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## IAG update on Northern Sydney hailstorm.

IAG today advised that, as at 5 March 2017, it had received over 20,000 claims from the 18 February 2017 Northern Sydney hailstorm.

While there remains a degree of uncertainty as to the ultimate outcome with claims continuing to be received, IAG expects the net claim cost from the hailstorm will be around \$160 million. After allowance for reinsurance, IAG's maximum possible net exposure to this event is \$200 million.

IAG continues to focus on helping customers affected by the storms with additional employees allocated to the claims and repair teams, specialist hail repair units established in the most affected areas and drones mobilised to help identify property damage.

IAG's financial year-to-date net claim cost from natural peril events is estimated to be around \$650 million as at the end of February 2017 comprising:

- \$420 million for the six months ended 31 December 2016, as reported on 22 February 2017;
- Approximately \$70 million from events in January and February 2017, excluding the hailstorm; and
- Around \$160 million from the Northern Sydney hailstorm, as outlined above.

IAG's FY17 natural perils allowance is \$680 million, which effectively extends to \$776 million through an FY17-specific natural perils cover of \$96 million of protection immediately above \$680 million. All amounts are expressed on a post-quota share basis.

This means IAG can absorb approximately \$130 million of net natural peril claim costs in the final four months of the financial year to remain within the assumptions built into its FY17 reported insurance margin guidance of 12.5-14.5%, which is unchanged.

IAG retains strong catastrophe reinsurance cover for the balance of calendar year 2017. On a post-quota share basis, IAG's catastrophe cover consists of:

- A main catastrophe cover, including one prepaid reinstatement, under which IAG retains the first \$200 million of each loss; and
- An aggregate sideways cover which provides protection of \$380 million excess of \$260 million, with qualifying events capped at a maximum contribution of \$180 million excess of \$20 million per event.

Based on an estimated cost of \$160 million for the hailstorm event and the combination of covers in place, IAG's maximum exposure for the next event is \$140 million.

**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](http://www.iag.com.au).

**Media**

Amanda Wallace  
Telephone. +61 (0)2 9292 9441  
Mobile. +61 (0)422 379 964  
Email. [amanda.wallace@iag.com.au](mailto:amanda.wallace@iag.com.au)

**Investor Relations**

Nigel Menezes  
Telephone. +61 (0)2 9292 3067  
Mobile. +61 (0)411 012 690  
Email. [nigel.menezes@iag.com.au](mailto:nigel.menezes@iag.com.au)

**Insurance Australia Group Limited**

ABN 60 090 739 923  
388 George Street  
Sydney NSW 2000 Australia  
Telephone. +61 (0)2 9292 9222  
[www.iag.com.au](http://www.iag.com.au)