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Company Announcement Platform
Australian Stock Exchange Limited

For Immediate Market Release

Austbrokers Holdings Limited (ASX code: AUB) enters into Sole Preferred Insurance Premium Funding Distribution Arrangement with Pacific Premium Funding Pty Limited

Austbrokers Holdings Limited (Austbrokers) has entered into a distribution arrangement with Pacific Premium Funding Pty Limited (a majority owned joint venture with GE Commercial Finance) to provide insurance premium funding facilities to the Austbrokers Network.

The entry into this arrangement follows a thorough process where Austbrokers sought expressions of interest from a number of premium funding providers to replace its existing premium funding alliance which has now expired.

Insurance premium funding provides short term financing for commercial insurance premiums predominantly through insurance intermediaries and brokers. Businesses use this form of finance to pay their insurance premiums in monthly installments rather than one upfront annual payment.

The Pacific Premium Funding distribution arrangement commences on 1 May 2006 and initially continues until 31 October 2009. Austbrokers has an option to extend the arrangement until 31 July 2012.

Pacific will be responsible for all obligations and risks (including default risk) under the premium funding loan contracts. Under the arrangement, Austbrokers will receive various fees including a percentage of gross funding income, loan inflows as well as certain fixed fee arrangements. These fees will be remitted to brokers in the Austbrokers Network.

Based on an estimated annual premium funding turnover of \$100m in the first year of the arrangement Austbrokers estimates that the net pre tax profit contribution of the new distribution arrangement to Austbrokers (taking into account the arrangements that Austbrokers will have with the Austbrokers Network), will be in the order of \$1.3m (or approximately \$150,000 more than it estimates it would receive were the existing joint venture arrangement to have continued in respect of the same period).

Austbrokers believes that the competitiveness of the Pacific Premium Funding products will be a strong factor in Austbrokers' desire to grow the total premium funding turnover

of the Austbrokers Network. While the actual net fees received by Austbrokers will depend on a range of factors, if annual premium funding increases above \$100m it is anticipated that the net pre tax profit contribution of the new distribution arrangement will increase in a broadly similar manner.

“This alliance will leverage the respective strengths of Austbrokers, Pacific and GE to provide value added insurance and finance products to benefit our members and customers,” said Mr McKeough, CEO, Austbrokers.

“We are excited about the opportunity to broaden our market and product offering to service Austbrokers’ members and customers,” said Mr Sargent, President and CEO, GE Commercial Finance, Australia & New Zealand.

About Austbrokers

The Austbrokers Group is one of Australia's leading insurance broker networks. It provides a broad range of insurance broking services and products including premium-funding, which are distributed mainly to the SME market through its 33 Network Brokers in which it has an equity interest.

About GE Commercial Finance and Pacific Premium Funding

GE Commercial Finance is the business-to-business finance unit of the ‘AAA’ rated General Electric (GE). In August 2004, GE Commercial Finance entered into a joint venture with Pacific Premium Funding. In August 2005, Pacific was recognised as Premium Funder of the Year in the Insurance Industry Awards.

Yours sincerely



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Company Secretary

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