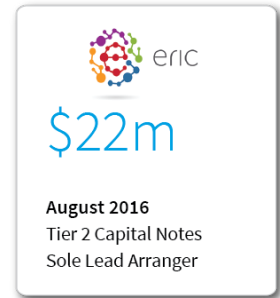


# Case Study

## Eric Insurance



<b>Issue Date</b>	August 2016
<b>Amount</b>	\$22m
<b>Maturity</b>	4 August 2026
<b>Term</b>	10 years (par call after 5)
<b>Coupon</b>	10.00%

### Issuer Profile

Established in 2000 and previously known as Avea Insurance, Eric is a privately owned underwriter of insurance products that are predominately related to the sale of new and used motor vehicles and motor vehicle finance. Eric sell a range of motor insurance-related products classed as either asset protection or personal protection products, and at the time of issuance was the 3rd-largest competitor in the market behind Allianz and Swann.

### Issuer Need

Eric operated a distribution network of independent motor vehicle dealerships and finance and insurance brokers to sell policies and was seeking to grow and diversify its distribution business model by acquiring a competitor's Motor Vehicle Insurance business. This was in turn supported by its own existing internal sales team and established dealer network. Up until this point, Eric had benefitted from a lower cost base, however found limited opportunities to grow the network further through organic means. The increased business scale would enable Eric to penetrate large factory and franchise dealerships with a broader product offering and lower the cost per policy through improved operating leverage.

### FIIG Solution

Eric was able to work closely with FIIG to issue a Tier 2 Capital Note into the capital markets. The terms and structure of the notes were supportive to Eric's requirements and able to be included as regulatory capital with adhering to APRA's requirements. The issue was viewed favourably by FIIG's distribution network and was well oversubscribed.

### Client Testimonial

Eric CEO David Pemberton, who joined the company in 2009, was a senior manager at Swann Insurance between 1990 and 2002. "The acquisition fast-tracks our strategic ambitions, allowing us to have a more extensive network with car dealers and finance brokers", he said. "We are very happy with the financing solution arranged by FIIG Securities enabling us to complete the acquisition".

### FIIG Contact

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