

Ensurance Quarterly Review – Company moves into key commercialisation phase

Activity Highlights:

- **strong growth in proprietary platform, with additional insurers and white label partners joining platform, and policies quoted and policies written increasing sharply**
- **Compare the Market, one of Australia’s largest comparison websites, goes live and instantly drives quotes and policies written**
- **Ensurance UK:**
 - **executes partnership agreement with Swiss Re Corporate Solutions to target construction/ engineers with insurance contracts of up to £100 million**
 - **receives Lloyds Coverholder Status for its UK operations allowing Ensurance to transact business with Lloyds syndicates in UK**
- **Ensurance Underwriting (Aust) sales growth continues during the quarter resulting in over 4,300 policies written in last 12 months.**
- **Successful completion of an Entitlement Issue, raising \$2.07 million (before costs)**

The Directors of insurance industry disruptor Ensurance Ltd (ASX: ENA, or the “Company”) are pleased to report on the Company’s performance for the quarter ended 30 June 2017, a period where the Company moved into a defined commercialisation phase across several areas of its business units.

Ensurance Platform

The Company has developed an online platform which permits partnered insurers to directly and instantaneously issue policies to the market. ENA’s proprietary disruptive technology creates simpler, faster, automated online transactions.

The company has an initial target of selling 50,000 home and contents policies via its scalable proprietary IT platform.

The Company has a full Household product suite and addition to home and contents insurance, the Company offers a range of other online insurance products including owner builder, trades, transit, licensed builder and property owner’s liability.

Ensurance customers or those of its white label partners can evaluate and purchase one of 23 Insurance products from nine insurers in minutes.

In April 2017, the Company confirmed that across its retail focused Household insurance product suite it had seen a marked increase in both quotes and conversions, largely due to two key factors – white label growth and the expansion of the insurer numbers.

White Label is the term used when a third party uses the Ensurance digital platform and rebrands it to make it appear as if it is their offering. White label clients are a key metric for the company as they allow it to reach a wide range of customers without a significant spend on direct to consumer marketing.

White label – key statistics

	Previous quarter	Current quarter
White label numbers	144	166
Quotes	539	1307
Bound	86	332

In May 2017 Ensurance confirmed the launch and completion of first sales of its insurance policies through Compare The Market (CTM), one of Australia’s largest retail insurance comparison websites.

CTM has a solid reputation in assisting consumers purchase general insurance, with the website assisting an estimated half-a-million Australian users per month.

Ensurance considers CTM as a tier-one white label partner, meaning it is an organization capable of delivering in excess of 2,000 Ensurance policies per annum.

The launch of Ensurance products on CTM represents the culmination of an agreement first reached with the high-profile comparison website midway through 2016 (see ASX announcement: 18/07/2016) and is expected to provide a major boost to the Company's signed home and contents policies and therefore revenue.

For the current quarter CTM accounted for over 50% of sales volumes.

Ensurance underwriting business

Ensurance's underwriting platform, delivered through its wholly owned subsidiary Ensurance Underwriting Pty Ltd, permits partnered insurers to issue insurance products directly to the intermediated insurance market.

The platform creates simpler online transactions for members of the insurance broking community by producing three insurer quotes instantaneously for each client request. The Company anticipates improving this service to four instantaneous quotes midway through 2017.

During the quarter Ensurance Underwriting Pty Ltd experienced strong demand in its customer base, transacted insurer premiums and revenue figures. It is benefited from a strong flow of renewal business, further enhancing revenue figures.

Ensurance Underwriting continue to meet market expectations with annualized new business quote numbers being in excess of 13,000 converting to 4,300 new policies building on the existing renewal business developed over the last 3 years.

Ensurance UK Ltd

The company has established European operations, which are managed via a wholly owned subsidiary called Ensurance UK Ltd. This business has been formed as a Managing General Agency (MGA – an Underwriting Agency) initially specialising in construction and engineering insurance.

During the quarter Ensurance announced that Ensurance UK Ltd had executed partnership agreements with Swiss Re Corporate Solutions and XL Catlin and confirmed Lloyds Coverholder Status for its UK operations.

