



MUNICIPAL MUTUAL

**TO ALL KNOWN POLICYHOLDERS, BROKERS AND INTERMEDIARIES
THIS LETTER AND ITS ENCLOSURE ARE IMPORTANT AND REQUIRE YOUR
IMMEDIATE ATTENTION PLEASE READ THEM CAREFULLY**

30 January 2009

Dear Sir/ Madam

**MUNICIPAL MUTUAL INSURANCE LIMITED (“MMI”)
PROPOSED SCHEME FOR THE TRANSFER OF CERTAIN INSURANCE BUSINESS TO
GORDIAN RUNOFF LIMITED (“GRO”)**

Why have you been sent this letter?

MMI is applying to the Federal Court of Australia under Division 3A of Part III of the *Insurance Act 1973* (Cth) for confirmation of a scheme to transfer its Australian insurance policies to GRO (the “**Scheme**”). If confirmed by the Court, the Scheme will become binding on all persons.

Enclosed with this letter is a summary of the Scheme (the “**Scheme Summary**”) which provides information concerning the proposed Scheme, how policies will be affected and policyholders’ right to be heard at the Court hearing to confirm the Scheme. As required by law, the Scheme Summary has been approved by the Australian Prudential Regulation Authority to ensure that policyholders receive adequate information with respect to the proposed transfer.

We are writing to you because either: (i) you are or may be a policyholder of MMI in respect of Transferring Business (as defined in the Scheme Summary); or (ii) you are or may be a broker or intermediary involved in placing or administering Transferring Business.

Action required

If you believe you may be a policyholder in respect of Transferring Business you are advised to read the enclosed Scheme Summary carefully and to obtain and review a copy of the Scheme and actuarial report which contains a discussion on the potential detriments as well as benefits of the Scheme. If you do not believe that you are a policyholder of MMI or that you will be affected by the proposed Scheme, you are not required to take any action.

If you are a broker or an intermediary, we ask that you pass on a copy of this letter and the Scheme Summary to any policyholders of MMI who may hold a policy in respect of Transferring Business.

If you have any queries regarding this letter or the Scheme Summary, please contact Mr Mark Thornton of McGrathNicol, advisers to MMI, Level 31, 60 Margaret Street, Sydney NSW 2000, Australia (Ph: +61 2 9338 2600 or email: mthornton@mcgrathnicol.com).

Yours faithfully

Ian Willett
Director
Municipal Mutual Insurance Limited

Encl.