
IAG estimates \$60-80 million net claim cost from East Coast Low

IAG businesses have to date received approximately 10,000 claims in respect of the low pressure weather system which has recently impacted much of the east coast of Australia.

IAG's immediate focus has been to help customers affected by the storms as quickly as possible. Additional employees have been allocated to call centres and proactive contact of customers in affected areas is helping to reduce waiting times. Customers can also lodge claims online.

While there remains a degree of uncertainty as to the ultimate outcome, IAG's current expectation is that this event will result in a pre-tax net claim cost in the range of \$60-80 million. Incorporating the estimate for this event, IAG currently expects its net natural peril claim cost for the financial year ending 30 June 2016 (FY16) will approximate its \$600 million perils allowance.

This is consistent with the assumption built into IAG's existing reported insurance margin guidance of an outcome at the lower end of a 14-16% range.

Other underlying assumptions in this guidance are also unchanged, namely:

- Prior period reserve releases of at least 1% of net earned premium; and
- No material movement in foreign exchange rates or investment markets.

IAG has a comprehensive catastrophe reinsurance program for the 2016 calendar year. In addition, for FY16 IAG has a separate natural perils cover of \$80 million in excess of \$680 million, which expires on 30 June 2016.

Based on the combination of covers in place, IAG's current maximum event retention (MER) is estimated to have reduced to approximately \$120 million, increasing to \$200 million from 1 July 2016.

IAG will announce its FY16 results on 19 August 2016.

About IAG

IAG is the parent company of a general insurance group with controlled operations in Australia, New Zealand, Thailand, Vietnam and Indonesia, employing more than 15,000 people. Its businesses underwrite over \$11.4 billion of premium per annum, selling insurance under many leading brands, including: NRMA Insurance, CGU, SGIO, SGIC, Swann Insurance and WFI (Australia); NZI, State, AMI and Lumley Insurance (New Zealand); Safety and NZI (Thailand); AAA Assurance (Vietnam); and Asurans Parolamas (Indonesia). 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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