

**Press release**

**HIH Group of Companies (In Liquidation) ("the HIH Companies")  
Statement by Tony McGrath, Liquidator of the HIH Companies**

**13 November 2002**

I gave instructions on Monday, 11 November 2002, for the commencement of proceedings against the Commonwealth and the Australian Prudential Regulation Authority ("APRA").

The proceedings relate to the alleged negligence of APRA, and its predecessor, the Insurance and Superannuation Commission ("ISC"), in respect of the performance of their functions and duties as the Australian prudential regulator over a number of years prior to February 1999, and its possible impact on the collapse of the HIH Group.

A particular concern is the regulation of the FAI Insurance companies by APRA and ISC.

I formed the view on advice that it was in the interest of creditors that an action be brought at this time. Influential in my decision were, among other things, the evidence that has emerged through the HIH Royal Commission including by way of the independent report of John Palmer and various witnesses, and proposed changes to the civil liability regime which may impact on the claim.

As is usual in matters of this nature, I did not notify either APRA or the Commonwealth of my intention to file the claim with the Court.

I propose to serve the claim on APRA and the Commonwealth next year following the handing down of the HIH Royal Commissioner's report.

Tony McGrath  
Liquidator

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