

**L46- Valuation Book (Life Insurance) – For the financial year 2009-10.**

A chapter on Valuation book covering the following minimum criteria should also be displayed on the website of the Insurers.

9. How the policy data needed for valuation is accessed.	The valuation data is extracted from the policy administration system RLS for individual business and Active system for Group business & Health Insurance business. Data for Fixed Individual and Group Sectors is retrieved to spreadsheet.
10. How the valuation books are supplied to the system	Books are supplied through loader of Actuarial Software (Foghat). The valuation is performed using Foghat system.
11. Interest - Minimum and maximum interest rate taken for each segment	
I. Individual Business	
1. Life- Participating policies	4.20% p.a. for the first five years and 5.40% p.a. thereafter
2. Life- Non-participating Policies	Targeted to mass market 4.20% p.a. for the first five years and 5.40% p.a. thereafter 5.40% p.a. Micro Insurance 3% p.a.
3. Annuities- Participating policies	N/A
4. Annuities - Non-participating policies	6.4% p.a. for the first five years and 5.70% p.a. thereafter
5. Annuities- Individual Pension Plan	N/A
6. Unit Linked	6.20% p.a. for the first five years and 5.40% p.a. thereafter
7. Health Insurance	3% p.a.
II. Group Business	
Targeted to mass market	6.20% p.a. for the first five years and 5.40% p.a. thereafter
For Special Sector	3% p.a.
12. Mortality Rates- the mortality rates used for each segment (Please see note below for definition of IAM table)	
I. Individual Business	
1. Life- Participating policies	100% of IAM Table
2. Life- Non-participating Policies	Depends on the target market 80% to 90% of IAM Table Targeted to mass market 200% of IAM Table Micro Insurance 200% of IAM Table
3. Annuities- Participating policies	N/A
4. Annuities - Non-participating policies	110% of LIC56-80 Annuities mortality with improvement of 4% p.a.
5. Annuities- Individual Pension Plan	N/A
6. Unit Linked	Depends on the target market 80% of IAM Table Single Premium & Periodic Regular Premium (Non-Pension & Normal underwriting) Simplified Underwriting products Simplified & non-market 100% of IAM Table 200% of IAM Table
7. Health Insurance	100% of IAM Table
II. Group Business	
Targeted to mass market	60% to 100% of IAM Table
For Special Sector	100% of IAM Table

Expense	Individual Business	Group Business	Per Policy (RM)
1. Life- Participating policies	1st year- 1.7% p.a. 2nd year- 1.7% p.a. (increasing with inflation at 5% p.a. at the start of each policy year or specified number of years)	Maintenance 468 p.a. (Increasing with inflation at 5% p.a. at the start of each calendar year)	
2. Life- Non-participating Policies	1st year- 1.7% p.a. - 2nd year- 2.2% p.a. - (increasing with inflation at 5% p.a. at the start of each policy year or specified number of years)	Maintenance 468 p.a. (Increasing with inflation at 5% p.a. at the start of each calendar year)	
3. Annuities- Participating policies	Targeted to mass market 2nd year- Nil	Maintenance 38 p.a. (Increasing with inflation at 5% p.a. at the start of each calendar year)	
4. Annuities - Non-participating policies	Nil	Maintenance 264 p.a. (Increasing with inflation at 5% p.a. at the start of each calendar year)	
5. Annuities- Individual Pension Plan	Nil	Nil	
6. Unit Linked	<b>Simple Premium</b> 1st year- 1.7% p.a. 2nd year- 2.2% p.a. (increasing with inflation at 5% p.a. at the start of each policy year or specified number of years)	<b>Simple Premium</b> 1st year- 1.7% p.a. 2nd year- 1% (increasing with inflation at 5% p.a. at the start of each calendar year)	Maintenance Front expense of 689 p.a. (Increasing with inflation at 5% p.a. at the start of each calendar year) Investment expense 7% of Link Fund - Varies from 0.2% p.a. to 0.425% p.a.
7. Health Insurance	<b>Simple Premium</b> 1st year- 1.7% p.a. 2nd year- 1% (increasing with inflation at 5% p.a. at the start of each calendar year)	<b>Simple Premium</b> 1st year- 1.7% p.a. 2nd year- 1% (increasing with inflation at 5% p.a. at the start of each calendar year)	Maintenance Front expense of 689 p.a. (Increasing with inflation at 5% p.a. at the start of each calendar year) Investment expense 7% of Link Fund - Varies from 0.2% to 0.425%
II. Group Business	<b>Simple Premium</b> 1st year- 1.7% p.a. 2nd year- 1% (increasing with inflation at 5% p.a. at the start of each calendar year)	<b>Simple Premium</b> 1st year- 1.7% p.a. 2nd year- 1% (increasing with inflation at 5% p.a. at the start of each calendar year)	Maintenance Front expense of 689 p.a. (Increasing with inflation at 5% p.a. at the start of each calendar year) Investment expense 7% of Link Fund - Varies from 0.2% to 0.425%

4. Bonus Basis	2.75% p.a. on Cash Accumulation reserve basis
5. Policyholders Reasonable Expectations	The published bonus rate are in the range of 2.50% to 4.10% of (Cash Assured plus Value Bonus) based on growth duration of the product at illustrated gross investment return of 6% & 10% p.a. respectively
6. Taxation and Shareholder Transfers	No tax is assumed for non-par products. However 12.5% p.a. is assumed while taxing the reserves for participating products.
7. Basis of provisions for Incurred But Not Reported (IBNR)	2 months expected cost of claims
8. Change in Valuation Methods or Bases	(Please see note below)
I. Individual Business	
1. Interest	No
2. Expenses	No
3. Inflation	No
II. Annuities	
1. Interest	No
a. Annuity to payment	No
b. Annuity during deferred period	No
c. Pension- All Plans	No
2. Expenses	No
3. Inflation	No
III. Unit Linked	
1. Interest	No
2. Expenses	No
3. Inflation	No
IV. Health	
1. Interest	No
2. Expenses	No
3. Inflation	No
V. Group	
1. Interest	No
2. Expenses	No
3. Inflation	No

Note: The topic used for first year in case of unit linked regular premium business was changed from 15% to make it entry year specific. Initial Assured Load(RM) Table - Indian Assured Lives Mortality (1500-80) (Modified) US Table.