Non par health	4.87%	4.87%
Non par Group	4.96%	4.96%
Non par investment (other than GSIP)	5.16%	5.16%
GSIP	5.23%	5.23%
Health	5.71%	5.71%
Non Unit Life, Pension and Health	5.08%	5.08%

### Inflation

#### Expense Inflation

The inflation assumption is 4.84% as on June 30, 2014. There is no change in inflation assumption from March 31, 2014.

#### Medical Inflation

The medical inflation assumption is 19.84% as on June 30, 2014. There is no change in inflation assumption from March 31, 2014.



### **Mortality & Morbidity rates for each product**

The mortality assumptions for various products are given below. The mortality assumptions as on March 31, 2014 were based on IALM 06-08 mortality tables, which was made applicable from April 1, 2013 vide IRDA Circular (IRDA/ACT/CIR/MISC/033/02/2013) dated February 20, 2013.. The mortality assumptions as at June 30, 2014 are also based on Standard Mortality Table, IALM 06 -08.

<b>Plan</b>	<b>As at March 31, 2014 Valuation Basis</b>	<b>As at June 30, 2014 Valuation Basis</b>																																				
Non Par Investment excluding GSIP, Par Pension, Par Assurance	% of IALM 06-08 rated up by 1 year for males and rated down 1 year for females  <table border="1"> <thead> <tr> <th><b>Premium &lt;= 18k</b></th> <th><b>Premium &gt; 18k</b></th> </tr> </thead> <tbody> <tr> <td>125%</td> <td>90%</td> </tr> </tbody> </table>	<b>Premium &lt;= 18k</b>	<b>Premium &gt; 18k</b>	125%	90%	% of IALM 06-08 rated up by 1 year for males and rated down 1 year for females  <table border="1"> <thead> <tr> <th><b>Premium &lt;= 18k</b></th> <th><b>Premium &gt; 18k</b></th> </tr> </thead> <tbody> <tr> <td>125%</td> <td>90%</td> </tr> </tbody> </table>	<b>Premium &lt;= 18k</b>	<b>Premium &gt; 18k</b>	125%	90%																												
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Term Products Offline  (other than IProtect and ICare)	For ages less than equal to 30: 80% IALM 06-08 rated up by 1 year for males, rated down by 1 year for females  For ages greater than 30: 80% IALM 06-08 rated up by 1 year for males, rated down by 1 year for females	For ages less than equal to 30: 80% IALM 06-08 rated up by 1 year for males, rated down by 1 year for females  For ages greater than 30: 80% IALM 06-08 rated up by 1 year for males, rated down by 1 year for females																																				
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IProtect	60% of IALM 06-08 rated by 1 year for males and rated down 1 year for females	60% of IALM 06-08 rated by 1 year for males and rated down 1 year for females																																				
ICare	70% of IALM 06-08 rated by 1 year for males and rated down 1 year for females	70% of IALM 06-08 rated by 1 year for males and rated down 1 year for females																																				

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Home Protect	85% of IALM 06-08 rated up by 1 year for males, rated down by 1 year for females	85% of IALM 06-08 rated up by 1 year for males, rated down by 1 year for females																		
Credit Assure	<p>Base: 120% of IALM 06-08 rated up by 1 year for males, rated down by 1 year for females  4 wheeler (Reducing Cover): 120% of IALM 06-08 rated up by 1 year for males, rated down by 1 year for females  2 wheeler (Level Cover): 120% of IALM 06-08 rated up by 1 year for males, rated down by 1 year for females  Personal Loan (Reducing and Level Cover): 120% of IALM 06-08 rated up by 1 year for males, rated down by 1 year for females  Commercial Vehicle Loan (Reducing Cover): 120% of IALM 06-08 rated up by 1 year for males, rated down by 1 year for females  Education Loan (Level Cover): 120% of IALM 06-08 rated up by 1 year for males, rated down by 1 year for females</p>	<p>Base: 120% of IALM 06-08 rated up by 1 year for males, rated down by 1 year for females  4 wheeler (Reducing Cover): 120% of IALM 06-08 rated up by 1 year for males, rated down by 1 year for females  2 wheeler (Level Cover): 120% of IALM 06-08 rated up by 1 year for males, rated down by 1 year for females  Personal Loan (Reducing and Level Cover): 120% of IALM 06-08 rated up by 1 year for males, rated down by 1 year for females  Commercial Vehicle Loan (Reducing Cover): 120% of IALM 06-08 rated up by 1 year for males, rated down by 1 year for females  Education Loan (Level Cover): 120% of IALM 06-08 rated up by 1 year for males, rated down by 1 year for females</p>																		
Group Term	Unearned Premium	Unearned Premium																		
Rural products - Mitr, Suraksha (RP), Suraksha Kavach (Individual), Sarv Jan Suraksha	385% of IALM 06-08	385% of IALM 06-08																		

