
IAG extends CTP quota share agreement.

Insurance Australia Group Limited (IAG) has extended the quota share agreement with Munich Re that covers 30% of IAG's compulsory third party (CTP) business.

The original agreement, designed to improve IAG's capital efficiency, took effect from 1 July 2013 for a minimum three-year period, with an option to extend for a further two years. Prior to inception of this agreement, CTP represented less than 10% of IAG's gross written premium, yet approximately a quarter of its regulatory capital requirement.

The new agreement is for a minimum four-year period from 1 July 2016, with an option for a further two years, and comprises:

- The extension of the existing quota share agreement for CTP business written in New South Wales and the Australian Capital Territory, on similar terms and conditions; and
- The inclusion of CTP in South Australia, where one of IAG's brands commenced as an underwriter from 1 July 2016.

The extension of the agreement with Munich Re preserves the enhanced capital efficiency that the original agreement conveyed.

The quota share with Munich Re continues to operate alongside the 10-year, 20% whole-of-account quota share arrangement with Berkshire Hathaway, which commenced on 1 July 2015. This means that 50% of IAG's CTP business is subject to quota share.

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 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 Asuransi 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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