



IAG confirms 2023 reinsurance program and 10% quota share renewals

IAG today provided an update on its reinsurance protections, confirming it has successfully placed its catastrophe reinsurance program for the 2023 calendar year and renewed two of its Whole of Account Quota Share (WAQS) agreements.

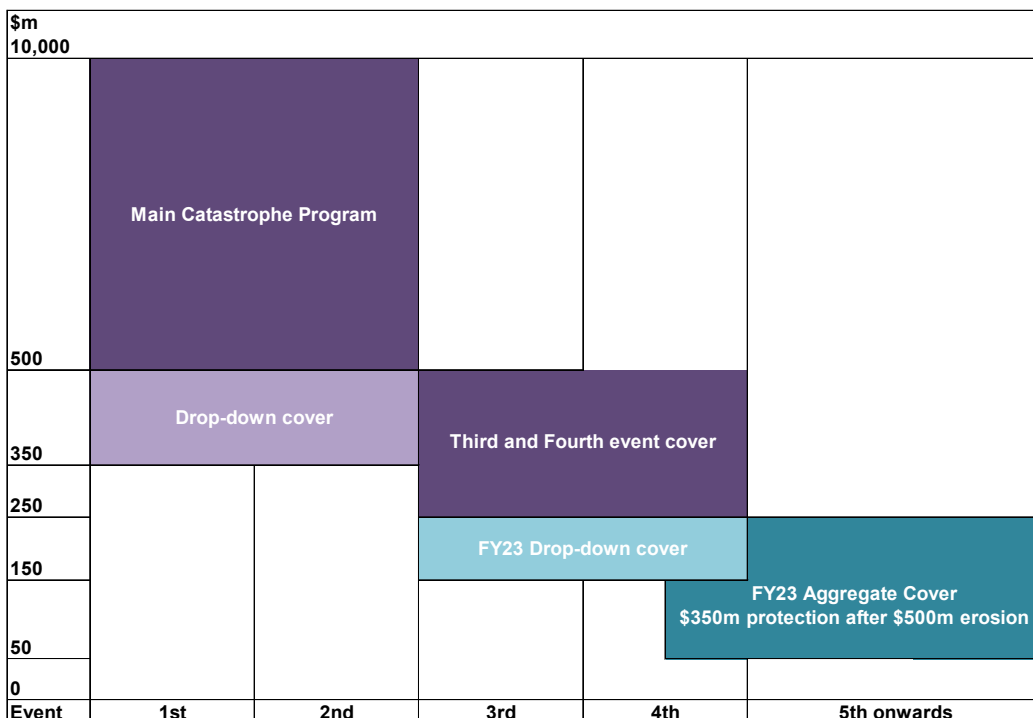
2023 catastrophe reinsurance program

In conjunction with IAG’s WAQS arrangements which apply to 32.5% of natural perils, the 2023 catastrophe reinsurance program provides:

- A main catastrophe cover for two events up to \$10 billion, with a retention of \$338 million (67.5% of \$500 million);
- A further drop-down cover of \$150 million reducing IAG’s retention on the two events to \$236 million (67.5% of \$350 million) with an additional premium payable if the drop-down cover is utilised on a first event; and
- Third and fourth event covers of \$250 million excess of \$250 million.

In addition, for the remainder of FY23, IAG’s reinsurance protection also includes drop-down cover of \$100 million for third and fourth events which reduce the retention to \$101 million (67.5% of \$150 million) and aggregate cover of \$350 million excess of \$500 million with qualifying events capped at \$200 million excess of \$50 million per event.

Catastrophe reinsurance program as at 1 January 2023



IAG's Chief Financial Officer Michelle McPherson said: "Global reinsurance has become more challenging over the past year due to the impact of capital markets and Australian and international natural peril events, however IAG continues to have strong support from our long-term reinsurance partners.

"We have increased our first event retention reflecting inflation and global reinsurance market impacts. This was a rational economic decision balancing the interests of all our stakeholders including minimising the impact of additional reinsurance costs on our customers."

After allowance for the WAQS arrangements, the combination of all catastrophe covers at 1 January 2023 results in IAG having a maximum first event retention of \$236 million (1 July 2022: \$135 million).

The total non-quota share reinsurance expense for FY23 has increased as expected and is currently anticipated to be in the range of \$790 million to \$820 million (FY22: \$659 million).

The overall credit quality of the 2023 program is strong, with over 90% placed with entities rated A+ or higher, which is in line with 2022.

Whole of Account Quota Share agreements

IAG has agreed terms to renew arrangements with WAQS partners, Munich Re and Swiss Re, representing 10% of the 12.5% whole of account program that is due to expire on 30 June 2023. The new agreements will be effective from 1 January 2023 and have a term of five years.

Ms McPherson said: "IAG and its quota share reinsurers have engaged positively to renew their long-term partnerships ahead of the expiry of the original agreements. The willingness of leading global reinsurers to renew their arrangements with us reflects their confidence in the IAG franchise and the strength of our financial outlook.

"In an environment of constrained reinsurance capacity, the renewed agreements provide IAG with materially consistent financial outcomes and support our 15% to 17% medium-term reported margin target."

Renewal discussions in respect of the remaining 2.5% due to expire on 30 June 2023, are expected to be completed over the coming months.

This release has been authorised by 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 \$13 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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