RFP for engagement of Actuarial Firm for LICI IPO

Clarification to the queries received during pre-bid meeting on 26.11.2020

S.No.	Reference	Queries	Clarifications
1	-	a. When are we expecting to engage the actuarial consulting firm? b. When are we expecting the actuarial consulting firm to start its work?	LICI has issued RFP for implementation advisor for actuarial software system on 01.12.2020.
2	-	Will the various timelines be shared with us at the time of starting the assignment given the open nature of scope of work and requirement of supplementary report, should the date of launch get postponed?	As per Clause 6.1.2, a "Plan of Action" will require to be submitted by the selected actuary firm, which will include the various timelines determined and mutually agreed upon for completing the scope of work.
3	Para 2.1	Please confirm : How is the value from the life insurance businesses within these entities outside of India expected to be included in the IEV of LICI?	APS-10 shall apply. Specific details as may be required to be provided by LICI to the selected actuary firm to the extent available.
4	Para 2.1	What is the materiality of the above holdings(life insurance businesses within these entities outside of India) in the context of the LICI's operations and valuation in	

		India?	
5	Para 2.1	Is full equivalent scope of work as defined in Section 4 of the bid document required for each of these foreign operations of LICI for each individual foreign operation?	
6	Para 2.1	Would equivalent data, cashflows and other requirements as expected from LICI's Indian operation would be made available for those operations outside of India?}	
7	Para 4.1(i)	Section 4 of the bid document describes the scope of work of the actuarial firm and requires that the actuarial firm work collaboratively with Appointed Actuaries / Management of LICI. In this context, could you please confirm that items listed below will be provided by LICI in a timely, accurate and complete manner to enable completion of required tasks by the actuarial firm?	Data required for calculation of IEV as per APS10 will be shared with the selected actuary firm to the extent available. The selected Reporting actuary has to conduct the calculations and determinations as per the requirements ofAPS10.

8	Para 4.1(i)	Expected data and other deliverables from LICI to Actuarial firm
		(i)Complete and accurate data for all items set out in Paragraph 4.2 of Actuarial Practice Standard 10, issued by the Institute of Actuaries of India ("APS 10");
		(ii)Complete and accurate descriptions of features of all products with policies in-force ('in-force', as defined in Paragraph 5.5 of APS 10);
		(iii)Detailed output from cash-flow projection models required to be reviewed (as envisaged under Paragraph 4.2 a. of the bid document) to determine each component of IEV: including PVFP, TVFOG, FC and CRNHR. We understand that the required granular cash-flow outputs from the projection models shall be made available to the Reporting Actuary for review by the LICI – could you please confirm this would be the case?

		(iv)Complete and accurate outputs from the models to be generated by LICI (as envisaged under Paragraph 4.2 b. of the bid document). Based on this, we understand that all model development, model runs, and output generation shall be undertaken by LICI that will be provided to Actuarial Firm for review and consolidation into IEV. Could you please confirm this would be the case?	
		(v)Lastly, please confirm availability of and support from appropriate actuarial staff of LICI to respond to and address any queries / additional data requirements in a timely manner that may arise from time to time to support this assignment.	
9	Para 4.1(i)(a) and 4.2(a) / (b)/(c) of the RFP	In 4.1(i)(a) it is stated that the selected Global Actuarial Firm is required to work with the LICI in the implementation of the IEV framework.	LICI has issued RFP for implementation advisor for actuarial software system on 01.12.2020. The selected Reporting Actuary has to conduct the calculations and determinations as per the requirements of APS10. Please also refer Sr. No. 59(d)

10	Para 4.1(i)(a) and 4.2(a) / (b)/(c) of the RFP	In 4.1(i)(a) ,We understand that this scope would mean that the consultant would carry out the work to meet its obligations under IRDAI regs and APS10 and those mentioned under clause 4.3. However, anything beyond that would be on additional chargeable basis. Especially, consultant is not obligated to implement APS-10 models on LIC owned systems or obligated to share his models.	The scope of work is as mentioned in the RFP, the selected actuarial firm will be the Reporting Actuary in terms of APS-10.
11	Para 4.1(i)(a) and 4.2(a) / (b)/(c) of the RFP	"In 4.1(i)(c,) We request a confirmation that the change in dates would be carried out by DIPAM before consultant carries out work on valuation and in case of delayed change in the dates, consultant would be reimbursed to the extent of duplicate work.	As per Clause 6.1.2, a "Plan of Action" will require to be submitted by the selected actuary firm, which will include the various timelines determined and agreed upon for completing the scope of work. The dates at which valuation to be conducted will be finalised as part of such Plan of Action. Please also refer clarification at Sr. 59(d).

