



Information Memorandum for LifeCover Policy holders

You have received this Information Memorandum because you currently hold a LifeCover policy with IOOF Life Ltd (**IOOF Life**). IOOF Life proposes to transfer all of its life insurance policies (including your policy) to TOWER Australia Limited (**TOWER**) and wishes to inform policy holders of these changes.

TOWER is the 4th largest life insurance company in Australia and provides insurance to over 2 million Australians. Please also refer to the leaflet "Fact Sheet – TOWER Australia at a glance" available at www.toweraustralia.com.au/investor for further information about TOWER.

Set out below is information to assist you to understand the proposed transfer and how it impacts you.

What is the purpose of the proposed transfer of policies from IOOF to TOWER?

IOOF Life has a small number of life policies and no longer issues new policies. Life insurance is not a core activity of the IOOF Group and, consequently, IOOF Life has resolved to divest its life insurance business. As a result, IOOF Life and TOWER have reached agreement to transfer its remaining LifeCover business to TOWER, conditional on APRA approval.

What does the proposal involve?

Life insurance policies are held within Statutory Funds of life insurance companies.

IOOF intends to transfer all LifeCover policies from the Statutory Fund of IOOF Life (the "transferring entity") to the No 1 Statutory Fund of TOWER (the "receiving entity"). The transfer will be carried out in accordance with Part 3 Division 2 of the *Financial Sector (Business Transfer and Group Restructure) Act 1999* (the Act).

A partial transfer is proposed, whereby the LifeCover policies of IOOF Life are transferred together with the reinsurance contract maintained by IOOF Life. The other assets and liabilities of IOOF Life will not be transferred.

The financial position of the relevant Statutory Funds of IOOF Life and TOWER is shown below:

	IOOF Life Limited Statutory Fund 1 At 30 June 2009 A\$000	TOWER Australia Limited Statutory Fund 1 At 30 September 2009 A\$000
Total Assets	986	1,418,000
Net Assets	576	566,000
Policy Liabilities	321	689,000
Solvency requirements	521	1,301,000
Assets in excess of Solvency	465	117,000

There have been no material adverse changes to the financial position of either company since the last balance date.

Further financial information relating to TOWER is contained in the 2009 Annual Report which is available at www.toweraustralia.com.au

What is the process for approving the transfer?

The process to complete the transfer is set out in the Transfer Rules No. 1 of 2004 as required by Subsection 10(2) of the Act. An application has been made to Australian Prudential Regulation Authority (APRA) for an approval of a voluntary transfer of business.

Various submissions have been prepared by IOOF and TOWER as part of the application to APRA. These submissions set out the details of the proposed transfer, details of the parties to the transfer, the implications for policyholders and TOWER’s implementation plans. Following the notice period set out in this Information Memorandum and consideration of policy holder comments received during that notice period, IOOF Life and TOWER will seek APRA’s approval of the transfer.

When is the transfer expected to take place?

Subject to APRA approval, the transfer is planned to occur on or about 1 September 2010.

How will this impact my policy?

Under the proposal, your insurance benefits will be maintained or enhanced with no change to your premium rates as a result of the transfer. Your policy is to be upgraded to the TOWER Protection Policy. The [Product Disclosure Statement \(PDS\) dated November 2008](#) and [Supplementary PDS for IOOF policyholders dated 4 June 2010](#) provide full details of your policy with TOWER. These documents can be obtained by following the links provided above. Your benefits are described in the sections related to the “Life Protection Plan”. *If your IOOF policy is subject to exclusions or premium loadings then these will also apply to your TOWER policy.*

The table below describes the more significant changes to policy conditions.

Feature	Changed Condition
1 Age at which cover ceases	Under your TOWER policy you will be able to renew your death cover up until age 100 next birthday rather than age 65. For the Total and Permanent Disability benefit, the maximum age will increase from 60 to age 65. Each year you will be informed of the premium to be charged for the following year and you have the option to decline future cover.
2 Total and Permanent Disability benefit definition	Where the Total and Permanent Disability Benefit (TPD) applies to your policy the new definition of TPD allows a claim after 3 months of incapacity rather than 6 months under the LifeCover policy. In circumstances under which the existing LifeCover definition is more favourable than the TOWER policy, policyholders will be entitled to claim under the LifeCover TPD definition. In particular, claims for a policyholder wholly engaged in full-time unpaid domestic duties remain specifically covered as explained in the Supplementary PDS.