Swiss Re Corporate Solutions Partnership

Swiss Re Corporate Solutions is the commercial insurance arm of the Swiss Re Group, the world's second-largest reinsurer. The exclusive partnership agreement with Swiss Re Corporate Solutions allows Ensurance to offer a range of construction and engineering insurance products across the UK and parts of the EU, targeting to insure construction and engineering contracts up to £100m.

It also provides the security backing Ensurance UK needs to provide the insurance broker market with bespoke Ensurance UK general insurance products. The partnership also allows Ensurance UK to write insurance business up to triple the sum insured amount that most insurance companies can accept.

Lloyds Coverholder Status

Lloyds of London is the world's specialist insurance and reinsurance market. It has an unrivalled concentration of specialist underwriting expertise and every day, more than 50 leading insurance companies, over 200 registered Lloyd's brokers and a global network of over 4,000 local Coverholders operate in and bring business to the Lloyd's market.

Ensurance now has two Lloyds Coverholder companies, one in the UK and one in Australia, meaning it has the authority to issue insurance documents on behalf of Lloyd's syndicates.

XL Catlin Partnership

XL Catlin is one of Lloyds largest and most prestigious syndicates. The partnership with XL Catlin will initially provide an exclusive bespoke construction insurance product to high net worth UK domestic clients.

Australian Ensurance Underwriting Pty Ltd already partners with XL Catlin for the provision of an innovative range of domestic home insurance products, including landlord insurance products, in Australia.

In addition of selling this product through the brokering market, Ensurance UK has the opportunity of embedding it through insurers that only offer the standard House and Contents insurance, meaning Ensurance UK can sell this product directly through insurers to their clients.

Corporate

During the period completed an Entitlement Issue under the Prospectus, lodged with ASIC and released to ASX on 6 June 2017. The Issue raised \$2.07 million (before costs).

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Name of entity

ENSURANCE LIMITED (ASX:ENA)

ABN

80 148 142 634

Quarter ended ("current quarter")

30 June 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	898	3,438
1.2 Payments for		
(a) research and development	(427)	(782)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(125)	(434)
(d) leased assets	-	-
(e) staff costs	(1,159)	(4,384)
(f) administration and corporate costs	(618)	(1,692)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	24
1.5 Interest and other costs of finance paid	(21)	(67)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	2	7
1.9 Net cash from / (used in) operating activities	(1,445)	(3,890)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(3)	(16)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Appendix 4C
Quarterly report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(d) intellectual property	(166)	(667)
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	33	93
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(136)	(590)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	475	475
3.2 Proceeds from issue of convertible notes	424	3,000
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(47)	(47)
3.5 Proceeds from borrowings	1,040	1,340
3.6 Repayment of borrowings	(103)	(107)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (Interest paid on convertible notes)	(40)	(71)
3.10 Net cash from / (used in) financing activities	1,749	4,590

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	199	257
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,445)	(3,890)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(136)	(590)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,749	4,590
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	367	367

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	513	348
5.2	Call deposits	-	-
5.3	Bank overdrafts	(146)	(149)
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	367	199

6. Payments to directors of the entity and their associates

6.1 Aggregate amount of payments to these parties included in item 1.2

6.2 Aggregate amount of cash flow from loans to these parties included in item 3.5

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

111

-

Payments made in respect of salaries and wages of executive directors and their related parties.

Appendix 4C
Quarterly report for entities subject to Listing Rule 4.7B

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify): Overdraft	150	146
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

(a) The overdraft facility is repayable on demand and carries and interest rate of 11.22% p.a.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(213)
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	(206)
9.4 Leased assets	-
9.5 Staff costs	(1,083)
9.6 Administration and corporate costs	(570)
9.7 Other (provide details if material)	
(a) Borrow costs and repayment of borrowings	(1,040)
(b) Capital raising costs	(222)
9.8 Total estimated cash outflows	(3,334)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



(Chairman)

Date: 31 July 2017

Print name: Adam Davey

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.