12	Para 4.1(i)(a) and 4.2(a) / (b)/(c) of the RFP	In 4.2(a) / (b) it is stated that the Global Actuarial Firm is expected review the models used by LICI for cash-flow projections and to independently develop models to validate the outputs generated by LICI models. We would like to confirm our understanding of these two paragraphs: • The scope of work does not include actual implementation of cash-flow projections for the various products of LICI on its selected actuarial modelling tool. • We understand that LICI will be implementing its various products to carry out cash-flow projections. • Once this is implemented, the scope under this RFP is to review the models developed by LICI (through independent models developed by the Global Actuarial Firm) for the purpose of developing the IEV results and the related reports. a. Kindly confirm	The selected actuarial firm will be the Reporting Actuary in terms of APS-10. LICI has issued RFP for implementation advisor for actuarial software system on 01.12.2020. The selected Reporting Actuary has to conduct the calculations and determinations as per the requirements of APS10.

		that our understanding is correct. b. If not, please clarify the exact scope expected under this RFP.	
13	Para 4.1	What types of additional work is envisaged by the company with regards to scope - if two to three examples could be provided, this will be very helpful	The selected actuarial firm will be the Reporting Actuary in terms of APS-10, and with an option to provide support to LICI for a period of 1 year post the IPO as stated in the RFP. Any additional scope, if any, would be in line with the aforementioned broad scope.
14	Para 4.1	Will the IEV computation include the embedded value computation of Branches and/ or Subsidiaries?	APS-10 shall apply. Specific details as may be required to be provided by LICI to the selected actuary firm to the extent available.
15	Para 4.1	Clarification needed - As per point 4 - 4.1. (i) a - It is mentioned implementation of IEV framework as per APS 10 & IRDAI Issuance of Capital Regulations 2015, this to be done in mutual agreement with the AA and management of	The selected actuarial firm will be the Reporting Actuary in terms of APS-10. LICI has issued RFP

		LICI, determination of IEV, preparation of report and providing support through IPO process –	for implementation advisor for actuarial software system on 01.12.2020.
16	Para 4.1	Clarity needed on expectation of work to be done - will Actuarial firm do or LICI does and Actuarial firm reviews (as mentioned in point b) it by validating results by making internal models	
17	Para 4.2	Need to understand the system used for computation of cashflows by LIC for its various product range	LICI has issued RFP for implementation advisor for actuarial software system on 01.12.2020.
18	Para 4.2(a) / (b)	The Actuarial Firm is expected to review the models used by LICI through independent models built for this purpose. Kindly confirm that the Actuarial Firm will be provided access to the model built by LICI in order to perform the model validation	LICI has issued RFP for implementation advisor for actuarial software system on 01.12.2020. Access to such actuarial software system and models developed, will be provided to the selected actuary firm to the extent required for the purpose.
19	Para 4.2(a) / (b)	Under para 4.2 a, The clarifications sought on models and cashflows to be made available by LICI for review	LICI has issued RFP for implementation advisor for actuarial software system on 01.12.2020.
		a) Does LICI routinely carry out or at some time in past has carried out estimate of the EV, either on a traditional or on a	Access to such actuarial software system and models

		market consistent basis for the internal purposes. If so, will these documents be available for scrutiny.	developed, will be provided to the selected actuary firm to the extent required for the purpose.
		b) Please provide details on the tools to be used by LICI to generate the cash-flows – statutory and realistic. Would they be generated from Actuarial software? Would the cash-flows include such contingencies as Lapse and surrender etc.., as well as projection of the risk capital for the estimation of the cost of non-hedge able risks.	Specific data as may be required to be provided by LICI to the selected actuary firm to the extent available.
		c) Does LICI currently use an actuarial software or is in the process of acquiring one? If acquiring a new software who would be responsible for implementation?	
		d) Please describe financial options and guarantees within the covered business and LICI current ability to evaluate the time value of cost of such guarantees/options, stochastically or otherwise.	
		e) Please confirm whether product segment-wise historical operating experience such as mortality, lapse,	

