

MEDIA RELEASE
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CBL ANNOUNCES CONDITIONAL AGREEMENT TO BUY US INSURER

International credit and financial risk insurer CBL Corporation Limited (**CBL**) has filed an application for regulatory approval to acquire US insurer Affirmative Direct Insurance Company Limited (**Affirmative**), in a USD5.7 million (NZD8.1 million) transaction CBL Managing Director Peter Harris says offers the company a unique opportunity to acquire a US insurance vehicle and valuable insurance licences within to write niche insurance business opportunities generated by CBL within its core existing expertise.

“The US is the largest insurance market in the world and is one that we have been following for many years. The opportunity to gain direct access to this market in a low-risk, controlled and manageable way when we are ready is one we don’t want to pass up,” Mr Harris said.

Mr Harris said CBL already had established relationships in the US and expects to start writing a small amount of business before the end of the year.

The acquisition, which will be funded by existing cash resources, is subject to change of control approval from the State of New York Department of Financial Services, which is expected within the next four months.

Affirmative is a New York-incorporated insurer that was formed in 1987 and wrote non-life insurance business until 2007, when it ceased all underwriting operations and began running off its business. Affirmative no longer has any outstanding claims or run off insurance, but holds cash and cash investments, regulatory capital and has current insurance licences in 14 US states.

The existing capital in Affirmative is sufficient to write business for at least the first few years of operation without the need for any further capital from CBL, and without the added complexity or cost of an alternative fronting structure with other insurers. Affirmative comes with no employees or employee liabilities; however, US-resident independent directors will be appointed upon completion. Initially CBL Insurance will provide product capacity, underwriting and claims management expertise, along with the Managing General Agents appointed to write Affirmative’s business, but expects to build a US-based management structure once the business written in the US is of sufficient scale. CBL will continue its established record of underwriting discipline and avoidance of being driven by top line revenue, which is often the norm in the US market. It is proposed that the name will be changed after regulatory approval has been given to align with the CBL brand.

CBL Corporation Limited (CBL) is a specialist insurer and reinsurer focused on credit and financial risk. CBL has eight offices spread across 25 countries and almost 550 employees. The company has been operating for over 43 years, and is listed on the ASX and the NZX Main Board. CBL’s main operating subsidiary is CBL Insurance Limited, which is a New Zealand licensed non-life insurer supervised and regulated by the Reserve Bank of New Zealand. CBL also has a number of wholly owned subsidiary companies including CBL Insurance Europe, which is a regulated insurer

in Ireland, Assetinsure, an Australian licensed non-life insurer supervised and regulated by Australian Prudential Regulation Authority, European Insurance Services Limited, a managing general agency (MGA) in Tunbridge Wells in the United Kingdom, Securities & Financial Solutions a managing general agency (MGA) in France and Professional Fee Protection, UKs leading fee protection provider offering expertise and market-leading support to help accountancy practices strengthen their client relationships and grow their revenue.

CBL specialises in writing building and construction related credit and financial surety insurance, bonding and reinsurance. CBL Insurance currently has an investment grade rating of A- (Excellent) and an issuer rating of a-, with both outlooks 'Stable', from A.M. Best Ratings Agency.

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