



ASIC

Australian Securities & Investments Commission

Level 24, 120 Collins Street
Melbourne VIC 3000
GPO Box 9827 Melbourne VIC 3001

Our Reference: CLO2010/23189

Telephone: (03) 9280 3200

Facsimile: (03) 9280 3444

15 October 2010

David Palyga
Managing Director
Principal Finance
2 Beulah Road
NORWOOD SA 5067

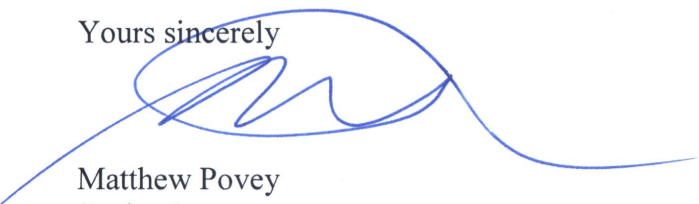
Dear Mr Palyga

Application for relief pursuant to the *National Consumer Protection Act 2009*

We refer to your application for relief from the *National Consumer Protection Act 2009* ("**the Credit Act**") dated 8 October 2010.

Please find enclosed, ASIC Instrument [10-1009] issued pursuant to subsection 6(14) of Schedule 1 to the Credit Act effective from 14 October 2010.

Yours sincerely



Matthew Povey
Senior Lawyer
Administrative Law Team
Chief Legal Office

**Australian Securities and Investments Commission
National Credit Code — Subsection 6(14) — Exclusion**

Enabling provision

1. The Australian Securities and Investments Commission (*ASIC*) makes this instrument under subsection 6(14) of the National Credit Code (the *Code*).

Note: The Code is found in Schedule 1 to the *National Consumer Credit Protection Act 2009* and has effect as a law of the Commonwealth.

Title

2. This instrument is ASIC Instrument [10-1009].

Commencement

3. This instrument commences on the day it is signed.

Exclusion

4. ASIC excludes, from the application of the Code, a provision of credit by Principal Finance Pty Ltd ACN 008 081 712 (*Principal Finance*) to a person (*debtor*), repayable by way of instalments, for the purpose of payment to an insurer of an insurance premium in relation to a contract of insurance (the *insurance policy*) between the insurer and the debtor where:
 - (a) under the terms of the contract (the *credit contract*) under which the credit is provided, Principal Finance must not cancel the insurance policy unless all of the following are satisfied:
 - (i) the debtor has failed to make one or more instalment payments (each an *outstanding payment*);
 - (ii) Principal Finance has notified the debtor in writing that the insurance policy may be cancelled unless the outstanding payments are made within 7 days of receipt of the notice;
 - (iii) at the time of the cancellation of the insurance policy (being a time at least 7 days after the receipt of the notice referred to in sub-subparagraph (ii)), the outstanding payments have not been received by Principal Finance; and
 - (b) the debtor may cancel the insurance policy without the consent of Principal Finance; and
 - (c) if the insurance policy is cancelled, the debtor would have no liability to make further payments under either the policy or the credit contract.

Where exclusion applies

5. The exclusion in paragraph 4 applies for so long as Principal Finance:
- (a) is a member of an external dispute resolution scheme specified in ASIC Class Order [CO 10/249] or any instrument that replaces that Class Order; and
 - (b) has an internal dispute resolution procedure that:
 - (i) complies with the standards and requirements specified in ASIC Class Order [CO 10/250] or any instrument that replaces that Class Order; and
 - (ii) covers disputes in relation to the credit contract; and
 - (c) maintains adequate arrangements for compensating persons for loss or damage suffered because of a breach of a contract under which Principal Finance provides credit in relation to insurance policies or a failure to comply with the terms of this instrument that satisfy any requirements prescribed for the purposes of paragraph 48(2)(a) of the *National Consumer Credit Protection Act 2009* (the **National Credit Act**) as if:
 - (i) Principal Finance were a licensee; and
 - (ii) conduct by Principal Finance and its representatives in relation to a provision of credit covered by paragraph 4 were a credit activity.

Interpretation

6. In this instrument:

credit activity has the same meaning as in items 1 and 2 of the table in subsection 6(1) of the National Credit Act.

licensee has the same meaning as in subsection 5(1) of the National Credit Act.

representative has the same meaning as in paragraph (b) of the definition of that term in subsection 5(1) of the National Credit Act.

Dated this 14th day of October 2010



Signed by Felicity Natoli
as a delegate of the Australian Securities and Investments Commission