



QBE INSURANCE GROUP LIMITED
A.C.N. 008 485 014

File: MLC

82 PITT STREET
SYDNEY NSW 2000
AUSTRALIA

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9231-6104

FACSIMILE TRANSMISSION SLIP

DATE: 19 November 1996
TO: INSURANCE & SUPERANNUATION COMMISSION
FAX NO: 062 67 6956
ATTENTION: MR. RICHARD SMITH
FROM: FRANK O'HALLORAN

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RE: MLC

Section 47C

Dear Richard,

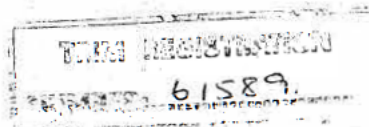
Further to our conversation yesterday, attached is a copy of our letter with MLC.

My apologies for not giving you a copy at lunch yesterday.

Regards,

Frank O'Halloran

EXAMINED





FAX: 94145776

15 November 1996

Mr Frank O'Halloran
Executive Director
QBE Insurance Limited
Level 2, 82 Pitt Street
SYDNEY 2000

Fax No. 9231-6104

Dear Frank

For the sake of good order I have detailed below my understanding of the QBE proposal to assist MLC Insurance in its wind-down.

Simply, QBE offer to take over all existing policyholders and distributions on the basis of 'standing in our shoes' as if we were continuing in the business. In particular this means:

- * offering to our existing policyholders the same terms and conditions at next renewal.
- * accepting assignment to QBE of all existing MLC Career Planners' Agency Agreements at prevailing terms and conditions.
- * underwriting the 'Amsure' product at existing terms and conditions (noting that a review will be required).
- * pursuing to continue and/or develop all other distributions or agency agreements viz. Medfin, MLC Building Society.
- * accepting any new business enquiries or applications after 31 December 1996.
- * providing Lend Lease employees a continuation of their insurance scheme and to offer confidentiality for handling Directors, Senior Executives and other select clientele.
- * offering employment to select MLC Insurance employees seen as important to the orderly transfer of policyholders and management of distributions.
- * allowing us to project manage all communication and activities necessary up until our policyholders expiry date.

The offer to MLC is in the form of a guaranteed payment of 5% on the 12 months Gross Written Premium (GWP) as at 30 June 1996 viz. \$45.6 million @ 5% = \$2.28 million. Additionally a further 5% of renewed GWP is payable quarterly based on the actual retention/conversion at renewal (eg. If 86% converted to QBE a further \$1.96 million is payable).

In the 1997 Calendar Year ✓

MLC Insurance Limited
ACN 000 248 073

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On this basis MLC Insurance is happy to accept your offer and I would ask that you signify your agreement by signing the duplicate copy of this letter and returning it to me today.

It is our intention to prepare a media brief (which we will clear with you) for release early next week.

Finally, I would like to express my appreciation of you Frank and your team in the helpful and cooperative manner you have allowed these negotiations to proceed at such short notice.

We look forward to working with you to ensure an orderly and profitable result.

Sincerely



JOHN MESSENGER
CHIEF EXECUTIVE OFFICER

John,
Thank you for confidence and support

Signed:



Frank O'Halloran

Dated:

15 November 1996