

Cover•More GROUP LIMITED

ACN 166 776 334 (THE COMPANY)

NOTICE OF ANNUAL GENERAL MEETING



6 October 2016

Dear Shareholder,

I am pleased to invite you to the third Annual General Meeting (“AGM”) of Cover-More Group Limited ACN 166 776 334 (the “Company”) which will be held in the Heritage Ballroom at The Westin, 1 Martin Place, Sydney, NSW 2000 on **Thursday 10 November 2016, at 10.00am** (Sydney time).

If you are not able to attend the AGM in person, you will be able to view a live webcast of the event at www.covermoregroup.com/content/20/en/media-releases.html.

At the AGM, you will have the opportunity to consider and vote on:

- the re-election of Stephen Loosley as a Director;
- the re-election of Trevor Matthews as a Director;
- the adoption of the Company’s Remuneration Report;
- the grant of shares to the Group CEO, Mr Mike Emmett as part of his sign-on arrangement; and
- the grant of rights and issue of shares to the Group CEO, Mr Mike Emmett (FY17 LTI).

Accordingly, the following documents are enclosed:

- the Notice of Annual General Meeting (including Explanatory Notes);
- a proxy form;
- a communications preference form; and
- a reply paid envelope for lodging your proxy form.

Business of the AGM

The business of the AGM is set out in the Notice of Annual General Meeting (the “Notice”). The Notice and Explanatory Notes set out important information in relation to the matters to be considered by Shareholders at the meeting.

If you are attending the AGM, please bring your personalised proxy form to allow the Registrar to promptly register your attendance at the meeting. The registration desk will be open from 9.00am.

Attendance

If you are unable to attend in person you may wish to appoint a proxy to attend and vote at the meeting in your place. Please refer to the Notice and proxy form regarding the appointment of a proxy.

Shareholder Questions

Shareholders attending the AGM will have the opportunity to ask questions at the meeting. If you have an issue or question that you would like to be discussed at the meeting, please submit any question through our Investor Information page www.covermoregroup.com/content/18/en/investor-information.html by 5.00pm (Sydney time) on 3 November 2016. Alternatively, a question may be asked when lodging an online vote at www.linkmarketservices.com.au.

I look forward to meeting as many Shareholders as possible at the AGM and invite you to join the Directors for light refreshments afterwards.

Yours sincerely,



Louis Carroll
Chairman of the Board

DETAILS OF THE MEETING

Notice is given that the Company's 2016 Annual General Meeting will be held on Thursday 10 November 2016, commencing at 10.00am in the Heritage Ballroom at The Westin, 1 Martin Place, Sydney, NSW 2000. Registration will open at 9.00am.

Webcast of meeting

If you are unable to attend, a webcast of the meeting will be streamed at:

www.covermoregroup.com/content/20/en/media-releases.html.

Cover-More 2016 Annual Report

A copy of the Cover-More 2016 Annual Report (including the Financial Statements, Directors' Report and Independent Auditor's Report) for the year ended 30 June 2016 is available at:

www.covermoregroup.com/content/21/en/asx-announcements.html

Business of the Meeting

A. Consideration of Financial Statements

To receive and consider the Financial Statements, the Directors' Report and the Independent Auditor's Report for the year ended 30 June 2016.

B. Items for Shareholder Approval

Resolution 1 – Re-Election of Stephen Loosley as a Director

To consider and, if thought fit, pass the following as an ordinary resolution:

"That Mr Stephen Loosley, a Director retiring by rotation in accordance with the Company's Constitution, and being eligible for re-election, is elected as a director of the Company."

Resolution 2 – Re-Election of Trevor Matthews as a Director

To consider and, if thought fit, pass the following as an ordinary resolution:

"That Mr Trevor Matthews, a Director retiring by rotation in accordance with the Company's Constitution, and being eligible for re-election, is elected as a director of the Company."

Resolution 3 – Adoption of Remuneration Report (non-binding resolution)

To consider and, if thought fit, pass the following as an advisory resolution:

"That the Remuneration Report (which forms part of the Directors' Report) for the financial year ended 30 June 2016 be adopted."

Note that, in accordance with section 250R(3) of the Corporations Act 2001 (Cth) the vote on this item is advisory only and does not bind the Directors of the Company.