		surrender, expense etc., for the last 3 years in order to establish future trends is readily available.	
		f) Please provide brief details on the bonus policy indicating the manner in which the bonus are decided on participating policies.	
		g) Asset share incorporating past relevant, documented economic and demographic experience.	
20	Para 4.2(a) / (b)	Para 4.2 b. of the bid document requires the Actuarial Firm to: Independently develop models to validate the outputs generated by LICI models. Independently develop models to validate the outputs generated by LICI models. a)To develop independent models in Microsoft Excel (or similar) for select material products of LICI and validate outputs generated by LICI models for representative sample model points only; or b) To develop	In line with requirements of APS 10, the selected actuarial firm to Independently develop models to validate the outputs generated by LICI models. It is for Reporting Actuary to decide upon the methodology to be used. The selected actuarial firm may use and rely on the actuarial software system of LICI to be

		independent models to validate outputs generated by LICI models across all records on a seriatim basis. This approach would ensure that the aggregate values computed by LICI models, aggregated across all records, lie within acceptable threshold differences from the independent models so developed. Could you please confirm which of the above two interpretations apply for the intended scope of work?	purchased.
21	Para 4.2(d)	We understand that the supplementary report if required would be needed to be delivered by the consultant only once. Please confirm.	Selected Bidder may be required to prepare a supplementary Embedded Value Report depending on the launch date of the IPO. It is envisaged that if required, the supplementary report would be sought only once. The supplementary report, if required, would be an IEV report as on a particular date
22	Para 4.2 d	For any kind of supplementary-reporting as per 4.2 - d - if this will require re-doing or rebasing information on approximate basis? What would be the frequency of such activity?	
23	Para 4.2 d	Clarification needed - As per point 4 - 4.2 d - what exactly is the requirement in addition to the report that will be prepared in accordance to APS 10 that will form a part of the IPO	

		proposal document? What will be the contents to be provided in the supplementary report	(other than the dates agreed during finalisation of Plan of Action) for the purposes of the proposed IPO, as per APS-10.
24	Para 4.3	Clarification needed - As per point 4 - 4.3 - ii) - Does the actuarial firm have to specify scope of data audit for report as per APS 10 and then subsequently review the same?. Who is expected to appoint the independent data auditor - DIPAM, LICI or Actuarial firm?	APS-10 shall apply. Specific details as may be required to be provided by LICI to the selected actuary firm to the extent available.
25	Para 4.4 of the RFP	It is said that the various tasks to be performed as mentioned in the Statement of Work are indicative and non-exclusive and some services not expressly mentioned may become integral and mandatory part of the scope of work. This may appear to be an 'open ended' scope. Kindly specify exactly which services that are not expressly mentioned which may become part of the scope of work.	The selected actuarial firm will be the Reporting Actuary in terms of APS-10, and with an option to provide support to LICI for a period of 1 year post the IPO as stated in RFP. Any additional scope, if any, would be in line with the aforementioned broad scope.

26	Para 4.4 of the RFP	We understand that this scope would mean that the consultant would carry out the work to meet his obligations under IRDAI regs and APS10 and those mentioned under clause 4.3. However, anything beyond that would be on additional chargeable basis. Especially, any work related to change in profit sharing between share holders and policyholders which currently is 95/5 for full portfolio to the maximum possible for shareholders permissible under the IRDAI regulations.	The selected actuarial firm will be the Reporting Actuary in terms of APS-10, and with an option to provide support to LICI for a period of 1 year post the IPO as stated in RFP. Any additional scope, if any, would be in line with the aforementioned broad scope.
27	Para 5.1	LIC will be issuing 2 more RFPs related to actuarial work - one for purchase of software, and one for appointment of a software implementation agency. Will selection under those RFPs disqualify bidder for selection under this RFP?	Bidders are required to evaluate independence as per APS-10 requirements and ensure further that there is no conflict of interest.
28	Para 5.1	If bidder is associated with LIC for an engagement in a different geography, is it still eligible	Bidders shall be considered independent as long as bidder's firm (not just the team members assigned) are not involved in/ do not take up any engagement to assist any other life

