

**PERIODIC DISCLOSURES****FORM L-24 Valuation of net liabilities**Insurer: **Life Insurance Corporation of India** Date:**30.08.2011***(Rs in Lakhs)*

<b>Valuation of net liabilities</b>			
<b>Sl.No.</b>	<b>Particular</b>	<b>3/31/2011</b>	<b>3/31/2010</b>
<b>1</b>	<b>Linked</b>		
a	Life	8,691,223	8,475,386
b	General Annuity	-	-
c	Pension	8,709,145	8,003,965
d	Health	78,988	45,113
<b>2</b>	<b>Non-Linked</b>		
a	Life	87,657,590	75,580,343
b	General Annuity	1,670,718	1,502,734
c	Pension	9,666,010	7,710,161
d	Health	-	-

**FORM L-32-SOLVENCY MARGIN - KT 3**

(See Regulation 4)

Insurance Regulatory and Development Authority (Actuarial Report and Abstract) Regulations, 2000.

**AVAILABLE SOLVENCY MARGIN AND SOLVENCY RATIO**

31ST March 2011

		<b>Form Code:</b>	015
Name of Insurer:	Life Insurance Corporation of India	Registration Number:	512
		Classification Code:	1
Classification:	Business within India		

Item	Description	Adjusted Value [Amount ( in lakhs)]	
		3/31/2011	3/31/2010
01	Available Assets in Policyholders' Fund:	116,878,587	102,180,835
	Deduct:		
02	Mathematical Reserves	111,346,814	96,838,967
03	Other Liabilities	151,428	693,826
04	<b>Excess in Policyholders' funds</b>	5,380,345	4,648,042
05	Available Assets in Shareholders Fund:	27,469	23,798
	Deduct:		
06	Other Liabilities of shareholders' fund	0	0
07	<b>Excess in Shareholders' funds</b>	27,469	23,798
08	Total ASM (04)+(07)	5,407,814	4,671,840
09	Total RSM	3,509,868	3,034,474
10	<b>Solvency Ratio (ASM/RSM)</b>	1.54	1.54

Certification:

I, \_\_\_\_\_, the Appointed Actuary, certify that the above statements have been prepared in accordance with the section 64VA of the Insurance Act, 1938, and the amounts mentioned therein are true and fair to the best of my knowledge.

Place: \_\_\_\_\_  
Date: \_\_\_\_\_

Name and Signature of Appointed Actuary

\_\_\_\_\_

## Notes

- Item No. 01 shall be the amount of the Adjusted Value of Assets as mentioned in Form IRDA-Assets- AA as specified under Schedule I of Insurance Regulatory and Development Authority (Assets, Liabilities, and Solvency Margin of Insurers) Regulations, 2000;
- Item No. 02 shall be the amount of Mathematical Reserves as mentioned in Form H;
- Item Nos. 03 and 06 shall be the amount of other liabilities as mentioned in the Balance Sheet;
- Items No. 05 shall be the amount of the Total Assets as mentioned in Form IRDA-Assets- AA as specified under Schedule I of Insurance Regulatory and Development Authority (Assets, Liabilities, and Solvency Margin of Insurers) Regulations, 2000.