Resolution 4 – Grant of Shares to the Group Chief Executive Officer (Group CEO), Mr Mike Emmett

To consider and, if thought fit, pass the following resolution as an ordinary resolution of the Group:

"That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the grant of ordinary shares in Cover-More Group Limited to the value of up to \$500,000 to the Group CEO, Mr Emmett, in relation to his sign-on arrangement on the terms set out in the Explanatory Memorandum that accompanies this Notice of Meeting."

Resolution 5 – FY17 LTI: Grant of Rights and issue of Shares to Group Chief Executive Officer (Group CEO), Mr Mike Emmett

To consider and, if thought fit, pass the following resolution as an ordinary resolution of the Group:

"That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the grant of 500,000 Rights and for the issue of shares upon the vesting of those Rights, to the Group CEO, Mr Emmett, as his FY17 Long Term Incentive award under the Incentive Plan on the terms set out in the Explanatory Notes that accompanies this Notice of Meeting."

Voting Exclusion Statement

Resolutions 3, 4 and 5

The Company will disregard:

- any votes cast on resolutions 3, 4 and 5 in any capacity by Mr Emmett and any of his associates;
- Any votes cast on resolution 3 by any Director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company), any Key Management Personnel (**KMP**) and any of their respective associates;
- Any vote cast on resolutions 3, 4 and 5 by a KMP or any of their associates pursuant to an undirected proxy.

The Company need not disregard a vote on resolution 3, 4 and 5 (and that person is not prohibited from voting) if the vote is cast by:

- a Director, KMP, or any of their associates as proxy for a person who is entitled to vote on the resolution and the vote is cast in accordance with a direction on the proxy form;
- the Chair of the Meeting (who may be a KMP) as proxy for a person who is entitled to vote on the resolution, and the proxy appointment expressly authorises the Chair of the Meeting to exercise the proxy even if the resolution is connected, directly or indirectly, with the remuneration of the KMP;
- in relation to resolutions 4 and 5: by a KMP (excluding Mr Emmett) or any of their associates in their capacity as a Shareholder.

How to vote

Determination of entitlement to attend and vote

In accordance with Regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the Board has determined that persons who are registered holders of shares of the Company at 7.00pm (Sydney time) on Wednesday 8 November 2016 will be entitled to attend and vote at the AGM as a shareholder.

If more than one joint holder of shares is present at the AGM (whether personally, by proxy or by attorney or by representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

Voting at the meeting

Voting on each of the proposed resolutions at the meeting will be conducted by poll.

Proxies

A Shareholder entitled to attend and vote is entitled to appoint one or two proxies. Where two proxies are appointed, you may specify the number or proportion of votes that each may exercise, failing which each may exercise half of the votes. A proxy need not be a Shareholder of the Company. Shareholders may appoint an individual or a body corporate as a proxy. If a body corporate is appointed as a proxy, that body corporate must ensure that it appoints a corporate representative in accordance with s250D of the Corporations Act to exercise its powers as a proxy at the AGM.

If you appoint a proxy who is also a Shareholder or is also a proxy for another Shareholder, your directions may not be effective on a show of hands. Your directions will be effective if a poll is taken on the relevant Resolution.

If you sign and return a proxy form and do not nominate a person to act as your proxy, the Chair of the Meeting will be appointed as your proxy by default.

Power of Attorney

If a proxy form is signed under a power of attorney on behalf of a Shareholder then the attorney must ensure that either the original power of attorney or a certified copy is lodged with the proxy form, unless the power of attorney has already been provided to the Company's Registrar. A proxy cannot be appointed under a power of attorney or similar authority online.

Proxy voting by Key Management Personnel

If you appoint a Director (other than the Chair of the Meeting), another member of KMP or any of their associates as your proxy, you should direct them how to vote on Resolution 3, 4 and 5 by marking the appropriate box. An undirected proxy held by any of those persons will not be counted. This does not apply to the Chair of the Meeting, who is able to vote undirected proxies.

Chair of the Meeting as proxy

The Chair of the Meeting intends to vote all undirected proxies in favour of all resolutions. Please note that if you appoint the Chair as your proxy, or the Chair is appointed your proxy by default, you will be taken to authorise the Chair to exercise the proxy in this manner.

If you wish, you can appoint the Chair as your proxy and direct the Chair to cast your votes contrary to the above stated voting intention or to abstain from voting on a resolution. Simply mark your voting directions on the proxy form before you return it.

Where to lodge a proxy

You can submit your proxy form by following the instructions set out on the proxy form accompanying this Notice of Meeting.

