



Perils update following Sydney hailstorm

IAG provides the following update on net natural peril claim costs for the financial year-to-date (FY19), after the severe storms which impacted the Sydney region yesterday.

The scale of anticipated claim volumes and severity of related hail damage already indicate the pre-tax cost of the Sydney storms will be in line with IAG's maximum first event retention, of \$169 million post-quota share.

By 10am on 21 December 2018 IAG had received more than 6,500 claims resulting from the Sydney hailstorm, and this is expected to rise significantly over coming days. The claims are in respect of a mixture of motor and property damage.

IAG Australia Division CEO Mark Milliner said: "Our priority is to help customers affected by the hailstorm as soon as possible. Extra employees have been allocated to the claims and repair management teams and our online claim lodgement facility is assisting the rapid assessment of claims."

IAG is setting up specialist hail repair units across Sydney to help assess and repair hail-damaged vehicles. These units will be in place as soon as possible.

Customers are encouraged to make contact as soon as possible if they need to lodge a claim, access emergency accommodation or request technical property assistance with a verified building specialist.

IAG estimates year-to-date net natural peril claim costs for FY19 currently amount to approximately \$410-430 million pre-tax, post-quota share. This estimate comprises:

1. Approximately \$150 million for events incurred in the five-month period ending 30 November 2018;
2. Approximately \$70 million from the southern low which affected parts of New South Wales, Victoria and Queensland in mid-December;
3. \$169 million attributable to the latest Sydney storms; and
4. \$20-40 million of attritional events incurred so far in the month of December.

Following the Sydney event, it is IAG's current expectation that the deductible attached to the calendar 2018 aggregate cover has been fully eroded. On this basis, the cost of any subsequent event in the period up to 31 December 2018 will be capped at \$17 million pre-tax (post-quota share), after allowing for protection provided by the aggregate cover. Total protection available under the 2018 aggregate cover amounts to \$321 million, post-quota share.

The bulk of IAG's catastrophe reinsurance resets from 1 January 2019, and it is IAG's intention to disclose details of its calendar 2019 catastrophe reinsurance program in the opening week of January 2019, once it has been finalised. It is anticipated that IAG's maximum event retention from 1 January 2019 will be similar to the \$169 million applicable from the beginning of calendar 2018.

IAG's catastrophe reinsurance for FY19 is further strengthened by the stop-loss cover which operates on a financial year basis. This provides \$101 million of protection (post-quota share), directly above IAG's FY19 natural perils allowance of \$608 million.

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 further information, please visit www.iag.com.au.

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