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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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Level Term Rider	<p>For ages less than or equal to 30: 145% IALM 06-08 rated up by 1 year for males, rated down by 1 year for females</p> <p>For ages greater than 30: 105% IALM 06-08 rated up by 1 year for males, rated down by 1 year for females</p>	<p>For ages less than or equal to 30: 145% IALM 06-08 rated up by 1 year for males, rated down by 1 year for females</p> <p>For ages greater than 30: 105% IALM 06-08 rated up by 1 year for males, rated down by 1 year for females</p>																				
Income Benefit Rider																						
Waiver of premium Rider																						

The mortality and morbidity assumptions for health products are given below.

<b>Product Name</b>	<b>As at March 31, 2014 Valuation Basis</b>	<b>As at June 30, 2014 Valuation Basis</b>
Crisis Cover (Mortality Assumption)	145% of IALM 06-08 up to age 30 , rated up by 1 year for males, and down by 1 year for females and 105% of IALM 06-08 after age 30 , rated up by 1 year for males, and down by 1 year for females	145% of IALM 06-08 up to age 30 , rated up by 1 year for males, and down by 1 year for females and 105% of IALM 06-08 after age 30 , rated up by 1 year for males, and down by 1 year for females
Crisis Cover (CI Benefit)	150% of reinsurance premium rates	150% of reinsurance premium rates
Cancer Care (Mortality Assumption)	80% of IALM 06-08 up to age 30 , rated up by 1 year for males, and down by 1 year for females and 55% of IALM 06-08 after age 30 , rated up by 1 year for males, and down by 1 year for females	80% of IALM 06-08 up to age 30 , rated up by 1 year for males, and down by 1 year for females and 55% of IALM 06-08 after age 30 , rated up by 1 year for males, and down by 1 year for females
Cancer Care (analysed with Cancer Care Plus)	120% of reinsurance premium rates	120% of reinsurance premium rates
Cancer Care Plus (Mortality Assumption)	80% of IALM 06-08 up to age 30 , rated up by 1 year for males, and down by 1 year for females and 55% of IALM 06-08 after age 30 , rated up by 1 year for males, and down by 1 year for females	80% of IALM 06-08 up to age 30 , rated up by 1 year for males, and down by 1 year for females and 55% of IALM 06-08 after age 30 , rated up by 1 year for males, and down by 1 year for females
Cancer Care Plus	130% of reinsurance premium rates	130% of reinsurance premium rates
Health Assure Plus (Death Benefit)	145% of IALM 06-08 up to age 30 , rated up by 1 year for males, and down by 1 year for females and 105% of IALM 06-08 after age 30 , rated up by 1 year for males, and down by 1 year for females	145% of IALM 06-08 up to age 30 , rated up by 1 year for males, and down by 1 year for females and 105% of IALM 06-08 after age 30 , rated up by 1 year for males, and down by 1 year for females
Health Assure Plus (CI Benefit)	140% of reinsurance premium rates	140% of reinsurance premium rates
Health Assure (Mortality Assumption)	80% of IALM 06-08 up to age 30 , rated up by 1 year for males, and down by 1 year for females and 55% of IALM 06-08 after age 30 , rated up by 1 year for males, and down by 1 year for females	80% of IALM 06-08 up to age 30 , rated up by 1 year for males, and down by 1 year for females and 55% of IALM 06-08 after age 30 , rated up by 1 year for males, and down by 1 year for females
Health Assure	135% of reinsurance premium rates	135% of reinsurance premium rates
Hospital Care I (Mortality Assumption)	80% of IALM 06-08 up to age 30 , rated up by 1 year for males, and down by 1 year for females and 55% of IALM 06-08 after	80% of IALM 06-08 up to age 30 , rated up by 1 year for males, and down by 1 year for females and 55% of IALM 06-08 after