To be effective the proxy must be received by the Registrar, Link Market Services, in accordance with the instructions on the proxy form using one of the details below:

- By post: Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
- Online: www.linkmarketservices.com.au
- By delivery: Link Market Services Limited,
1A Homebush Bay Drive,
Rhodes NSW 2138.
(Office hours are Monday to Friday, 8.30am to 5.00pm)
- By facsimile: In Australia (02) 9287 0309
From outside Australia +61 2 9287 0309
- Via the Company: Attention: Company Secretary
Cover-More Group Limited
Level 10,
60 Miller Street,
North Sydney NSW 2060

Attending the meeting

If you are attending the meeting, please bring your personalised proxy form with you to assist registration. If a representative of a corporate shareholder or a corporate proxy will be attending the meeting, the representative will need to bring adequate evidence of their appointment to the meeting unless this has previously been provided to the Registrar. A proxy cannot be appointed under a power of attorney or similar authority online.

Questions and comments by Shareholders at the meeting

Opportunity will be given to Shareholders at the meeting to ask questions about, or to make comments on, the management of the Company.

Similarly, a reasonable opportunity will also be given to Shareholders at the meeting to ask PricewaterhouseCoopers (PWC), the Company's auditors, questions relevant to the conduct of the audit, the preparation and content of the Independent Auditor's Report, the accounting policies adopted by the Company in relation to the preparation of the Financial Statements, and the Auditor's independence.

Written questions for the Board or PWC must be received no later than 5.00pm (Sydney time) on 3 November 2016 using the details provided under the heading "Where to lodge a proxy" or through the Company portal under the Investor Information page at www.covermoregroup.com by 5.00pm (Sydney time) on 3 November 2016. Alternatively, a question may be asked when lodging an online vote at www.linkmarketservices.com.au.

By order of the Board,



Mark Steinberg
Company Secretary

Date: 6 October 2016

EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

These explanatory notes have been prepared for the information of Shareholders of the Company in relation to the business to be conducted at the Company's AGM to be held on Thursday 10 November 2016.

The Directors unanimously recommend Shareholders vote in favour of all Resolutions; for reasons of good governance, each Director respectively abstains where that Director has an interest in the outcome of a particular resolution and these interests are identified throughout these Explanatory Notes.

A. Consideration of Financial Statements

As required by section 317 of the Corporations Act 2001 ("Corporations Act") the Annual Report (including Financial Statements, Directors' Report and Independent Auditor's Report) for the financial year ending 30 June 2016 ("FY16") will be presented to the Meeting. The Annual Report contains the financial statements of the consolidated entity consisting of Cover-More Group Limited and its subsidiaries. As permitted by the Corporations Act, a printed copy of the Annual Report has been sent only to those Shareholders who have elected to receive a printed copy.

There is no formal requirement for a formal resolution on this item.

The Chair of the Meeting will allow a reasonable opportunity at the meeting for Shareholders to ask questions of the Directors. Shareholders will also be given a reasonable opportunity at the meeting to question the Company's auditor, PricewaterhouseCoopers ("PWC"), about its Independent Audit Report and the audit process.

Shareholders may submit written questions to PWC to be answered at the meeting, provided the question is relevant to the content of the Independent Audit Report or the conduct of the audit for the year ended 30 June 2016.

Written questions for the Board or PWC must be received no later than 5.00pm (Sydney time) on 3 November 2016 using the details provided under the heading "Where to lodge a proxy" or through the Company portal under the page of Investor Information www.covermoregroup.com by 5.00pm (Sydney time) on 3 November 2016.

B. Items for Shareholder Approval

Resolution 1 – Board endorsed re-election of Mr Stephen Loosley retiring by rotation

Stephen Loosley retires by rotation and offers himself for re-election. A brief summary of his qualifications and experience is provided in Appendix A. Mr Loosley joined the Board of Cover-More Group Limited as an Independent Non-Executive Director on 2 December 2013.

Prior to submitting himself for re-election, Mr Loosley confirmed that he would continue to have sufficient time to properly fulfil his duties as a Director of the Company. In accordance with the Company's policy on independence for non-executive directors, the Board has determined that Mr Loosley remains independent.

The Board unanimously recommends that Shareholders vote in favour of Stephen Loosley's re-election.

