



## IAG finalises 2021 catastrophe reinsurance and clarifies 1H21 presentation of BI provision

IAG has finalised its catastrophe reinsurance program for the 2021 calendar year, maintaining its gross reinsurance protection cover at up to \$10 billion, the same level as 2020. This has been placed to the extent of 67.5% to reflect IAG's cumulative whole-of-account quota share arrangements. The main features, before consideration of quota share impacts, are:

- A main catastrophe cover for losses up to \$10 billion, including one prepaid reinstatement;
- IAG retaining the first \$250 million (2020: \$250 million) of each loss;
- Three prepaid reinstatements secured for the lower layer (\$250 million excess of \$250 million) of the main program (2020: three); and
- An aggregate sideways cover for the 12-month period to 30 June 2021, as previously disclosed. This provides \$350 million of protection in excess of \$400 million. With effect from 1 January 2021, qualifying events are capped at \$200 million excess of \$50 million per event.

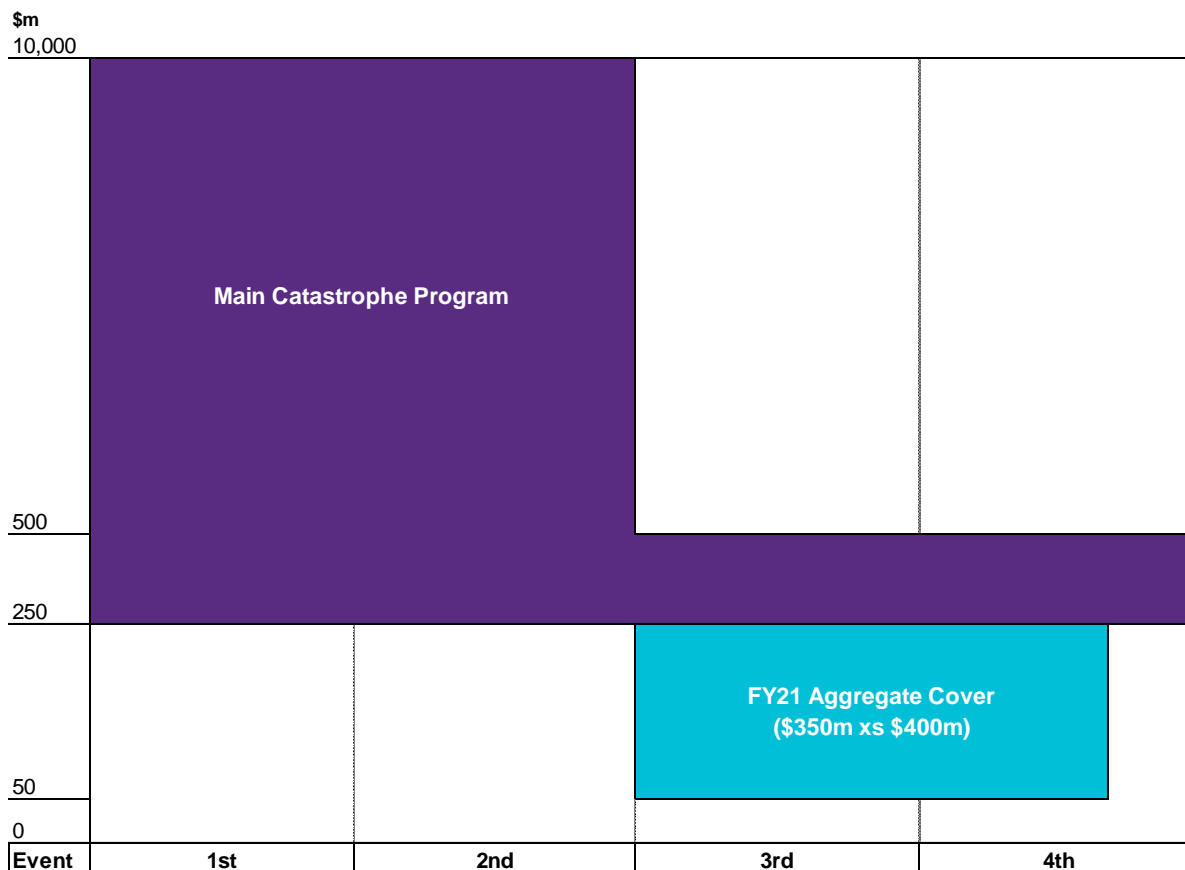
IAG experienced a modest increase in reinsurance rates during the renewal process, with the overall expense outcome in line with expectations. Around 65% of the gross main catastrophe program for calendar 2021 is protected by multi-year coverage, providing certainty of future reinsurance cover. The overall credit quality of the 2021 program is strong, with approximately 90% continuing to be placed with entities rated A+ or higher.

After allowance for the cumulative quota share arrangements, the combination of all catastrophe covers at 1 January 2021 results in IAG having the following maximum event retentions:

- First event of \$169 million for Australia (NZ\$169 million for New Zealand);
- Second event of \$169 million (NZ\$169 million); and
- Third event of \$34 million (NZ\$34 million).

IAG also has stop-loss protection for retained natural perils which continues to align with the financial year. This provides protection of \$100 million in excess of \$1.1 billion (\$68 million in excess of \$743 million, post-quota share) for the 12 months to 30 June 2021. The attachment point compares to the FY21 natural perils allowance of \$975 million (\$658 million post-quota share).

## IAG catastrophe reinsurance cover – 2021 program (gross)



IAG catastrophe reinsurance program				
	2021 (Calendar Year)		2020 (Calendar Year)	
Cover	Gross	Net of quota share (67.5%)	Gross	Net of quota share (67.5%)
Main cover	\$9.75bn xs \$250m	\$6.58bn xs \$169m	\$9.75bn xs \$250m	\$6.58bn xs \$169m
	2021 (Financial Year)		2020 (Calendar Year)	
Cover	Gross	Net of quota share (67.5%)	Gross	Net of quota share (67.5%)
Aggregate cover	\$350m xs \$400m	\$236m xs \$270m	\$425m xs \$450m	\$287m xs \$304m
Aggregate cover qualifying events	\$200m xs \$50m	\$135m xs \$34m	\$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	\$250m	\$169m	\$200m	\$135m
Third event	\$50m	\$34m	\$25m	\$17m

## **Presentation of business interruption provision for six months to 31 December 2020**

For the purposes of preparing its management reported (non-IFRS) results, as will be presented in its 1H21 Investor Report, IAG will include the \$1.15 billion pre-tax earnings impact from the provision for business interruption claims announced on 20 November 2020 as part of net corporate expenses. A reconciliation to IAG's Statutory Result (IFRS, Appendix 4D), where this item will be included in net claims expense, will be provided.

IAG will report its 1H21 results on 10 February 2021.

This release has been authorised by IAG's Managing Director and CEO.

## **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 \$12 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 (New Zealand). IAG also has an interest in a general insurance joint venture in Malaysia. For further information, please visit [www.iag.com.au](http://www.iag.com.au).

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