
TROPICAL CYCLONE MARCIA UPDATE



Insurance Australia Group (IAG) businesses have received approximately 3,500 claims, as at 3 March, for damage in relation to Tropical Cyclone Marcia.

Approximately 70 per cent of claims by number have been received from Personal Insurance customers who hold policies under the NRMA Insurance, CGU, Lumley Insurance, WFI and Coles brands.

More than 90 per cent of the total claims received to date relate to property damage caused by heavy rain and high winds.

IAG's current expectation is that this event will result in a net claim cost of between \$60 and \$90 million.

IAG's natural peril allowance for the financial year ending 30 June 2015 (FY15) is \$700 million. The Group has a separate reinsurance cover for retained perils in FY15 which provides protection of \$150 million in excess of \$700 million. Net natural peril claim costs in the six months to 31 December 2014 were \$421 million.

For FY15, IAG expects to deliver a reported insurance margin¹ in the range of 13.5-15.5%, and expects gross written premium growth to be at the lower end of its 17-20% guidance range.

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.

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¹ Underlying assumptions incorporated in the reported margin guidance include:

- Net losses from natural perils in line with allowance of \$700 million;
- Prior period reserve releases equivalent to around 2% of net earned premium; and
- No material movement in foreign exchange rates or investment markets in 2H15.