

ASX/Media Release

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Australian Securities Exchange
20 Bridge St
Sydney NSW 2000

COMPLETION OF STRATEGIC REVIEW AND BUSINESS UPDATE

Freedom Insurance Group Limited (ASX: FIG) ('Freedom') advises that the Board has completed its strategic review process, announced to the ASX on 6 September 2018, and advises it is developing a customer remediation program.

The strategic review was undertaken with the assistance of Deloitte, to examine Freedom's business structure and operating model in light of ASIC's recommendations contained in its review of the life insurance industry and the company's ongoing discussions with the regulator. The Board has received and considered Deloitte's review of Freedom's business.

In working with Deloitte on this strategic review and with the aim of protecting and maximising shareholder value, Freedom implemented a number of initiatives.

These initiatives included cessation of new sales, changes to senior management, reduction in staff and operating costs, and modifications to internal processes and remuneration of employees.

As announced on 2 October 2018, the strategic review also assessed future options for its business model. Following this assessment, the Board has determined there is no immediate commercially viable option to recommence sales of its life products. However, Freedom will continue to assess alternative business models that may arise which would enhance shareholder value and deliver enhanced customer outcomes.

As part of the review, the Board identified that, on a business-as-usual basis and in the absence of any responsive action, the company may face a liquidity shortfall during calendar year 2019 arising from the timing of payments of commission clawbacks in the absence of receipts of commissions from new business sales. In this regard, the company is considering alternate options to address the potential shortfall. In addition, Freedom is implementing initiatives to improve operational efficiency and reduce costs.

Notwithstanding this potential liquidity issue, the Board remains satisfied that the company is solvent, based on the funding, efficiency and business restructuring options available.

Freedom further advises that ASIC has commenced an investigation into past misconduct, which was highlighted during the company's recent appearance at the financial services Royal Commission.

Following communication from ASIC, the Board is of the view that the company is required to make remediation payments in relation to affected customers. Freedom is currently undertaking a detailed review to determine the size and scope of such remediation, which will be reviewed and approved by an independent expert. Based on the Board's initial analysis, Freedom expects to make a provision for net remediation costs in its financial accounts for the period ending 31 December 2018 of between approximately \$3 million and \$4 million.

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For more information:

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