TOWER

16 January 2003

Pam Ross
Company Announcements Office
Australian Stock Exchange Limited
Exchange Centre
Level 6, 20 Bridge Street
Sydney NSW 2000
AUSTRALIA

Dear Pam

TOWER Limited – Company Announcement

In accordance with the ASX Listing Rules, please note the following:

- **TOWER WELCOMES INDEPENDENT REVIEW**

Yours sincerely

Mark Ngan Kee
GROUP COMPANY SECRETARY
TOWER Limited

TOWER

TOWER WELCOMES INDEPENDENT REVIEW

16 January 2003

TOWER Australia Limited today advises that an independent actuarial review to address some specific questions has been commissioned at the direction of the Australian Prudential Regulatory Authority (APRA).

According to Jim Minto, Chief Executive Officer of TOWER Australia, the review is welcomed as an opportunity to provide APRA with the level of comfort it requires about TOWER Australia Limited's financial position.

The review is being undertaken by an independent actuary and a report is expected to APRA in February 2003. The report will look at admissibility (for capital and solvency purposes) and valuations of certain strategic assets. It will also consider some assumptions and review some aspects of reserving.

TOWER Australia Limited financial accounts have already been through statutory financial and actuarial audit processes (completed December 2002) but TOWER recognises the position and requirements of APRA to look at some aspects more closely.

TOWER Group announced this week that it will increase TOWER Australia Limited's surplus assets by a further A$30 million. This timeframe has been agreed with APRA and the process will be completed by 31 March 2003.

TOWER Australia Chief Executive Officer Jim Minto said "Work on the rebuilding of target surplus has been under way since the finalisation of the statutory accounts in December last year. TOWER Australia Limited was then in excess of statutory solvency levels but below its internal target surplus of 1.2 times minimum solvency. TOWER advised APRA in December that it intended to return to its target surplus levels. APRA asked that this be done earlier than originally intended."

"The increase gives us even more financial comfort in excess of solvency reserve requirements," said Jim Minto. "It follows our longstanding practice across the TOWER Group of maintaining a target surplus level to provide an extra tier of security for our customers and investors".

"We have been in business for over 100 years by making sure we safeguard policyholder funds and this remains our paramount concern."

Other aspects of the TOWER Australia strategy to turn the business around are on track Mr Minto said. "We implemented the first stage of restructuring late last year. We are implementing further steps of our plan now as we look to rebuild profitability of the TOWER Australia business. I am pleased with the progress we have made but will be only fully satisfied when we post a strong profit result. Last year's losses are behind us and we look forward a strong 2003."

ENDS

For further information please contact:

Jim Minto, Chief Executive Officer, TOWER Australia, Tel: +61 2 9448 9217 or +61 403 277 244