Resolution 2 – Board endorsed re-election of Mr Trevor Matthews

Trevor Matthews retires by rotation and offers himself for re-election. A brief summary of his qualifications and experience is provided in Appendix A. Mr Matthews joined the Board of Cover-More Group Limited as an Independent Non-Executive Director on 2 December 2013.

Prior to submitting himself for re-election, Mr Matthews confirmed that he would continue to have sufficient time to properly fulfil his duties as a Director of the Company. In accordance with the Company's policy on independence for non-executive directors, the Board has determined that Mr Matthews remains independent.

The Board unanimously recommends that Shareholders vote in favour of Trevor Matthews' re-election.

Resolution 3 – Adoption of Remuneration Report (non-binding resolution)

Section 250R(2) of the Act requires that the section of the Directors' Report dealing with the remuneration of Directors and KMP ("Remuneration Report") be put to the vote of Shareholders for adoption by way of a non-binding vote.

If there is a vote of 25% or more against the Remuneration Report at the 2016 AGM, and another vote of 25% or more at the 2017 AGM, then a resolution will be put at the 2017 AGM to put the Board (other than the Group CEO) up for re-election (“Spill Resolution”). If the Spill Resolution passes, then the Company must hold a Spill Meeting within 90 days at which all Directors (other than the Group CEO) who were Directors at the time the Remuneration Report that received the second strike will retire and may resubmit themselves for re-election.

The Company has designed a remuneration framework to support a high performance culture and a team driven focus on achieving agreed business objectives.

The objective of the Company’s remuneration framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for Shareholders, and conforms to market practice for delivery of reward.

In summary, the Remuneration Report in the Annual Report:

- Explains the principles used for determining the nature and amount of remuneration of Directors and KMP of the Company;
- Outlines the role of the Remuneration Committee;
- Sets out remuneration details for each Director and key senior executives of the Company (including the value of any options granted to those persons);
- Outlines the terms of executive service contracts.

The Report is available on pages 57-75 of the Annual Report available on the Company’s website www.covermoregroup.com.

The Chair of the Meeting will give Shareholders a reasonable opportunity to ask questions about or make comments on the Remuneration Report.

Resolution 3 is an advisory resolution only (as stipulated by section 250R(3) of the Corporations Act) and does not bind the Directors or the Company.

A voting exclusion applies to this resolution, as outlined in the Notice of Meeting in the section titled “Voting Exclusion Statement”.

The Directors abstain, in the interests of good corporate governance, from making a recommendation in relation to this Resolution.

Resolution 4 – Grant of Shares to the Group Chief Executive Officer (Group CEO), Mr Mike Emmett

Mr Mike Emmett commenced as Group CEO and Director of the Board on 4 July 2016.

Details of Mr Emmett’s contractual remuneration arrangements were outlined in the Company’s ASX announcement on 4 May 2016. Mr Emmett’s remuneration arrangements included an entitlement to a one-off sign-on award of \$810,000 (the “CEO Sign-on

Arrangement”). The CEO Sign-on Arrangement comprises cash and shares in Cover-More Group Limited (“Shares”).

The cash component of the CEO Sign-on Arrangement (\$310,000) was delivered to Mr Emmett on 15 July 2016.

The Share component of the CEO Sign-on Arrangement (up to the value of \$500,000) will be granted in two tranches, on the terms and conditions summarised below, subject to shareholder approval being obtained.

Mr Emmett will remain eligible to participate in the Company’s STI and LTI incentive plans.

Shareholder approval

ASX Listing Rule 10.14 requires shareholder approval in order for a director to be issued securities in the Company under an employee incentive scheme.

It is intended that Shares will be acquired on market and therefore, shareholder approval is not required under the ASX Listing Rules. However, shareholder approval is being sought for the proposed grant of Shares to Mr Emmett to preserve the flexibility for Shares to be issued and also as a matter of good corporate governance.

Accordingly, shareholders are asked to approve the grant of Shares, to the value of up to \$500,000, to Mr Emmett, in respect of the CEO Sign-on Arrangement, on the terms and conditions set out below.

Should shareholder approval not be received in respect of this resolution, the Board will consider alternative remuneration arrangements, including offering an equivalent cash-based award on the same terms, in order to satisfy Mr Emmett’s contractual entitlement to a sign-on award.

Approval of this resolution will also result in the Shares granted to Mr Emmett being an exception to ASX Listing Rule 7.1.

Date of grant

If shareholder approval is obtained, the Shares will be granted to Mr Emmett in two tranches, subject to Mr Emmett’s continued service, until the relevant grant date for each tranche.

