

STABLE INTEREST RATES GOOD NEWS FOR AFFORDABILITY

13 June 2007: Stable interest rates proved to be good news for home loan affordability in the March quarter 2007, according to the Deposit Power/Real Estate Institute of Australia (REIA) Home Loan Affordability Report. Home loan affordability improved by 1.4% over the quarter, although there was an 8.0% deterioration over the year to March 2007.

'The 1.4% improvement is welcome news,' says Graham Joyce, REIA President. 'However, it is not time to celebrate yet. The unfortunate reality is that Australian home buyers still need 34.8% of median weekly family income to pay the average home loan.

'Despite the stress placed on home buyers by high loan repayments, stable interest rates have helped buyer confidence. First home buyer numbers have increased, although still well below their historic average.

'Deposit Power applications are up 35% from this time last year for both investors and home buyers, reflecting increased awareness of deposit bond products and the overall improvement in buyer confidence, resulting from stable interest rates, solid growth in household income and low unemployment,' says Denise Bofill, General Manager of Consumer Products, including Deposit Power at Vero.

'This quarter's figures demonstrate the sensitivity of home loan affordability to movements in interest rates and house prices,' says Graham Joyce.

'Despite affordability improvement, the conundrum remains. Poor home loan affordability is occurring in a low interest rate environment. For

home loan affordability to continue to improve, thus assisting Australians to realise their home ownership goals, the lid must be kept on interest rate rises,' says Graham Joyce.

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About Deposit Power

Deposit Power Guarantees are issued to the vendor of a property on behalf of the buyer. A Deposit Power Guarantee is a substitute for the buyer's cash deposit lodged between signing the contract and settlement. Deposit Power Guarantees do not remove the buyer's obligation to pay the full deposit upon settlement.

Deposit Power Long Term Guarantees can guarantee deposits for terms of up to 36 months. The guarantees are interest-free, although a once-off flat fee of based on the guaranteed deposit amount and term of the guarantee is charged. Fee quotes are available using the fee calculator on the website or by calling the Deposit Power Helpline.

Issued by Vero Insurance Limited, whose origins date back to 1833, Deposit Power Guarantees are legally effective in all Australian States and Territories. Deposit Power Guarantees are also issued in New Zealand.

Established in Australia in 1989, Deposit Power is Australia's largest provider of deposit guarantees. It is estimated that Deposit Power Guarantees have supported more than \$50 billion worth of real estate sales in Australia since 1998.

About Vero

Vero Insurance Limited ("Vero") is a subsidiary of the Suncorp-Metway Limited ("Suncorp"). Vero, formerly Royal & Sun Alliance Insurance Australia Limited, has for many years been offering highly specialised solutions to its large range of customers.

Vero is one of Australia's largest intermediated general insurance companies and has 19 branches across Australia, providing a suite of quality specialised risk management products and services through brokers, corporate partners and risk managers.

For further information please contact:

Sue Repanellis
Communications Manager
Vero
Tele: 02 9978 2641
Mobile: 0407 210 710

Danielle Fanning
Media Executive
Vero
Tele: 02 9978 2048