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

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

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

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

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

I) Interest : Maximum and minimum interest rate taken for each segment	2010-11	
	Max	Min
1. Life- Participating policies	8.5% p.a.	6.9% p.a.
2. Life- Non-participating Policies	6.8% p.a.	6.8% p.a.
3. Annuities- Participating policies	9.10% p.a.	7.10% p.a.
4. Annuities – Non-participating policies	7.10% p.a.	7.10% p.a.
5. Annuities- Individual Pension Plan	7.60% p.a.	7.60% p.a.
6. Unit Linked	6.8% p.a.	6.8% p.a.
7. Health Insurance	6.80% p.a.	6.80% p.a.
II) Mortality Rates : the mortality rates used for each segment	2010-11	
1. Life- Participating policies	IALM(1994-96) mod. Ult. rated up by 2 years	
2. Life- Non-participating Policies	IALM(1994-96) mod. Ult. rated up by 2 years	
3. Annuities- Participating policies		
During Deferment	IALM(1994-96) mod. Ult. rated up by 1 year	
After Vesting	LIC a (1996-98) Ult. rated down by 1 year	
4. Annuities – Non-participating policies		
During Deferment	IALM(1994-96) mod. Ult. rated up by 1 year	
After Vesting	LIC a (1996-98) Ult. rated down by 1 year	
5. Annuities- Individual Pension Plan		
During Deferment	IALM(1994-96) mod. Ult. rated up by 1 year	
After Vesting	LIC a (1996-98) Ult. rated down by 1 year	
6. Unit Linked		
Under Plans 191,193, 194 & 197	125% of IALM (1994-96) mod. Ult.	
All linked plans except above	IALM(1994-96) mod. Ult. rated up by 2 years	
7. Health Insurance (Mortality Rate)	NIL	
(Morbidity Rates)	HCB & MSB: 135% of Munich Re Incidence Rates	

III) Expense :	2010-11
1. Life- Participating policies	
Premium Related	6.25% of premium
Policy Related	
For premium paying	` 380/- per policy
For reduced & fully paid-up	` 190/- per policy
2. Life- Non-participating Policies	
Premium Related	6.25% of premium
Policy Related	
For premium paying	` 380/- per policy
For reduced & fully paid-up	` 190/- per policy
3. Annuities- Participating policies	
Annuities in payment	` 80/- per policy p.a. & ` 120 for claim payments
During deferment	2.25% of premium, ` 260/- per policy for premium paying and ` 130/- per policy for reduced paid up, fully paid & single premium policies
4. Annuities – Non-participating policies	
Annuities in payment	` 80/- per policy p.a. & ` 120 for claim payments
During deferment	2.25% of premium, ` 260/- per policy for premium paying and ` 130/- per policy for reduced paid up, fully paid & single premium policies
5. Annuities- Individual Pension Plan	
Annuities in payment	` 80/- per policy p.a. & ` 120 for claim payments
During deferment	5% of premium for endowment & 2.25% of premium for other options. ` 260/- per policy for premium paying and ` 130/- per policy for reduced paid up, fully paid up and single premium.
6. Unit Linked	
Premium Related	1.5% to 4.0% of premium depending on plan, 7% NB related for plans 802, 803 & 804
Policy Related	
For inforce plans	` 480/- per policy
For reduced paid up and SP plans	` 240/- per policy

7. Health Insurance		
Premium related		
	New Business	35.00% of premium
	Renewal	6.25% of premium
Policy related		
	For premium paying	` 550/- per policy
	For reduced paid-up & SP policies	` 275/- per policy
**Per policy inflation rate is 3% p.a. for all plans		
<b>IV) Bonus Rates :</b>		<a href="#">Bonus Rates</a>
<b>V) Policyholders Reasonable Expectations :</b>		<b>Future bonuses valued at the current declared rates</b>
<b>VI) Taxation and Shareholder Transfers</b>		<b>2010-11</b>
1. Life- Participating policies		14.1625% & 5%
2. Life- Non-participating Policies		-----
3. Annuities- Participating policies		14.1625% & 5%
4. Annuities – Non-participating policies		-----
5. Annuities- Individual Pension Plan		Exempted from tax.
6. Unit Linked		-----
7. Health Insurance		-----
<b>VII) Basis of provisions for Incurred But Not Reported (IBNR)</b>		-----
<b>VIII) Change in Valuation Methods or Bases</b>		<b>2010-11</b>
<b>1. Individuals Assurances</b>		
<b>A. Life Participating Policies</b>		
a. Interest		No Change   Increase by 1.47%
b. Expenses		
Premium Related		No change
Policy Related		
For premium paying		Increased by ` 120/-
For reduced & fully paid-up		Increased by ` 60/-
c. Inflation		No Change
<b>B. Life- Non-Participating policies</b>		
a. Interest		No Change   No Change
b. Expenses		
Premium Related		No change
Policy Related		
For premium paying		Increased by ` 120/-
For reduced & fully paid-up		Increased by ` 60/-
c. Inflation		No Change
<b>2. Annuities &amp; Pension</b>		
<b>A. Participating Policies</b>		
a. Interest		Increase by 1.11%   Increase by 1.43%
b. Expenses		
Annuities in payment		No Change
During deferment		No change
c. Inflation		No Change

