

HIH PRESS RELEASE

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HIH/Hannover Re Commutation

Barrett J of the NSW Supreme Court is scheduled to hand down a judgement tomorrow Thursday 19 February 2003 on Corporation Act applications brought by HIH Insurance Limited; HIH Casualty and General Insurance Limited; FAI General Insurance Company Limited; FAI Insurances Limited; CIC Insurance Limited and HIH Underwriting and Agency Services Limited (All in Liquidation).

The applications seek approval of an agreement negotiated with the Hannover Re reinsurance group. The agreement provides for the cancellation of certain so-called financial reinsurance contracts, and the immediate return of premium paid by the HIH group before its liquidation, with interest.

If Court approval is obtained, the Liquidators of the HIH Group will be recover significant funds for future distributions to creditors of the Australian subsidiaries FAI General Insurance Company Limited (In Liquidation) and HIH Casualty & General Insurance Limited (In Liquidation).

The Californian Department of Insurance will also receive a refund on behalf of a US subsidiary of HIH.