

St Andrew's Insurance (Australia) Pty Ltd Scheme Summary Document

Proposed transfer of the insurance business of St Andrew's Insurance (Australia) Pty Ltd (ABN 89 075 044 656) (St Andrew's General) to Hallmark General Insurance Company Ltd (ABN 82 008 477 647) (Hallmark General) – Scheme under Division 3A of Part III of the *Insurance Act 1973* (Cth) (Insurance Act)

1. Scheme Background

St Andrew's General is taking steps to transfer its insurance business (**Insurance Business**) to Hallmark General. The proposed transfer of the Insurance Business will be effected by a scheme (**Scheme**) under Division 3A of the Insurance Act. St Andrew's General and Hallmark General are part of the same corporate group since the St Andrew's Group acquired Hallmark General in May 2023.

Subject to confirmation of the Scheme by the Federal Court of Australia (**Court**) and the receipt of all necessary government approvals, the Insurance Business will be transferred to Hallmark General under the Scheme. This will allow us to:

- 1.1 efficiently manage our regulatory requirements;
- 1.2 achieve better alignment between our legal structure and the way we run our business; and
- 1.3 to simplify our financial and administrative processes.

St Andrew's General and Hallmark General are each an authorised general insurer under the Insurance Act. St Andrew's General and Hallmark General have not sold any new policies since 31 March 2021 and 30 August 2022 respectively. From those dates, the companies have only conducted insurance business for the purpose of discharging liabilities under its current policies or policies that were issued, renewed, reinstated or varied pursuant to a right under the contracts of insurance it entered into before that time.

Following this internal reorganisation, Hallmark General intends to seek APRA approval to resume issuing new insurance policies. APRA will need to be satisfied that Hallmark General holds sufficient capital to support the issuing of new insurance policies before granting the necessary approval to Hallmark General to permit it to commence writing new business. The actuarial report that accompanies this Scheme has considered this issue and also the likely impact of issuing new policies on the interests of policyholders. This matter will also be considered by the Federal Court as part of determining whether to confirm, reject or amend the Scheme.

The Scheme will become binding on all persons if it is confirmed by the Court.

2. Your rights

A policyholder under a policy affected by the Scheme or who in the Court's opinion may be affected by the Scheme is entitled to and has the right to attend the Court hearing and request to be heard by the Court on the application by St Andrew's General for confirmation of the Scheme on 30 July 2024 at 9.15am at 184 Phillip St, Sydney 2000 NSW.

Additionally, any person who holds a policy affected by the Scheme has the right to obtain a copy of the Scheme free of charge on request and will be provided with access to the Scheme documents including the actuarial report so as to consider the impact of the Scheme on their interests (See Section 7 below).

An application for confirmation of the Scheme will be made to the Court in Sydney. If you wish to appear at the hearing, it would assist if you could first contact our lawyer, Ms Natalie Caton of DLA Piper Australia at least three (3) days before the date fixed for hearing. Ms Caton's contact details are as follows:



DLA Piper Australia

Level 22, 1 Martin Place
Sydney, NSW 2000.
Telephone No. : (07) 3246 4161
Email: natalie.caton@dlapiper.com

3. Parties to the Scheme

St Andrew's General is a general insurance company and is authorised by the Australian Prudential Regulation Authority (**APRA**) under the Insurance Act to carry on an insurance business in Australia.

St Andrew's General is a wholly owned subsidiary of St Andrew's Australia Services Pty Ltd (a holding and services company) and part of the St Andrew's Insurance Group.

Hallmark General is a general insurance company and is also part of the St Andrew's Insurance Group.

Hallmark General:

- was authorised by APRA under the Insurance Act on 9 June 1976 to carry on a general insurance business in Australia; and
- has been registered on the New Zealand Companies Register as an overseas company carrying on business in New Zealand since 5 April 2011, and obtained its insurer licence from the Reserve Bank of New Zealand pursuant to New Zealand's *Insurance (Prudential Supervision) Act 2010* on 28 February 2012.
- Is a subsidiary of Hallmark Insurance Holdings Pty Ltd which became a wholly owned subsidiary of St Andrews Australia Services Pty Ltd and part of the St Andrews's Insurance Group as a result of a sale transaction completed in 2023.

The Scheme is for an intra-group transfer of the general insurance business from St Andrew's General to Hallmark General.

4. Details of the Scheme

It is proposed that the Insurance Business will be transferred to Hallmark General in accordance with the terms of the Scheme. Implementation of the Scheme will be subject to:

- 4.1 the Treasurer having no objection to the acquisition by Hallmark General of the Insurance Business under section 41 of the *Insurance Acquisitions and Takeovers Act 1991* (Cth) which, if made on conditions, on such conditions that are acceptable to Hallmark General and St Andrew's General; and
- 4.2 the Court confirming the Scheme, which if made on conditions, on such conditions that are acceptable to Hallmark and St Andrew's General,

If the Scheme is confirmed, the transfer will occur at a date agreed between the parties and approved by the Court.

