

Assetinsure – Brief Corporate Profile

Assetinsure Pty Ltd (ABN 65 066 463 803) is a general insurance company licensed by the Australian Prudential Regulation Authority (APRA). This brief summary is to provide an overview of major corporate features in respect of the business, shareholding structure and solvency.

Portfolio and Distribution

Assetinsure specialises in a number of different segments of the Australian insurance market. Assetinsure underwrites business using three different business and distribution models. The model used depends on the characteristics and market requirements of each product.

Where high credit ratings are required Assetinsure acts as managing general agent for highly rated insurers. Assetinsure, as agent, sources and underwrites the business and manages all claims. The interests of both parties are fully aligned as Assetinsure also shares in carrying the risk through a reinsurance line. We refer to this business model as “partnership business”.

For Corporate Property and Engineering business, Assetinsure sources and underwrites the business directly on its own paper.

For other lines of business, the insurance products are distributed by underwriting agencies but written on Assetinsure paper.

The insurance products offered to the market by Assetinsure and its agents include:

Partnership Business and Corporate Insurance Products

- Surety
- General Aviation
- Professional Risks
- Credit Enhancement
- Property and Engineering

In the case of Surety and General Aviation, Assetinsure underwrites the business on behalf of Swiss Re International (a company in the Swiss Re Group), thus offering AA- rated paper for its clients.

In the case of Professional Risks and Credit Enhancement, Assetinsure underwrites the business on behalf of International Insurance Company of Hannover (a company in the Hannover Re Group), thus offering AA- rated paper for its clients.

These partnership arrangements have been instrumental in lifting Assetinsure’s market acceptance in these product areas where broker or client policy mandates that a credit rating is required.

Insurance Products distributed via Agencies

The following products are distributed by the underwriting agencies named next to each product but is written on Assetinsure paper:

- SME (Package) Business (Custodian Underwriting Agency)
- Heavy Motor (Specialist Underwriting Agency)
- SME Speciality¹ (Specialist Underwriting Agency)
- Rural Property, Motor and SME (Package) Business (Insure That)
- Motor (Enthusiast Underwriting Agency)
- Strata (Complete Strata Insurance Underwriting)

¹ Business Income Protection Weekly (BIPW) and Excess Crime policies.



Shareholding Structure

Assetinsure has a **balanced shareholding structure, which includes:**

- Private Investors and Peter Wedgwood in particular 70%
- GLOBAL Re 30%

Peter Wedgwood is the CEO of Assetinsure. A number of senior executives also have a shareholding in the company. Whilst the two major shareholders are represented on the Board, the majority of directors are independent.

Locally Licensed

Assetinsure is an APRA licensed insurer.

APRA's mission is "to establish and enforce prudential standards and practices designed to ensure that, under all reasonable circumstances, financial promises made by institutions that APRA supervise are met". Therefore, APRA oversees general insurance companies that fall under its jurisdiction **on an ongoing basis**.

As a locally licensed insurer, Assetinsure has to continuously comply with rigorous:

- Liability Valuation and Risk Management Standards
- Ongoing Reporting and Supervision Standards
- Capital Adequacy Requirements

In relation to solvency, it should be noted that APRA (as per Prudential Standards GPS 110) requires licensed insurers to hold capital in excess of the Minimum Capital Requirement ("MCR"). This is calculated on the basis of the risk profile of each licensed insurer. Whilst most European jurisdictions do not yet have risk based capital standards, here APRA solvency rules require that the more risk an insurer accepts (e.g. less reinsurance protection or riskier investments) the more capital it must maintain. This risk adjusted capital requirement is to reflect the risk profile of each licensed insurer.

The Solvency Coverage (SC) ratio is capital divided by minimum capital requirement amount. A solvency coverage ratio of 2.0 for instance indicates that the capital the insurer holds exceeds the minimum capital required amount by 100%.

Assetinsure is well capitalised based on APRA's measure of insurer solvency² and the capitalisation of other market participants. The attached table is the latest available APRA data on insurer solvency as published on 14 December 2011.

The audited financial statements are disclosed on the website (www.assetinsure.com.au). As such, the balance sheet of the company is of a size that comfortably satisfies the credit committees of the major broking houses for dealing with insurance companies. Assetinsure has no debt.

Finally, Assetinsure insurance programmes are backed by international and strongly capitalised reinsurance companies providing wide ranging and automatic capacity.

If you have any questions, please contact the undersigned.

Sydney, 2 February 2012



Gregor Pfitzer
Chief Operating Officer
Assetinsure Pty Ltd

Gregor.Pfitzer@assetinsure.com.au



Hamish Lilly
Chief Financial Officer
Assetinsure Pty Ltd

Hamish.Lilly@assetinsure.com.au

² See www.apra.gov.au, general insurance company level statistics issued 14.12.11.



Overview of Solvency Coverage (SC)

The SC of companies in the Australian market has been published by APRA recently on 14 December 2011.

The Solvency Coverage measures the ratio of actual capital to Minimum Capital Requirement (MCR) as stipulated by Australian prudential standards. It is, therefore, an impartial and objective measure of a company's financial strength.

Insurance Operations	Balance Date	Solvency Coverage
ACE Insurance	31 December 2010	2.35
Allianz Australia Group	31 December 2010	1.35
Assetinsure Pty Ltd	31 December 2010	2.09
CGU	30 June 2011	1.64
Liberty	31 December 2010	2.77
QBE Australia	31 December 2010	1.53
Suncorp Insurance Group	30 June 2011	1.94
Vero	30 June 2011	2.41
Wesfarmers General	30 June 2011	1.23
Zurich Australian Insurance	31 December 2010	1.55

Source: APRA General Insurance Company Level Statistics June 2011 (issued 14 December 2011). Refer to change in reporting framework in this Publication for information about transition to AASB 1023.