

December 29th, 2004

Ref: IRDA/Act/CI Rates/5108

Shri Liyaquat Khan
President
Actuarial Society of India
9, Jeevan Udyog, 3rd Floor
278, D N Road, Fort
Mumbai - 400 001.

Dear Sir,

Critical Illness Rates

This has reference to the above Report of the Morbidity Experience Committee consisting of four members S/Sh, Stuart Land, Walter de Oude, Andreas Webersinke, Marc Bastien sent by Actuarial Society of India for IRDA' concurrence.

The Authority examined the contents of the Report and is pleased to concur with ASI in regard to adoption of the Standard Morbidity Table "CIBT-93"[Enclosed] subject to:

- 1) The AA of the Insurer has to give justification for modification/adjustment made to the base rates in his pricing assumption and specify the adjusted rates forming the basis. At the end of 2 years i.e. 31.03.2007 based on the experience of Indian Life Insurers the ASI should be in position to bring out a Morbidity Study Report and Experience Table (Indian) to replace the "CIBT93".
- 2) Definition of CI (Critical Illness) should as far as possible be made relevant to Indian context. This will involve associating some Chief Medical Officers of Insurers and some Medical Researchers and Reinsurers in this exercise. This may be taken up in due course.

Yours faithfully,

C S Rao
29.12.04
(C S Rao)