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Market Information
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New Zealand

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Tower update on impact of Cyclone Harold

Tower Limited (NZX/ASX: TWR) has today provided an update on the financial impacts of Cyclone Harold that travelled through the Pacific Islands in the first two weeks of April 2020.

Tower notes that strict travel restrictions due to COVID-19 along with wide ranging communication outages and the destruction of critical infrastructure resulted in the inability to access impacted locations, particularly in Vanuatu, until late last week. Once entry to impacted areas was possible, assessments were undertaken, and preliminary estimates calculated.

Cyclone Harold was a significant and severe category 5 cyclone that impacted communities across Vanuatu, Fiji and Tonga, with lives lost and homes, properties and infrastructure destroyed.

Tower's thoughts are with everyone impacted and our local teams in the region are focused on supporting customers through the recovery and helping to set things right.

Tower Insurance currently estimates that the total financial impact of Cyclone Harold is \$8m - \$10m before tax. This estimate includes an allowance for further development of claims.

Tower Insurance has a reinsurance programme in place that limits the total exposure to Cyclone Harold to \$10m.

Combined with the Timaru hailstorm earlier in the year, Tower Insurance's aggregate reinsurance cover has been activated. This provides immediate cover for any further large weather events in New Zealand and the Pacific to a total of \$20m for the remainder of FY20.

Tower Insurance's total large event expense for FY20 including the Timaru hailstorm and Cyclone Harold is now approximately \$10.5m - \$12.5m before tax. This is \$2.5m - \$4.5m more than the \$8m large event assumption in Tower's FY20 market guidance.

Tower will provide a further update regarding its FY20 guidance with its half year results in May.

ENDS

This announcement is authorised by the Board.

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