			insurance company in India for an IPO, whilst providing support to LICI. Additionally, bidders are required to evaluate independence as per APS-10 requirements
29	Para 5.3	To confirm, if requirement for on the ground team based in India in paragraph 5.3 of the bid document extends to all team members including relevant subject matter experts expected to support the project.	The selected actuarial firm must have local presence in India, and personnel located in India must be deployed to facilitate execution of the scope of work. In case required, assistance from subject matter experts located outside India may be availed.
30	Para 5.4 BID EVALUATION 10.7,10.8	(A) For the engagement to be successfully executed, it is required that the consultant possesses diverse skills and credentials spanning across (1) IPO readiness advisory (2) accounting advisory (3) actuarial skills, (4)valuation expertise (5) investment banking skills (6) capital structuring and (7) taxation expertise. We possess all these skills inhouse in India and in global entities. But these skills and competencies are housed in different legal entities	The bidding firm must satisfy the requirements under APS-10 and other relevant guidelines. The bidding firm may rely on credentials and experience of member firms located within or outside India, subject to a specific letter permitting use of such credentials and experience, and confirming their active participation in the proposed engagement, if selected. Clearly, it should not be for name sake.

		operating in India and other parts of the world as member firms of our bidding entity. Since for the purpose of bidding, one legal entity which has experience in doing Actuarial advisory has to be the applicant, we request you that the bidding entity and the capabilities + experience of our member firms in India and in world operating under a common global brand be considered collectively for the purpose of technical evaluation, and, if successful, for the execution of the assignment (including sub-contracting of work to member firms). This is important as this assignment cannot be executed without the collective deployment of resources which specialise in different scope areas related to the objectives of the RFP. (B) This provision has been allowed in many RFP's released by govt owned insurance companies and banks governed by Department of Financial Services	

		e.g. the PSGIC merger RFP and Ind-AS accounting standards transition RFPs by various banks and insurance companies.	
	Para 5.4	(1) We request you to kindly clarify that the two parts separated by ""and"" are separate and as long as the firm meets the first criteria through one engagement and the second part through another engagement it would be acceptable for the purpose of establishing eligbility.	The eligibility criteria referred should be read as below: a) Bidding Firm should be experienced in developing and reporting the actuarial EV/IEV report of a life insurance company of EV/IEV of INR 10,000 crore or more (USD 1.33 billion)* between 1st April 2015 to 31st March, 2020 in line with the requirements of Actuarial Practice Standard 10 (APS10) issued by the Institute of Actuaries of India (IAI) and the IRDAI (Issuance of Capital by Indian Insurance Companies Transacting Life Insurance Business) Regulations, 2015, and b) should have provided support during the IPO process of life insurance companies While points a) and b) may be distinct engagements, for Point (b) it is

			clarified that the support must be in terms of actuarial EV/IEV report and not in any other manner.
		(2) We request you to kindly clarify that the post IPO review certification of a life insurance company with EV/IEV of Rs.10,000 crore or more qualifies as an eligibility for developing EV/IEV report in line with the requirements of APS 10.	The actuarial firm should have experience in line with APS-10 for IPO.
		(3) We request you to kindly clarify that issuance of Traditional EV report for global market IPO of a life insurance company,having EV of more than 1.4 bn USD, by an entity operating in another country but under the common brand name would meet this eligibility criteria.	Issuance of traditional EV report in geography other than India, in line with para 5.4 may be considered. The bidding firm may rely on credentials and experience of member firms located within or outside India, subject to a specific letter permitting use of such credentials and experience, and confirming their active participation in the proposed engagement, if selected. Clearly, it should not be for name sake.