- **Tranche 1:** Shares to the value of \$250,000 will be granted on the first anniversary of employment (i.e., 4 July 2017).
- **Tranche 2:** Shares to the value of \$250,000 will be granted on the second anniversary of employment (i.e., 4 July 2018).

Number of Shares to be allocated

The number of Shares that will be granted in each tranche will be calculated at the time of grant by dividing the value of Shares in each tranche (i.e., \$250,000) by the market value of Shares at the time of grant.

The market value of the Shares is the Volume Weighted Average Price (“VWAP”) of the Company’s shares over the five trading days immediately prior to the date of grant.

For illustrative purposes only, assuming that the VWAP as calculated above on 4 July 2017 and 4 July 2018 is \$1.50, the number of shares to be issued to Mr Emmett will be 166,666 on both dates.

Terms and conditions

The Shares will be granted at no cost to Mr Emmett.

Each Share is one fully paid ordinary share in the Company. The Company's obligation to grant Shares may be satisfied by issuing new Shares, acquiring Shares on market or transferring Shares from an employee share trust.

Following the grant, Mr Emmett will have all the entitlements of an ordinary shareholder in relation to the Shares, including dividend and voting rights. Shares granted will not be subject to any trading restrictions but Mr Emmett will be subject to compliance with the Company's share trading policy.

Cessation of employment

If Mr Emmett ceases employment by reason of resignation or termination for cause or gross misconduct before the grant date in a particular tranche, he will forfeit his entitlement to receive his grant of Shares in respect of that tranche.

If Mr Emmett ceases employment for any other reason, he will be entitled to receive his grant of Shares at the original grant date, subject to Board discretion to determine another treatment.

Other information required by the ASX Listing Rules

In relation to the sign-on award:

- Mr Emmett is the only director entitled to participate in the CEO Sign-on Arrangement.
- There is no loan scheme in relation to the CEO Sign-on Arrangement.
- As the CEO Sign-on Arrangement is a new grant under Mr Emmett's contractual remuneration arrangements, no Shares have been issued in the past under this arrangement.
- If shareholder approval is obtained, further details of the Shares granted to Mr Emmett under the CEO Sign-on Arrangement will be provided in the Remuneration Reports for the year ending 30 June 2017 and 30 June 2018.
- If shareholder approval is received, it is intended that the Shares will be granted to Mr Emmett on the relevant grant dates for each tranche set out above, but in any event, no later than 3 years after the AGM.

Voting exclusion

A voting exclusion applies to this resolution, as outlined in the Notice of Meeting in the section titled "Voting Exclusion Statement".

Recommendation

The Board (other than Mr Emmett) unanimously recommend that shareholders vote in favour of resolution 4.

Resolution 5 – FY17 LTI: Grant of Performance Rights and issue of Shares to the Group CEO, Mr Mike Emmett

Mr Emmett's employment contract entitles him to receive a Long Term Incentive (LTI) award each financial year.

In FY17, the Company will grant 500,000 Rights to Mr Emmett that will vest under the Incentive Plan. The Rights will be granted to Mr Emmett at no cost to him.

Shareholder approval is not required under the ASX Listing Rules if shares are acquired on market to satisfy awards that vest under an employee incentive plan.

However, ASX Listing Rule 10.14 requires shareholder approval in order for a director to be issued equity securities in a company under an employee incentive scheme.

Accordingly, Shareholder approval is being sought for the proposed grant of Rights to Mr Emmett to preserve the flexibility for Shares to be issued by the Company in accordance with ASX Listing Rule 10.14 when those Rights vest.

Approval of this resolution will also result in the Rights granted to Mr Emmett being an exception to ASX Listing Rule 7.1.

Terms and conditions

The Rights will be granted as part of Mr Emmett's FY17 LTI component of his remuneration, pursuant to the terms of his contract of employment and the Incentive Plan.

A summary of the key terms of the Incentive Plan are set out in Appendix B.

Number of Share Rights to be granted

A face value approach is used to determine the number of Rights to be granted. The maximum number of Rights the Company is proposing to grant to Mr Emmett is 500,000. This is determined by dividing the FY17 LTI opportunity (\$740,000) by the market value of Shares at the time of grant, being the Volume Weighted Average Price ("VWAP") of the Company's shares over the five trading days immediately following the announcement of the Company's FY16 annual results (\$1.48).

