

YOUR CHOICE

MAGAZINE

08

AUGUST 2008

FIFTH ANNIVERSARY
CAPRICORN MUTUAL

CAPRICORN
MUTUAL





Wayne Negus

THE JOURNEY SO FAR – THE FIRST FIVE YEARS

Each Capricorn Mutual Member owns Capricorn Mutual. We only exist to benefit you.

As we are nearing the end of the fifth year of Capricorn Mutual, it is interesting to reflect on the journey so far and what we have achieved together.

A survey of Capricorn Members in 2002 recognised that the most important single issue our Members faced was the overall cost and constant increases in insurance premiums. At renewal time every year, there was always another increase! This survey result was not really new to the Capricorn Directors, who are all running their own businesses in our industry.

We also knew that the risk profile of any Capricorn Member business would be below the industry average. Although it was generally agreed that our Members were a better risk than the industry average, we could not negotiate a better deal with the insurance companies. The only way we could overcome this to benefit you was to start our own Mutual. We knew that we needed assistance to start a Mutual, and investigations revealed that Charles Taylor Consulting (CTC) were the best available to help us, as they had been in the business for over 150 years.

Capricorn Mutual obtained the very first Australian Financial Services Licence issued for mutual risk products under the new Australian Financial Services regime on 10 July 2003. Five years on and there are now over 3,800 Capricorn Shareholding Members protected by the Mutual. The concept of our own Mutual was not simply to generate surpluses, but rather to keep our Members protected at a very competitive rate.

The fact that our competitors have fought so hard to try to eliminate the Mutual indicates the effect we have had on the

industry. Even the Capricorn Members who have not yet joined Capricorn Mutual have benefited by the fact that the Mutual exists, because the insurance companies have reduced their rates to try to force us out. Of course, the Mutual is only there to help you in the event of a claim. We have paid over \$21m in claims to our Members!

Our renewal rate is around 98 percent - the remaining 2 percent are mainly people who have retired.

Five years on and we say thank you and farewell to Charles Taylor Consulting (CTC) and welcome to Capricorn Mutual Management (CMM), a Capricorn Society Limited subsidiary, formed especially to manage Capricorn Mutual Limited.

Capricorn Mutual Limited will continue to have access to UK based mutual management expertise, through an agreement concluded with Paul Koronka, a former CTC Senior Executive who was instrumental in establishment of the Mutual and who has formed a mutual management company, Regis Mutual Management Limited in conjunction with a UK based commercial insurance company.

We are entering a new phase of running the Mutual using Capricorn's expertise in the 'back office' functions. By keeping the costs contained, we can pass on the benefits directly to you – after all,

You Own Capricorn Mutual!

Regards,
Wayne Negus. SFCDA, FAICD, MIAME
Chairman, Capricorn Mutual Limited

COVER



We reflect on the past five years of Capricorn Mutual Limited.

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You should consider Capricorn Mutual Limited's Product Disclosure Statement (PDS) before deciding whether to join. You can obtain a copy of the PDS by ringing 1800 007 022 (Australia) or 0800 555 303 (New Zealand); or by visiting us online at www.capricornmutual.com

CLAIMSCHATTER



Category: Panel Repair Shop
Claim Type: Home Contents – Accidental Damage
Date of Loss: 21/06/08
Location: Western Australia
Report Method: Telephone call to Claims Department
Claims Officer: Ida Homer

The Member slipped and fell on his back patio while chasing his dog that had a sock in his mouth, breaking his prescription glasses in the process. A claim form was received along with the necessary

supporting documentation on 24/06/08. Settlement was made to the Member less his \$100 excess on 27 June 2008. The total cost of the claim was \$818.



Category: Motor Vehicle Dealer
Claim Type: Business Building Glass & Business Contents
Date of Loss: 02/06/08
Location: Western Australia
Report Method: Telephone Call to Claims Department
Claims Officer: Gayle Proudfoot

Unknown offenders broke into the Member's premises, smashing window glass and damaging filing cabinets. On receipt of a fully completed claim form, along with copies of replacement invoices were received on 04/06/08 and photos of the damaged filing cabinets were received on 09/06/08. Payment was made to the Member for the

replacement costs less GST and excess on 12/06/08. The total cost of the claim was \$1,430.



