



Duke Street Capital & Englefield Capital exit Equity Insurance Group

Englefield Capital and Duke Street Capital (the "Consortium") have today announced the sale of Equity Insurance Group ("Equity") to Insurance Australia Group (IAG), Australasia's leading general insurance group, for a total consideration of £570m. Equity is a leading player in the UK personal lines insurance market. The Consortium backed a take private of EIG (then Cox Insurance) in July 2005.

Equity operates two specialist divisions, Equity Red Star and Equity Insurance Brokers. Equity Red Star is a Lloyd's of London underwriting business and is the UK's 5th largest motor insurer, providing insurance to over 1 million policyholders. Equity Insurance Brokers is the UK's 7th largest personal lines broker with a branch network comprising 69 high street branches, throughout the UK and Northern Ireland.

Since Equity was taken private, a substantial change programme has been undertaken to improve its operations and prospects under the leadership of Neil Utley as CEO and Julian Avery as Chairman. The overall management of the business has been energised through a clear strategy and vision and the alignment of interest created through widespread ownership of equity. A new senior management team was established with the introduction of a new Chairman and Chief Executive and further new managers to complement existing managers in underwriting, direct broking, affinity sales and claims. Actively supported by the shareholders, a raft of changes has been introduced to refocus the group and drive growth, while maintaining the rigour and discipline of the group's excellent underwriting culture.

The overall business was re-branded as 'Equity Insurance Group' and its brokerage division as Equity Insurance Brokers, linking the entire business to the iconic Equity Red Star underwriting business and taking commercial advantage of umbrella brand recognition.

Equity Red Star, has adopted a more aggressive commercial strategy aimed at providing better service to its broker partners, whilst at the same time maintaining profitability in a challenging market. The group also significantly reduced its exposure to the legacy commercial underwriting business (Syndicate 1208) by settling claims and profitably reducing the number of live exposures.

Equity Insurance Brokers has benefited from significant investment, increasing the number of its branches from 55 in June 2005 to 69 in 2006. The brokerage business has also benefited from extra investment into its e-capability which has upgraded its transactional website and created a more functional and user friendly offering for customers. This simpler but significantly improved interface has been a material driver of direct broking sales as well as supporting the successful attraction of blue chip affinity schemes such as First Direct, Renault UK and Ryanair.

Additionally, the investment strategy of the business was fundamentally redirected towards a total return model for its £400m of funds under management thereby benefiting from higher returns and lower volatility.

Englefield Capital and Duke Street Capital were advised on the sale by Lexicon Partners Limited.

Neil Utley, CEO of Equity Insurance said:

"We have successfully transformed Equity since the consortium backed the business in 2005. The business has grown substantially during that time, benefiting from a unified brand, improved marketing and strong operational management structures. I am looking forward to working with IAG to build on the great success achieved over the past year and a half."

Colin Curvey, Partner at Duke Street Capital said:

"This exit represents Duke Street's fourth exit this year and is an exciting development for investors in both Duke Street's and Englefield's funds. Under Neil Utley's leadership the management team has put the business back on an exciting growth track, maintaining and building on Equity's core strengths and values. The business has come a long way in the last 18 months and is now ready to reach its full potential under new ownership."



Adam Barron, Partner at Englefield Capital commented:

"I am delighted to have been involved with such an excellent underwriting franchise. The good prospects of the company today are a testament to the hard work and commitment of the management and all the employees of Equity Insurance. During the period of our investment we have enjoyed working alongside a highly capable management team and with Duke Street to support and improve the business".

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