



Perils update following QLD/NSW heavy rain and flooding

IAG provides the following update on FY21 natural perils claim costs after widespread flooding and storm damage associated with heavy rain that first hit south east QLD and northern NSW on 16 March 2021 and continued to fall over NSW and parts of QLD this week.

IAG had received approximately 8,000 claims by 4pm on 25 March 2021 and this is expected to rise further. The claims are predominantly for property damage.

IAG CEO and Managing Director Nick Hawkins said: “We are working hard providing support to customers and communities affected by flooding.

“Our teams are on the ground supporting customers in the worst impacted areas of the NSW Mid North Coast, Western Sydney and south east QLD, assessing the damage to our customers’ homes, ensuring their properties are safe and arranging temporary accommodation for those who need it.

“Our dedicated major events team is managing claims from this event and we have increased our call centre capacity to help affected customers lodge claims as soon as possible. All our NRMA Insurance branches in the impacted areas are open to support customers and we have deployed a claims team to the NRMA Port Macquarie branch to provide face-to-face support for those lodging claims,” Mr Hawkins added.

Based on exposure, claims lodged to date and experience with previous similar events, IAG estimates the net cost of this event at approximately \$135 million (\$200 million pre-quota share). The net cost will be capped at \$169 million, the Maximum Event Retention (MER) for a first event under the 2021 catastrophe reinsurance program.

IAG’s net natural perils claim costs for the eight months to 28 February 2021 were approximately \$375 million, following relatively benign perils activity this financial year before the March event. Following the March event and taking into account seasonally lower perils costs that typically occur in the June quarter, IAG estimates FY21 net natural perils claim costs of approximately \$660 million to \$700 million compared to the perils allowance of \$658 million for this period. This assumes an estimated \$150 million to \$190 million for further peril events in the months of March to June 2021.

IAG has FY21 stop-loss protection for retained natural perils claim costs. This provides protection of \$100 million in excess of \$1.1 billion (\$68 million in excess of \$743 million, post-quota share).

IAG's FY21 aggregate cover provides \$350 million of protection in excess of \$400 million (pre-quota share). Qualifying events are capped at \$200 million in excess of \$50 million per event effective from 1 January 2021. Accordingly, the heavy rain and flooding event is expected to erode \$150 million of the \$400 million deductible.

IAG's estimated MER at 26 March 2021 remains unchanged at \$169 million.

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

About IAG

IAG is the parent company of a general insurance group (the Group) with controlled operations in Australia and New Zealand. The Group's businesses underwrite over \$12 billion of premium per annum, selling insurance under many leading brands, including: NRMA Insurance, CGU, SGIO, SGIC, Swann Insurance and WFI (Australia); and NZI, State, AML and Lumley (New Zealand). IAG also has an interest in a general insurance joint venture in Malaysia. For further information, please visit www.iag.com.au.

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