



**AA and PGC to launch new insurance joint venture to provide a wider range of services to AA Members**

24 March 2010

The New Zealand Automobile Association (AA) and Pyne Gould Corporation Limited (PGC) today announced a joint venture agreement to provide a wider range of insurance services. To be launched 1 April 2010, the joint venture will see the AA purchasing a 50% share of MARAC Insurance Limited (MARAC Insurance). The decision comes on the back of a successful vehicle finance partnership established last year between the AA and PGC subsidiary, MARAC Finance Limited (MARAC).

MARAC Insurance is an established provider of mechanical breakdown, lifestyle protection and guaranteed asset protection insurance products. Under the joint venture these products will soon be able available to AA Members and AA authorised dealers. It is envisaged that new products and services will be added over time with the first new initiative likely to be providing business finance given that 20% of AA's members own SMEs (Small to Medium Enterprises).

AA Chief Executive Brian Gibbons said: "We have learnt more about each other's businesses and the needs of AA Members over the past year. The opportunity to provide a broader range of services to AA Members was identified. A joint business venture was the logical way to realise some of these opportunities."

"These insurance products are backed by MARAC Insurance, a company trusted by New Zealanders. We believe there will be strong demand for them and it's our goal to develop additional products and services in the future."

PGC's Chief Executive Jeff Greenslade said: "The AA is a premium and respected brand. The joint venture is an exciting development that gives us the ability to tap into AA's substantial distribution network and membership base (totalling more than one million)."

"The AA's members have virtually the same demographic as our target market which can best be described as 'middle' New Zealand. With 38 AA branches from Whangarei to Invercargill, this gives us a bank-like distribution network and fits with our strategy to become a niche bank."

Due to the success of the relationship to date, PGC (which includes MARAC and the Perpetual Group) has also secured a five-year exclusivity agreement. This creates the pathway to exploring opportunities of offering a range of financial services to AA Members.

The sale of a 50% share of MARAC Insurance to the AA will see PGC recognise a one-off capital gain of \$2.2 million. The Company remains on track to meet the Prospective Financial Information (PFI) forecast of \$20.9m for the full year to 30 June 2010.

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**About the AA**

The New Zealand Automobile Association (AA) is an incorporated society with over one million members. It represents the interests of road users who collectively pay over \$2 billion in taxes each year through fuel excise, road user charges and GST.

For more information on AA visit [www.aa.co.nz](http://www.aa.co.nz)

**About Pyne Gould Corporation (PGC)**

Pyne Gould Corporation Limited (PGC) is a NZX-50 listed company that has a history stretching back more than 150 years. Today PGC's business is focused on two main areas: financial services provided through subsidiary MARAC; and asset and wealth management, and trustee services provided through subsidiaries within the Perpetual Group. PGC also has an 18.3% shareholding in PGG Wrightson Ltd.

For more information on PGC visit [www.pgc.co.nz](http://www.pgc.co.nz)

**About MARAC Finance Limited (MARAC)**

MARAC has been in business for more than 55 years, and today is one of the largest and most successful finance companies in the country. MARAC's business is focused on two main areas:

**Consumer**

- **motor vehicle** – offering finance and leasing packages for the funding of new and used vehicles, either through a dealer or direct to the customer.
- **marine and leisure** – providing finance for the purchase of assets such as boats and motor homes, either direct to the customer or through a dealer.

**Business**

- **commercial** – lending to small and medium-sized businesses for the purchase of assets such as plant and equipment; and the provision of working capital finance, invoice finance and overdraft facilities. Finance can be provided either direct to the customer or through an equipment supplier.

For more information on MARAC visit [www.marac.co.nz](http://www.marac.co.nz)

**About MARAC Insurance Limited (MARAC Insurance)**

MARAC Insurance is a stand alone business that was established in 2005 to meet the motor vehicle insurance needs of New Zealanders. MARAC Insurance currently offers mechanical breakdown, lifestyle protection and guaranteed asset protection insurance products.

For more information on MARAC Insurance visit [www.marac.co.nz](http://www.marac.co.nz)

**About the Perpetual Group**

The Perpetual Group, through its three businesses, Perpetual Portfolio Management, Perpetual Asset Management and Perpetual Trust, offers funds and wealth management and trustee services.

For more information on the Perpetual Group visit [www.perpetual.co.nz](http://www.perpetual.co.nz)