

ASX announcement

Cover-More Group responds to Munich Re divestment of Great Lakes Australia

Sydney, 16 June 2016: Cover-More Group Limited (ASX:CVO), a specialist, integrated travel insurance provider, today advised that Munich Re's recent decision to divest Great Lakes Australia (GLA) is expected to have limited impact on Cover-More's business.

Group Chief Executive Officer, Peter Edwards, said Cover-More and GLA have agreed in principle to move to a new underwriting payment mechanism by 1 July 2016. Both Cover-More and GLA are targeting a contract amendment finalisation date of 30 June 2016 to facilitate this change.

He said the move will incorporate a generalised linear model (GLM)-based approach to calculating underwriting premium which is expected to reduce volatility and provide greater alignment and certainty to distribution and underwriting partner(s).

Cover-More and GLA's agreement in principle will also allow Cover-More to explore commercial arrangements with alternative underwriters. Advanced discussions with a number of global underwriting partners are underway.

"A key strength of Cover-More's business model has always been the flexibility and independence in how we work with a preferred underwriting partner."

"Cover-More is resolute in our determination to operate our businesses under a best practice GLM-based model that will deliver consistent, high quality returns for our shareholders, underwriter(s) and distribution partners."

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