		(4) We (bidder) alongwith our member firm - both operating under a common global brand name have jointly provided support during an IPO of a life insurance company. We request you to kindly clarify if such a credential would be acceptable to meet the second part of this criteria.	It is clarified that the support must be in terms of actuarial EV/IEV report and not in any other manner. Please also read response in Sr. 30(3) above
		(5) We understand that copies of relevant section from annual report / IPO documents would be acceptable for the evidence of the work performed.	Yes, acceptable
31	Para 6.1.2	Just to confirm that the scope is strictly in line with APS 10, IRDAI regulations on capital issuance and that mentioned under clause 4.3. Especially scope around separation of non-participating from participating or change the sharing in participating from 5/95 to 10/90.	The scope of work is in line with APS10, and IRDAI regulations as applicable for capital issuance (IPO)
32	Para 6.1.2	To confirm, that Actuarial Firm shall not be held accountable under Section 6 for any delays or iterations within the Plan of Action due to non-availability or incomplete or incorrect information required to be provided by	The selected actuarial firm shall not be held accountable for delays due to non-availability or delay in provision of relevant and material information, provided the information sought for is unambiguous

		LICI to Actuarial Firm.	and objective.
33	Para 6.1.5	We request your approval that we would not be able to disclose the name of the clients due to confidentiality.	Client names may be confidential, however, the certificate for no conflict/ conflict disclosure is mandatory. The Bidder can provide brief description of any ongoing transaction for conflict disclosure
34	Para 6.1.5	We understand the similar nature would be IPO only and not other shareholders buying/selling outside of IPO. Request you to kindly confirm	The selected actuary firm will be conflicted from any IPO related work for life insurance companies in India, during the tenure of this engagement. Additionally, bidders are required to evaluate independence as per APS-10 requirements
35	Para 6.1.5	We request you to confirm to our arrangement that we would maintain the independence by keeping separate teams if another IPO situation arises even though we are unable to disclose the name of the client due to confidentiality.	The selected actuary firm will be conflicted from any IPO related work for life insurance companies in India, during the tenure of this engagement. Additionally, bidders are required to evaluate independence as per APS-10 requirements

36	Para 8.1(i)	"A certificate, that the Performance Guarantee would be extended by the bidder/appointed Actuarial Firm, if so, required by DIPAM. Can we modify this to say, A certificate, that the Performance guarantee would be extended to mutually agreed amount by the bidder/appointed actuarial firm. "	No Change
37	Para 8.1 - Cover 2 (Online) - (i)	All documents to be submitted are required to be signed by the authorized signatory.	
		a. Please confirm that either of digital signature or scanned signature is acceptable	
		b. Please confirm if you have any preference for the file-type of the proposal – i.e. whether in A4 type word / PDF format or in a presentation (PPT / PDF format)	The Bidding firm may choose the format. All information / documents as sought in the RFP must be provided.
38	Para 8.1(b) of RFP	It is stated that the payment of Rs.1,00,000/- has to be made through a demand draft payable in Delhi. Given that all the documents are being submitted online, please clarify if this fee payment can also be made online (e.g. through	Bidders are required to issue a demand draft. NEFT/RTGS option is not available

		NEFT / RTGS)? If so, please provide the NEFT / RTGS details.	Digital Signature is acceptable.
39	Para 8.3 and 11.1 of RFP	The financial bids are expected to be sent in a sealed envelope. It is unclear as to how this would work in an online submission of the financial bid as is expected. Are we expected to password protect the financial bid when submitting online? If so, when should we be sending the password / to who / how?	Bidders have to submit their financial bids on the CPP Portal. The file is not required to be password protected.
40	Para 9	To confirm, whether it would be acceptable to submit only the executive summary of Technical Bid in presentation format with details supported within a more detailed text-based document	Confirmed, acceptable
41	Para 9 Section (A) (2) of the RFP	It says that the scope includes support for one year post listing. This is not mentioned under paragraph 4 (Scope of Work) of the RFP. a. Please specify what exact support is required during one year after the listing of LICI.	Clause 15.1 specifies that LIC would have the option to continue with said actuarial firm / Reporting Actuary beyond the listing on same/ mutually agreed terms and conditions. This clause is futuristic and on

			same/mutually agreed terms and conditions. The exact nature of support cannot be envisaged and is not material at this stage of RFP.
42	Para 11.1	Is fees for the optional supplementary report expected to be included in the Financial Bid. Please provide a fee submission format for any such optional items or a possible Change Control Form.	The Bidding Firm should submit a lumpsum quote as per the RFP.
43	Para 11.1 of the RFP document and the instruction in row 9 of the Excel template for financial bid (BOQ_627032)	Row 9 of the Excel template of the financial bid says that since the bid is exclusive of GST, any additional liability that may arise either on account of change in tax rate or additional tax rates by the Central or State Governments shall be the responsibility of the bidder.	Change in GST rates will not be the responsibility of the bidders. Bidders are required to quote their lumpsum fee exclusive of GST
		a. It is unclear how the any change in GST rates will be the responsibility of the bidder, if the fees are expected to be exclusive of GST. Kindly clarify.	
		b. Please confirm our understanding below of how the financial bids are to be presented in the Excel template:	