Performance period and vesting

Rights are subject to a three-year performance period commencing on 1 July 2016 and ending on 30 June 2019.

If the performance conditions are met (see below), Rights will vest. Upon vesting, one Share will be allocated for each Right that vests (or he will be provided with the cash equivalent value).

Upon vesting of the Rights Mr Emmett is entitled to receive a cash payment that is equivalent to the gross cash dividends (including any cash dividends plus the value of any franking credits where a dividend is franked) payable during the period from the grant to vesting in respect of the number of Rights that vest.

Shares allocated upon vesting will not be subject to any further trading restriction, subject to complying with the Company's share trading policy.

There is no re-testing of performance conditions, any Rights that do not vest will lapse.

Performance condition

All of the Rights to be granted to Mr Emmett in relation to LTI are subject to one performance condition, Earnings Per Share ("EPS").

EPS is defined as Net Profit After Tax prior to the amortisation of acquisition related intangibles (net of tax effect) ("NPATA") divided by the average number of shares on issue in the relevant year (excluding treasury shares).

Performance is measured based on growth in EPS over the period; focusing participants on year-on-year growth in earnings. For the FY17 LTI grant, FY16 will be the base year for the purpose of the EPS performance hurdle. EPS in FY19 will be compared against EPS in FY16 to determine whether the EPS hurdles have been met in respect of the FY17 grant.

EPS targets are selected based on consideration of Shareholder and analyst expectations and the earnings and EPS targets set in the Company's business plan. As the EPS target is considered commercially sensitive information, the EPS target will be retrospectively disclosed for the performance period along with performance outcomes.

While the Board believes the EPS targets and vesting schedule strike an appropriate balance between being achievable yet sufficiently challenging, the Board retains a discretion to adjust the EPS performance hurdle as required to ensure that the Group CEO (and all other participants) is neither advantaged nor disadvantaged by matters outside management's control that materially affect EPS (for example, by excluding one-off non-recurrent items or the impact of significant acquisitions or disposals).

Cessation of employment

Unvested Rights will lapse in the event Mr Emmett resigns or is terminated for cause/gross misconduct prior to vesting.

In all other cases, a pro-rata number of unvested Rights (pro-rated for time elapsed since the start of the performance period) will continue to be performance tested on the normal vesting date and vest to the extent the performance condition is met.

Change of control

In the event of a change of control, unless the Board determined otherwise, a pro-rata number of Rights will vest (based on time elapsed at the time of the event), subject to the satisfaction of the performance conditions to the date of the event.

Clawback

Unvested Rights will be subject to clawback (at the discretion of the Board) where a participant's conduct may lead, or may have led, to termination for cause (if the actions of the participant were known prior to the participant's cessation of employment) or in the event of a material misstatement in the Company's financial statements that impacted results.

Other information required by the ASX Listing Rules

In relation to LTI awards under the Incentive Plan:

- Mr Emmett is the only Director entitled to participate in the FY17 Incentive Plan.
- This is the first year the Company is seeking approval of grants of Rights to Mr Emmett.
- There is no loan scheme in relation to the Rights.
- If Shareholder approval is obtained, further details of the Rights granted to the Group CEO under the Incentive Plan in FY17 will be provided in the Remuneration Reports for the years ending 30 June 2017, 30 June 2018 and 30 June 2019.
- If Shareholder approval is received, it is intended that the Rights will be granted to Mr Emmett as soon as practicable following the AGM, but in any event, no later than 12 months after the AGM.
- Shareholder approval was given on 13 November 2015 for the issue of share rights to Peter Edwards, (former Group CEO) under the Cover-More Group Incentive Plan for the following grants:

Type of Awards	Date of grant	Number of share rights
LTI	29 June 2015	201,794
STI	16 October 2015	22,681
LTI	16 October 2015	186,895

The rights were granted at no cost to Mr Edwards, and no amount is payable on vesting of the rights if the performance conditions (as applicable) are met.

Voting exclusion

A voting exclusion applies to this resolution, as outlined in the Notice of Meeting in the section titled "Voting Exclusion Statement".

Recommendation

The Board (other than Mr Emmett) unanimously recommend that Shareholders vote in favour of Resolution 5.

Should Shareholder approval not be received in respect of Resolution 5, the Board will consider alternative remuneration arrangements in order to satisfy Mr Emmett's contractual entitlements to an LTI grant, including offering an equivalent cash based LTI award on the same terms.

