

Case Study

CBL Corporation Limited



CBL insurance

\$55m

April 2014
Senior Secured Notes
Sole Lead Arranger

Issue Date	April 2014
Amount	\$55m
Maturity	17 April 2019
Term	5 years
Coupon	8.25% p.a.

Issuer Profile

CCL is a New Zealand incorporated and headquartered credit and financial risk insurer that listed on the ASX and NZX in October 2015 and has been operating for 40 years. CCL conducts its business through two wholly-owned operating subsidiaries CBL Insurance Limited (“CBL”) and European Insurance Services Limited (“EISL”). CBL is a New Zealand incorporated and licensed non-life insurer supervised and regulated by the Reserve Bank of New Zealand (“RBNZ”). CBL specialises in writing niche building and construction related credit and financial surety insurance, bonding and reinsurance.

Issuer Need

Prior to becoming a public company, CCL was seeking a financing partner to refinance its existing facilities and inject further funds into the business to capitalise on the new business opportunities available through its wholly-owned subsidiaries CBL insurance Ltd and European Insurance Services Ltd.

FIIG Solution

FIIG worked closely with CCL to determine a capital structure that would allow for increased flexibility for future acquisitions and provide the capital/liquidity injection into CBL as they seek to achieve the higher credit rating. By issuing a Senior Secured Note into the holding company, CCL obtained a layer of capital not met by the traditional bank market. The Notes were structured to provide sufficient covenant protection to investors that while providing CCL the flexibility required to efficiently allocate its capital.

Client Testimonial

Chief Financial Officer Carden Mulholland said the bond issue offered a number of key advantages over borrowing from the bank including the fact that it was lower covenant. “It meant that we didn’t have to have the assets identified up front which was a requirement of bank funding and so the process for us was very quick,” Mr Mulholland said. “That also allowed us to look at a number of opportunities all at the same time without having to go back to the bank every time and try and get their buy-in for it through a structured-type financing arrangement. Because of the bond issue we could go to the table with a war chest behind us which allows us to do a stronger deal.”

FIIG Contact

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