



ASX Announcement

12 January 2011

CLAIMS UPDATE

Suncorp today provided an update on the tragic storms and flooding that have devastated large areas of Queensland.

Group CEO Patrick Snowball said the thoughts of all Suncorp people were with those Queenslanders who have been impacted and the Group stood ready to support its customers as they commenced the process of rebuilding.

The Group said its comprehensive reinsurance program would limit the cost of claims relating to storm and flood damage in Brisbane and areas of south-east Queensland since 8 January to between \$70 million and \$90 million. It is also likely to incur additional reinsurance costs of around \$120 million to reinstate multiple covers for the remainder of the financial year.

Releasing an update on the cost of natural hazards for the six month period to 31 December 2010, the Group said it had received approximately 2,500 claims from the first weather system that impacted Central and south-west Queensland from 25 December 2010. Based on preliminary estimates, Suncorp expects the pre-tax cost of this event to be between \$130 million and \$150 million. This cost will be included in the Group's half-year result to 31 December 2010.

As a consequence of the Central and south-west Queensland weather event, as well as other natural hazard events during the course of the first half (see attached appendix), the Group expects to have eroded between \$220 million and \$240 million of retained costs under its aggregate reinsurance program.

The aggregate reinsurance cover, along with the Group's property catastrophe program, will limit the financial impact of any further natural hazard events, including the current weather system impacting Brisbane and south-east Queensland, over the remainder of the 2010/11 financial year.

Mr Snowball also acknowledged the work of Suncorp people who were working together as one team to assist customers. "I am extremely proud of the way our teams have mobilised across Queensland in support of our insurance and banking customers."

The Group's half year result will be announced on 23 February 2011.

Ends

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Appendix – Natural hazard events for the six months to 31 December 2010

Suncorp's property catastrophe treaty provides reinsurance protection from losses on home, motor and commercial property claims due to single events over \$200 million.

Additionally, it has aggregate cover where the cost of events above \$10 million is aggregated until \$300 million retention is exceeded. The policy then provides \$400 million of coverage.

The attached table outlines the major natural hazard events for the six months to 31 December 2010 and shows their contribution towards eroding the \$300 million retention.

Event	Event Cost \$m	Contribution to Aggregate Retention \$m	Cumulative Aggregate Retention Contribution \$m
Victorian floods (3-6 Sept 10)	25	15	15
Christchurch earthquake (4 Sep 10)	43*	33	48
Brisbane storms/floods (7-11 Oct 10)	12	2	50
Eastern Australia storms (15-16 Oct 10)	13	3	53
Eastern Australia rain (2-6 Dec 10)	16	6	59
South Australian storms (7-8 Dec 10)	10	-	59
QLD-NSW hail/rain (15-17 Dec 10)	51	41	100
QLD flooding (from 25 Dec 10)	130-150	120-140	220-240

**net of catastrophe reinsurance recoveries*

The Group expects to exceed its natural hazard allowance for the half year to 31 December 2010 by between \$160 million and \$180 million.

All numbers quoted in this announcement are pre-tax.