Category: Automotive Mechanical Repairs
Claim Type: Business Contents, Stock, Business Interruption, Employee Tools and Business Vehicles
Date of Loss: 05/05/08
Location: Victoria
Report Method: Telephone call to Claims Department
Claims Officer: Ida Homer and Gail Maddocks

After a large fire in the Member's premises, major damage was sustained to the Member's business contents, stock, employees' hand tools and a trailer — essentially a Total Loss. An assessor was appointed immediately and the cause of the fire was established as emanating from a customer's vehicle parked in the workshop. An examination was carried out by a forensic investigator and it was shown that the probable cause of the fire was the ignition of the live wire insulation in the wiring loom of the vehicle which was crushed under the dashboard. The Member did not do any work on this area of the vehicle and it appears that the Member was not responsible for the fire.

A solicitor was appointed to handle possible liability claims from the Member's landlord or customers, as well as to seek recovery of costs from the owner of the vehicle. The first payment for damaged stock was direct credited to the Member's bank account on 09/06/08 once all investigations were complete.

Business Interruption payments for May and June 2008 followed on 11/06/08 and 20/06/08.

The Member was able to secure new premises on 23/06/08 and was in a position to begin replacing his damaged business contents. A settlement was direct credited to the Member on 27/06/08 for the limit of protection for his Business Contents, Employee Tools as well as for the damaged box trailer.

Total Payments on this claim as of 30/06/08 were \$217,240.76.

This claim is ongoing and CML will continue to assist the Member to get his business up and running again.

FEATURE



Capricorn Mutual's Fifth An

MEMBER TESTIMONIALS

To truly reflect on the past five years of service Capricorn Mutual has provided, we have asked some of our longstanding Members to share their experiences.



"We are very happy with the service Capricorn Mutual provides. Everyone is very easy to deal with and when they promise to call you back, they actually do."

Bill from Advantage Panel & Paint in Western Australia

"Our membership has been a very good decision for our business. I believe Capricorn Mutual is the best thing that could have ever happened in this industry. Being a member with Capricorn Mutual is spot on — the one claim that we did make was processed very quickly."

Mario from Romcol Automotives in Western Australia

"Capricorn Mutual does a really good job and has been very helpful throughout the past five years."

Regine from AVA Automotive Repairs in New South Wales

"Being a Member of Capricorn Mutual has been great and our business has benefited a lot. It makes things a lot easier. I can't even remember what it is like not being a member anymore."
Gary from Takanini Automotive in New Zealand

"Being a member of Capricorn Mutual has been the greatest thing ever. We have had experience with other insurance organisations and they misguided us. Capricorn Mutual has been up front and present their information in an easily understandable way."

John from John Auto General Engineering in Queensland

"We have both car and business protections with Capricorn Mutual and are very happy with the service provided."

Joe from La Rock Auto Electrical in Victoria

"Our experience with Capricorn Mutual has been excellent, we have had no problems in the past five years and we have built a good relationship."

Gary from Gary Green Motors in Victoria

"Capricorn Mutual does some great work and it has opened many doors for us that we otherwise would not have known of. Our membership has been a great success."
Peter from H Arnoldi P/L in Western Australia

"Capricorn Mutual is a great scheme to be involved in."
Carol from Williams Motors Levin Ltd in New Zealand



Anniversary

"It has been absolutely wonderful being a Member. We have not experienced any problems. We save a lot of valuable time because everyone at Capricorn Mutual is so helpful."

Tracey from Prescotts Automotive Services P/L in South Australia

"We started liaising with a lady based in Perth from Capricorn Mutual and she was amazing. Since she left we have been working with Maryanne Middlemiss and she has been unbelievable. Nothing is too much trouble and she will bend over backwards to make things happen. I really wish there were more people like her.

Once we received a public liability claim and I was fairly stressed about this. Maryanne was able to calm me down and she sorted it all out. I never heard anything about the claim ever again. We have built up a great relationship over the past couple of years. We have never experienced any problems with Capricorn Mutual and the benefits keep building up. I hope that more people will join Capricorn Mutual. Being a member has proven to be the best business tool I have ever come across in the past 26 years in business."

Peter from Beetle Exchange in the Australian Capital Territory



TAX AUDITS — BE PREPARED

A tax audit or enquiry may be undertaken by the Australian Taxation Office (ATO) or New Zealand Inland Revenue Department (IRD) at any time in the life of your business. An audit involves an examination of your tax affairs to see if you have fulfilled your obligations under the current tax laws.

