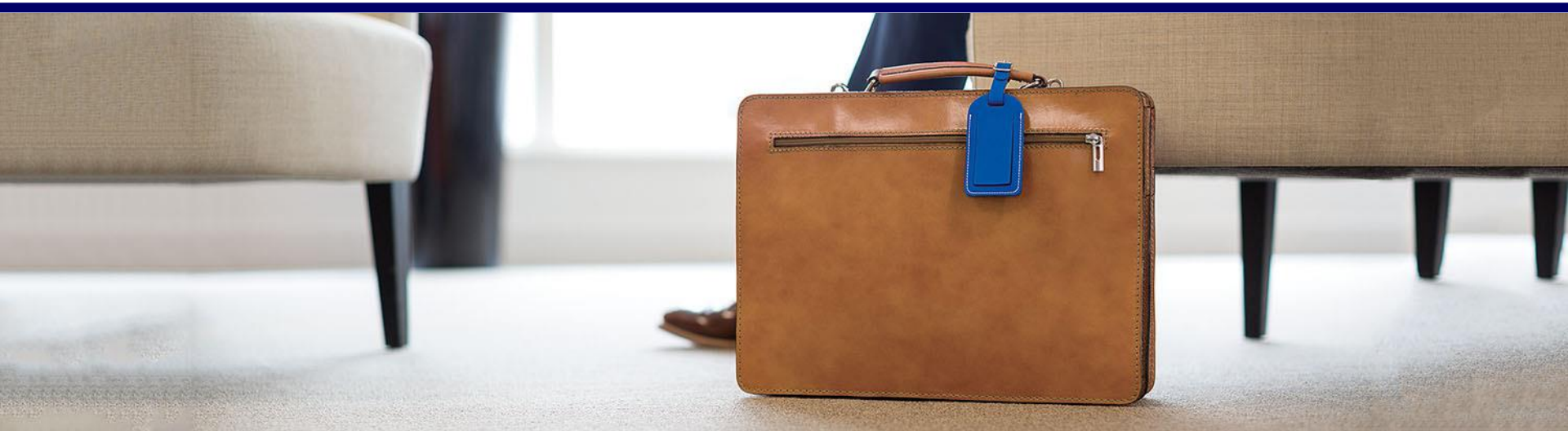


# Zurich to acquire Cover-More Group

Investor presentation  
December 12, 2016

Zurich Insurance Group



# Compelling strategic and financial rationale



<b>Leading market position</b>	<ul style="list-style-type: none"><li>• Zurich to become a top 3 travel insurance provider globally</li><li>• Cover-More Group Limited (Cover-More) is the #1 travel insurance provider in Australia and New Zealand and #3 in the US<sup>1</sup></li></ul>
<b>Aligned with strategy</b>	<ul style="list-style-type: none"><li>• Fully aligned with Zurich's strategy</li><li>• Significant expansion of distribution partnerships, leveraging technology to attract and service retail customers in attractive and growing segments</li></ul>
<b>Significant step in Global Specialties</b>	<ul style="list-style-type: none"><li>• Acquisition is a key enabler for Cover-More's global ambitions, benefiting from Zurich's global underwriting capabilities</li><li>• Expands travel insurance premium volumes by more than 3x</li></ul>
<b>Builds on Zurich's expertise</b>	<ul style="list-style-type: none"><li>• Cover-More's capability provides the opportunity for differentiation through service and partnerships, where Zurich can deliver best-in-class practices</li><li>• Builds on Zurich's long history in writing travel products</li></ul>
<b>Value creation and synergies</b>	<ul style="list-style-type: none"><li>• Transaction provides access to UW profits from travel insurance, subject to current contractual arrangements, in addition to current fee based travel and assistance business</li><li>• We also expect synergies resulting from a combination of efficiency gains and deploying Cover-More technology across Zurich's footprint</li></ul>

<sup>1</sup> For the retail travel insurance specialist segment.