The Insurance Business to be transferred includes the liabilities under all of the insurance policies issued by St Andrew's General on or before 31 July 2024 (**Transferring Policies**), as well as certain assets and liabilities related to the Insurance Business. Following the transfer, Hallmark General will indemnify St Andrew's General against all future claims, losses, liabilities, costs and expenses that might arise in connection with the Transferring Policies.

Any stamp duty or other costs and expenses incurred in connection with the Scheme will not be paid by or charged to policyholders but will be met by St Andrew's General and Hallmark General.



5. What is the impact of the transfer on your policy?

An independent actuarial report has been prepared by David Goodsall from Synge & Noble (**Actuarial Report**). This report has considered, amongst other things, whether the proposed transfer will materially affect St Andrew's General and Hallmark General policyholders and claimants. The Actuarial Report has also examined the potential impact of Hallmark General resuming new business and notes that this will only occur if APRA is satisfied that the insurer will be adequately capitalised to support the writing of new business.

In summary, the Actuarial Report has concluded that the Scheme:

- 5.1 will not materially prejudice the interests of policyholders of St Andrew's General and Hallmark General;
- 5.2 will not adversely impact on reasonable benefit expectations of policyholders of St Andrew's General and Hallmark General;
- 5.3 Hallmark General will remain in a sound financial position, meeting regulatory and internal capital requirements, and policyholders' benefit security will remain appropriate following the completion of the proposed transfer.

6. Effect of the Scheme

The Scheme will not change the terms of any Transferring Policy or affect any Claim in respect of any Transferring Policy issued by St Andrew's General other than Hallmark General becoming the insurer in place of St Andrew's General.

Policyholders will continue to have the same rights and obligations under or in respect of any Transferring Policy or Claim but with Hallmark General as the insurer. The Scheme will also reflect the change in insurer as follows:

- 6.1 all outstanding Claims-related rights and liabilities of St Andrew's General in respect of the Transferring Policies will be transferred to Hallmark General such that any Claims arising under or in connection with any Transferring Policy must be made against Hallmark General, rather than St Andrew's General;
- 6.2 all premiums and other amounts payable to or recoverable by St Andrew's General under the Transferring Policies will be payable to and recoverable by Hallmark General;
- 6.3 Hallmark General will be entitled to enforce all rights and remedies which but for the Scheme would have been enforceable by St Andrew's General under or in respect of the Transferring Policies;
- 6.4 any policyholder or other person who has a Claim on or obligation to St Andrew's General under or in respect of a Transferring Policy will have the same Claim on or obligation to Hallmark General in substitution for the Claim on or obligation to St Andrew's General irrespective of when such Claim or obligation arose.

Following completion of the transfer, Hallmark General will be required under the Insurance Act to continue to comply with APRA's prudential standards and all other requirements under the Insurance Act.

We do not anticipate that the Scheme will have any material effect on your policy or on any claim. Unless a person has an objection to the Scheme, policyholders are not required to take any action before, or as a result of, the Scheme.



7. Further information

A copy of this Scheme Summary, the Scheme, the Actuarial Report upon which the Scheme is based, and the Notice of Intention (**Scheme Documents**) are available (free of charge) at www.standrews.com.au or can be inspected at the locations listed below between 9.00am and 5.00pm each day (other than weekends and public holidays) from 12 June 2024 to 5 July 2024 (inclusive).

Locations

| | |
|---|---|
| <p>New South Wales DLA Piper Level 22 1 Martin Place Sydney NSW 2000</p> | <p>Victoria DLA Piper Level 14 80 Collins Street Melbourne VIC 3000</p> |
| <p>Queensland DLA Piper Level 28 480 Queen Street Brisbane QLD 4000</p> | <p>Western Australia DLA Piper Level 21 240 St Georges Terrace Perth WA 6000</p> |
| <p>South Australia Ernst & Young Level 12 EY Building 121 King William Street Adelaide SA 5000</p> | <p>Tasmania HWL Ebsworth Level 9 85 Macquarie Street Hobart, TAS 7000</p> |
| <p>Australian Capital Territory Ernst & Young Level 11 121 Marcus Clarke Street Canberra ACT 2601</p> | <p>Northern Territory HWL Ebsworth Level 9 Mitchell Centre 59 Mitchell Street Darwin NT 0800</p> |

On request, each affected policyholder may obtain a full copy of the Scheme Documents by contacting St Andrew's Head office on 1300 737 211 during the hours of 8.30am to 7pm Monday to Friday AEST (except public holidays) or by email at schemedocument@standrews.com.au.

8. Hallmark General's contact details after the Scheme is implemented

If the Court confirms the Scheme, then from the transfer time, for all claims, enquiries and other questions about your transferring policy please contact us on the same contact details in your policy documentation (which will automatically direct your call to Hallmark General).

