

## 2017 Scheme Meeting: Chairman's speech

### Chairman's Scheme Meeting address

Good morning everyone. My name is Louis Carroll and I am Cover-More's Independent Non-Executive Chairman.

Welcome and thank you for attending today's Scheme Meeting of Cover-More's shareholders. We have one agenda item today and that is to consider the proposed acquisition of all of the shares in Cover-More Group Limited by Zurich Travel Solutions Pty Limited, a wholly owned subsidiary of Zurich Insurance Company Ltd, by way of a Scheme of Arrangement.

This is a properly constituted meeting and a quorum is present, so we can proceed. I officially declare our meeting open.

Firstly, I would like to introduce my fellow directors.

- Mike Emmett, Managing Director and Group Chief Executive Officer
- Sam Mostyn, Independent Non-Executive Director
- Lisa McIntyre, Independent Non-Executive Director
- Stephen Loosley, Independent Non-Executive Director
- Trevor Matthews, Independent Non-Executive Director; and
- Will Easton, Independent Non-Executive Director (who is unable to join us today).

I would also like to introduce our Group Chief Financial Officer and Company Secretary, Mark Steinberg.

Also present today are a number of Cover-More's senior management team.

Notice of today's Scheme Meeting is included as Attachment A of the Scheme Booklet, which was despatched to Cover-More shareholders on 24 February, 2017. The notice has been given in accordance with the orders made by the Federal Court of Australia on 20 February, 2017.

I will take the Notice of Meeting as being read.

Before we conduct the formal vote I will:

- Provide you with an overview of the proposed Scheme and purpose of this Scheme Meeting;
- Your directors' recommendation of the proposed Scheme and the reasons to vote in favour of the proposed Scheme;
- The current status of conditions precedent to the Scheme becoming effective and the Scheme timetable; and lastly
- The voting process and proxy votes received

The purpose of this Scheme Meeting is for Cover-More's shareholders to consider and formally vote on the proposed acquisition of all of the shares in Cover-More Group Limited by Zurich Travel Solutions Pty Limited, a wholly owned subsidiary of Zurich Insurance Company Limited, by way of a Scheme of Arrangement.

From here I will refer to this proposed arrangement simply as the "Scheme".

If the Scheme is approved by shareholders today and becomes effective, then Cover-More shareholders will receive total cash payments of \$1.95 per Cover-More share on the implementation date of the Scheme, which is expected to comprise:

- A fully franked Special Dividend of \$0.05 per Cover-More share held on the Special Dividend Record Date; and
- Scheme consideration of \$1.90 per Cover-More share held on the Scheme Record Date.

The implementation date for the Scheme is currently expected to be Thursday, 13 April 2017.

Full details of the proposed Scheme are set out in the Scheme booklet which was despatched to Cover-More shareholders on 24 February 2017.

You will have an opportunity to ask questions prior to voting on the proposed resolution to approve the Scheme.

The Scheme Resolution, as set out in the Notice of Meeting, sets out the following resolution in accordance with section 411 of the Corporations Act:

*“That, pursuant to and in accordance with section 411 of the Corporations Act, the Scheme, the terms of which are contained in and more particularly described in the Scheme Booklet (of which this Notice of Scheme Meeting forms part) is approved (with or without modification as approved by the Court).”*

In accordance with the Corporations Act, the Scheme Resolution must be approved by:

- A majority in number of the holders of Cover-More shares present and voting (either in person, by proxy or attorney or in the case of a corporate holder, by duly appointed corporate representative) at this Scheme Meeting; and
- At least 75% of the votes cast on the Scheme Resolution

As noted in the proxy form which was included as Attachment F in the Scheme Booklet, in my capacity as Chairman of this meeting, I intend to vote all undirected proxies I hold in favour of the Scheme Resolution.

Your Directors unanimously recommend that Cover-More shareholders vote in favour of the Scheme and have voted the shares they own or control in favour of the Scheme. The Scheme Booklet sets out the detailed reasons for your Directors’ recommendation.

Cover-More has a clear strategy as a stand-alone entity that your Directors believe will deliver improving returns for Cover-More shareholders. However, no strategy is without execution risk and, on balance, your Directors believe that there is greater certainty that the Scheme will deliver higher value to Cover-More shareholders than Cover-More continuing as a stand-alone entity.

