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Tower gives back \$7.2m to customers and says refunding COVID-19 car claim reductions is the right thing to do

Kiwi insurer, Tower, has today confirmed that it will be refunding customers \$7.2m, due to the lower cost of car claims during the COVID-19 lockdown period.

Tower CEO, Richard Harding, said that every customer would be refunded part of the car insurance premiums they paid during the level three and four lockdowns.

"We're a Kiwi company and look after our customers, so after seeing a significant reduction in claims, we knew the right thing to do was pass these lower costs on.

"For most customers, the refund will equate to around 40% to 45% of the car insurance premiums they paid between 24 March and 13 May 2020.

"We had planned to make refunds by the end of May, but because we also saw lower claims during the level three lockdown, it's taken us a little longer to calculate, so refunds will now be paid from late June.

Harding said it's important that all insurers are transparent about how they are dealing with the windfall gain from lower claims during the COVID-19 lockdown, and this means being open about whether they will refund customers.

"Not making a windfall gain and refunding customers is the right thing to do, and while the lockdown could cause supply chain constraints and a slight uplift in claims expenses over the short term, the significant reduction in claims costs should be passed on," said Harding.

Refund details

- Refunds will be paid to all customers who held car insurance with Tower from 24 March 2020 to 13 May 2020, inclusive
- Refunds will be calculated based on individual customers' premiums paid, excluding taxes, fees and levies
- Refunds will be prorated for customers who cancelled or joined Tower during the lockdown period
- Tower will communicate directly with customers advising on how the refund will be paid, with refunds starting to be paid in late June
- The total cost of the refund is offset by the reduced claims cost and will result in a neutral financial impact to Tower

ENDS

This announcement is authorised by the Chief Executive Officer



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