

PERIODIC DISCLOSURES			
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FORM L-24 Valuation of net liabilities			
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NAME OF THE INSURER: MAX NEW YORK LIFE INSURANCE COMPANY LIMITED

REGISTRATION NO 104: DATE OF REGISTRATION WITH IRDA : NOVEMBER 15, 2000

(In Rs Lacs)

Valuation of net liabilities

1	Linked		
a	Life	287,158	176,661
b	General Annuity		
c	Pension	16,330	9,221
d	Health		
2	Non-Linked		
a	Life	191,635	134,219
b	General Annuity		
c	Pension	3,234	2,641
d	Health	181	-

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'2009

Form Code:

Name of Insurer:
 MAX NEW YORK LIFE INSURANCE COMPANY LIMITED
 Classification:

Registration Number: 104 Classification Code: _____

Item	Description	Adjusted Value	
		[Amount (in rupees lakhs)]	
(1)	(2)	(4)	
01	Available Assets in Policyholders' Fund:		50,385,301
	Deduct:		
02	Mathematical Reserves		49,853,850
03	Other Liabilities		
04	Excess in Policyholders' funds		531,451
05	Available Assets in Shareholders Fund:		11,223,566
	Deduct:		
06	Other Liabilities of shareholders' fund		5,731,703
07	Excess in Shareholders' funds		5,491,863
08	Total ASM (04)+(07)		6,023,314
09	Total RSM		1,981,304
10	Solvency Ratio (ASM/RSM)		3.04

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
 John Poole _____

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)

Policy data is downloaded in text files from policy administration system through an automated query post completion of new business processing for the year. Various checks are applied on the data before using it for policy liability calculations.

An actuarial software is used for valuation of policyholders' liabilities and the assumption tables of the software are updated to reflect current valuation basis.

1) Interest : Maximum and minimum interest rate taken for each segment

		Minimum Interest Rate	Maximum Int Rate
i. Individual Business			
1.	Life- Participating policies	6.75%	6.75%
2.	Life- Non-participating Policies	5.75%- 6.50%	5.75%- 6.50%
3.	Annuities- Participating policies	6.75%	6.75%
4.	Annuities – Non-participating policies	NA	NA
5.	Annuities- Individual Pension Plan	NA	NA
6.	Unit Linked	5.75%	5.75%
7.	Health Insurance	5.75%	5.75%
ii. Group Business (Non-Par Single Premium)			
		5.75%	5.75%

2) Mortality Rates : the mortality rates used for each segment

i. Individual Business		
1.	Life- Participating policies	82.5% to 176% of IALM(94-96) in Yr1 to 77%-176% of IALM(94-96) thereafter
2.	Life- Non-participating Policies	137.5% of IALM in Yr 1&2 to 125% thereafter
3.	Annuities- Participating policies	77% of IALM
4.	Annuities – Non-participating policies	NA
5.	Annuities- Individual Pension Plan	NA
6.	Unit Linked	87.5% of IALM
7.	Health Insurance	156.25% of IALM
ii. Group Business (Non-Par Single Premium)		
		110%-220% of IALM(94-96)

3) Expense :

		Per Policy	Premium Related	Reserve Related Expenses
1.	Life- Participating policies	Rs.363	3.63%	0.10%
2.	Life- Non-participating Policies	Rs.363	3.63%	0.10%
3.	Annuities- Participating policies	Rs.363	3.63%	0.10%
4.	Annuities – Non-participating policies	NA	NA	
5.	Annuities- Individual Pension Plan	NA	NA	
6.	Unit Linked	Rs440	1.87%	0.40%
7.	Health Insurance	Rs.478.5-638	3.63%	
ii. Group Business (Non-Par Single Premium)		Rs.121	0.00%	

4) Bonus Rates :

The Company's bonus system is such that the rates for each product are a function of entry age and policy duration. Specimen valuation bonus rates (per thousand sum assured) for Whole Life Par policies used in March 2009 valuations are shown in table below

Whole of Life- Era 1(Policy issue dates Dec 2000 to Jan 2002)										
Policy	Age at entry									
Year	0	10	20	30	40	50	60	70		
3	0.4654	0.8991	1.8140	3.4906	7.3143	10.8790	16.3105	20.1924		
5	0.5871	1.1424	2.2953	4.7281	9.2923	15.8028	21.0281	26.0312		
10	0.7246	1.4068	2.8242	5.8811	11.8521	20.1819	26.6870	33.0441		
20	0.9890	1.9304	3.8767	8.1870	16.9610	28.9453	38.0261	47.0857		
30	1.1477	2.2319	4.4954	9.4616	19.5684	33.2451	44.2668	54.8020		
40	1.3010	2.5386	5.1036	10.7256	22.1810	37.5395	50.4917	-		

