



## IGAG provides update on second BI test case appeal judgment

IGAG notes the appeal judgment from the Full Court of the Federal Court of Australia (the “Full Court”) in the second business interruption test case handed down on 21 February 2022.

The Full Court has substantially agreed with the conclusions in the judgment handed down by Justice Jagot in the Federal Court of Australia on 8 October 2021, which found in favour of insurers on most policy wording questions. The Full Court has however reversed two elements of the IAG v Meridian Travel case judgment, ruling that JobKeeper payments are not to be taken into account in the assessment of loss, and interest payments are to be calculated on a different basis.

Parties to the test case may seek special leave to appeal the findings of the Full Court to the High Court of Australia. IAG is reviewing the judgment to determine whether to seek leave to appeal any aspect of the judgment. Parties have 28 days from the date of the judgment to lodge an application to seek leave to appeal.

At this stage, there will be no adjustment to IAG’s \$1,222 million net provision for potential business interruption claims.

As the legal position becomes more certain and claims experience emerges, IAG will refine the prediction of ultimate claim costs and adjust its provision accordingly. Subject to the outcomes of the appeal process, current indications are that a release from the provision will occur and is likely to be recognised over time, subject to court processes and the time required to allow for claims development.

IGAG looks forward to these issues being resolved as quickly as possible for its customers with business interruption cover.

This release has been authorised by the IAG Continuous Disclosure Committee.

### About IAG

IAG is the parent company of a general insurance group with operations in Australia and New Zealand. IAG’s main businesses underwrite over \$12.5 billion of insurance premium per annum under many leading brands, including: NRMA Insurance, RACV (under a distribution agreement with RACV), CGU, SGIO, SGIC and WFI (Australia); and NZI, State, AMI and Lumley (New Zealand). For further information, please visit [www.iag.com.au](http://www.iag.com.au).

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