		If the professional fees are 100 and if the current GST rate is 18%, are we expected to put in 100 in the Excel template. Thus, as mentioned in paragraph 11.1 of the RFP, the fees along with GST applicable at the time of raising the invoice (which will be added on top of the fees mentioned in Excel), will become payable. In this case, the change in tax rates will not be the responsibility of the bidder.
44	Para 11.1 & BoQ Template	The quoted fee is exclusive of GST ie GST is not included in the quoted Fee. Yet, BoQ template says that any additional liability of tax that may arise either on account of change in tax rate or additional tax rates by the Central or State Governments shall be responsibility of the bidder. Please confirm that GST at the applicable tax rates would be paid by the Government in addition to the Fees.

45	Para 11.2 of RFP	It is said that all bills will be payable upon successful closure of the transaction. We would request this to be changed as it would not be reasonable for the actuarial consultant to be not paid for the work performed until the transaction is closed. Also, actuarial fees are not contingent upon closure of the transaction – e.g. in an extreme scenario, the transaction is cancelled, the actuarial fees would still be required to be paid. We would request to change this clause to allow regular (e.g. monthly) billing and payment of the fees during the project, based on the work performed.	The point is well taken. In order to ensure fairness, 85% of the payment would be made upon acceptance of IEV report by IRDA. 7.5% each would be released after filing of the DRHP and RHP.
46	Para 11.2	We request you to appreciate that the scope of this assignment is advisory / consulting in nature and not really a investment banking mandate. Hence the advisor has a risk that they would do all the work to get the EV report ready for LIC but never get paid if the Govt decides for some	

		reason to not go ahead with the IPO or IPO is not closed successfully or satisfactorily. Hence we request milestone wise payment terms to be considered and clarified as a part of the formal clarifications to the RFP. Following may be considered as milestones for LIC's EV journey: Completion of data gathering and data audit (ii) Issuance of draft methodology and assumption document for IEV and VNB (iii) Completion of Modeling (iv) Issuance of draft IEV and VNB numbers for internal discussion for FY20 (v) Issuance of draft IEV and VNB numbers for internal discussion for FY19 (vI) Issuance of draft methodology for analysis of movement in IEV (vii) Issuance of draft AoM numbers for internal discussion (ix) Issuance of APS 10 report for DRHP (x) Issuance of APS 10 report for RHP	

47	Para 11.2	Given a long duration of the assignment and significant amount of effort involved in delivery, request if payment terms in Paragraph 11.2 are modified as staggered payments upon achievement of pre-specified milestones as per the agreed Plan of Action	Clarified in para 45 and 46 above.
48	Para 12.2	We would request you to appreciate the fact that DIPAM has the right to terminate the assignment without assigning any reasons or giving an opportunity to the bidder to resolve the issues. In such a scenario we would request DIPAM to consider the payment for the work performed till termination.	Termination will be not be on an unreasonable basis or without giving the selected bidder an opportunity to be heard. The modalities of payments to be made in the case of termination can be discussed with the selected bidder.
49	Annexure II (para 6,7,8) Annexure I (2(h), 2(i) and 2(j))	The various paragraphs detail the conflict of interest and how to deal with these. For clarity, please confirm our understanding: · The team assigned to work on LICI IPO will not be working on IPO of any other life insurance company in India whilst providing support to LICI	The selected actuary firm will be conflicted from any IPO related work for life insurance companies in India, during the tenure of this engagement. Additionally, bidders are required to evaluate independence as per APS-10 requirements

