

PERIODIC DISCLOSURES

FORM L-24 VALUATION OF NET LIABILITIES

NAME OF THE INSURER: MAX NEW YORK LIFE INSURANCE COMPANY LIMITED

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

Valuation of net liabilities		<i>(In Rs Lacs)</i>	
Sl.No.	Particular	2009-10	2008-09
1	Linked		
a	Life	615,004	287,158
b	General Annuity		
c	Pension	42,790	16,330
d	Health		
2	Non-Linked		
a	Life	255,135	191,635
b	General Annuity		
c	Pension	4,081	3,234
d	Health	99	181

PERIODIC DISCLOSURES
FORM L-32-SOLVENCY MARGIN
(See Regulation 4)

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

AVAILABLE SOLVENCY MARGIN AND SOLVENCY RATIO.

31st March 2010

Name of Insurer:

Form Code:
MAX NEW YORK LIFE INSURANCE COMPANY LIMITED

Classification Code:

Classification:

Registration Number: 104

Item	Description	Adjusted Value [Amount (In Rs. '000)]
01	Available Assets in Policyholders' Fund:	92,907,589
	Deduct:	
02	Mathematical Reserves	91,710,849
03	Other Liabilities	
04	Excess in Policyholders' funds	1,196,740
05	Available Assets in Shareholders Fund:	14,490,229
	Deduct:	
06	Other Liabilities of shareholders' fund	7,145,001
07	Excess in Shareholders' funds	7,345,227
08	Total ASM (04)+(07)	8,541,967
09	Total RSM	2,656,684
10	Solvency Ratio (ASM/RSM)	3.22

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: Gurgaon

Name and Signature of Appointed Actuary

Date:

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;
- Item 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.

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 Rates	Minimum Interest Rate	Maximum Interest Rate
Individual Business		
Life- Participating policies	6.95%	6.95%
Life- Non-participating Policies	5.95% - 6.70%	5.95% - 6.70%
Annuities- Participating policies	6.95%	6.95%
Annuities – Non-participating policies	NA	NA
Annuities- Individual Pension Plan	NA	NA
Unit Linked	5.95%	5.95%
Health Insurance	5.95%	5.95%
Group Business		
Non-Par Single Premium	5.95%	5.95%

2) Mortality Rates	
Individual Business	
Life- Participating policies	90% to 180% of IALM(94-96) in Yr1 to 70%-160% of IALM(94-96) thereafter
Life- Non-participating Policies	120% of IALM in Yr 1&2 to 100% thereafter
Annuities- Participating policies	70% of IALM
Annuities – Non-participating policies	NA
Annuities- Individual Pension Plan	NA
Unit Linked	80% to 150% of IALM(94-96) in Yr1 to 70%-110% of IALM(94-96) thereafter
Health Insurance	125% of IALM
Group Business	
Non-Par Single Premium	100%-200% of IALM(94-96)

3) Expenses	Per Policy	Premium Related	Reserve Related Expenses
Individual Business			
Life- Participating policies	Rs. 363	3.63%	0.10%
Life- Non-participating Policies	Rs. 363	3.63%	0.10%
Annuities- Participating policies	Rs. 363	3.63%	0.10%
Annuities – Non-participating policies	NA	NA	
Annuities- Individual Pension Plan	NA	NA	
Unit Linked	Rs. 440	1.87%	0.40%
Health Insurance	Rs.478.5-Rs 858	3.63%	
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 2010 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 application process and the company's experience is that more than 85% of policyholders exercise this option. An indicator as to the dividend option is contained within individual policy valuation records so that the option is allowed for precisely in the valuation.

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 rights or obligations. Bonuses are not guaranteed and bonus rates will be based on the actual Company experience from time to time.'

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 portfolio rates. Close examination of the various bonus scales showed that as portfolio rates changed and new illustrative bonus scales developed, not only did the overall level of bonuses change but the duration based 'shape' also changed.

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 illustrative bonus rate eras to be maintained even though the overall level of bonus rates might change as a result of interest rate changes.

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 point of sale and the difference between the current projected portfolio rate and the portfolio rate used to determine the original illustrative bonus scale.

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 and that in determining the amount of bonus, a notional expense level should be assumed that excludes the costs of establishing the company and its sales infrastructure. The Appointed Actuary consider this a reasonable approach but it could create an expectation. So future bonuses allowed for in the valuations took into account a 'structural' level of expense reasonably attributable to policyholders on an ongoing basis and therefore a higher level of bonus than would otherwise have been the case.

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 advice from the Company's Chief Financial Officer as to the timing of actual tax payments.

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 2010.

8)

Change in Valuation Methods or Bases (Compared to 2008-09)	
Individual Assurance	
a) Interest	No Change
b) Expense	No Change
c) Inflation	No Change
Annuities	
a) Interest	No Change
b) Expense	No Change
c) Inflation	No Change
Unit Linked	
a) Interest	No Change
b) Expense	No Change
c) Inflation	No Change
Health	
a) Interest	No Change
b) Expense	No Change
c) Inflation	No Change
Group	
a) Interest	No Change
b) Expense	No Change
c) Inflation	No Change