



CBL Group



CBL Corporation Limited

Doing Business in Mexico

2017



Today's Presentation

New Zealand and Mexico
Natural Partners



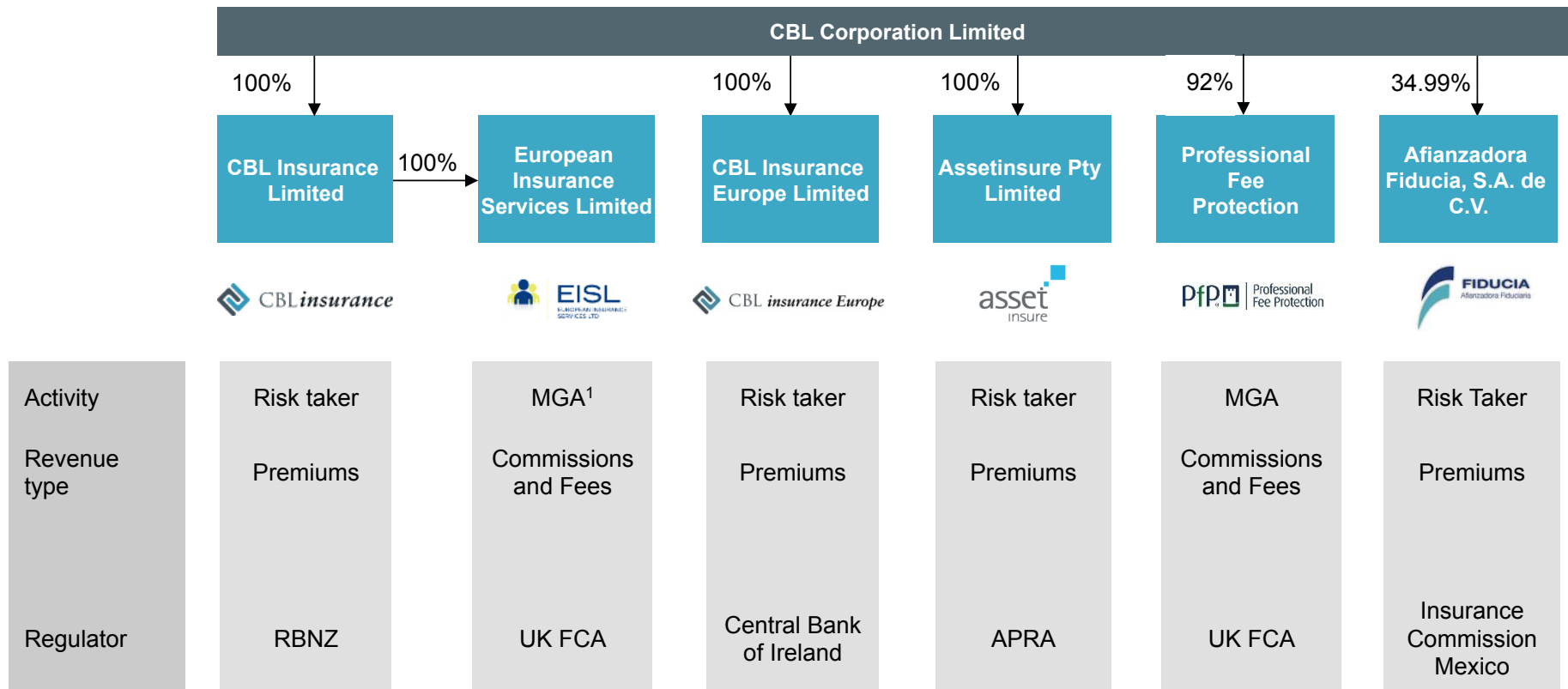
Today we will cover;
Background on CBL Insurance