Your Directors also unanimously consider that the Scheme is in the best interests of Cover-More shareholders because:

- The Total Cash Payments of \$1.95 per Cover-More share represent an opportunity for Cover-More shareholders to realise certain cash value for their Cover-More shares and is superior to other strategic options available to Cover-More;
- The Total Cash Payments of \$1.95 per Cover-More share represent a significant premium to Cover-More’s trading prices prior to the announcement of the Scheme on 12 December 2016 and the price at which Cover-More raised equity in September 2016;
- The Independent Expert has concluded that the Scheme is in the best interests of Cover-More shareholders, in the absence of a Superior Proposal. A copy of the Independent Expert’s report is included as Attachment E of the Scheme Booklet; and
- At this time, no Superior Proposal has been received by Cover-More.

Implementation of the Scheme is subject to a number of conditions. The relevant conditions which remain outstanding at this time are:

- The approval of the Scheme by Cover-More shareholders, which is why we are holding the meeting today;
- The approval of the Scheme by the Federal Court of Australia, which will be sought following this Scheme Meeting in the event shareholders approve the Scheme; and

- No Cover-More Prescribed Event and no regulatory intervention or restraint occurring before the Scheme is approved by the Court.

If the Scheme is approved by Cover-More shareholders at today's meeting, the next key dates in the Scheme timetable are:

- On Friday, 31 March 2017, Cover-More will seek the approval of the Federal Court of Australia to implement the Scheme. If the Court approves the Scheme and issues the orders sought, then on Monday, 3 April 2017, Cover-More will lodge with the Australian Securities and Investments Commission a copy of the Court's orders and the Scheme will become effective. Trading in Cover-More shares will be suspended at the close of trading on the ASX on that day;
- If the Special Dividend is declared by the Board, the Special Dividend Record Date will be 5:00pm (Sydney time) on Wednesday, 5 April 2017. All Cover-More shareholders who hold Cover-More shares on the Special Dividend Record Date will be entitled to receive the Special Dividend (if declared); and
- The formal Record Date for the Scheme will be 5:00pm (Sydney time) on Monday, 10 April 2017. All Cover-More shareholders who hold Cover-More shares on the Scheme Record Date will be entitled to receive the Scheme Consideration.

If you sell your Cover-More shares before the Special Dividend Record Date you will not be entitled to the Special Dividend (if declared), and if you sell your Cover-More shares before the Scheme Record Date you will not be entitled to receive the Scheme Consideration.

The Scheme is expected to be implemented on Thursday, 13 April 2017, which is when the Total Cash Payments are scheduled to be made to eligible shareholders.

I note that these dates are indicative only and may change.

On behalf of all my fellow directors, I would like to recognize the tremendous effort of the Cover-More Senior Leadership Team, led by our Group CEO Mike Emmett and every Cover-More employee. To every one of you, I offer my thanks.

As described in the Scheme Booklet, Zurich has indicated that, if the Scheme is implemented, they intend to operate Cover-More as a discrete business and retain Cover-More's management team to help them safeguard the key drivers of Cover-More's success, including its strong brand and entrepreneurial culture of innovation. This is a further acknowledgement of the commitment and hard work of all employees in creating a company that today is a leading specialist in travel insurance and assistance.

Finally I would like to thank my fellow directors for all their dedication and commitment and our shareholders, for all of your support. It has been a privilege for me to serve as your Chairman.

*ENDS*

**For investor relations contact Michael Brown, +61 400 248 080**

**For media enquiries contact Peter Brookes, +61 407 911 389**

#### **About Cover-More Group**

Cover-More Group Limited is a specialist and integrated travel insurance, medical assistance and employee assistance provider. The group listed on the Australian Securities Exchange (ASX) in 2013. Cover-More has the leading market position in Australia—with an approximate 40% share of the national travel insurance market and a growing footprint in India and China as well as a presence in Malaysia, Singapore, New Zealand and the United Kingdom and now the United States. Visit [www.covermoregroup.com](http://www.covermoregroup.com) for more information.