

CML AGM 16/11/2009

Good afternoon Ladies and Gentlemen.
Welcome to the sixth Capricorn Mutual Limited AGM.

As your Chairman, and on behalf of the Board of Directors, it is my pleasure to present this report to you.

The audited financial statements for the financial year ending the 30th June 2009 have been circulated to all Capricorn Mutual Members.

Capricorn Mutual is growing from strength to strength. Membership in Capricorn Mutual grew to 4172; an increase of 15.1% and the Mutual recorded an increase in member contributions to \$20.6 million for a 14.4% growth. Our Claims loss ratio was 43.8% of earned contribution revenue.

This allowed Capricorn Mutual to be able to record an excellent operating surplus of \$981,405 for the year ended 30 June 2009. We have also repaid 1.6 million dollars in loans during the year to Capricorn Society Limited.

The surplus is due to a combination of factors including growth in contribution income, claims result and operating and management efficiencies, which continue to be a focus for the new Capricorn Mutual Management team.

This was part of our strategic plan right from the beginning of Capricorn Mutual, and was always going to eventuate at some point in time. When we set up the Mutual in 2003, we needed a Manager to assist Capricorn to set up a Mutual, and the decision was made to have an external manager from the UK manage the Mutual.

Capricorn now has its very own Capricorn Mutual Management team that is comprised of Capricorn Group executives and employees who have the responsibility to manage the Mutual and its license compliance and report to a Board of Directors comprised of Capricorn Members. Capricorn Mutual Management receives the support of technical expertise from Regis Mutual Management Limited based in the United Kingdom as well as from Regis and Partners Pty Ltd based in Sydney.

Regis and Partners is a joint venture between Regis Mutual Management Limited in the UK and Capricorn Society Limited. Capricorn Members hold 50% of the issued shares in Regis and Partners which was formed to develop, manage, and grow new and existing mutual organisations in Australia such as UniMutual and John Holland Mutual and this joint venture has already added to Capricorn Society Limited revenue from operations that contributes to overall member returns in the last financial year.

Managing other Mutuals gives additional income to Capricorn in the form of management fees and through efficiencies of scale, reduces the cost of running our own Mutual.

A very big thank you to all the Staff at Capricorn Mutual, led by our Operations Manager Carol Richards, our Sales Manager Chris Carter, and the team in Capricorn Mutual Management, led by Greg LeGuier.

Thank you also to my fellow Directors of Capricorn Mutual, Trent Bartlett, Brian McGill, Russell Green and Vin O'Neill.

As of this AGM, Trent Bartlett and Brian McGill retire as Directors.

Trent and Brian have been on the journey from the inception of the Mutual, and their assistance and expertise has been invaluable.

Thank you Trent and Brian.

We intend to appoint an independent Director with relevant experience and expertise, who will become Chairman of Capricorn Mutual.

The \$100,000 requested for Directors fees at this AGM is to cover the remuneration needed for an appropriately experienced new Independent Director/Chairman. Capricorn Mutual will not remunerate any other Directors.

This will be my last AGM as Chairman. It has been a very interesting and challenging experience, and I want to take this opportunity to personally thank the Directors and the Capricorn Mutual Management and staff for their support over the last six years.

The future is very bright. Insurance Premiums generally are on the rise. I am aware of a major Insurance Company that has budgeted for a 37% increase in premiums during this financial year.

Always remember the reason Capricorn Mutual exists is that Capricorn Members identified the biggest single issue facing our industry was insurance premiums increasing each and every year on renewal.

For Capricorn Members, these regular annual increases effectively stopped when Capricorn Mutual commenced. That means for the last six years, our Members have benefited by being able to access fairly priced protection – and that also includes the Capricorn Members yet to join our Mutual, due to our effect upon the market overall.

Thank you again for attending this AGM.

Wayne Negus FIACD, SFCDA, MIAME.

Chairman, Capricorn Mutual Limited.