

4 November 2021

## Natural hazard update

Suncorp (ASX: SUN | ADR: SNMCY) today provided an update on the recent hail and wind event which occurred on 28 and 29 October with customers impacted across South Australia, Victoria and Tasmania.

As at 3 November, Suncorp had received approximately 12,000 home and motor claims. As the full extent of damage is still unfolding, claims are expected to rise further. We expect the total cost from this event to be in the range of \$225-\$250 million.

Suncorp Group CEO Steve Johnston said: “Our local assessors and tradespeople are on the ground and helping affected customers. We encourage all impacted customers to lodge their claim as soon as possible.

“One of the key elements of our Best in Class Claims strategy is a more flexible workforce, which has been successfully scaled up to support this event. Our focus on the digital customer experience is also yielding positive results with more than half of all home and motor claims from this event lodged online.

“The Group’s supply chain is responding well and we are not currently experiencing issues due to border restrictions. We will continue to work closely with governments and the Insurance Council of Australia to ensure we can respond to customers as quickly as possible.”

Mr Johnston reiterated calls for greater investment in mitigation and resilience to make homes and communities safer before natural disasters occur. “Disaster mitigation, rather than disaster clean-up, is what Australia needs to focus on. Preparing our homes and communities to better withstand extreme weather is a smarter investment than rebuilding,” he said.

Including this latest event, there have been six declared weather events in October. While it is too early to estimate the ultimate costs of the more recent events, preliminary ranges are being provided based on lodgement patterns and historical average claims costs. The estimated range for total natural hazard costs across Australia and New Zealand for the financial year to 31 October 2021 is outlined in the table below. These estimates exclude any associated risk margin or claims handling expenses.

Date	Event	Net estimated costs (\$m) <sup>1</sup>
9 Jul – 10 Jul	WA Cold Front	13
16 Jul – 18 Jul	NZ Heavy Rain	35
26 Jul – 28 Jul	Southern Australia Low	9
23 Aug – 25 Aug	Eastern States Winter Winds	9
30 Aug – 31 Aug	NZ North Island Storm	15
22 Sep – 23 Sep	Victorian earthquake	50-70
29 Sep – 1 Oct	Eastern Australia Storms	15-25
13 Oct – 16 Oct	Eastern Australia Complex Low	40-50
17 Oct – 20 Oct	Queensland Storms	10-20
20 Oct – 22 Oct	Coffs Harbour Hail	70-90
23 Oct – 24 Oct	Thirlmere Hail (NSW)	25-35
28 Oct – 29 Oct	Adelaide Hail & Victoria Wind	225-250
<b>Total events over \$5m</b>		<b>516-621</b>
Other natural hazard attritional claims (below \$5m)		81
<b>Total natural hazards</b>		<b>597-702</b>

<sup>1</sup>These estimates reflect the most up to date view of costs associated with these events

Suncorp has a comprehensive reinsurance program in place. This includes the Aggregate Excess of Loss treaty (AXL) which is an aggregate protection cover providing \$400 million of cover in excess of a retention of \$650 million for loss event costs above \$5 million. The events to date are estimated to have eroded between \$456-\$561 million of the deductible for the AXL.

The Group also has the main catastrophe program which limits individual event retention to a maximum of \$250 million with an upper limit of \$6.5 billion. In addition, the Group has three dropdown covers which in aggregate provide an additional \$450 million of protection against large natural hazard events. Full details of the reinsurance program are outlined in the Suncorp FY21 Results Investor Pack.

Reflecting the Group's natural hazard experience to date and the strength of the comprehensive reinsurance program in place, the full year outlook for natural hazard costs is in the range of \$1.105 - \$1.130 billion, exceeding the FY22 allowance by between \$125-\$150 million. Suncorp's full year natural hazard allowance is \$980 million divided equally between the first and second halves of the financial year. This outlook assumes that gross natural hazard costs for the remainder of the financial year remain in line with Suncorp's natural hazard allowance.

Authorised for lodgment with the ASX by the Suncorp Disclosure Committee.

**ENDS**

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