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

### Bonus Rates

SI No.	Plan	Term*	Bonus Rates (Per ` 1000/- Sum Assured)**
			2011
1	Whole Life Type Plans (2,5,6,8,10,28 - before conversion,35,36,37,38,49,77,78,85 & 86)		70
2	Endowment Type Plans (14,17,27 - after conversion, 28 -after conversion,34,39,40,41,42,50,54,79,80,81,84,87,90,91,92,95,101,102,103,109,110 & 121)	< 11	34
		11 to 15	38
		16 to 20	42
		>20	48
3	Money Back & Anticipated Endowment Assurances Plans (24,25,26,73,74,75,76 & 93)	12 & 15	32
		20	39
		25	44
4	Jeevan Surabhi Plans (106,107 & 108)	15	34
		20	41
		25	50
5	Jeevan Mitra (Double Cover Plan), Jeevan Saathi, Limited Premium Endowment Plan (88,89,48)	< 16	40
		16 to 20	44
		> 20	48
6	Jeevan Mitra (Triple Cover Plan) (133)	< 16	40
		16 to 20	45
		> 20	50
7	Jeevan Anand Plan (149)	5	36
		6 to 10	36
		11 to 15	39
		16 to 20	43
8	Jeevan Rekha Plan (152)	< 11	49
		11 to 15	44
		16 to 20	40
		> 20	34
9	Jeevan Anurag Plan (168)	< 11	38
		11 to 15	40
		16 to 20	42
		> 20	44
10	New Jeevan Suraksha - I Plan (147)	< 6	21
		6 to 10	27
		11 to 15	31
		> 15	35

SI No.	Plan	Term*	Bonus Rates (Per 1000/- Sum Assured)**
			2011
11	New Jeevan Dhara - I Plan (148)	< 6	20
		6 to 10	25
		11 to 15	28
		> 15	32
12	Jeevan Tarang Plan (178)	10	46
		15	46
		20	48
13	Jeevan Madhur Plan (182)	< 11	21
		11 to 15	26
14	Child Career Plan (184)	11 to 15	34
		16 to 20	38
		> 20	40
15	Child Future Plan (185)	11 to 15	38
		16 to 20	42
		> 20	44
16	Jeevan Bharti Plan (160)	15	38
		20	40
17	Jeevan Shree - I Plan (162)	10 & 15	42
		20	46
		25	50
18	Jeevan Nidhi Plan (169)	< 11	32
		11 to 15	34
		16 to 20	36
		> 20	38
19	Jeevan Pramukh Plan (167)	10 & 15	44
		20	48
		25	52
20	Jeevan Amrit Plan (186)	10 to 15	30
		16 to 20	30
		> 20	30
21	Jeevan Bharti - I (192)	15	29
		20	31

Note:

- \* Plan - 149 & 152 : Premium Paying Term in place of Term
- Plan - 178: Accumulation Period in place of Term
- Plan - 147,148 & 169: Deferment Period in place of Term
- \*\* Plan - 147 & 148: Bonus rates are per thousand Notional Cash Option
- Plan - 182: Bonus rates are per thousand Death Benefit Sum Assured
- Plan - 186: Bonus rates are per thousand premium paid