



IAG provides claims update following east coast low storms

IAG today said it remains focussed on supporting the large number of customers affected by the recent severe storms and widespread flooding in south-east Queensland and New South Wales in late February and early March 2022.

As of 6am Wednesday 9 March, IAG had received approximately 24,000 claims across its brands for the floods and storms. This includes approximately 3,500 claims from the widespread flooding which has occurred across Sydney over the last three days. As weather is still affecting the eastern seaboard and given limited access to impacted areas, it is too early to determine the number and nature of claims, which are expected to rise further over the coming days.

IAG Managing Director and CEO Nick Hawkins said: “Our communities continue to battle through this extraordinary sequence of weather events and it is distressing to see people suffer through multiple storms and floods up and down the east coast. And there is no doubt this disaster would have been even more tragic without the unwavering dedication of our emergency personnel and of residents looking out for one another.

“We have all hands on deck for our NRMA Insurance, CGU and WFI customers with extra people on the phones and on the ground in devastated areas in Queensland and NSW. Our assessors and repairers have started assessments and emergency make safe repairs in impacted areas and we are securing temporary accommodation for customers who can’t return to their homes,” Mr Hawkins said.

“The NRMA Insurance helicopter has been in the air supporting the flood response, transporting NSW SES volunteer rescue teams and essential supplies to isolated communities, and providing critical flood intelligence across affected areas.

“As well as supporting people through the immediate recovery period, we need to ensure we rebuild communities and infrastructure stronger, so we can help prevent this level of destruction happening again. We urge governments to work with insurers and communities to identify and invest in mitigation and take action to improve land planning and building codes and other resilience measures. This needs to be a priority,” Mr Hawkins concluded.

IAG has extensive reinsurance protection in place and as a consequence estimates it will incur a net claims cost of approximately \$74 million from the storm and flooding event that commenced in February 2022. This is lower than the \$95 million estimate disclosed on 1 March 2022 due to development on previous claims which further eroded the FY22 aggregate deductible and reduced the net claims cost.

IAG has utilised approximately \$95 million of the \$236 million of aggregate cover following this event (post-quota share).

Following the February 2022 event, IAG has increased its expectation for FY22 net natural perils claims costs to approximately \$1.1 billion, compared to the previous estimate of \$1,045 million. The revised estimate includes:

- Approximately \$920 million for the eight months to 28 February 2022, including the \$74 million net cost; and
- Approximately \$180 million for the remaining four months of the year to 30 June 2022, representing an inflation-adjusted seasonal average for the period, taking into consideration the current weather system. Given weather volatility, IAG acknowledges forecast risk associated with this estimate.

IAG reaffirms the FY22 reported margin guidance range of 10%-12%. Following the increase in estimated net natural perils claims costs, a result in the lower half of the guidance range is now more likely.

After allowing for quota share arrangements, the combination of all catastrophe covers results in IAG having a maximum event retention of \$34 million.

IAG also acknowledges there are a range of factors impacting the external environment at this time including equity market volatility in recent months.

This release has been authorised by the IAG Continuous Disclosure Committee.

About IAG

IAG is the parent company of a general insurance group with operations in Australia and New Zealand. IAG's main businesses underwrite over \$12.5 billion of insurance premium per annum under many leading brands, including: NRMA Insurance, RACV (under a distribution agreement with RACV), CGU, SGIO, SGIC and WFI (Australia); and NZI, State, AMI and Lumley (New Zealand). For further information, please visit www.iag.com.au.

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