

Public disclosure requirement (March 31, 2020)

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. Treatment of future premiums

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

4. 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. 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 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
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	<p>Reinstatement rate is applied to the difference between (A) & (B) where,</p> <p>(A) = the reserve assuming contract is In force and (B) = the revival premiums minus commissions payable plus the paid-up/lapsed reserve,</p> <p>Subject to a floor of zero.</p>
Additional reserves	Individual products Cost of guarantee (if applicable)		In addition, we hold a reserve in respect of cost of guarantee (CoG) calculated on a risk neutral basis.

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	<p>Reinstatement rate is applied to the difference between (A) & (B) where,</p> <p>(A) = the reserve assuming contract is In force and (B) = the revival premiums minus commissions payable plus the paid-up/lapsed reserve,</p> <p>Subject to a floor of zero.</p>

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
Additional reserves	CoG	Linked plans with capital guarantee	In addition, we hold a reserve in respect of cost of guarantee (CoG) calculated on a risk neutral basis.
	NNCA	For applicable linked products	For pre-Linked Insurance Products Regulations, 2019 policies, a reserve is held for the cost of Non Negative claw back additions to the unit fund to comply with the applicable RIY requirements calculated on a stochastic basis. For post- Linked Insurance Products Regulations, 2019 policies, in our view according to this regulations, RIY is applicable at the pricing stage only and therefore no reserve on account of NNCA is held for these policies issued under these regulations.
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.

5. Bonus rates for participating policies

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

5.1. 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.

5.2. 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.

6. Valuation assumptions

Valuation parameters are set prudently and include MAD as required under APS7 issued by Institute of Actuaries of India.

6.1. Interest Rate

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

Valuation Discount rate (%)	Mar-19		Mar-20	
	Minimum	Maximum	Minimum	Maximum
(a) Individual Business				
(a.1) Life - Participating policies	4.44	5.37	4.33	5.43
(a.2) Life - Non-participating policies	4.63	6.48	5.24	6.59
(a.3) Annuities - Participating policies	NA	NA	NA	NA
(a.4) Annuities – Non-participating policies	5.64	5.64	5.58	5.58
(a.5) Annuities - Individual pension plan	NA	NA	NA	NA
(a.6) Unit Linked	4.81	4.81	5.49	5.49
(a.7) Health insurance	5.66	5.66	5.14	5.14
(b) Group Business				
Life - Non-participating policies	4.94	4.94	5.23	5.23

6.2. Expense Inflation

The inflation assumption is 4.05% at March 31, 2020. There is a reduction in inflation by 14bps from March 31, 2019.

6.3. 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, 2019	Valuation basis at March 31, 2020
Retail		
Participating (Life and Pension)	90% to 130% of IALM 06-08 rated up by 1 year for males and rated down 1 year for females	107.5% to 152.5% of IALM 12-14 rated up by 1 year for males and rated down 1 year for females
Non Participating	45% to 220% of IALM 06-08 rated up by 1 year for males and rated down by 1 year for females depending on products	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
Linked	10% to 190% of IALM 06-08 rated up by 1 year for males and rated down by 1 year for females depending on products	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
Rural	200% of IALM 06-08	200% of IALM 12-14
Health	35% to 60% of IALM 06-08 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 50% 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	70% to 325% of IALM 06-08 rated up by 1 year for males and rated down by 1 year for females depending on products	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
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.

6.4. Expense Assumptions

Type of expense (₹)	Valuation basis at March 31, 2019	Valuation basis at March 31, 2020
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)	140 to 570	150 to 500
Rural	55	60
Renewal expense per premium		
All conventional and unit linked in force, paid up and lapsed policies (% of annual premium)	0.83% to 2.40%	0.575% to 2.40%
Claim expenses per policy	205 to 14,945	220 to 15725

6.5. 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.

In the previous years, IBNR reserve were being held for short term Group protection products. Retail protection business has been growing in the recent years. Therefore, we have decided to hold IBNR reserve for all group and retail protection products.

IBNR ratio is calculated as the weighted average of past few years ratio of delayed reported claims to total reported claims. The delayed reported claims are the claims reported post completion of year of death. The total claims are all reported claims pertaining to the respective year of death. We have applied a MAD of 10% to the IBNR ratio calculated as per above method to arrive at IBNR ratio for reserve calculation.

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

The pandemic being an ongoing outbreak it is difficult to ascertain incidence rates and associated mortality. The incidence rates and the mortality will depend on the intervention measures adopted by the Government. As of now, given the uncertainty as to the impact of the disease on the mortality of the population in general and insured population in particular, no explicit assumptions are made for mortality due to Covid-19. We may also expect some offsetting impact on mortality in terms of lower accidental deaths during the lockdown period.

However we have made a global provision to allow for the possibility of increased deaths over the next 9 months. We expect the intervention measures to contain the spread of the pandemic by this time. The increase in the number of deaths assumed is approximately 5%. The additional reserve is calculated as additional number of deaths multiplied by the retained portion of average sum at risk. This being an ongoing pandemic, the reserve will be closely monitored.

Annexure I

Retail Participating Life

Historical Bonus Rates

Financial year	Products	Compound reversionary
FY 2019-20	Save 'n' Protect Series I and II Save 'n' Protect Mass	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 2019-20		Cashbak Series I and II
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 2019-20	Smartkid Series I and II	
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%

FY 2019-20	Cash Advantage	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 2019-20	Saving Suraksha LP	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 2019-20	Saving Suraksha RP	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 2019-20	Anmol Bachat RP	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 2019-20	Future Perfect	2.25%
FY 2018-19		2.25%
FY 2017-18		2.25%
FY 2016-17		2.00%
FY 2019-20	Anmol Bachat II	1.25%
FY 2018-19		1.25%
FY 2017-18		1.25%
FY 2016-17		1.25%

Financial year	Products	Simple Reversionary Bonus
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%

Financial year	Products	Simple Reversionary Bonus	
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.

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 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 2019-20 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	25%
Save 'n' Protect Series I	105N004V01	16 to 18	40%
Save 'n' Protect Series I	105N004V01	19 and above	45%
Save 'n' Protect Series II	105N004V02	10 & 11	20%
Save 'n' Protect Series II	105N004V02	12	25%
Save 'n' Protect Series II	105N004V02	13 to 16	30%
Save 'n' Protect Series II	105N004V02	17	35%
Save 'n' Protect Series II	105N004V02	18 and above	40%
Smartkid Series I	105N014V01	18 and above	55%
Smartkid Series II	105N014V02	10 & 11	15%
Smartkid Series II	105N014V02	12	20%
Smartkid Series II	105N014V02	13 & 14	30%
Smartkid Series II	105N014V02	15	35%
Smartkid Series II	105N014V02	16	45%
Smartkid Series II	105N014V02	17 and above	50%
Cashbak Series I	105N005V01	20	50%
Cashbak Series II	105N005V02	15	25%
Anmol Bachat Series I	105N139V01	5	10%
Future Secure	105N117V01	10	45%
Whole Life	105N116V01	10	35%

² The terminal bonus rate for this product is applicable on the Guaranteed Maturity Benefit

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	18 and above	50%
Forever Life Regular Premium Series II	105N001V02	10 to 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 and above	50%

Group Business

Historical Bonus rates :

Financial year	Bonus rate for group participating life products	Bonus rate for group participating pension products
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	6.75%
Group Leave Encashment Suraksha	6.75%
Group Superannuation Suraksha	7.75%