

# SUPPLEMENTARY PRODUCT DISCLOSURE STATEMENT

DATED 21 DECEMBER 2006

Capricorn Mutual Limited

## Important Changes to Part 1 of Your PDS

Capricorn Mutual Limited has made changes to Part 1 of your Product Disclosure Statement (PDS) dated 4 September 2003, which apply from 21 December 2006.

This Supplementary PDS should be read together with your PDS and any other relevant Supplementary PDS Capricorn Mutual Limited may give you. Please keep it in a safe place with your PDS together with your Schedule of Protection.

Capricorn Mutual Limited ABN 24 104 601 194 AFS Licence No 230038 is the product issuer of the products referred to in the PDS and in this Supplementary PDS. The product (being the membership of the Mutual and the protections it offers) falls within ASIC's classification of 'Miscellaneous Mutual Risk products'.

### How to contact Capricorn Mutual Limited

By telephone: Australia 1800 007 022 or New Zealand 0800 555 303

By email: [info@capricornmutual.com](mailto:info@capricornmutual.com)

By mail: Capricorn Mutual Limited PO Box 876, South Perth WA 6951

By website: <http://www.capricornmutual.com>



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## Part 1 — Introducing Capricorn Mutual

The changes to Part 1 of Capricorn Mutual Limited's PDS are as follows:

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#### Heading 1 What is Capricorn Mutual?

The last three paragraphs under this heading are deleted and replaced by the following

*Each claim will be considered on its merits and circumstances. The Board has absolute discretion to refuse a claim. The discretion also allows the Board to exercise its power so that in unexpected or special or unusual circumstances it may pay claims, which would ordinarily be excluded.*

*The Board of Capricorn Mutual represents the members and as such the members of the automotive industry. Directors are themselves a part of the industry, with a thorough understanding of the problems and risks faced by members and so are likely to be sympathetic in a way that is different to people from outside the industry.*

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#### Heading 27 Estimating future liabilities or future payments to members

The last paragraph under this heading is deleted and replaced by the following

*Your contributions are calculated on the assumption that in any one financial year Capricorn Mutual will not receive or pay all the claims that members may have the right to claim on it for that financial year. Each contribution will include an amount calculated to meet the claims that have been delayed.*

*Each financial year Capricorn Mutual reserves funds for the payment of any future claims to be made to members based on actuarial projections.*

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#### Heading 29 Adequate financial resources to meet future payments

The existing two paragraphs under this heading are deleted and replaced by the following

*To reduce the risk of a call being made, Capricorn Mutual itself has a Deed of Indemnity in place with Capricorn Insurance New Zealand to reimburse it for payments it may make to members. Capricorn Mutual is not entitled to be reimbursed for the total amount it pays to its members. It must bear the difference itself. The amount that it must bear when it makes a claim on Capricorn Insurance New Zealand varies from year to year.*

*Capricorn Insurance New Zealand in turn is protected by reinsurance for any payment it may make to Capricorn Mutual.*