# Transaction highlights

<b>Proposed transaction</b>	<ul style="list-style-type: none"><li>• Proposed acquisition by Zurich Insurance Company Ltd of 100% of the share capital in Cover-More via a scheme of arrangement</li><li>• Transaction is unanimously recommended by the Cover-More board of directors</li></ul>
<b>Offer value</b>	<ul style="list-style-type: none"><li>• Cash offer of AUD 1.95 per ordinary share (AUD 741m / USD 554m on a fully diluted basis), to be adjusted for any dividend to be declared by Cover-More prior to the end date of June 30, 2017</li><li>• 41% premium to Cover-More's 3-month VWAP</li></ul>
<b>Consideration</b>	<ul style="list-style-type: none"><li>• 100% cash</li></ul>
<b>Funding</b>	<ul style="list-style-type: none"><li>• Funding from internal sources</li><li>• Results in Z-ECM ratio reduction of approximately 2 percentage points</li></ul>
<b>Integration</b>	<ul style="list-style-type: none"><li>• Limited integration costs expected to be incurred over the next 12 months</li><li>• Phase-in of underwriting support by Zurich over the next 12 months, subject to current contractual arrangements, with a view to insure most of the travel risk</li></ul>
<b>Approvals / timeline</b>	<ul style="list-style-type: none"><li>• Closing expected to occur no later than Q2 2017, subject to regulatory and Cover-More's shareholder approvals</li></ul>

# Travel insurance is a global and attractive market



## MARKET SIZE FOR TRAVEL INSURANCE<sup>1</sup>

	US	AU	GB	CH	DE	CN	India	MY
GWP (USDbn)	2.2	0.6	1.3	0.2	0.6	0.6	0.1	0.1
Historic growth (%) <sup>2</sup>	7%	5%	4%	3%	3%	18%	21%	17%
Future growth (%) <sup>2</sup>	5%	5%	4%	1%	3%	18%	21%	15%
#Trips ('000)	82,000	9,400	60,900	14,500	85,000	85,700	19,900	13,000
#Policies ('000)	27,800	5,200	17,500	2,000	28,600	12,300	2,700	2,400
Penetration	34%	55%	29%	14%	34%	14%	13%	18%

### Key features of travel insurance:

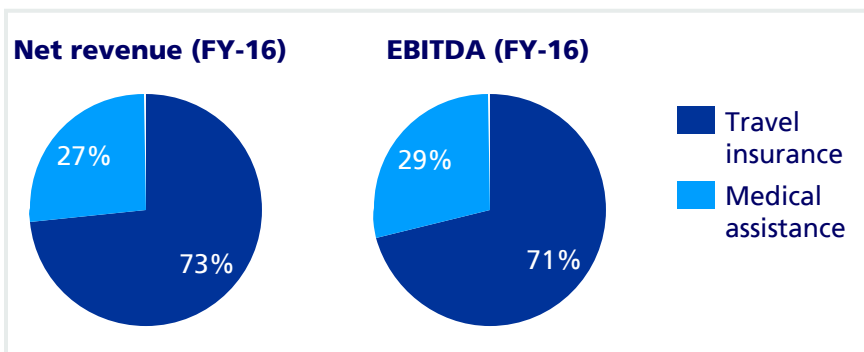
- Diversification from traditional Motor and Home insurance offering.
- Lifestyle specialty product and one of the first entry points products (especially for younger generation), creating an opportunity to build long-term relationship with the customer.
- Attractive growth prospects and cross-sell opportunities.
- Short-term products with low volatility in earnings and low risk capital needs.

<sup>1</sup> Source: Finaccord.

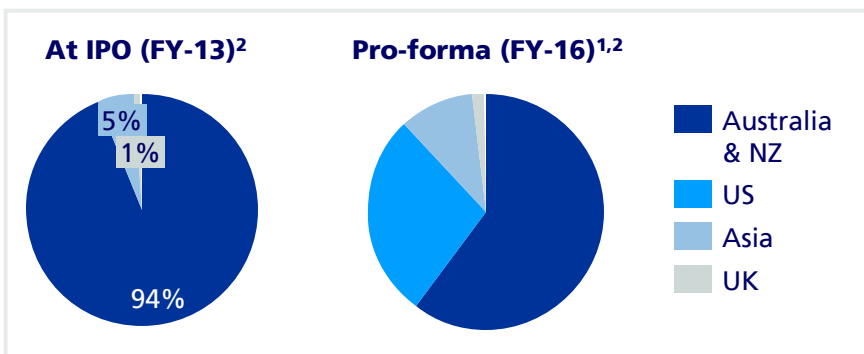
<sup>2</sup> Historic growth is 2011-2015 CAGR, future growth is 2015-2019 CAGR.