50	Para 17 of RFP	It is said that in case of disputes, the decision of DIPAM will be final. Please confirm that this is referring to disputes related to the RFP and not related to any disputes that may arise following the engagement of the actuarial firm.	Understanding is correct.
51	Annexure V and Other legal terms and conditions (applicable after engagement)	The RFP is silent on the various legal terms and conditions that would apply to the consultant's work and report. These would cover clauses related to e.g. data reliance, limitation of liability, dispute resolution, confidentiality, indemnity for third party claims etc.	While the bidders may propose such terms, any terms proposed by the bidder which makes their acceptance of the engagement conditional on acceptance of such terms by DIPAM, shall disqualify their bid.
		a. Please confirm that the expectation is for the actuarial consulting firm to propose its standard terms and conditions (which would be discussed and negotiated with DIPAM, if the firm is selected), and that we can share a draft of our standard terms as part of the proposal.	

		b. Our standard terms and conditions of engagement have a requirement that we would need to retain the Confidential Information received from LICI to perform the work. This contradicts with the current wording in the last sentence in clause 3.2 of the NDA to be signed with LICI (as given in Annexure V of the RFP). Hence, we would require this to be reworded to: · ". . . may retain the Confidential Information as is necessary to enable it to be in compliance with any Applicable Law or established document retention requirements." Please confirm this is acceptable.	No change
52	Additional information request	Please provide some background information (given below as Appendix A) about LICI's business, to assess the level of effort involved in model validation whilst working on the EV report for the purpose of IPO	The broad background information is provided in Annexure – I.
53	Additional information request	Can two eligible actuaries from the bidding firm be named Reporting Actuary who would jointly be responsible for	APS-10 shall apply. The bidding firm should submit its proposal assuming a single Reporting Actuary. If required, a joint signatory

		signing off the IEV report. Globally, this is seen as best practice for large and important assignments such as the IPO of LICI.	may be deliberated at a subsequent stage.
54	Additional information request	To confirm, how will any incremental effort and fees be allowed for due to any significant delays or iterations caused as a result of incomplete information or any revisions to the information provided by LICI to Actuarial Firm.	The Bidder is required to quote a lump sum fee in INR for the transaction.
55	LEGAL	Confidentiality Please add this clause: Except as otherwise permitted by this Agreement, neither of the parties may disclose to third parties the contents of this Agreement or any information provided by or on behalf of the other that ought reasonably to be treated as confidential and/or proprietary. Parties may, however, disclose such confidential information to the extent that it: (a) is or becomes public other than through a breach of this Agreement, (b) is subsequently received by the receiving party from a third party who, to the receiving party's	No change

		knowledge, owes no obligation of confidentiality to the disclosing party with respect to that information, (c) was known to the receiving party at the time of disclosure or is thereafter created independently, (d) is disclosed as necessary to enforce the receiving party's rights under this Agreement, or (e) must be disclosed under applicable law, legal process or professional regulations. These obligations shall be valid for a period of 3 years from the date of termination of this Agreement."	
56	LEGAL	Report Please add this clause: Any information, advice, recommendations or other content of any reports (other than APS10 report), presentations or other communications we provide under this Agreement ("Reports"), other than Client Information, are for Client's internal use only (consistent with the purpose of the particular Services) including Client's board of directors, its audit committee, or its statutory	

		auditors and not for disclosure externally outside your organization. Client may not rely on any draft Report and consultant shall not be required to update its Final Report"
57	LEGAL	Termination Please add this clause: Either Party may terminate this Contract with immediate effect by serving prior written notice to the other party if services are not possible to be rendered as per applicable laws or professional obligations. Upon termination Consultant shall be entitled to receive payments of the Services performed, work in progress and expenses incurred by it, till the date of such termination"

58	LEGAL	Limitation of Liability Please add this clause: Client (and any others for whom Services are provided) shall not recover from consultant, in contract or tort, under statute or otherwise, any amount with respect to loss of profit, data or goodwill, or any other consequential, incidental, indirect, punitive or special damages in connection with claims arising out of this Agreement or otherwise relating to the Services, whether or not the likelihood of such loss or damage was contemplated. Client (and any others for whom Services are provided) shall not recover from consultant, in contract or tort, including indemnification obligations under this contract, under statute or otherwise, aggregate damages in excess of the fees actually paid for the Services that directly caused the loss in connection with claims arising out of this Agreement or otherwise relating to	While the bidders may propose such terms, any terms proposed by the bidder which makes their acceptance of the engagement conditional on acceptance of such terms by DIPAM, shall disqualify their bid.

