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Successful placement of FY24 reinsurance programme

Kiwi insurer Tower (NZX/ASX: TWR) has successfully renewed its reinsurance programme for the 2024 financial year.

In a challenging reinsurance market following significant global weather events, Tower is pleased to have secured a comprehensive reinsurance programme at competitive rates for home, motor, boat and commercial portfolio cover, across New Zealand and the Pacific.

Tower CFO Paul Johnston says Tower's reinsurance strategy provides protection from volatility caused by large events and maintains financial flexibility to support growth, while underpinning strong solvency.

"Tower has received ongoing support from some of the world's largest reinsurers as well as backing from reinsurers looking to start new relationships with us. Reinsurers are impressed by our ability to proactively manage risks throughout our portfolio via risk-based pricing, our dynamic rating capability, and digital direct customer relationships."

FY24 Reinsurance Programme:

As a result of last year's Toka Tū Ake EQC cap increase from \$150,000 to \$300,000 which reduced the amount of coverage needed, Tower has decreased its catastrophe upper limit to \$750m from \$934m.

To support its prudent risk appetite, Tower has purchased cover for two catastrophe losses up to \$750m. Cover is inclusive of an automatic reinstatement. Tower has also purchased cover for a third catastrophe event up to \$75m.

The cover, combined with Tower's existing multi-year placements, results in a reinsurance excess increase to \$16.9m for the first two events in FY24, up from \$11.9m in FY23. An excess of \$20m applies for a third event in FY24.

"The market has experienced significant increases in reinsurance prices and excesses, so we are pleased to have achieved a comprehensive reinsurance programme with moderate increases in pricing and excesses for FY24," says Mr Johnston.

Tower estimates it will pay 13.9% of total income for reinsurance cover in FY24, compared to 15.7% of total income in FY23, including back up cover. Excluding back up cover, reinsurance costs were 12.3% of total income in FY23. This reflects both the adjustments Tower has made to its risk-based pricing in anticipation of a challenging reinsurance renewal, and movements in the business mix.

ENDS



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This announcement has been authorised by Tower Chief Executive, Blair Turnbull.

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