

Tata AIG Launches *Nirvana*, a Pension Plan for Individuals

Mumbai December 30, 2002: Tata AIG Life Insurance Company Limited launched "*Nirvana*", a pension plan for individuals today in Mumbai. *Nirvana* has been designed to give policyholders the flexibility to choose the age at which they would like to retire, and therefore the age from which they would get a pension. The individual can choose any age from 50 years to 65 years.

To ensure that policyholders have a guaranteed growth on their fund, Tata AIG announced that it will give a guaranteed addition of 10% of the cover amount. This will be payable either on death or upon survival at the end of the premium paying period, provided the policy has been in force for 10 years.

Speaking on the occasion, Mr. Ian J Watts, Managing Director, Tata AIG Life Insurance Company Limited said, "We are delighted to announce the launch of *Nirvana*, our pension plan for individuals today. With increased life expectancy in India and increasing cost of living, it has become even more important for individuals to save and plan income for their post-retirement life."

"This pension plan from, Tata AIG allows an individual to plan for his retirement years more prudently and make the post retirement life comfortable. The individual can choose the age from which they will receive their pension, thus making it more flexible for them", Mr. Watts added.

At the time of retirement, the policyholder can withdraw up to 25% of the amount accumulated, immediately. The balance, 75% of the fund will be used to buy an annuity. The customer also has the choice of buying this annuity from Tata AIG, or any other provider in India, giving them even more flexibility.

Nirvana also pays non-guaranteed benefits in the form of Reversionary Bonus and Terminal Bonus. The Reversionary Bonus, assumed to be three per cent of the Sum Assured, will be declared annually from the fifth year of the policy and will be credited to each policy at the end of the policy anniversary. The Terminal Bonus is payable either on death or at the end of the premium paying period of the policy, provided the pension-plan has been in force for ten-years. Presently, the indicative Terminal Bonus, on survival at the end of the policy term is projected at 40 per cent of the accumulated bonus. In the event of death, the Terminal Bonus is projected at 25 per cent of the accumulated bonus.

The premium paid for Tata AIG pension plan is deductible from taxable income up to Rs 10,000 under section 80 CCC (1) of the Income Tax Act. Further, the lump-sum benefit amount received by the policyholder at the end of the premium paying period or by the nominee in the event of death of the insured is also tax-free.

However, the annuity received by the insured or by the nominee is a taxable income in the hands of insured or the nominee.

With the privatization of the insurance sector, last year, Tata AIG took the lead in launching Group Pension Products in India. With the introduction of pension plan for individuals, Tata AIG Life Insurance takes another significant step in fulfilling its commitment to offer a comprehensive insurance and pension solutions to Indian consumers.

Notes to Editor

- Tata AIG Pension Plan is a *deferred participating, regular premium* Individual Pension Plan, which *vests* at the time of chosen *vesting* age.
 - *Deferred Participating*: Tata AIG will share its profits by way of bonus, which commences after a certain number of years.
 - *Regular Premium*: Premium for Tata AIG Pension Plan is one of the lowest in the pension industry and is dependent on age of entry into the plan. The premium will remain constant throughout the plan.
 - *Vesting age*: This is the age up to which the policyholder pays the premium, and pension commences when the insured survives till that age.
- Tata AIG will pay a maximum of 25 per cent of the benefit amount available to the policyholder at the chosen vesting age or to the nominee during the accumulation stage in the event of death of the policyholder.
- The balance of the benefit amount will be used as a purchase price to buy an annuity for the policyholder or the nominee in the event of death of the policyholder.
- This plan offers two options to the policyholder (or the nominee in the event of death of the policyholder) to buy the annuity. This can be bought either from the open market or it can be bought from Tata AIG, which is a participating annuity with a return of purchase price.
- The benefit amount available on death during the accumulation stage or on survival at the chosen vesting age will be the Sum Assured, Guaranteed Benefit and Non-Guaranteed benefits.
- Tata AIG offers to pay guaranteed addition and non-guaranteed bonus. The payment of non-guaranteed bonus is subject to the company generating a surplus in the year of settlement of claim. (Only Terminal Bonus is based on year of settlement of claim)

Tata AIG is a joint venture between the Tata Group and American International Group, Inc. (AIG). The Tata Group is the most respected industrial conglomerate in India, with revenues of more than US \$ 8.4 billion. The Group has long been a market leader in steel, commercial vehicles, electric power generation in the private sector and computer software. In recent times, it has promoted several new

ventures in high growth areas of the economy such as financial services, telecommunications, information technology, auto components, oil field services and process management systems. The Group has had a long association with India's insurance sector having been the largest insurance company in India prior to the nationalization of insurance.

Tata AIG insurance will provide General and Life insurance solutions to individuals and corporates. The non-life insurance arm, Tata AIG General Insurance, will offer a complete range of automobile, homeowners, personal accident, travel, energy, marine, property, casualty and several specialized financial lines of insurance.

The life insurance arm, **Tata AIG Life Insurance Company**, got its license for operating in India on February 12, 2001 and started operations on April 1, 2001. Tata AIG Life Insurance products include a broad array of life insurance coverage to both individuals and groups. For groups the company has Life products whereas for individuals, Tata AIG Life has term products, endowment products, money-back and whole life products. For groups and individuals, various types of add-ons and options are available to give consumers flexibility and choice. The range of products will continue to grow throughout the year.

Presently, **Tata AIG Life Insurance Company** offers products in Mumbai, Chennai, Bangalore, Kolkata, Chandigarh, Hyderabad, Delhi, Pune, Ahmedabad, Jaipur, Kochi, Jamshedpur and Guwahati.

American International Group, Inc. (AIG) is the world's leading US-based international insurance and financial service organization, the largest underwriter of commercial and industrial insurance in the United States, and among the top-ranked US life insurers. Its member companies write a wide range of general insurance and life insurance products for commercial, institutional and individual customers through a variety of distribution channels in approximately 130 countries and jurisdictions throughout the world. AIG's global businesses also include financial services, retirement savings and asset management. AIG's financial services businesses include aircraft leasing, financial products, trading and market making, and consumer finance. AIG has one of the largest retirement savings businesses in the United States and is a leader in asset management for the individual and institutional markets, with specialized investment management capabilities in equities, fixed income, alternative investments and real estate. AIG's common stock is listed in the New York Stock Exchange, as well as the stock exchanges in London, Paris, Switzerland and Tokyo.

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