



IAG finalises 2019 catastrophe cover

IAG has finalised its catastrophe reinsurance program for the 2019 calendar year. Constructed in a similar manner to prior years, the program provides increased gross reinsurance protection of up to \$9 billion (2018: \$8 billion).

Consistent with 2018, the program has been placed to the extent of 67.5% to reflect the cumulative whole-of-account quota share position of 32.5%. This comprises the original 20% quota share agreement with Berkshire Hathaway, which commenced 1 July 2015, and the combined 12.5% quota share agreements with Munich Re, Swiss Re and Hannover Re which came into force from 1 January 2018.

IAG's integrated catastrophe reinsurance program for calendar 2019 comprises two main components:

- A main catastrophe cover for losses up to \$9 billion, including one prepaid reinstatement. IAG retains the first \$250 million of each loss (\$169 million post-quota share), with three prepaid reinstatements secured for the lower layer of the main program (\$169 million excess of \$169 million post-quota share); and
- An aggregate sideways cover which reduces the cost of a second event to \$175 million (\$118 million post-quota share) and a subsequent event to \$25 million (\$17 million post-quota share). The aggregate provides protection of \$475 million excess of \$375 million (\$321 million excess of \$253 million post-quota share), with qualifying events capped at a maximum contribution of \$225 million excess of \$25 million per event (\$152 million excess of \$17 million post-quota share).

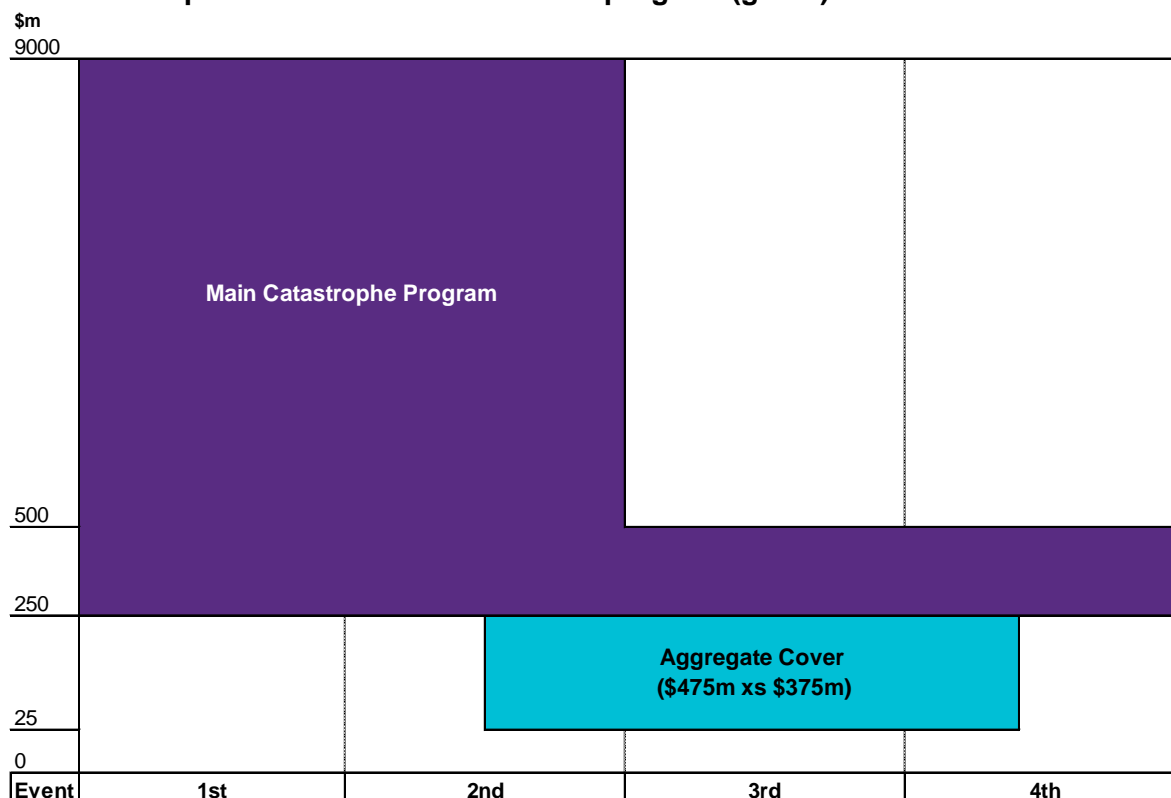
IAG has increased the limit of its main catastrophe cover to \$9 billion to provide additional protection above modelled exposure. Compared to calendar 2018, underlying aggregate exposure is expected to show a modest increase in Australia and growth of approximately 5% in New Zealand.

The overall credit quality of the 2019 program is strong, with over 92% placed with entities rated A+ or higher.

The combination of all catastrophe covers in place at 1 January 2019 results in post-quota share first event retentions of \$169 million for Australia and NZ\$169 million for New Zealand.

IAG experienced relatively flat reinsurance rates during the renewal process, with the overall expense outcome in line with the associated assumption in its FY19 reported margin guidance.

IAG catastrophe reinsurance cover – 2019 program (gross)



IAG catastrophe reinsurance program				
Calendar year	2019		2018	
Cover	Gross	Net of quota share (67.5%)	Gross	Net of quota share (67.5%)
Main cover	\$8.75bn xs \$250m	\$5.91bn xs \$169m	\$7.75bn xs \$250m	\$5.23bn xs \$169m
Aggregate cover	\$475m xs \$375m	\$321m xs \$253m	\$475m xs \$325m	\$321m xs \$219m
Aggregate cover qualifying events	\$225m xs \$25m	\$152m xs \$17m	\$225m xs \$25m	\$152m xs \$17m
Retentions	Gross	Net of quota share (67.5%)	Gross	Net of quota share (67.5%)
First event	\$250m	\$169m	\$250m	\$169m
Second event	\$175m	\$118m	\$125m	\$84m
Subsequent event	\$25m	\$17m	\$25m	\$17m

About IAG

IAG is the parent company of a general insurance group (the Group) with controlled operations in Australia and New Zealand. The Group's businesses underwrite over \$11 billion of premium per annum, selling insurance under many leading brands, including: NRMA Insurance, CGU, SGIO, SGIC, Swann Insurance and WFI (Australia); and NZI, State, AMI and Lumley Insurance (New Zealand). IAG also has interests in general insurance joint ventures in Malaysia and India. For more information, please visit www.iag.com.au.

Media

Amanda Wallace
 Telephone. +61 (0)2 9292 9441
 Mobile. +61 (0)422 379 964
 Email. amanda.wallace@iag.com.au

Investor Relations

Simon Phibbs
 Telephone. +61 (0)2 9292 8796
 Mobile. +61 (0)411 011 899
 Email. simon.phibbs@iag.com.au

Insurance Australia Group Limited

ABN 60 090 739 923
 Level 13, Tower Two, Darling Park
 201 Sussex Street, Sydney, NSW 2000, Australia
 Telephone. +61 (0)2 9292 9222
www.iag.com.au