The importance of
understanding different cultures

CBL Insurance in Mexico

CBL's Corporate structure

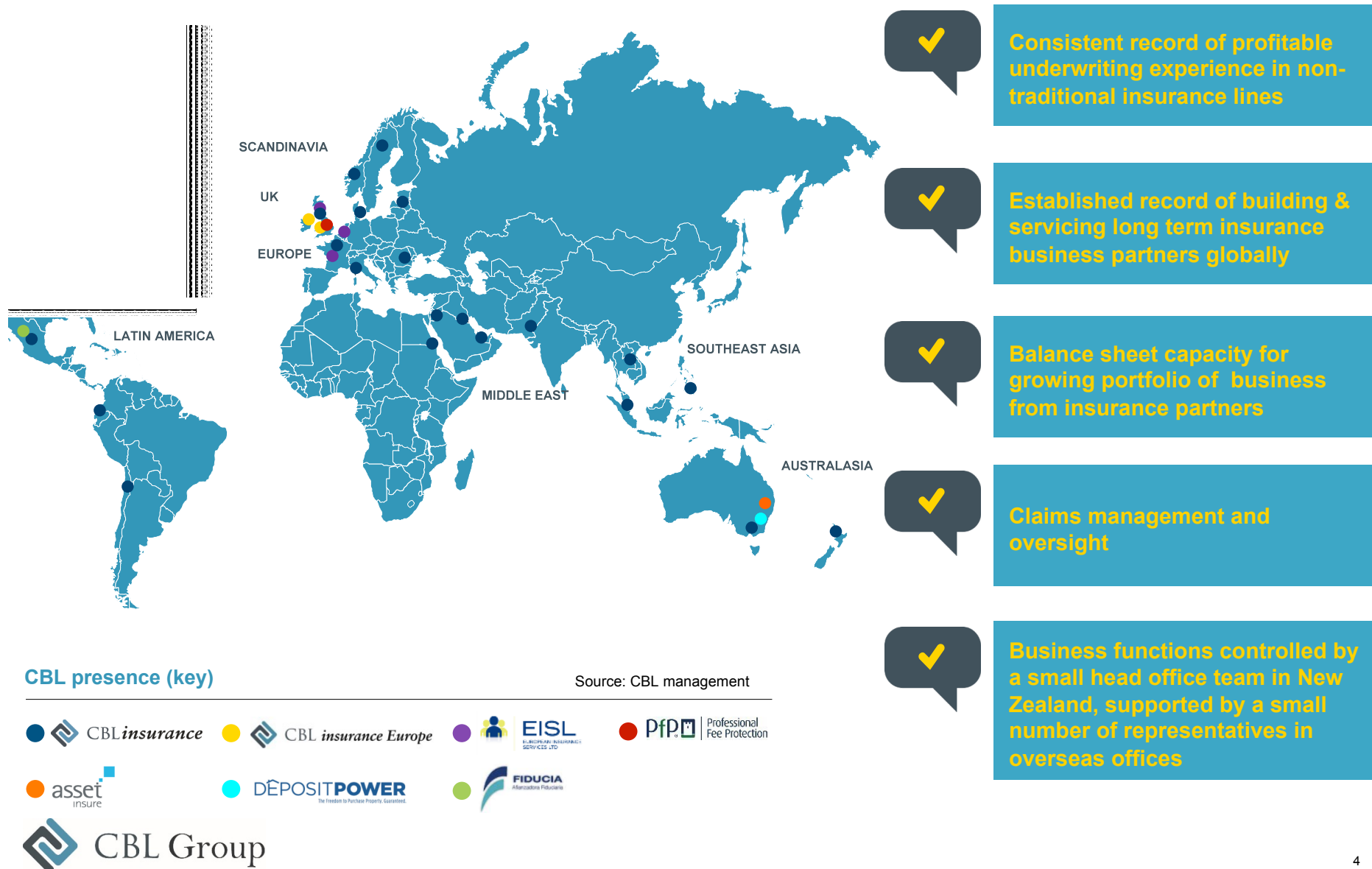
- CBL Group operates an integrated insurance business model with various operating subsidiaries acting as MGA, licensed insurer and reinsurer
- An integrated business model provides CBL the opportunity to take advantage of profitable opportunities in markets CBL assesses as most suited to its expertise



Source: CBL management

1. Managing General Agent - an intermediary between brokers and insurers with power to bind insurers to policies issued by EISL

How do we run a global business from New Zealand?



What insurance products do we provide?

Builders Warranty (Mexico)

- Policy to new home purchasers, indemnifying them from losses sustained as a result of non-completion of the home or failure of the builder to remedy post-completion defects in the home

Credit & Surety Bonds (Mexico)

- Bonds provided to beneficiary to secure a financial or contractual liability for the performance of a particular contract or obligation

Credit Enhancement

- Policy that provides the borrower with enhanced collateral or guarantees in order to achieve a more efficient funding package

