Australian Securities and Investments Commission
National Consumer Credit Protection Act 2009 – Paragraph 163(1)(a) – Exemption

Enabling power

1. The Australian Securities and Investments Commission (***ASIC***) makes this instrument under paragraph 163(1)(a) of the *National Consumer Credit Protection Act 2009* (the ***Act***).

Title

2. This instrument is ASIC Instrument [10-1153].

Exemption

3. AIA Australia Limited ACN 004 837 861 (***AIA***) does not have to comply with Divisions 3 and 4 of Part 3-2 of the Act (including sections within those Divisions as those sections apply because of item 36 of Schedule 2 to the *National Consumer Credit Protection (Transitional and Consequential Provisions) Act 2009*).

Where this exemption applies

4. This exemption applies where:

   (a) AIA:

      (i) enters a credit contract with a consumer who will be the debtor under the contract; or

      (ii) increases the amount of credit under a credit contract with a consumer who is the debtor under the contract;

      in accordance with a request or direction by the consumer:

      (iii) under the terms and conditions of a life policy that was entered into before the date of this instrument by AIA and the consumer; or

      (iv) to whom representations were made by AIA in relation to a life policy that was entered into before the date of this instrument by AIA and the consumer; and

   (b) at the time of entering the credit contract or increasing the amount of credit under the credit contract, the provision of the credit would not cause the current balance of the consumer's account in relation to the credit contract to exceed 70% of the surrender value of the life policy; and

(c) AIA has agreed with the consumer in writing that AIA will only have recourse to money that is payable by AIA to the consumer under the terms and conditions of the life policy as security for the obligations of the consumer under the credit contract.

Conditions

5. AIA must:

(a) as soon as practicable after it becomes apparent to AIA that it is likely to enter a credit contract or increase the amount of credit under a credit contract, with the consumer, give the consumer a written notice that contains the following information:

(i) a statement that AIA does not have to comply with the responsible lending obligations under the *National Consumer Credit Protection Act 2009* because of this instrument and a summary of those obligations that, but for this instrument, would otherwise apply;

(ii) a statement that the consumer should consider obtaining independent advice in relation to the credit contract;

(iii) a clear and prominent explanation of the consequences or potential consequences to the consumer in relation to the life policy of entering into the credit contract, or increasing the amount of the credit, including that, if the consumer is in default under the credit contract, the default may result in the life policy lapsing or the total value of the life policy being significantly reduced; and

(b) include the following information in each periodic statement of account required to be provided, on or after 1 January 2011, to the consumer in accordance with Division 5 of Part 2 of the National Credit Code:

(i) the clear and prominent explanation referred to in sub-subparagraph 5(a)(iii);

(ii) a recommended periodic payment amount determined by AIA in relation to the provision of the credit under the credit contract; and

(iii) a statement that the consumer may contact AIA to obtain details about the value of the life policy and applicable premiums, together with the relevant contact details of AIA.

Interpretation

6. In this instrument:

(a) For the purposes of subparagraph (4)(b), the surrender value of the life policy is to be worked out as at the day the credit contract is entered or the amount of credit is increased.

(b) ***life policy*** has the meaning given by section 9 of the *Life Insurance Act 1995*.

(c) ***surrender value*** means the surrender value of a life policy calculated in accordance with the prudential standards made under Division 1 of Part 10A of the *Life Insurance Act 1995*.

Dated this 30th day of November 2010

Emma Curtis

Signed by Emma Curtis
as a delegate of the Australian Securities and Investments Commission