

P R E S S R E L E A S E

Canara HSBC Oriental Bank of Commerce Life Insurance Forays into Group Business

After achieving success on retail front through bancassurance, launches new channel targeting corporate segment as the next step to increase its market position beyond Top 10

For immediate release

New Delhi, October 27, 2010: Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited – a joint venture between two of India’s largest public sector banks, Canara Bank and Oriental Bank of Commerce, and HSBC Insurance (Asia Pacific) Holdings Limited, has made a foray into Group Business. After achieving success in the retail business, where it established itself in the Top 10 among private life insurers, the Company has launched a new channel – Group Business - targeted at the corporate segment. The launch of this business will enable it to reach out to a larger number of customers, leveraging on the strong corporate relationships of the three partners.

The Company will specifically focus on Employee Benefits for corporates and has launched Canara HSBC Oriental Bank of Commerce Life Insurance Group Traditional Plan that offers employee retirement benefits, namely Gratuity, Superannuation/Pension, Leave Encashment and other benefits, to allow trustees and administrators to enhance employee loyalty and manage their organisation’s liabilities in an efficient manner.

Canara HSBC Oriental Bank of Commerce Life Insurance’s Group Business strategy follows a consultative approach, based on analysis of a client’s liability and funding status. To ensure seamless service, the Company will also be launching a web-enabled service for its Group clients to access their account on the Internet for status and transactions.

Speaking about the launch, Mr Mario Perez, Head of Sales & Marketing, Canara HSBC Oriental Bank of Commerce Life Insurance Company, said: “There is a strong demand for Group products, especially from our shareholders’ group companies and corporate customers of our shareholders. We have launched the channel after thorough market research and feedback.”

Mr Perez added, “Given the huge opportunity, the Company is planning to launch a complete suite of products on the Group platform in the coming months, including a unit-linked option and Group Term Insurance for employer-employee groups. Through our consultative approach, we will provide a range of illustrations to our clients reflecting various sensitivities, such as future interest rates. Such illustrations will help the clients take informed decisions not only on asset allocation for existing schemes but also in designing new schemes. For this, the Company has already invested heavily in training the sales force and in a state-of-the-art group administration portal. Reflecting the future importance of Group Business to the Company, an independent, well qualified and experienced sales and operations team has been hired.”

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Notes to the Editor: Product at a Glance

Canara HSBC Oriental Bank of Commerce Life Group Traditional Plan

Eligibility

This is a group savings plan and can be opted for by group comprising employer-employee, non-employer-employee or any other group formed as per IRDA's guidelines.

This plan covers a wide variety of schemes like:

- Defined Benefit (DB) - Gratuity, Leave Encashment, Superannuation or any other DB scheme
- Defined Contribution (DC) - Superannuation or any other DC scheme

The contributions can be determined by the rules and the actuarial valuation of liability of the scheme.

Contribution Flexibility

This plan will allow for payment of contributions for current year's service (Annual Contributions), past service (Past Service Contributions/Initial Contribution) as well as transfer of accumulated funds from other similar schemes. The contributions can be made at any time and any number of times during the financial year.

Security and Stability

Funds will be invested and managed in an efficient manner to provide stable and safe returns. At the end of every financial year, the interest amount will be added to the Scheme Account. This interest rate would be a non negative number and may be as per the fund size.

Benefit Payment Flexibility

For DB and DC Superannuation schemes there is flexibility to purchase annuities either from the Company (as per the product available at that time) or from any other annuity provider (Open Market Option). There will be no charges for exercising the Open Market Option.

Tax benefit

The employer can claim tax benefits as per prevailing tax laws.

About Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited

www.canarahsbclife.com

Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited was launched in June 2008 and is jointly owned by two of India's largest public sector banks – Canara Bank (holding 51%) and Oriental Bank of Commerce (23%) – and HSBC Insurance (Asia Pacific) Holdings Limited (26%), the Asian insurance arm of one of the world's largest banking and financial services groups – HSBC.

The Company has exclusive access to around 53 million customers and a pan-India network of over 4600 branches of Canara Bank, HSBC and Oriental Bank of Commerce. The formidable distribution strength and in-depth local market knowledge of Canara Bank and Oriental Bank of Commerce coupled with the considerable insurance experience, product range and proven bancassurance capabilities of HSBC make this an unparalleled union of financial strength, expertise and most importantly, trust.

Canara HSBC Oriental Bank of Commerce Life Insurance Company understands that today innovation is a key differentiator. Keeping market and demand forces in mind, the Company currently offers 8 products - 2 unit-linked and 6 traditional. Individual unit-linked products include Grow Smart Plan and Dream Smart Plan and traditional products include Secure Smart Plan, Pure Term Plan and Immediate Pension Plan. Group Products include Group Term Plan, Group Loan Protection Plan and Group Traditional Plan on traditional platform.

The Company currently has 29 offices across the country (in 27 cities) to provide necessary training and coaching support to the bank staff and ongoing service support to over 900 bank branches (with SPs)

selling its products in 316 locations. Out of 316 locations, around 80 locations are in semi-urban and rural areas.

To deliver affordable insurance solutions to address the needs of the rural population, the social sector and economically weaker sections of the society, especially those who have none or very little access to organised financial services, the Company tied up with three Rural Regional Banks (RRBs) – Pragathi Gramin Bank in Karnataka, Shreyas Gramin Bank in Uttar Pradesh and South Malabar Gramin Bank in Kerala. Through a strong network of around 790 branches of the three RRBs, Canara HSBC Oriental Bank of Commerce Life Insurance Company will reach out to more than 7 million customers in addition to the existing customer base of 53 million.

The backbone of the Company's operations is a highly IT-enabled business model and policy administration system, including 'E-Application' which has replaced physical application forms required during sales. This has resulted in higher quality and faster policy issuance.

The Company is the fastest Indian life insurance company to cross Rs 500 crore and Rs 1000 crore in weighted premium income till date and it also has the highest average premium per policy in the industry for individual business since launch.

Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited closed FY 2009-10 with Rs 861.3 crore in gross written premiums, recording a growth of 189% over FY 2008-09.

Since launch on June 16, 2008 to September 30, 2010, the Company's business in terms of Gross Written Premium (GWP) stood at Rs 1,795.8 crore and the number of policies sold are 1,89,835.

The Company's total capital base currently stands at Rs 725 crore.

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