



# NEWS

7 April 2014

## **AGREEMENT TO SELL INSURANCE BROKING AND PREMIUM FUNDING OPERATIONS**

Wesfarmers today announced it has agreed to sell the insurance broking and premium funding operations of its Insurance division to subsidiaries of Arthur J. Gallagher & Co. (NYSE: AJG) for \$1,010 million. In addition to the purchase price, Wesfarmers will receive a distribution of approximately \$150 million to repay funding of the premium funding operations.

On successful completion of the transaction, Wesfarmers expects to record a pre-tax profit on sale of approximately \$310 million to \$335 million.

Wesfarmers' insurance broking businesses comprise OAMPS Insurance Brokers in Australia, OAMPS UK and Crombie Lockwood in New Zealand. The premium funding operations in Australia and New Zealand comprise Lumley Finance and Monument Premium Funding.

Arthur J. Gallagher & Co. (AJG) is one of the largest risk management and insurance broking companies in the world. Headquartered in Illinois, USA and founded in 1927, it employs over 16,000 insurance professionals in 25 countries.

The sale is subject to a number of conditions precedent including obtaining approvals from the Foreign Investment Review Board in Australia, Overseas Investment Office in New Zealand and the Financial Conduct Authority in the United Kingdom. Achieving satisfaction of the conditions precedent is expected to take several months.

The decision to sell the insurance broking and premium funding operations follows the agreement announced on 16 December 2013 to sell the Australian and New Zealand underwriting businesses of Wesfarmers' Insurance division to Insurance Australia Group (IAG). While this sale continues to remain subject to regulatory approvals, the Australian Competition and Consumer Commission has confirmed in April that it would not oppose Insurance Australia Group's proposed acquisition of the Australian underwriting operations.

On the assumption of all regulatory approvals being received, the sale transactions to IAG and AJG collectively constitute the entire business operations of Wesfarmers Insurance division. In aggregate the two transactions are expected to provide to Wesfarmers pre-tax proceeds of approximately \$3 billion and result in a pre-tax profit of approximately \$1,010 million to \$1,085 million.

Wesfarmers Managing Director Richard Goyder said the OAMPS broking businesses have been part of the Wesfarmers Group since 2006, Crombie Lockwood and Monument Premium Funding since 2007 and Lumley Finance since 2003.

“We believe this sale agreement with Arthur J. Gallagher & Co. is in the best interests of our shareholders while offering the customers and employees of our insurance broking and premium funding businesses the opportunity to join a leading global insurance broking company with ambitions to expand in Australia and New Zealand,” Mr Goyder said.

Mr Goyder said that the agreements to sell the insurance underwriting operations and the broking and premium funding businesses were consistent with the company’s focus on disciplined portfolio management having regard to the long-term interests of shareholders.

“I thank all teams in the Insurance division for their outstanding efforts in growing and improving their businesses under Wesfarmers ownership and, most recently, for their continuing focus and dedication during the processes involved with transition to new ownership,” he said.

**For further information:**

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