

PRESS RELEASE

New World Actuaries Announces Plans to Assist Entry into the Indian Life Insurance Market

Houston—New World Actuaries, a subsidiary of New World Marketing, Inc., of Houston, announced today that it is working in conjunction with Rajendra P. Sharma, FSA, FIAI, MAAA, of Somerdale, New Jersey, to provide assistance to US life insurance companies wishing to enter the rapidly growing Indian life insurance market.

Mr. Sharma is a recognized expert on the Indian market, having assisted Metropolitan Life, New York Life and Prudential—three of the four US firms currently in the Indian life insurance market—with all aspects of market entry, including governmental interface, securing a suitable joint venture partner, recruiting staff and developing appropriate product offerings. According to Mr. Sharma, prior to 1999, the government held a monopoly on life insurance sales. Since 1999, joint ventures with up to 26% non-Indian participation have been permitted. “Many observers believe that the government will allow joint venture participation of up to 49% in the near future,” Mr. Sharma added.

Arnold A. Dicke, President of New World Actuaries, added that life insurance new premiums in India have grown at 33% per year since joint ventures involving non-Indian partners commenced sales in 2001-2002, compared to a US growth rate of 3.7%. “Many people realize that India has a huge population—well over 1 billion persons, in fact. What is less well-known is that India has a middle class of over 300 million—roughly equivalent to the entire US population,” Mr. Dicke stated.

Robert S. Cauthen, Jr., CEO of New World Marketing and former CEO of American General Life Insurance Company, pointed out, “Entering the Indian market now is like entering the US market early in the twentieth century, when families had limited resources and depended entirely on the income of a single breadwinner—when the sales process did not depend on complex strategems, but was simply a matter of putting facts in front of the consumer.”

Entry into the Indian market requires a total joint venture partnership capital investment of approximately \$25 million up front, with additional capital needed to sustain reserve development and operational expense. Mr. Sharma stated that the market entry project usually requires a period of 18 to 24 months from inception to the receipt of approvals and the establishment of an office in India.

FOR FURTHER INFORMATION CONTACT:

Arnold A. Dicke, FSA

adicke@newworldactuaries.com

Robert S. Cauthen, Jr.

Bobc@newworldsearch.com

(713) 572-4158 or (800)696-2506

Facts about India and the Indian life insurance market follow.

Demographics:

- Population: 1.150 billion, growing at a rate of 1.6% per year
- Approximately 29% (320 million) live in urban areas
- One of the youngest countries of the world:
 - o 70% under 35 years of age
 - o Only 5% over 65.
- 63% between ages 15 and 65: perfect for growth of life insurance business

Economy:

- 2007 estimates of GDP:
 - o Based on purchasing power parity – \$2.966 trillion
 - o Based on official exchange rate – \$1.099 trillion
- Economy's growth in 7-9% range since early 1990s when the government reduced control on foreign trade and investments
- Capitalizing on large numbers of well-educated people skilled in the English language to become a major exporter of software services
- Savings rate one of the highest in the world and growing:
 - o 2001: 24%
 - o 2007: 34.8%
 - o Estimate for 2008: 36%
- Middle class household income range:
 - o 200,000 to 1,000,000 rupees
 - o Equates to \$4,376 to \$21,882 at official exchange rate
 - o Equivalent to \$23,000 to \$118,000 based on purchasing power

India's Life Insurance Market:

- Operated as a monopoly since 1956 under the Government owned Life Insurance Corporation of India; opened to private players after the passage of Insurance Regulatory & Development Authority (IRDA) Act in 1999
- The IRDA given statutory status to regulate and monitor the insurance industry
 - During the first fiscal year (2000-2001), IRDA issued seven licenses to private players
 - After 8 years, the number has more than tripled to 22
 - Of these, 19 are joint ventures with non-Indian partners (4 with U.S. life insurers)
 - Foreign participation currently limited to 26%
 - Proposal to increase foreign equity cap to 49% under consideration
- Total life insurance premium income
 - o Increased from Rs 500 billion (\$11.1 billion) in 2001-02 to Rs 2.014 billion (\$44.7 billion) in 2007-08
 - o Growth rate: 26% per year
 - o Market share of private players:
 - o 2001-02: 0.5% or Rs 2.730 billion (\$61 million)
 - o 2007-08: 26% or Rs 516 billion (\$11.5 billion)

- Total new business premiums:
 - o Increased from Rs 116 billion (\$2.6 billion) in 2001-02 to Rs 525 billion (\$11.7 billion) in 2008-09
 - o Growth rate: 24% per year
 - o Market share of private players^[1]:
 - 2001-02: 1.6% or Rs 1.8 billion (\$40 million)
 - 2008-09: 59% or Rs 309 billion (\$6.9 billion)

[1] Based on weighted premium defined as 100% of first year recurring premium plus 10% of single premium

FOR FURTHER INFORMATION CONTACT:

Arnold A. Dicke, FSA
adicke@newworldactuaries.com

Robert S. Cauthen, Jr.
bobc@newworldsearch.com
(713) 572-4158 or (800) 695-2506