Whole of Life- Era 2 (Policy issue dates Feb 2002 to July 2002)										
Policy	Age at entry									
Year	0	10	20	30	40	50	60	70		
3	0.82	1.05	2.01	3.65	6.44	8.84	14.22	18.69		
5	0.89	1.3	2.53	4.95	8.17	12.85	18.31	24.08		
10	1.3	2.36	4.06	7.51	12.72	20.02	28.2	36.99		
20	2.39	4.37	7.57	14.23	24.76	39.06	54.29	71.02		
30	3.49	6.34	11.09	20.79	36.14	56.76	79.65	103.96		
40	3.96	7.23	12.63	23.56	40.96	64.1	87.11	103.96		

Whole of Life- Era 3 (Policy issue dates August 2002 to January 2006)										
Policy	Age at entry									
Year	0	10	20	30	40	50	60	70		
3	1.05	1.34	2.58	4.68	8.25	11.33	18.22	23.95		
5	1.14	1.67	3.25	6.34	10.47	16.46	23.47	30.86		
10	1.66	3.03	5.2	9.63	16.3	25.66	36.14	47.41		
20	2.7	4.92	8.54	16.05	27.92	44.05	61.22	80.08		
30	3.94	7.16	12.51	23.44	40.76	64.01	89.82	117.23		
40	4.46	8.15	14.24	26.57	46.19	72.28	98.22	117.23		

5) Policyholders Reasonable Expectations

Policyholders' Reasonable Expectations were considered for valuations:

- i) Future bonuses have been allowed for within mathematical reserves. This has been done by projecting the bonuses likely to be paid in accordance with the company's bonus philosophy and the projected levels of experience forming the valuation basis
- ii) Although the Company's participation system is nominally based on cash 'dividends', the preferred dividend option is for dividends to be taken as reversionary additions to sums insured. An election to use cash dividends in this way is incorporated into the policy
- iii) Benefit illustrations have been part of the Company's sales process since it was founded. These illustrations have always been well qualified including statements along the lines 'This is only an illustrative document.....does not convey any guarantee'
- iv) Prior to implementation of 'dual rate' illustrations conforming with the Circular issued by the life Insurance Council in 2004, single rate illustrations were used with the level of bonuses illustrated conforming broadly with the prevailing projected rates
- v) Having considered the issues carefully and discussed with senior members of the Company's management familiar with the historic sales processes, the Appointed Actuary concluded that a reasonable expectation would be for the shapes attributable to the various participating products to be similar to the single rate illustration used at present
- vi) Thus within the various participating products, the allowance for future bonuses depends upon the illustration 'era' to which the individual policy concerned. Thus the allowance is effectively the outworking of the single rate illustration used at present
- vii) In addition above, the Company has established a practice whereby bonuses are paid even though there is no distributable surplus in the conventional sense. Shareholders have felt that the early generations of policyholders should receive a bonus as a result of their early entry
- viii) The reserves have been set at least equal to the guaranteed surrender value or the currently illustrated surrender value whichever is higher. In allowing for future lapses and surrenders, the illustrated surrender scales have been assumed to continue

6) Taxation and Shareholder Transfers

Shareholders' transfers linked to bonuses and the potential liability to tax on the surplus distributed have been allowed for by grossing-up the bonus rates used in the valuation for the shareholders' transfer rate and tax rate. The Appointed Actuary took

7) Basis of provisions for Incurred But Not Reported (IBNR)

An exercise was done to find out the delay in reporting the claims. Based on this study an appropriate provision was made for IBNR Claims in the annual accounts as of 31st March 2009.

8) Change in Valuation Methods or Bases (Compared to 2007-08)

i. Individuals Assurances	
1. Interest	No change
2. Expenses	Per policy changed from Rs.273 to 330 for Par Business while for Npar from 286 to 330 and Prem related changed from 2.36% to 3.63% for Par and for Npar from 2.48% to 3.63%. Reserve related remained unchanged
3. Inflation	No change
ii. Annuities	
1. Interest	No change
a. Annuity in payment	
b. Annuity during deferred period	
c. Pension : All Plans	
2. Expenses	Per policy changed from Rs.273 to 330 and Prem related changed from 2.36% to 3.63%. Reserve related remained unchanged
3. Inflation	No change
iii. Unit Linked	
1. Interest	No change
2. Expenses	Per Policy Changed from Rs.341 per policy in 2008 to Rs.440 per policy in 2009 while Premium related changed from 1.05% to 1.87%. Reserve related changed from 0.25% to 0.40%
3. Inflation	No change
iv. Health	
1. Interest	No change
2. Expenses	Per Policy changed from Rs.286 per policy to Rs.478.50 - 638 in 2008 to Rs.435-580 per policy in 2009 and prem related changed from 2.48% to 3.63%
3. Inflation	No change
v. Group	
1. Interest	No change
2. Expenses	No change
3. Inflation	No change