

## Information for HIH Group policyholders

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**The Provisional Liquidation of HIH Insurance Limited and 17 of its controlled entities (“HIH Group”) is at an early stage and in the weeks to come, the Provisional Liquidators expect to be in a position to provide further information to policyholders. However, policyholders should be aware that there is a very real possibility in relation to some classes of insurance for which the HIH Group is responsible, there will not be sufficient available funds to meet the full amount, or even a significant portion, of any claim that may be made. For the avoidance of doubt, this press release does not apply to HIH companies in New Zealand, as these are not subject to Provisional Liquidation.**

**FOR THIS REASON, POLICYHOLDERS ARE URGED TO OBTAIN ADVICE FROM THEIR INSURANCE BROKER OR OTHER PROFESSIONAL ADVISORS TO DETERMINE WHETHER THEY NEED TO PURCHASE NEW INSURANCE COVER.**

**HOWEVER, IT IS LIKELY THAT CURRENT PERSONAL AND DOMESTIC AND CURRENT WORKERS’ COMPENSATION INSURANCE POLICYHOLDERS DO NOT NEED TO ARRANGE ALTERNATIVE INSURANCE COVER (SUBJECT TO THE RELEVANT COMMENTS BELOW).**

**Policyholders not catered for in the arrangements detailed below, will rank with other unsecured creditors in relation to valid policy and premium refund claims. It is unlikely that the distribution of any available assets, either through a liquidation or a scheme of arrangement, will occur for at least 9 months.**

**Set out below are the most up-to-date details available to the Provisional Liquidators of the status of individual categories of insurance cover.**

### **TRAVEL INSURANCE**

**Consumers who had commenced travel on or after 17 March 2001, should contact the company/travel agent that provided the insurance, to determine whether the insurance was underwritten by any company in the HIH Group. All HIH Group policies in this category where the relevant HIH Group insurer is in provisional liquidation, will be honoured by QBE Insurance (“QBE”) for no extra premium from consumers.**

**Consumers who commenced travel prior to 17 March 2001. Claims should be lodged as normal, although their status has not yet been confirmed. There is therefore a real risk that claims made in relation to this class of business may not be capable of being fully satisfied. The Provisional Liquidators had previously stated an intention to pay claims involving medical and hospital emergencies whilst the situation could be reviewed and alternative arrangements investigated. As it is uncertain as to whether HIH Group’s assets will be sufficient to meet its liabilities, the payment of ANY claims at this time is not possible at this time. However, the Provisional Liquidators are still investigating alternative arrangements for travel insurance and are hopeful of making an announcement in this regard shortly.**

### **PERSONAL AND DOMESTIC INSURANCE**

#### **Cover**

**Allianz Australia Insurance Limited (“Allianz”) have confirmed that private motor, compulsory third party (“CTP”), private pleasure craft, home building and home contents insurance policies with HIH, FAI, CIC and WMG, that were current at 1 January 2001 or have been issued by Allianz Australia Advantage Limited since this date, will be covered by Allianz. Accordingly, **current policies in these categories do not need to be replaced.****

**For any other personal and domestic insurance products not listed above, it is recommended that customers contact their broker or advisor to confirm the current status of their policy and obtain advice as to whether they need to obtain alternative insurance cover.**

#### **Claims**

Allianz have confirmed that valid claims occurring within the period of insurance on policies covered by the Allianz arrangements, will be paid by Allianz.

Claims on policies in prior periods of insurance and in respect of those policies not covered by the Allianz arrangements, will constitute claims against the HIH Group and will not be paid at this time. **There is therefore a real risk that personal and domestic policy claims (with the exception of CTP claims) made on policies not current at 1 January 2001 and on policies not covered by the Allianz arrangements, may not be capable of being fully satisfied.**

We are advised that CTP policy claims will be met in full either by Allianz (policies current at, or issued by Allianz Australia Advantage Limited since, 1 January 2001) or through the relevant state statutory schemes regardless of when the policy was issued. Accordingly, **current CTP policies do not need to be replaced and normal claims processes remain in place.**

## **SMALL BUSINESS, RURAL AND COMMERCIAL INSURANCE**

### **Cover**

Allianz have confirmed that small business packages, rural packages and most small commercial insurances (such as commercial motor, fleet motor less than 150 vehicles, property with asset values less than \$20 million, public and products liability policies with turnover less than \$5 million and marine) arranged through distributors other than non-international brokers with HIH, FAI, CIC and WMG that were current at 1 January 2001 or have been issued by Allianz Australia Advantage Limited since this date, will be covered by Allianz. Accordingly, **most current policies in this category of insurance do not need to be replaced.**

It is recommended that small business, rural and commercial insurance policy customers that are not covered under the Allianz arrangements contact their broker or advisor to confirm the current status of their policy and obtain advice as to whether they need to obtain alternative insurance cover.

### **Claims**

Allianz have confirmed that valid claims on policies occurring in the period of insurance, on those policies covered by the Allianz arrangements, will be paid by Allianz.

Claims on policies in prior periods of insurance and in respect of those policies not covered through the Allianz arrangements will constitute claims against the HIH Group and will not be paid at this time. **There is therefore a real risk that small business, rural and commercial insurance policy claims made on policies not current at 1 January 2001 and on policies not covered by the Allianz arrangements, may not be capable of being fully satisfied.**

## **WORKERS' COMPENSATION INSURANCE**

Schemes exist in each state and territory to make payments to claimants under certain circumstances. In NSW, Victoria and SA, the HIH Group managed workers' compensation claims for the relevant state authority, who will continue to settle claims in accordance with their normal practice. Discussions are currently underway with the other state and territory authorities to seek to explore the best possible outcomes for policyholders and claimants. As the position is clarified, further updated information will be provided.

NRMA Insurance Limited ("NRMA") is currently in the process of seeking to take on the renewal rights in the HIH Group workers' compensation business. The provisional liquidator has agreed with NRMA that subject to completion of the transaction, NRMA will assume HIH Group's risk in relation to current workers' compensation policies from the date on which the HIH Group went into provisional liquidation (ie 15 March 2001). Accordingly, **subject to the finalisation of this transaction, current policies in this category of insurance do not need to be replaced.**

## **CORPORATE AND OTHER POLICIES**

### **Cover**

Corporate and other policies include professional indemnity, directors and officers, public and products liability, marine, group salary continuance, property and special risk classes such as jewellers block, group personal accident, contingencies, trade credit and builders warranty insurance.

Prior to the appointment of Provisional Liquidators, an agreement was reached to facilitate QBE to provide renewal insurance for most of HIH Group's remaining corporate business. QBE is willing to consider providing insurance to existing HIH Group customers prior to the completion of this transaction. Policyholders who take up this offer will need to approach QBE in order to reach agreement about the terms of any cover and the payment of any additional insurance premium.

**It is recommended that corporate policyholders consult their insurance brokers/advisors and obtain alternative insurance cover if advised.** These policyholders may also wish to contact their industry associations if relevant.

### **Claims**

Outstanding claims in respect of these policies and any premium refund will constitute claims against the HIH Group. **There is therefore a real risk that claims made in relation to these classes of business may not be capable of being fully satisfied.**

### **FURTHER INFORMATION**

The Provisional Liquidators are working closely with regulatory and industry bodies including APRA and ASIC to explore the best possible outcomes for policyholders. Updated information will be provided in the weeks to come through the hotline, 1800 600 400 and the websites of APRA and ASIC.

Information will also be posted on the HIH website [www.hih.com.au](http://www.hih.com.au).

Further questions should be referred to the information hotline on 1800 600 400.

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