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## **CBL TO EXIT FRENCH CONSTRUCTION BUSINESS**

CBL Corporation Limited (CBL) has undertaken a strategic review of its long-tail French Construction Business.

Although profitable, the long-tail French Construction Business involves significant estimations of future claims by independent actuaries and consumes a high level of capital for a long period of time. The Board considers that the level of estimations and the potential for adjustment presents a disproportionate level of a risk for the wider business of the Group.

As a result, the Board of CBL has today decided it will exit its French Construction Business to ensure it is able to deliver ongoing value to shareholders as well as a higher return on equity.

CBL will focus on core business products with shorter terms and actual reported claim notifications that require significantly less capital and which are more profitable.

Given the French Construction Business is profitable, all exit options are being considered including a sale of the insurance book as well as the distribution and operational networks of the Managing General Agents, EISL and SFS, on a going concern basis.

CBL is currently appointing advisors to run this process on its behalf. It will be handled in an orderly manner and designed to ensure continuity for all policyholders of the French Construction Business, maintaining economic value of both SFS and EISL and to maximise value for CBL stakeholders.

The exit process is expected to take up to 90 days to complete. CBL will cease writing new French Construction Business from April 2018, with all French Construction Business renewals ceasing from June 2018, subject to regulatory approval.

CBL has also triggered its legal rights against the vendors of SFS under the purchase agreement. Alongside any other potential remedies, it has recourse to NZ\$40m to recover against on CBL's balance sheet.

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The Board considers this exit of the French Construction Business to be a significant and positive decision made in the interests of ensuring CBL's long term growth and profitability. This will enable the business to move forward with CBL's core business lines which have continued to perform strongly during 2017.

Further details will be announced on the planned capital raise (details of which are being worked on) as well as financial information that takes into account the strategic decision to exit the French Construction Business.

CBL would like to acknowledge the support it has received from its clients and stakeholders over the past 10 days as well as the dedicated ongoing commitment to service from employees. While the exit process is taking place, we do not expect any material change to underlying operations other than outlined above.

CBL remains on track to announce its results on 27 February 2018.

**ENDS**

#### **About CBL**

*CBL Corporation Limited (CBL) is a specialist insurer and reinsurer focused on credit and financial risk. CBL has eight offices spread across 25 countries and almost 550 employees. The company has been operating since for 44 years, and is listed on the ASX and the NZX Main Board. CBL's main operating subsidiary is CBL Insurance Limited, which is a New Zealand licensed non-life insurer supervised and regulated by the Reserve Bank of New Zealand.*

*CBL also has a number of wholly owned subsidiary companies including CBL Insurance Europe, which is a regulated insurer in Ireland, Assetinsure, an Australian licensed non-life insurer supervised and regulated by Australian Prudential Regulation Authority, European Insurance Services Limited, a managing general agency (MGA) in Tunbridge Wells in the United Kingdom, Securities & Financial Solutions a managing general agency (MGA) in France and Professional Fee Protection, UKs leading fee protection provider offering expertise and market-leading support to help accountancy practices strengthen their client relationships and grow their revenue.*

*CBL specialises in writing building and construction related credit and financial surety insurance, bonding and reinsurance.*

*To know more about CBL Group, visit our corporate website [www.cblcorporation.com](http://www.cblcorporation.com)*

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