In the past, tax audits have been fairly infrequent and random. However, since the introduction of new tax systems, GST and BAS (Business Activity Statements), the likelihood of a business being selected by the ATO or the IRD has never been higher. "Nothing is certain, but death and taxes," said Benjamin Franklin. He could well have added "and tax audits" because business owners should expect and prepare for an audit approximately once every four years.

Sometimes an audit may be as simple as a phone call or a letter requesting further information or clarification of a claim. In other cases, an audit officer may visit your business and conduct the audit on your premises. Officers may also contact other parties such as banks, your accountant, customers and suppliers to obtain information.

There are several kinds of audits that taxation departments conduct including:

- Record-keeping audits: audit officers interview taxpayers at their business premises to ask questions about their record-keeping procedures. They may also examine their records. Where irregularities are found, further audits may follow.
- Wage, salary and contractor payment audits: audit officers visit employer premises to examine PAYG records.
- Desk audits: small business owners and salary earners are asked to substantiate expenses claimed in their tax returns within 28 days. If claims for the most recent return are found to be incorrect, audit officers may request substantiation for earlier years.
- Business audits: the books of small companies, trusts and partnerships are inspected to establish the nature of all transactions. Audit officers will usually require substantiation of income and expenditure.

Having a tax audit can become a very costly and time consuming exercise. Tax Audit Protection entitles you to claim for professional fees reasonably and necessarily incurred by you in connection with the audit by the ATO or IRD, where the audit commenced during the period of your protection. Successful claims against a tax audit protection can save a business owner thousands of dollars in expenses in response to a tax audit by a regulatory body.

General advice warning

Any advice in this article does not take into account any of your particular objectives, financial situation or needs. For this reason, before you act on this advice, you should consider the appropriateness of the advice, taking into account your own objectives, financial situation and needs. Before you make any decision about the matters addressed in this article, you should obtain and read the Capricorn Mutual Product Disclosure Statement.

YOUR REPRESENTATIVES



LIAISON OFFICER TESTIMONIALS

Our Liaison Officers have contributed greatly to Capricorn Mutual's success and incredible growth of the past five years. We have asked all of them to reflect on their experiences while working for Capricorn Mutual and with our Members.

"Where else can a Member "own his own protection" and pay it off on a monthly basis at no extra charge and earn reward points for doing it than at Capricorn Mutual Limited."

Gary Weston

Liaison Officer Western Australia

"Members appreciate the ease of getting a competitive quote promptly, and enjoy the reward of saving their hard earned money at the end of the day."

Greg Cook

Liaison Officer New South Wales

"I have been able to see how Capricorn Mutual has grown and progressed over this time. The Members I have dealt with have appreciated what we have to offer and the advantages of the mutual. I believe that with the change to Capricorn Mutual Management Pty Ltd, the Members can only be better off with the extra services & benefits that will become available to them in the near future."

Tom O'Sullivan

Liaison Officer Victoria

"I have been working in the financial services industry for 32 years, starting with a mutual, and now back working for a mutual doing what the industry should be about: giving personal service to individual Members and protecting their assets with them being the focus. By the Member, for the Member. I would find it very hard to go back to main stream insurance in any shape or form."

Grant Heard

Liaison Officer Queensland

"The start of Capricorn Mutual was a steep learning curve for most of the staff as we had not been part of a member based organisation before. I still remember being told our main priority was to look after the Members; obviously we must be doing the right thing as just the other day I received a call from a Capricorn Member wanting to join

the Mutual because he had heard good things about us from another Member.

"I still enjoy getting around the country helping Members set up the right protections for them and their businesses. I think that the next five years will be even better than the last as the Mutual grows and becomes stronger it can only be better for both Members and staff.

"The best highlight for me over the past five years was the chance to attend the Capricorn Convention in Mauritius. If any Member has considered going to one of the conventions and hasn't yet, I can strongly recommend it."

Bob Edwards

Liaison Officer New Zealand

"Over the last three years working for Capricorn Mutual I have met a lot of great people. I have learned that Capricorn Members face lots of pressures to maintain their businesses and it is a great privilege to be able to help ease some of the pressure. I feel like I am part of a team that Members can trust and rely on to do everything we can to help when we are needed."

