



ACTUARIAL SOCIETY OF INDIA

December 31, 2004

Liyaquat Khan
President

To
All Appointed Actuaries and Other Actuaries of Life Insurers

Dear All,

Re: Critical Illness Rates and related Issues

The following advice is issued in concurrence with IRDA for adoption with effect from 1st January 2005;

1. No single standard set of conditions and/or definitions are recommended.
2. It should be ensured that all conditions and definitions are *fair and reasonable* and while formulating these, sound international practices should be kept in view at the same time ensuring that these are appropriate to Indian conditions.
3. With respect to incidence rates and morbidity assumptions, the CIBT93 Table as outlined in the Staple Inn Actuarial Society paper "A Critical Review" (<http://www.sias.org.uk/papers/critrevw.pdf>) should be used as base rates and any modification/adjustment made to these base rates should be justified for the purposes such as pricing of products and other purposes.
4. The Tables in (3) above shall constitute "Published Tables" within the meaning of Regulation 4 of IRDA(Assets, Liabilities and Solvency Margin of Insurers) Regulations, 2000

With regards

Sincerely Yours

Liyaquat Khan