Professional Indemnity

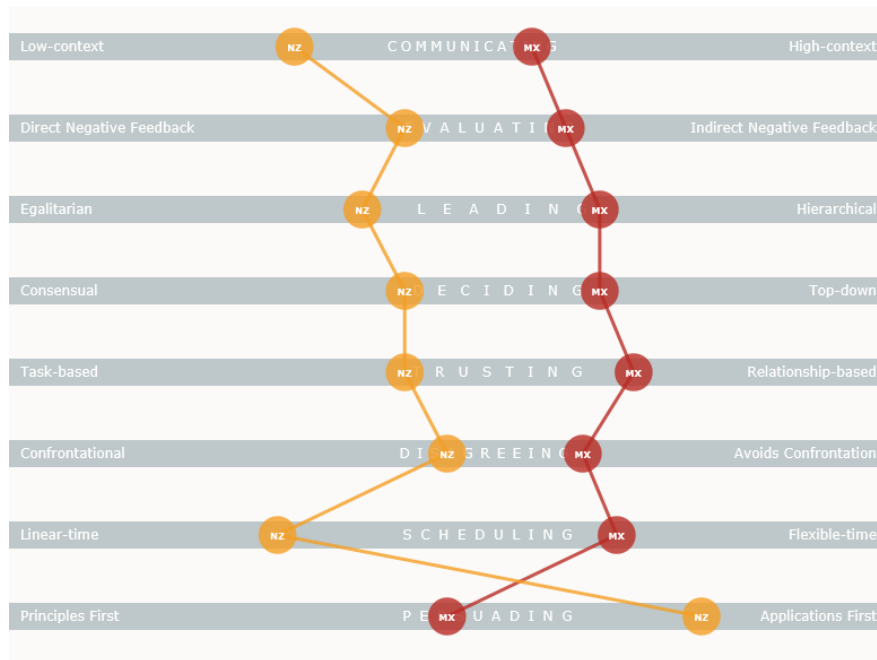
- Provides cover for liability arising from professional advice or services provided. i.e. claims of negligence

Completion Guarantees (Mexico)

- Attaches to an individual building and guarantees the financial completion of the construction

The Importance of Understanding Culture

The Culture Map – Mexico v New Zealand



The Culture Map – Important Cultural Differences

Overall Mexicans and Kiwis show trending cultural similarities across six of the eight cultural dimensions. Scheduling and persuading are approached differently.

Mexicans are similar to the French in that they like to develop the theory or concept before beginning a task, whereas Kiwis like to begin with the fact and get on with it. This can cause some frustration and needs to be managed by both parties

The Culture Map – Important Cultural Similarities

Overall Mexicans and Kiwis lean towards a less direct approach when communicating, handle direct negative feedback in a similar way, they are both semi-formal when viewing hierarchy between the boss and subordinate, and prefer to make decisions as individuals (usually the boss). Mexicans like to develop business relationships through activities such as over a coffee or a business dinner as do Kiwis.

“Overall Mexicans and Kiwis have similar cultures and enjoy each others company, which leads to a conducive environment to do business together.”



So why did CBL want to do business in Mexico



We believed we could add value in the areas that we understood

We could see how applying our international networks and knowledge could make a difference

We could see a way of growing our business with good margins

We understood that Mexico has solid economic fundamentals with excellent potential

And finally.....as just mentioned

We like the people! – they are similar to us in a lot ways, and know how to have fun

So how did we develop our business in Mexico?

CBL Insurance in Mexico



We ensured we complied with the local regulations by obtaining our reinsurance license.

We then identified new areas of business such as in 2002 where INFONAVIT (a Government Department) was seeking to put in place an insurance program to cover hidden defects for all new house builds they financed.

CBL was asked to consider this risk and provide reinsurance to a local insurer Grupo Mexicano de Seguros (GMX) who at the time were new into this line of business. Following site inspections and a number of meetings with GMX CBL agreed to support this program.

Our business relationship with GMX has continued to grow and diversify over the last 12 years or so.

CBL Insurance in Mexico – Site Inspections



CBL Insurance in Mexico



We then opened our representative office in Mexico City in 2012

Following that we looked grow to our business inorganically as well as support our growing organic activity by acquiring a 35% stake in a bonding company called Afianzadora Fiducia SA de CV (Fiducia) - more on that shortly

Another opportunity presented itself in July, 2016 where CBL agreed to participate in another large and significant program, this time a loan protection program with a Government institution called INFONACOT

CBL continues to look for other business opportunities to increase its participation in this dynamic market and grow our current annual revenues of NZ\$21 million

CBL FIDUCIA – SPECIALIST BONDING COMPANY



In November 2014 CBL Corporation acquired 35% in a Mexican bonding company called AFIANZADORA FIDUCIA.

Fiducia is a small bonding company, with great potential. CBL's experience and products are expected to support Fiducia into the future.

From 2015 CBL has provided reinsurance support . This has allowed Fiducia to increase its capacity (write higher limits) and offer other types of bonding products such as;

- Credit Bonds

- Judicial Bonds

- Fidelity Bonds

As a result of this Fiducia increased its gross premium income by 30% in 2016 and is expected to grow by the same margin in 2017.



CBL Corporation Limited



THANK YOU

