



Notice of change in conditions on Authorisation to carry on insurance business

Insurance Act 1973

TO: ANZ Lenders Mortgage Insurance Pty. Limited ABN 77 008 680 055 (the general insurer)

Level 6, 100 Queen Street, Melbourne 3000

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 14 June 2002 (the Authorisation); and
- B. the Authorisation is subject to conditions;

I, Wayne Byres, a delegate of APRA,

- (i) under paragraph 13(1)(a) of the Act, IMPOSE on the Authorisation those conditions which are set out in the Schedule attached to this Notice; and
- (ii) under paragraph 13(1)(b) of the Act, REVOKE those conditions on the Authorisation which are set out in the Schedule attached to this Notice;

This Notice takes effect on 1 April 2008.

Dated 28 March 2008

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Wayne Byres
Executive General Manager
Diversified Institutions Division

Interpretation

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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.

Schedule - the conditions being imposed

1. The General Insurer must not issue or renew insurance policies other than policies that:
 - a. provide lenders mortgage insurance; and
 - b. do not provide any other kind of insurance.
2. The insurer may only conduct insurance business in Australia for the sole purpose of providing insurance for loans originated by, or on behalf of, the Australia and New Zealand Banking Group Limited.

In this schedule

lenders mortgage insurance has its ordinary commercial meaning and includes insurance under a policy which protects a lender from losses in the event of borrower default on a loan secured by mortgage over residential or other property.

Schedule - the conditions which are being revoked

1. The insurer shall not carry on insurance business other than insurance against loss arising from failure of debtors to meet financial obligations of creditors or under which payment of debts is guaranteed; and
2. The insurer may only conduct insurance business in Australia for the sole purpose of providing insurance for loans originated by, or on behalf of, the Australia and New Zealand Banking Group Limited.