		the Services"	
59	Additional information request	We understand that currently LICI does not have a system / software to perform cash-flow projections of its business / products.	LICI has issued RFP for implementation advisor for actuarial software system on 01.12.2020.
		a. Please provide an expected date by which such a system / software would be procured	
		b. Please provide the name of the software / actuarial system that is expected to be implemented by LICI	
		c. Please provide an expected date by which the implementation of the existing products / cash-flow projections will be carried out by LICI	

		d. Please clarify: If the work under this RFP is expected to start only after completion of the implementation of the existing products / cash-flow projections by LICI; or If the work under this RFP is expected to start in parallel of LICI implementing its existing products / cash-flow projections on its selected actuarial software	In the interest of time and IPO timelines, it is expected that the selected actuary firm start working with LICI on initial planning, setting up the IEV framework, discussion on the IEV methodology and assumptions, so while LICI implements the IEV models in the Actuarial Software with the help of an implementation consultant, it is executed in a planned manner. In the meantime, the Reporting Actuary may finalise his independent models. Once the Actuarial Software is implemented and output data is generated which is required by Reporting Actuary for modelling, the Reporting Actuary can perform his balance part of scope of work and issue the IEV Report at the earliest. The above approach is a recommended approach and the bidder may agree to above or suggest a more effective approach in the best interest of LICI's IPO timeline, which may be considered

			by DIPAM/LICI. Access to Actuarial software system and models developed, will be provided to the selected actuary firm.
60	Miscellaneous	In what format would the data be provided for the requisite IEV computation?	LICI has already issued RFP for purchase of actuarial software, compatible with the proposed scope of work. Details of data formats will be provided in due course.
61	Miscellaneous	Will the work required to be done on site - i.e. on the premises of the LICI or can the work be done offsite?	Considering data security protocols, certain tasks may require physical presence at LICI site. The same can be deliberated between selected actuary firm and LICI during finalisation of Plan of Action as per Clause 6.1.2.
62	Miscellaneous	Clause 15 – Duration of Engagement "The period of engagement shall be extendable by one year if so required, on mutual consent on same terms and conditions."	It is clarified that in case of extension of engagement, the overall scope and deliverables of the selected actuary firm shall remain the same and be covered within the initial fees agreed upon. Only the period of delivery of the engagement will be extended. In case of significant change of scope beyond the terms of

			the RFP, commercials for the enhanced scope may be determined at the time of such renewal.

Annexure I

Data pertaining to LICI as at 31.03.2020

Number of Individual in-force polices as at 31st March 2020	28.92crores
Number of Individual products with in-force policies as at 31st March 2020	207
Number of Group schemes as at 31st March 2020	1,65,045
Number of Group in force lives as at 31st March 2020	11.36 crores
Number of Group products with in force policies as at 31st March 2020	32
Split of in-force reserves (INR Crores) as at 31st March 2020 in the following product categories:	
Individual participating	21,21,854
Individual non-participating savings	3,843
Individual non-participating Protection	10,729
Individual annuities and pension	1,24,891
Individual unit-linked	33,207
Individual Life VIP	417
Non LinkedHealth	1,097
Individual Riders	2,001
Group term insurance	3,719
Group credit Life	103
Group traditional and unit linked funds	6,79,777
Group Rider	9

Annualised premium for new business sold during the year ending 31st March, 2020 in the following product categories:	(INR crores)
Individual participating	32,692
Individual non-participating savings	44
Individual non-participating Protection	151
Individual annuities and Pension	19
Individual unit-linked	76
Individual Life VIP	0

Non Linked Health	118
Individual Riders	743
Group term insurance*	3533
Group credit Life (Premium collected during the FY)	12
Group traditional and unit linked funds*	1,30,084

PARTICULARS	**LIFE FUND AS AT 31.03.2020 – IN INR CRORES**	**TOTAL PREMIUM FOR THE FY 2019-20– IN INR CRORES**
WITHIN INDIA	3,111,414.25	3,78,684.65
UK BRANCH	698.18	31.45
FIJI BRANCH	2,202.78	248.94
MAURITIUS BRANCH	792.61	91.67

Data provided are indicative and may not be exact