
IGAG advises of higher reserve release expectation

IGAG advises that, as part of its regular year end processes, it has just completed a preliminary review of prior period reserve releases for the financial year ended 30 June 2017 (FY17). This preliminary review indicates an outcome equivalent to at least 5% of net earned premium (NEP). This compares to previously held guidance of at least 2% of NEP.

The reserve releases predominantly relate to Australian long tail classes, comprising CTP, liability, professional risks and workers' compensation. The higher indicated outcome, compared to previous expectations, reflects further favourable experience against underlying assumptions for claim size and inflation.

It remains IGAG's long term expectation that reserve releases will represent around 1% of NEP in any given year, as embodied in its underlying margin calculation.

As a result of the expected increase in reserve releases, IGAG has raised its reported margin guidance range for FY17 from 10.5-12.5% to 13.5-15.5%.

Other underlying assumptions behind IGAG's FY17 reported margin guidance are unchanged:

- Net losses from natural perils of \$850 million;
- No material movement in foreign exchange rates or investment markets in 2H17; and
- A small net negative from optimisation program initiatives, as early benefits are outweighed by related costs.

IGAG will report its FY17 results on 23 August 2017.

About IGAG

IGAG 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, AML and Lumley Insurance (New Zealand); Safety and NZI (Thailand); AAA Assurance (Vietnam); and Asuransi Parolamas (Indonesia). IGAG also has interests in general insurance joint ventures in Malaysia and India. For further information, please visit 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

Investor Relations

Simon Phibbs
Telephone. +61 (0)2 9292 8796
Mobile. +61 (0)411 011 899
Email. simon.phibbs@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