



# Media Release

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## **ANZ proceedings over NHB insurance recovery**

ANZ today announced it had issued proceedings in the Victorian Supreme Court regarding ANZ's \$130 million insurance claim consequent upon settlement in January 2002 of its former subsidiary Grindlays Bank's 1992 dispute with India's National Housing Bank (NHB).

The proceedings have been issued by ANZ against its captive insurance company ANZcover Insurance Pty Ltd. ANZcover is an authorised general insurer restricted to insuring the interests of ANZ and its subsidiaries. ANZcover in turn purchases reinsurance from global reinsurers, primarily in the London reinsurance market. ANZcover has no retained exposure to the NHB claim, which is fully reinsured.

The insurance claim arose from circumstances in 1992 where the proceeds of nine NHB cheques, totalling \$189 million and made payable to Grindlays Bank, were credited to the account of a customer, Mr Harshad Mehta.

In January 2002, ANZ and NHB reached an agreement to settle ANZ Grindlays Bank's dispute. It followed settlement terms recommended by the Supreme Court of India regarding the disputed monies that Grindlays Bank had lodged with the Court which by that time totalled Indian Rupees 16.45 billion (\$661 million) including interest.

The settlement terms saw ANZ recover Indian Rupees 6.20 billion (approximately \$248 million pre tax) with NHB receiving Indian Rupees 10.25 billion (\$413 million). The entitlement to claim on the ANZcover policy crystallised upon completion of settlement of the dispute with NHB in January 2002, the date on which an actual loss was sustained.

In July 2002 ANZ lodged the insurance claim on its captive insurance company, ANZcover, and global reinsurers. The claim of \$130 million was for the balance of the limit of indemnity under ANZcover's reinsurance arrangements for the 1991-92 policy year.

ANZ Chief Financial Officer Mr Peter Marriott said: "ANZcover's reinsurers have had the claim submission since July 2002 and have since received considerable additional documentation. Regrettably, in the absence of satisfactory progress with reinsurers, we have had no choice but to issue legal proceedings."

The proceedings issued today by ANZ against ANZcover are the first step towards having the claim determined by an Australian court.

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