3	General exclusions	Under the TOWER policy, “war or military service” is no longer excluded.
4	Benefit indexation	Your policy benefit will now be increased annually by the greater of CPI and 3%. If you have notified us not to index your benefit then that election will be maintained under your TOWER policy.
5	Notice period	The notice period for changes to premium rates will remain as 3 months and will not change to 30 days in line with TOWER’s standard practice. Premium rates can only be changed for all transferring policies, not in relation to any individual policy.
6	Policy fee indexation	Although the TOWER policy normally provides for indexation of policy fees TOWER will not increase policy fees for your policy.
7	Reinstating a lapsed policy	Under the TOWER Policy, you are able to apply for the reinstatement of a lapsed policy within a 12 month period of the lapse date (rather than 3 months as under your IOOF Policy). To do this outstanding premium must be paid and a reinstatement application must be completed. This application will be subject to underwriting.
8	Additional benefits	<p>Pages 29 and 30 of the TOWER PDS details some additional benefits that are provided at no extra cost. These benefits are:</p> <ul style="list-style-type: none"> • advanced payment of \$10,000 of the death benefit; • financial planning benefit of up to \$1000; • an accommodation benefit of up to \$150 per day for 14 day; and • a guaranteed personal insurability benefit. <p>Please refer to the PDS for details of the conditions applying to these additional benefits.</p> <p>The following benefit options are not available:</p> <ul style="list-style-type: none"> • Premium Freeze Benefit • Death Buy-Back on Total & Permanent Disability; and • The business insurance options.

How have my interests as a policyholder been protected?

IOOF Life and its Directors have an over-riding duty to give priority to policy holder interests under the Life Insurance Act.

In order to discharge this duty, an independent review has been conducted by Mr Robert Glading AM, FIA, FIAA to assess the merits of the transaction. The independent actuary has concluded that the proposed transfer:

- fully maintains and safeguards the contractual benefits and other rights of the policy owners of the IOOF Life Statutory Fund;
- possibly has a marginal financial benefit to the IOOF Group;
- has no material effect on the rights of TOWER policy owners; and
- has no adverse effect on the financial condition of TOWER.

A copy of the independent actuary report is available by contacting one of our Client Services Officers on 1800 062 963 or emailing us at clientservices@ioof.com.au

Does any other party have an interest in the transfer of my policy?

No other parties have an interest in the transfer of your policy.

There is no compensation, consideration payable to any officer, member, depositor, policy holder or investor of either the transferring or receiving entity in relation to the proposed transfer of business. No agreement has been entered into that is conditional on the transfer.

What can I do if I have any questions or comments regarding the transfer?

You can contact one of our Client Services Officers on 1800 062 963 or email us at clientservices@ioof.com.au

Alternatively, you can write to us at: **IOOF Life**
GPO Box 264
Melbourne VIC 3001

A Transfer Review Panel comprising Mr Robert Glading (independent expert), Mr Robert Daly (TOWER Appointed Actuary) and Mr David Goodsall (IOOF Life Appointed Actuary) has been established to consider and actively seek to resolve all comments/complaints you have regarding this proposal. Details of all comments received will be provided to APRA prior to giving approval to the transfer.

Comments must be made by 23 July 2010.

If you are not satisfied with our handling of the complaint or a decision the Transfer Review Panel have made in relation to your complaint, you may contact the Financial Ombudsman Service (FOS) by calling 1300 780 808, or by writing to FOS at GPO Box 3, Melbourne, VIC, 3001.

FOS is an independent body set up by the Government to help resolve certain complaints relating to non-superannuation products or services. These services are available free of charge to you, but can only hear your complaint after you have first made use of our internal complaints handling arrangements (as explained above.)

What are the taxation implications?

There are no taxation implications for policyholders arising from the transfer.

What do I have to do now?

You are not required to do anything. If APRA approves the transfer, you will receive a welcome letter and statement of benefits from TOWER.

Following the transfer, premium renewal notices will be issued by TOWER and will include payment details. If your premium is paid by direct debit, the direct debit facility will be automatically transferred to TOWER.

Other information

The directors of IOOF Life are: Jim Pfeiffer (Chairman), Ian Blair, Jane Harvey, Chris Kelaher, Ian Griffiths, George Venardos and Roger Sexton.

For more information about IOOF's Board and governance policies please refer to:
www.ioof.com.au

The directors of TOWER are: Rob Thomas (Chairman), Jim Minto (Managing Director), Peter Lewinsky, Ralph Pliner, Elana Rubin, Don Findlater, Takayuki Kotani and Tetsuya Kikuta.

For more information about the TOWER's Board and governance policies please refer to:
www.toweraustralia.com.au/investor