
IAG finalises 2017 catastrophe reinsurance

IAG has finalised its catastrophe reinsurance program for the 2017 calendar year. This has been constructed in a similar manner to prior years, and provides gross reinsurance protection of up to \$7 billion (2016: \$7 billion).

The gross protection is consistent with 2016, reflecting a relatively stable overall aggregate exposure, where growth in short tail personal lines has been offset by reduced commercial portfolios, in both Australia and New Zealand.

The program has been placed to the extent of 80%, after allowance for the 20% quota share agreement with Berkshire Hathaway.

IAG's integrated catastrophe reinsurance program for calendar 2017 comprises two main components:

- A main catastrophe cover for losses up to \$7 billion, including one prepaid reinstatement. IAG retains the first \$250 million of each loss (\$200 million post-quota share), with three prepaid reinstatements secured for the lower layer of the main program (\$200 million excess of \$200 million post-quota share); and
- An increased aggregate sideways cover which reduces the cost of a second event to \$125 million (\$100 million post-quota share) and a subsequent event to \$25 million (\$20 million post-quota share). The aggregate provides protection of \$475 million excess of \$325 million (\$380 million excess of \$260 million post-quota share), with qualifying events capped at a maximum contribution of \$225 million excess of \$25 million per event (\$180 million excess of \$20 million post-quota share).

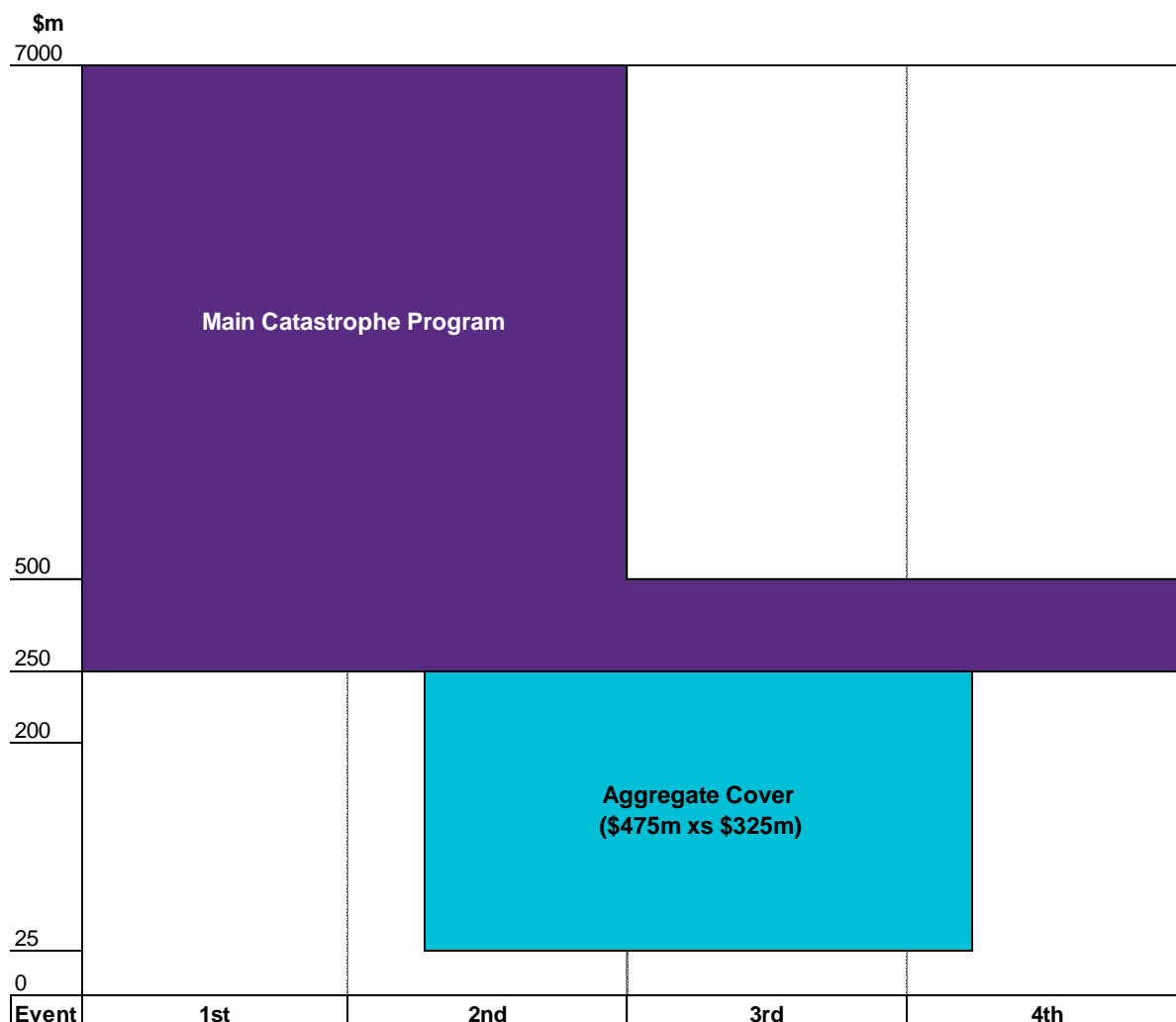
Compared to 2016, IAG's 2017 catastrophe reinsurance program contains an increased multi-year component, which involves several counterparties. The program covers all territories in which IAG operates, with the exception of its joint venture interest in India which has its own reinsurance arrangements.

The overall credit quality of the 2017 program is strong, with over 92% (2016: 88.5%) placed with entities rated A+ or better.

In addition, IAG has a separate natural perils cover of \$96 million in excess of \$680 million (post-quota share), which runs in line with the financial year ending 30 June 2017.

The combination of all catastrophe covers in place at 1 January 2017 results in post-quota share first event retentions of \$200 million for Australia, NZ\$200 million for New Zealand, \$20 million for Thailand and Malaysia, and approximately \$1 million for Vietnam and Indonesia.

IAG GROUP CATASTROPHE REINSURANCE COVER - 2017 PROGRAM (GROSS)



About IAG

IAG is the parent company of a general insurance group (the Group) with controlled operations in Australia, New Zealand, Thailand, Vietnam and Indonesia. The Group's 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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