



Notice varying conditions on Authorisation to carry on insurance business

Insurance Act 1973

TO: Avant Insurance Limited ABN 82 003 707 471 (the general insurer)

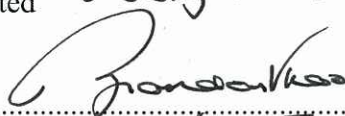
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- A. APRA issued to the general insurer an Authorisation to carry on insurance business in Australia under subsection 12(1) of the *Insurance Act 1973* (the Act), on 26 June 2002 (the Authorisation); and
- B. the Authorisation is subject to conditions,

I, Brandon Kong Leong Khoo, a delegate of APRA, 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 8 July 2008


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Brandon Kong Leong Khoo
Executive General Manager
Specialised Institutions Division

Interpretation

Document ID: 160591

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 .

Schedule - the conditions which are being varied

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

1. The Company shall, within four months of the end of each financial year of the Company, provide to APRA a document prepared by the Approved Actuary of the Company which describes the financial condition of the United Medical Protection Group and which:
 - a) is prepared in accordance with paragraphs 43-48 of GPS 310 Audit and Actuarial Reporting and Valuation; and
 - b) includes, but is not limited to, assessment and findings on the following:
 - i) analysis of the Group's ability to meet, and to continue to meet, obligations to members and policyholders as they fall due; and
 - ii) the Group's capacity to meet prudential standards at the time of the report and in the future.
2. The Company shall not pay a dividend to, or, otherwise than in the normal course of business and on reasonable terms:
 - a) make a loan to or otherwise create an amount receivable from; or
 - b) otherwise pay moneys to or for the benefit of, any company in the United Medical Protection Group, without the prior approval of APRA.

Definitions:

Approved Actuary means a person approved by APRA under section 39 of the Act
 United Medical Protection Group means the following companies:

- United Medical Protection Limited ABN 72 077 283 884
- MDU Australia Insurance Co Limited ABN 46 070 399 950
- United Medical Protection of New South Wales Limited ABN 66 000 027 547
- United Medical Protection of Queensland Limited ABN 26 009 657 587
- Professional Indemnity Insurance Company Australia Pty Limited ABN 53 007 383 137
- Professional Insurance Australia Pty Ltd ABN 90 050 266 307
- Medical Defence Association of Victoria ABN 59 004 046 379

The condition(s) as varied are:

Conditions 1 and 2 are varied to take account of changes to the name and structure of the group and to correct references to paragraphs in *Prudential Standard GPS 310 Audit and Actuarial Reporting and Valuation* following the amendment of that prudential standard on 1 July 2008, so that they read as follows:

1. The Company shall, within four months of the end of each financial year of the Company, provide to APRA a document prepared by the Appointed Actuary of the Company which describes the financial condition of the Avant Group and which:
 - a) is prepared in accordance with paragraphs 59-68 of *Prudential Standard GPS 310 Audit and Actuarial Reporting and Valuation*; and
 - b) includes, but is not limited to, assessment and findings on the following:
 - i) analysis of the Group's ability to meet, and to continue to meet, obligations

to members and policyholders as they fall due; and
ii) the Group's capacity to meet prudential standards at the time of the report and in the future.

2. The Company shall not pay a dividend to, or, otherwise than in the normal course of business and on reasonable terms:
- a) make a loan to or otherwise create an amount receivable from; or
 - b) otherwise pay moneys to or for the benefit of, any company in the Avant Group, without the prior approval of APRA.

Definitions

In this instrument:

Appointed Actuary means a person appointed under section 39 of the Act

Avant Group means the following companies:

- United Medical Protection Limited ABN 72 077 283 884
- MDU Australia Insurance Co Limited ABN 46 070 399 950
- United Medical Protection of New South Wales Limited ABN 66 000 027 547
- United Medical Protection of Queensland Limited ABN 26 009 657 587
- Avant Mutual Group Limited ABN 58123154 898
- Professional Insurance Australia Pty Ltd ABN 90 050 266 307
- Medical Defence Association of Victoria ABN 59 004 046 379

Schedule of consolidated conditions

1. The Company shall, within four months of the end of each financial year of the Company, provide to APRA a document prepared by the Appointed Actuary of the Company which describes the financial condition of the Avant Group and which:
 - a) is prepared in accordance with paragraphs 59-68 of *Prudential Standard GPS 310 Audit and Actuarial Reporting and Valuation*; and
 - b) includes, but is not limited to, assessment and findings on the following:
 - i) analysis of the Group's ability to meet, and to continue to meet, obligations to members and policyholders as they fall due; and
 - ii) the Group's capacity to meet prudential standards at the time of the report and in the future.
2. The Company shall not pay a dividend to, or, otherwise than in the normal course of business and on reasonable terms:
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