



## Notice varying conditions on Authorisation to carry on insurance business

*Insurance Act 1973*

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TO: Commonwealth Steamship Insurance Company Proprietary Limited ABN 86 004 127  
431 (the general insurer)  
Level 17, 2 Southbank Boulevard, Southbank VIC 3006

SINCE

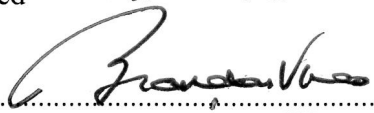
- A. APRA issued to the general insurer an Authorisation to carry on insurance business in Australia under subsection 12(1) of the *Insurance Act 1973* (the Act), on 26 June 2002 (the Authorisation); and
- B. the Authorisation is subject to conditions;

I, Brandon Khoo, a delegate of APRA, under paragraph 13(1)(b) of the Act, VARY those conditions imposed on the Authorisation in the manner set out in the Schedule attached to this Notice.

This Variation takes effect on 1 January 2008.

Dated

21 December 2007

  
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Brandon Khoo  
Executive General Manager  
Specialised Institutions Division

## Interpretation

Document ID: 153277

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 varies 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 which are being varied**

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

1. The body corporate may only conduct insurance business in Australia for the sole purpose of discharging liabilities that arose under policies entered into prior to 20 February 2002.
2. The capital base of the body corporate as calculated under Prudential Standard GPS 110 "Capital Adequacy for General Insurers" shall at all times exceed the minimum capital requirements (MCR), where the MCR is the greater of:

(a) The balance as determined under paragraph 15 of Prudential Standard GPS 110 "Capital Adequacy for General Insurers"; or

(b) \$2,000,000 ( as calculated under GPS 110),

and in this regard the body corporate shall not be obliged to comply with paragraph 16 of prudential Standard GPS 110 made under section 32 of the Act.

### **The condition(s) as varied are:**

1. The body corporate may only conduct insurance business in Australia for the sole purpose of discharging liabilities that arose under policies entered into prior to 20 February 1992.
2. The body corporate shall:
  - (a) maintain minimum capital as calculated under *Prudential Standard GPS 110 Capital Adequacy* (GPS 110) of two times MCR, where MCR is calculated as the greater of:
    - (i) the amount determined in accordance with paragraph 15 of GPS 110; or
    - (ii) \$2,000,000; or
  - (b) have in place a bank guarantee, the structure of which is to be approved by APRA, that would provide the same level of capital cover,

and in this regard the body corporate shall not be obliged to comply with paragraph 16 of GPS 110.

### **Interpretation**

In this Schedule

*body corporate* means the Company

**MCR** stands for Minimum Capital Requirement.