APPENDIX A – DIRECTORS

Name:	Stephen Loosley (Appointed on 2 December 2013)
Title:	Independent Non-Executive Director
Qualifications:	BA Hons from University of NSW, LLB Hons from University of Technology, Sydney, FAICD
Experience and expertise:	Stephen has extensive experience in government, public policy and the corporate sector and holds several board and advisory roles including Chairman of Thales Australia Advisory Board. Stephen is former Chairman of the Australian Strategic Policy Institute (Canberra) and serves as Independent Chair of the Woomera Prohibited Area Advisory Board. Stephen is a Director of O'Connell Street Associates Pty Limited, Director of RA Pty Ltd, Director of R & R Pty Ltd and Corporate Counsellor and former Deputy Chair of the Asia Society, Australia. Stephen served as Senator for New South Wales, and General Secretary of the Australian Labor Party, NSW Branch. He is also a former advisory board member of Crescent Capital Partners. Stephen served for five years as a Senior Vice President of the European Australian Business Council, is a former advisory board member for Veolia Australia and former board member of the Australian American Leadership Dialogue. Stephen was awarded an AM for services to the Parliament and International Policy in 2015.
Other current directorships:⁽¹⁾	None
Former directorships (in the last three years):⁽²⁾	None
Special responsibilities:	Member of Remuneration Committee
Interests in shares:	20,000 ordinary shares
Interests in options:	None

Name:	Trevor Matthews (Appointed on 2 December 2013)
Title:	Independent Non-Executive Director
Qualifications:	MA Actuarial Studies from Macquarie University, FIA, FIAA, ASA, GAICD
Experience and expertise:	Trevor has more than 40 years' experience in the financial services industry in Australia, North America, Asia and Europe. He is currently a board member of AMP Limited, Bupa Australia and New Zealand, FNZ Asia Pacific and Tokio Marine Asia and Edelweiss Tokio and is chairman of 1stAvailable and the State Insurance Regulatory Authority. Prior to joining Cover-More he was an executive director of Aviva plc., a leading global life and general insurer and chairman of its UK and French businesses. Previously he held CEO level positions in life and general insurance companies in the UK, Japan, Canada and Australia. Trevor served as Commissioner for the UK Commission for Employment and Skills, Chairman of the Financial Services Skills Council in the UK and has served on the boards of several national life industry associations.
Other current directorships:⁽¹⁾	Trevor is a Non-Executive Director of AMP Limited and Chair and Non-Executive Director of 1stAvailable Limited.
Former directorships (in the last three years):⁽²⁾	None
Special responsibilities:	Chair of the Audit and Risk Management Committee
Interests in shares:	100,000 ordinary shares
Interests in options:	None

(1) Current directorships of listed entities on the ASX only and excludes directorships of all other types of entities, unless otherwise stated.

(2) Directorships held in the last 3 years of listed entities on the ASX only and exclude directorships of all other types of entities, unless otherwise stated.

APPENDIX B – SUMMARY OF COVER-MORE GROUP INCENTIVE PLAN (INCENTIVE PLAN)

Term	Detail
Purpose	<p>The purpose of the Plan is to encourage retention and to align the incentives with shareholder value.</p> <p>The Plan operates to allow the Board to grant equity awards in the form of Rights or Options as part of:</p> <ul style="list-style-type: none"> the long term incentive component of remuneration, as determined by the Board from time to time. the deferred component of short term incentive awards earned in a particular period in respect of remuneration, as determined by the Board.
Rights and Options	<p>Each Right is a right to receive one Share in the Company (or the Cash Equivalent Value in respect of the Rights that vest), subject to the applicable Vesting Conditions being satisfied.</p> <p>Each Option is a right to receive one Share in the Company (or the Cash Equivalent Value in respect of the Options that vest), subject to the applicable Vesting Conditions being satisfied and payment of the applicable exercise price.</p>
Eligible Participants	<p>The Board may grant Rights and/or Options to executives and other selected employees of the Company. In general, the Board will invite those executives and employees who are key to the long-term success of the Company.</p>
Vesting Conditions and performance period	<p>The Board may determine vesting conditions, which may include performance and/or service conditions that must be satisfied before the Rights and/or Options vest.</p> <p>The vesting conditions will be measured and tested over a period determined by the Board.</p> <p>For the long term incentive, it is intended that the performance period will be a minimum period of three years.</p> <p>For the short term incentive, it is intended that the service (deferral) period will be a minimum of two years.</p>
Other terms	<p>The Board may determine the terms of the Rights and/or Options, including whether any price is payable for the grant of Rights or Options, the exercise price of Options, and any other vesting or lapsing conditions.</p>
Entitlements	<p>Rights and Options do not carry a right to vote or a right to dividends, or in general, a right to participate in other corporate actions such as bonus issues.</p> <p>Rights and Options are non-transferable, except in limited circumstances or with the consent of the Board.</p> <p>Upon vesting of Rights and/or Options, the Company may provide participants with an entitlement to receive a cash payment that is equivalent to the gross cash dividends (includes any cash dividends plus the value of any franking credits where a dividend is franked) payable during the period from the Grant Date to the Vesting Date in respect of the number of Rights/Options that vest (“Dividend Equivalent Payment”).</p>

