



Notice varying conditions on Authorisation to carry on insurance business

Insurance Act 1973

TO: Employers Mutual Limited ABN 67 000 006 486 (the general insurer)
Level 3, 345 George St Sydney 2000

SINCE

- A. APRA issued to the general insurer an Authorisation to carry on insurance business in Australia under subsection 12(1) of the *Insurance Act 1973* (the Act), on 2 July 2002 (the Authorisation); and
- B. the Authorisation is subject to conditions,

I, S. G. Venkatramani, a delegate of APRA, under paragraph 13(1)(b) of the Act, VARY those conditions imposed on the Authorisation in the manner specified in the attached Schedule.

When this Notice takes effect, the conditions which apply to the Authorisation are set out in the attached Schedule of consolidated conditions.

Dated 14-10-10


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S. G. Venkatramani
Acting Executive General Manager
Specialised Institutions Division

Interpretation

Document ID: 186230

In this Notice

APRA means the Australian Prudential Regulation Authority.

insurance business has the meaning given in section 3 of the Act.

prudential standard has the meaning given in section 3 of the Act.

Note 1 Under subsection 13(1) of the Act, APRA may, at any time, by written notice to the general insurer impose conditions or additional conditions or vary or revoke conditions imposed on the insurer's authorisation under section 12 of the Act. The conditions must relate to prudential matters.

Note 2 Under subsection 13(2) of the Act, a condition may be expressed to have effect despite anything in the prudential standards.

Note 3 Under subsection 13(4) of the Act, if APRA imposes, varies or revokes the conditions on a general insurer's authorisation, APRA must give written notice to the insurer and ensure that notice that the action has been taken is published in the *Gazette*.

Note 4 Under subsection 14(1) of the Act, a general insurer commits an offence if:

- (a) the insurer does an act or fails to do an act; and
- (b) doing the act or failing to do the act results in a contravention of a condition of the insurer's authorisation under section 12 of the Act; and
- (c) there is no determination in force under subsection 7(1) of the Act, that subsection 14(1) of the Act does not apply to the insurer.

The maximum penalty is 300 penalty units. Under subsection 14(1A) of the Act, where an individual commits an offence against subsection 14(1) of the Act, because of Part 2.4 of the *Criminal Code* or commits an offence under Part 2.4 of the *Criminal Code* in relation to an offence against subsection 14(1) of the Act, the individual is punishable, on conviction, by a fine not exceeding 60 penalty units. Under subsection 14(2) of the Act, an offence against section 14 of the Act, is an offence of strict liability.

Note 5 Under subsection 13(6) of the Act, a decision to impose conditions, or additional conditions, or to vary the conditions on the Authorisation are reviewable decisions to which Part VI of the Act applies. If you are dissatisfied with a reviewable decision, you may seek reconsideration of the decision by APRA in accordance with subsection 63(2) of the Act. The request for reconsideration must be in writing, must state the reasons for the request, and must be given to APRA within 21 days after the decision first comes to your notice or within such further period as APRA allows. If dissatisfied with APRA's reconsidered decision confirming or varying the first decision, you may, subject to the *Administrative Appeals Act 1975*, apply to the Administrative Appeals Tribunal for review of the reconsidered decision.

The address where written notice may be given to APRA is Level 26, 400 George St Sydney 2000.

Schedule - the conditions which are being varied

The existing condition(s) which are to be varied:

1. The general insurer must not issue policies of insurance other than policies that meet the following criteria:
 - (i) the policies are issued in respect of public and/or product liability for schemes;
 - (ii) the business has been sourced through an appropriate conduit;
 - (iii) there are common occupations or business descriptions applicable to each individual scheme;
 - (iv) at the time of entering into the scheme, the projected annual premium revenue for the proposed scheme does not exceed 25% of the general insurer's total premium revenue for the preceding financial year as disclosed in the item "Total Premium Revenue" in APRA's annual return form GRF 310.0 (or any form amending or replacing form GRF 310.0 from time to time) and
 - (v) the general insurer has, prior to the commencement of the scheme, provided APRA with a copy of a resolution of its Board of Directors certifying the matters in paragraph (iv).

Interpretation

In this Schedule:

appropriate conduit means:

- (i) an intermediary (or intermediaries); or
- (ii) an underwriting agency,

holding an Australian financial services licence under the *Corporations Act 2001*.

scheme means an underwriting programme for policies issued to independent insureds that are interrelated by common characteristics such as business activities, professional or shared elements.

underwriting agency means an entity that has a written agreement with the general insurer giving the entity authority to assume liability on behalf of the general insurer.

The condition(s) as varied are:

Condition 1 is also being varied to enable the writing of workers' compensation business.

Condition 1 is being varied to remove the limitations on public and/or public liability business that can be written.

1. The general insurer must not issue policies of insurance other than polices that meet the following criteria:

- (i) the policies are issued in respect of public and/or product liability; or
- (ii) the policies are issued in respect of workers' compensation.

Schedule of consolidated conditions

1. The general insurer must not issue policies of insurance other than polices that meet the following criteria:
 - (i) the policies are issued in respect of public and/or product liability; or
 - (ii) the policies are issued in respect of workers' compensation.