<b>Product Name</b>	<b>As at March 31, 2014 Valuation Basis</b>	<b>As at June 30, 2014 Valuation Basis</b>																								
	age 30 , rated up by 1 year for males, and down by 1 year for females	age 30 , rated up by 1 year for males, and down by 1 year for females																								
Hospital Care I (Morbidity Assumption)	160% of reinsurance premium rates	160% of reinsurance premium rates																								
Hospital Care II (Mortality Assumption)	80%of IALM 06-08 up to age 30 , rated up by 1 year for males, and down by 1 year for females and 55%of IALM 06-08 after age 30 , rated up by 1 year for males, and down by 1 year for females	80%of IALM 06-08 up to age 30 , rated up by 1 year for males, and down by 1 year for females and 55%of IALM 06-08 after age 30 , rated up by 1 year for males, and down by 1 year for females																								
Hospital Care II (Morbidity Assumption)	400% of reinsurance premium rates	400% of reinsurance premium rates																								
Diabetes Assure (Mortality Assumption)	340% of IALM 06-08 up to age 30 , rated up by 1 year for males, and down by 1 year for females and 240% of IALM 06-08 after age 30 , rated up by 1 year for males, and down by 1 year for females	340% of IALM 06-08 up to age 30 , rated up by 1 year for males, and down by 1 year for females and 240% of IALM 06-08 after age 30 , rated up by 1 year for males, and down by 1 year for females																								
Diabetes Assure	120% of pricing basis	120% of pricing basis																								
Diabetes Care (Mortality Assumption)	<p>Base: IALM 06-08 rated up by 1 year for males, and down by 1 year for females up to age 30</p> <p>Males 0 Class 195%</p> <p>Males 1 Class 250%</p> <p>Males 2 Class 330%</p> <p>Males 3 Class 415%</p> <p>Males 4 Class 540%</p> <p>Females 0 Class 210%</p> <p>Females 1 Class 270%</p> <p>Females 2 Class 355%</p> <p>Females 3 Class 480%</p> <p>Females 4 Class 610%</p> <p>Above form for ages above 30 but with a reduction in mortality corresponding to 10% of the IALM 06-08 table</p>	<p>Base: IALM 06-08 rated up by 1 year for males, and down by 1 year for females up to age 30</p> <p>Males 0 Class 195%</p> <p>Males 1 Class 250%</p> <p>Males 2 Class 330%</p> <p>Males 3 Class 415%</p> <p>Males 4 Class 540%</p> <p>Females 0 Class 210%</p> <p>Females 1 Class 270%</p> <p>Females 2 Class 355%</p> <p>Females 3 Class 480%</p> <p>Females 4 Class 610%</p> <p>Above form for ages above 30 but with a reduction in mortality corresponding to 10% of the IALM 06-08 table</p>																								
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	51-55	293%	246%	51-55	293%	246%																																																												
	56-60	244%	238%	56-60	244%	238%																																																												
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Diabetes Care Plus (Death Benefit)	<p>Base: IALM 06-08 rated up by 1 year for males, and down by 1 year for females up to age 30</p> <p>Males 0 Class 240%  Males 1 Class 300%  Males 2 Class 405%  Males 3 Class 510%  Males 4 Class 660%  Females 0 Class 265%  Females 1 Class 330%  Females 2 Class 435%  Females 3 Class 550%  Females 4 Class 700%</p> <p>For ages above 30 a 10% reduction in mortality corresponding to 10% of the IALM 06-08 table</p>			<p>Base: IALM 06-08 rated up by 1 year for males, and down by 1 year for females up to age 30</p> <p>Males 0 Class 240%  Males 1 Class 300%  Males 2 Class 405%  Males 3 Class 510%  Males 4 Class 660%  Females 0 Class 265%  Females 1 Class 330%  Females 2 Class 435%  Females 3 Class 550%  Females 4 Class 700%</p> <p>For ages above 30 a 10% reduction in mortality corresponding to 10% of the IALM 06-08 table</p>																																																														
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<b>Product Name</b>	<b>As at March 31, 2014 Valuation Basis</b>	<b>As at June 30, 2014 Valuation Basis</b>				
Death Benefit Rider (Mortality Assumption)	420% of IALM 06-08 rated up by 1 year for males and 450% of IALM 06-08 rated down by 1 year for females up to age 30 and for ages above 30 295% of IALM 06-08 rated up by 1 year for males and 315% of IALM 06-08 rated down by 1 year for females	420% of IALM 06-08 rated up by 1 year for males and 450% of IALM 06-08 rated down by 1 year for females up to age 30 and for ages above 30 295% of IALM 06-08 rated up by 1 year for males and 315% of IALM 06-08 rated down by 1 year for females				
Death Benefit Rider	120% of the pricing basis	120% of the pricing basis				
Major Surgical Benefit rider (Mortality Assumption)	90% of IALM 06-08 up to age 30 , rated up by 1 year for males, and down by 1 year for females and 65% of IALM 06-08 after age 30 , rated up by 1 year for males, and down by 1 year for females	90% of IALM 06-08 up to age 30 , rated up by 1 year for males, and down by 1 year for females and 65% of IALM 06-08 after age 30 , rated up by 1 year for males, and down by 1 year for females				
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 - 90% of IALM 06-08 up to age 30 , rated up by 1 year for males, and down by 1 year for females and 65% of IALM 06-08 after age 30 , rated up by 1 year for males, and down by 1 year for females	Accelerated - Unearned Premium Standalone - 90% of IALM 06-08 up to age 30 , rated up by 1 year for males, and down by 1 year for females and 65% of IALM 06-08 after age 30 , rated up by 1 year for males, and down by 1 year for females				
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		
MediAssure (Mortality Assumption)	90% of IALM 06-08 up to age 30 , rated up by 1 year for males, and down by 1 year for females and 65% of IALM 06-08 after	90% of IALM 06-08 up to age 30 , rated up by 1 year for males, and down by 1 year for females and 65% of IALM 06-08 after				