Suzanne Walker

Liaison Officer Western Australia

"Working for the Mutual is an amazing job. To be able to assist Members in reducing some of their worries by sharing the financial risk if a "what if" happens, is a great way of going through a day. I look forward to the next five years."

Richard Hart

Liaison Officer Victoria

"It is amazing to see how the Mutual has grown over the last five years."

Tracy Young

Liaison Officer New South Wales

"I was working for Capricorn Society when Capricorn Mutual was born five years ago. I was impressed by the amount of enquires but not surprised by the number of Members taking up the opportunity to protect their assets with the Mutual as it was set up for the Members by

the Members. I look forward to helping more Members in the next five years and beyond."

Neville Gordon

Liaison Officer Victoria

"Working for the Mutual over the past five years has been an interesting journey. With the input of Members, I have watched the Mutual evolve into what it is today and that is an organisation that cares for the Members it is working for. Constant input from Members is vital for the growth of the Mutual in the years ahead."

Maryanne Middlemiss

Liaison Officer New South Wales

"After five years, Capricorn Mutual is now a proven insurance alternative and a force to be reckoned with in a competitive market. All Capricorn Society Members have benefited from the creation of Capricorn Mutual and follows in the principals of how benefits flow through cooperative membership. I look forward to being part of the continued success that is Capricorn Mutual."

Rob Pilgrim

Liaison Officer Queensland

"Since starting at Capricorn Mutual, I have met hundreds of great Members of Capricorn Society and made lots of new friends. It's not a hard job to sell a product that is custom made for the automotive trade and saves its Members lots of money. I would hate to think what Members would be paying if Capricorn Mutual wasn't around!"

Andrew Fitzpatrick

Liaison Officer South Australia & NT

"Since joining the Mutual two years ago it has been great to be able to see it grow, and to be able to meet and help so many Members with their Business and Personal Protections. I look forward to working with Capricorn Members and seeing their Mutual grow in the future."

Mike Sale

Liaison Officer New Zealand

MEMBERPROFILE

File Finish Pty Ltd

Location: 180 Christmas street Fairfield Victoria 3078

Number of employees: 6

Type of business: Prestige body repairs

Phone number: 03 9415 8181

Fax number: 03 9415 6868



How long have you been a Member of Capricorn Mutual?

It must be three or four years by now I would think.

What has your experience of the Mutual been, in comparison to traditional insurance services?

The protection seems to be excellent and we are thankful that we have only had very few claims to make. So far so good.

Tell us a bit about your business – how would you describe it?

We repair prestige motor vehicles such as Aston Martin, Rolls Royce, Bentley, Ferrari, Lotus, Mercedes Benz and BMW. Our facility caters for body repairs and we specialise in aluminum and composite repairs as well as everyday car accidents.

How would you rate Capricorn Mutual's response and service to you as a Member? And your Liaison Officer?

My liaison officer is ten out of ten. Richard is a great guy who loves nothing more than to help us out when we need it. The response from the Mutual is good, especially considering it comes from the other side of the country.

CARING FOR THE CUSTOMER

Customers' property is the reason why you are in business. Many professional automotive people treat customers' property as though it were their own. Here are some tips we have heard that might be useful in your business:

- Make sure customers' vehicles are parked so as to minimise any potential parking damage.
- Point out any pre-existing body damage to the customer before the vehicle is left with you and record the details.
- Ask customers to remove any property or valuables from their cars before they leave.
- Be certain service records on all lifting equipment are current and all operators know that any problem has to be reported immediately.
- Secure the wheels of vehicles on hoists and ensure safety restraints are in place.
- Use fender protectors when you are working under the bonnet.
- If working inside the vehicle protect seats, carpets and controls from dirt.
- Treat customers' cars with respect when road testing.
- If a vehicle is to be kept overnight ensure it is locked up and stored securely.
- If you have driven the customer's vehicle, ensure the customer adjusts the driver's seat and mirrors before driving away.

You can count on ...

Capricorn Mutual Your Insurance Alternative

www.capricornmutual.com

1800 007 022 (Australia) 0800 555 303 (New Zealand)

fax 08 9334 0701 (Australia) free fax 0800 555 403 (New Zealand)

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