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## 2015 CATASTROPHE REINSURANCE COVER



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Insurance Australia Group Limited (IAG) has finalised its catastrophe reinsurance programme for the calendar year commencing 1 January 2015. The programme provides reinsurance protection of up to \$7.0 billion.

IAG's 2015 catastrophe reinsurance has been constructed in a similar manner to prior years. The higher level of cover than 2014 reflects the increased size of IAG following the acquisition of the former Wesfarmers business, whose previous standalone cover has been cancelled.

Following completion of the 2015 catastrophe cover, all expected reinsurance synergies as part of the integration of the Wesfarmers business have been realised and will be recognised in IAG's earnings up to 31 December 2015.

IAG's integrated catastrophe reinsurance programme for calendar 2015 comprises the following key components:

- A catastrophe cover for losses up to \$6.75 billion, including one prepaid reinstatement. IAG retains the first \$250 million of each loss, with three reinstatements secured for the lower layer of the main programme (\$250 million excess of \$250 million);
- An expanded aggregate sideways cover which reduces the cost of a second event to \$175 million and subsequent events to \$25 million. The aggregate provides protection of \$450 million excess of \$375 million, with qualifying events capped at a maximum contribution of \$225 million excess of \$25 million per event; and
- A \$250 million upper layer providing earthquake and cyclone cover in respect of Australia and New Zealand, extending from \$6.75 billion to \$7.0 billion.

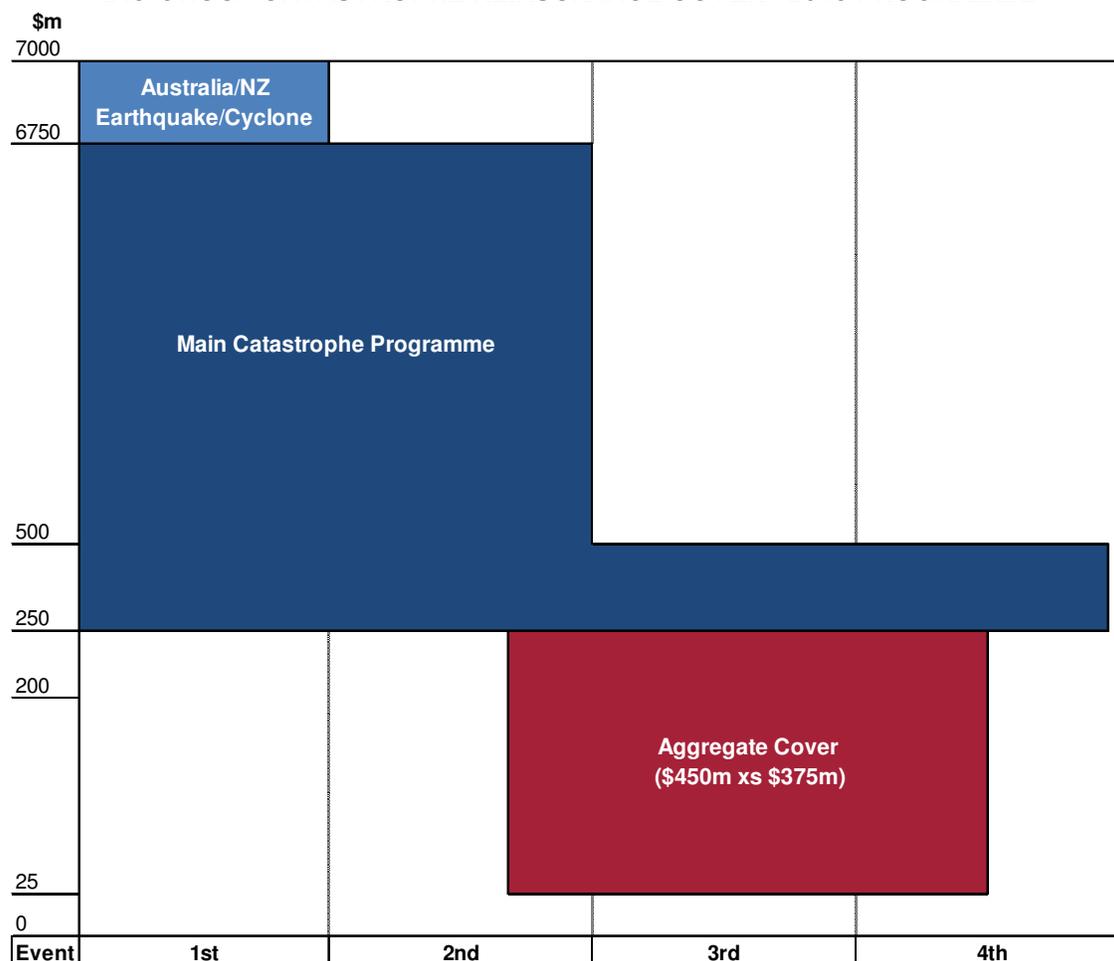
IAG's catastrophe reinsurance covers all territories in which IAG operates, with the exception of its joint venture interests in India and China which have their own reinsurance arrangements.

The overall credit quality of the 2015 programme remains high, with over 89% placed with entities rated A+ or better.

The combination of all catastrophe covers in place at 1 January 2015 results in maximum first event retentions of \$250 million for Australia, NZ\$250 million for New Zealand, \$25 million for Thailand and Malaysia, and less than \$1 million for Vietnam.

In addition, IAG has a separate cover of \$150 million in excess of its natural peril allowance of \$700 million, which runs in line with the financial year ending 30 June 2015.

## IAG GROUP CATASTROPHE REINSURANCE COVER - 2015 PROGRAMME



### About Insurance Australia Group

Insurance Australia Group Limited (IAG) is the parent company of a general insurance group with controlled operations in Australia, New Zealand, Thailand and Vietnam, employing more than 15,000 people. Its businesses underwrite over \$11 billion of premium per annum, selling insurance under many leading brands, including: NRMA Insurance, CGU, SGIO, SGIC, Swann, WFI and Lumley Insurance (Australia); NZI, State, AMI and Lumley Insurance (New Zealand); Safety and NZI (Thailand); and AAA Assurance (Vietnam). IAG also has interests in general insurance joint ventures in Malaysia, India and China. For further information please visit [www.iag.com.au](http://www.iag.com.au).

#### Media

Amanda Wallace  
 T +61 (0)2 9292 9441  
 M +61 (0)422 379 964  
 E [amanda.wallace@iag.com.au](mailto:amanda.wallace@iag.com.au)

#### Investor Relations

Simon Phibbs  
 T +61 (0)2 9292 8796  
 M +61 (0)411 011 899  
 E [simon.phibbs@iag.com.au](mailto:simon.phibbs@iag.com.au)

#### Insurance Australia Group Limited

ABN 60 090 739 923  
 388 George Street  
 Sydney NSW 2000  
 Australia  
 T +61 (0)2 9292 9222  
[www.iag.com.au](http://www.iag.com.au)