<b>Product Name</b>	<b>As at March 31, 2014 Valuation Basis</b>	<b>As at June 30, 2014 Valuation Basis</b>																																																
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MediAssure	100% of reinsurance premium rates	100% of reinsurance premium rates																																																
Health Saver (Linked product) (Mortality Assumption)	<p>% of IALM 06-08 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>120%</td> <td>110%</td> </tr> <tr> <td>&lt;=45</td> <td>110%</td> <td>85%</td> </tr> <tr> <td>&gt;45</td> <td>90%</td> <td>75%</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>85%</td> <td>80%</td> </tr> <tr> <td>&lt;=45</td> <td>85%</td> <td>65%</td> </tr> <tr> <td>&gt;45</td> <td>70%</td> <td>55%</td> </tr> </tbody> </table>	Age	Premium <= 18k	Premium > 18k	<=30	120%	110%	<=45	110%	85%	>45	90%	75%	Age	Premium <= 18k	Premium > 18k	<=30	85%	80%	<=45	85%	65%	>45	70%	55%	<p>% of IALM 06-08 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>120%</td> <td>110%</td> </tr> <tr> <td>&lt;=45</td> <td>110%</td> <td>85%</td> </tr> <tr> <td>&gt;45</td> <td>90%</td> <td>75%</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>85%</td> <td>80%</td> </tr> <tr> <td>&lt;=45</td> <td>85%</td> <td>65%</td> </tr> <tr> <td>&gt;45</td> <td>70%</td> <td>55%</td> </tr> </tbody> </table>	Age	Premium <= 18k	Premium > 18k	<=30	120%	110%	<=45	110%	85%	>45	90%	75%	Age	Premium <= 18k	Premium > 18k	<=30	85%	80%	<=45	85%	65%	>45	70%	55%
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<b>Product Name</b>	<b>As at March 31, 2014 Valuation Basis</b>	<b>As at June 30, 2014 Valuation Basis</b>
(mortality assumption)	after age 30 , rated up by 1 year for males, and down by 1 year for females	after age 30 , rated up by 1 year for males, and down by 1 year for females
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 Assumptions

Type of Expense (₹)	As at March 31, 2014 Valuation Basis	As at June 30, 2014 Valuation Basis
<b>Renewal Expense per policy</b>		
All Conventional and Unit linked (includes inforce premium paying, paid up policies, lapsed/ premium discontinuance state within revival period policies) except 1. Annuity 2. Riders 3. Rural 4. Policies in the premium discontinuance state beyond revival period of post September 2010 unit linked products	475	475
Annuity	Annual annuity payment-989 Semi annual payment-989 Quarterly annuity payment-1,031 Monthly annuity payment-1,169	Annual annuity payment-989 Semi annual payment-989 Quarterly annuity payment-1,031 Monthly annuity payment-1,169
Riders	0	0
Mitr, Suraksha (SP, RP), Suraksha Kavach	35	35
Sarv Jan Suraksha		
Anmol Bachat		
Policies in the premium discontinuance state beyond revival period of post September 2010 unit linked products	0	0
<b>Renewal Expense per premium</b>		
All conventional and unit linked in force, paid up and lapsed policies (% of annual premium) except 1. MRTA 2. Credit Assure 3. Old Conventional SP Bond 4. Retail Immediate Annuity 5. Group Business 6. Riders 7. Rural	1.50%	1.50%

<b>Type of Expense (₹)</b>	<b>As at March 31, 2014 Valuation Basis</b>	<b>As at June 30, 2014 Valuation Basis</b>
Post September unit linked single premium product	0.75%	0.75%
Post September unit linked regular premium contracts ( for in force policies through out the term and for premium discontinuance state policies in the first two years in this state)	0.75%	0.75%
<b>Claim Expenses per Policy (₹)</b>		
Cancer Care	6870	6870
Cancer Care Plus		
Crisis Cover		
Diabetes Care		
Diabetes Care Plus		
Diabetes Assure		
Diabetes Care Active		
Heath Assure		
Heath Assure Plus	10990	10990
IProtect		
ICare		
ICare II	145	145
Hospital Care		
Health Saver		
MediAssure		
Suraksha Kavach (SP)		
Disability Claims	2880	2880
Diabetes Care		
Diabetes Care Plus		
Diabetes Care Active		
Cancer Care Plus		
Males (20 to 50 yrs)		
Males (above 51 yrs)		
Females (20 to 40 yrs)		
Females (above 41 yrs)		