# Highly complementary business mix and geographic footprint

## PRO-FORMA 2016 BUSINESS MIX<sup>1,2</sup>



## GROSS SALES BY GEOGRAPHY



## COMMENTS

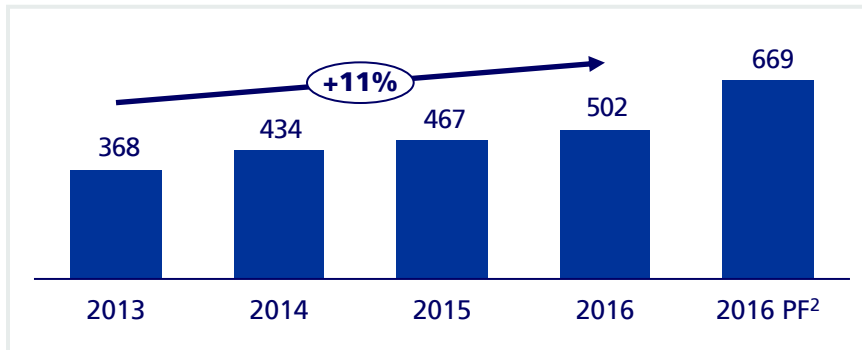
- Cover-More is a leading global travel insurance provider with a complementary business and geographical mix
- 90% of sales in mature markets
- 5m+ customer base, 35,000 medical assistance cases p.a.
- Strong distribution relationships
- Global assistance solution, combined with Zurich's existing WTP Assist in Canada
- Leading positions in Australia (#1), New Zealand (#1) and US (#3)
- Opportunity to grow globally across industry verticals

<sup>1</sup> Pro-forma for acquisition of Travelex Insurance Services on November 17, 2016. Assuming Travelex is 100% US travel insurance.

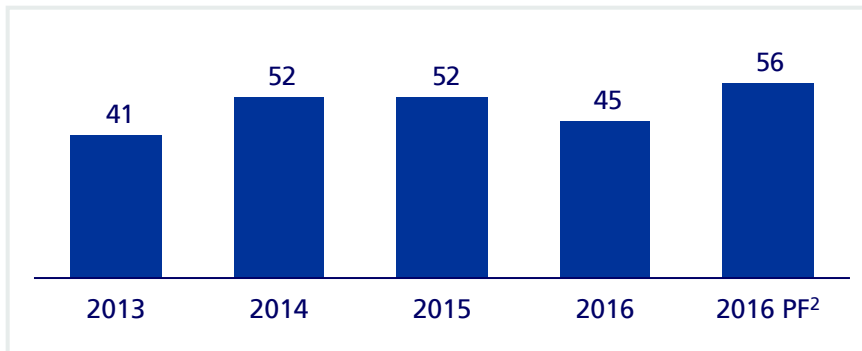
<sup>2</sup> For the financial year ending June 30.

# Strong underlying financials, with opportunity to accelerate under Zurich's ownership

## GROSS SALES (AUDm)<sup>1</sup>



## EBITDA (AUDm)<sup>1</sup>



## COMMENTS

- Underlying financial performance has been strong, since listing of Cover-More in 2013
- Significant growth:
  - Acquisition of Travelex Insurance Services in the US
  - New distribution agreements in Australia and New Zealand
  - E-commerce relationship in India
- Opportunities under Zurich's ownership:
  - Leverage footprint and cross-selling
  - Lock in underwriting margin, subject to current contractual arrangements

<sup>1</sup> For the financial year ending June 30

<sup>2</sup> Pro-forma for the acquisition of Travelex Insurance Services (USD converted at 1.346 USD/AUD).

# Strong strategic fit

## Partnerships

- Further strengthen affinity distribution partnership skills along key industry verticals

## Customer segment

- Lifestyle specialty product with fast growing market globally
- Attractive entry point to build relationships, especially with young customers

## Customer experience

- Market leading technology, which allows an enhanced product segmentation and improved customer and distribution partner outcomes
- Strong digital capabilities
- Leverage medical assistance capabilities to in-source Zurich's assistance services requirement previously outsourced to third parties

## Global Specialties

- Focus on more agile specialties business lines
- Top 3 travel insurance provider, with leading position in key markets

## Attractive market

- Highly attractive product and market with low capital requirements and low volatility in earnings
- Margin generation driven by fee income and stable UW result

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