

English Schemes effective for HIH companies

London, 14 June 2006

The English Schemes of Arrangement for four HIH companies were approved by Mr Justice Richards at a sanction hearing on Monday 12 June 2006 in the High Court of Justice of England and Wales. The Schemes became effective on 13 June 2006 when the Court Orders were lodged with Companies House. Scheme Creditors had voted in favour of both the Australian and English Schemes at meetings held on 29th March 2006.

The Australian Schemes of Arrangement were sanctioned by the Supreme Court of New South Wales on 26 May 2006 and became effective on 30 May 2006.

Tom Riddell, partner at KPMG LLP (UK) and joint provisional liquidator of the HIH companies in England, said: "The English Schemes of Arrangement for the HIH companies are complementary to the Australian Schemes. Now that Schemes have been approved in both jurisdictions, it will be possible to commence creditor distributions. It is expected that the first distribution for HIH Casualty & General Insurance Limited, FAI General Insurance Company Limited and CIC Insurance Limited, at the rate of 5%, will be paid to creditors in July."

- Ends -

Notes to editors:

1. Schemes of Arrangement are provided for by section 425 of the Companies Act 1985 (England) and section 411 of the Corporations Act 2001 (Australia) and set out the rules by which the ongoing administration and management of a company are governed. These are binding upon the Company and all its creditors, or any class of them, provided that a majority in number, representing three-fourths in value of the creditors or class of creditors, present and voting, either in person or by proxy at a meeting ordered to be summoned by the court, agrees to the arrangement.

2. The HIH companies included in the Schemes of Arrangement are:

HIH Casualty & General Insurance Limited ACN 008 482 291 (HIH C&G)

FAI General Insurance Company Limited ACN 000 327 855 (FAIG)

World Marine & General Insurances Pty Limited ACN 000 093 112 (WM&G)

FAI Insurances Limited ACN 004 304 545 (FAII)

(All in Liquidation in Australia) (All in Provisional Liquidation in England)

Subject to Australian and English Schemes of Arrangement

CIC Insurance Limited ACN 004 078 880

FAI Traders Insurance Company Pty Limited ACN 000 177 177

FAI Reinsurances Pty Limited ACN 004 401 138

HIH Underwriting & Insurance (Australia) Pty Limited ACN 004 906 110

(All in Liquidation in Australia)

Subject to Australian Schemes of Arrangement

3. The Joint Provisional Liquidators of the HIH Group companies in the UK are Tony McMahon, Tom Riddell and John Wardrop, partners in the Restructuring team of KPMG LLP (UK)

About KPMG:

KPMG is the global network of professional services firms who provide audit, tax and advisory services. KPMG LLP operates from 22 offices across the UK with over 9,000 partners and staff. KPMG recorded a UK turnover of £1.28 billion in the year ended September 2005. KPMG LLP, a UK limited liability partnership, is the UK member firm of KPMG International, a Swiss cooperative.

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