Term	Detail
Allocation of shares upon vesting	<p>The Company may issue new shares or procure the acquisition of shares on-market to satisfy vested Rights or Options that have been exercised.</p> <p>The Company may also operate an employee share trust to acquire, hold or provide shares for the purposes of the Plan.</p> <p>No trading restriction will be placed on shares allocated following vesting, subject to the Company's Share Trading Policy, unless the Board determines otherwise.</p>
Cessation of employment	<p>Where a participant ceases employment with the Company prior to the end of the vesting period, the treatment will depend on the circumstances of cessation.</p> <p>In the event of resignation, termination for cause or gross misconduct, all unvested Rights and Options will lapse at cessation.</p> <p>Where a participant ceases employment for any other reason prior to the Rights or Options vesting, a pro-rata portion of unvested Rights or Options (pro-rated for time elapsed since the start of the performance period) will generally continue on-foot and be tested at the end of the normal vesting date against the relevant vesting conditions (ignoring any service related conditions).</p> <p>However, the Board has discretion to determine that a different treatment should apply at the time of cessation, if applicable.</p>
Change of control	<p>Where a change of control occurs prior to vesting of Rights or Options, unless the Board determines otherwise, a pro-rata number of the Rights and Options may vest (based on the vesting period elapsed) to the extent to which vesting conditions have been met at the time of the event.</p> <p>The Company also has specific rules in relation to divestments, with the Board having the discretion to determine an appropriate treatment for participants in the event of the divestment of a material part of the business (as determined by the Board).</p>
Clawback	<p>In events like fraud, dishonesty or material misstatement of financial statements, the Board may make a determination, including lapsing unvested Rights and Options or 'clawing back' shares allocated upon vesting of Rights and Options, to ensure that no unfair benefit is obtained by a participant.</p>
Adjustment of awards	<p>The Board has discretion to adjust the number of Rights and Options in the event of a variation of capital or other corporate transaction to ensure participants do not enjoy a windfall gain or suffer a material detriment as a result of the variation (and in accordance with the ASX Listing Rules).</p>
Administration of Plan	<p>The Plan may be administered either by the Board or an external party, including using a trust to acquire, hold or provide shares to satisfy the awards.</p> <p>The Board has the power to make all required determinations under the Plan and to waive or modify the application of the terms of the Plan and the Rights and Options granted under it as it considers appropriate.</p>

LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au



BY MAIL

Cover-More Group Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



BY FAX

+61 2 9287 0309



BY HAND

Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138



ALL ENQUIRIES TO

Telephone: +61 1300 554 474



X99999999999

PROXY FORM

I/We being a member(s) of Cover-More Group Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY



the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy



or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:00am on Thursday, 10 November 2016 at Heritage Ballroom, The Westin, 1 Martin Place, Sydney NSW 2000** (the Meeting) and at any postponement or adjournment of the Meeting.

Important for Resolution 3: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolution 3, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒

Resolutions

1 Re-Election of Mr Stephen Loosley as Director

For Against Abstain*

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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5 Grant of Rights and issue of Shares to the Group Chief Executive Officer (CEO), Mr Mike Emmett (FY17 LTI)

For Against Abstain*

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

2 Re-election of Mr Trevor Matthews as a Director

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

3 Adoption of Remuneration Report

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

4 Grant of Shares to the Group Chief Executive Officer (CEO), Mr Mike Emmett

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)



Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, all shareholders must sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolution is connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, all shareholders must sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am on Tuesday, 8 November 2016**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



BY MAIL

Cover-More Group Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138

* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**