

9 January 2020

Suncorp Group bushfire and natural hazard update

Key Points

- **Suncorp Group has so far received more than 2,600 bushfire-related claims**
- **Total bushfire costs year-to-date between \$315 to 345 million (includes attritional bushfire costs)**
- **Customer Support Teams continue to be deployed to fire-affected regions**
- **Total natural hazards costs for 1H20 of \$519 million**
- **Reinsurance program provides strong 2H20 earnings protection, including \$200 million stop loss**

Suncorp (ASX: SUN | ADR: SNMCY) today provided an update on its response to Australia's catastrophic bushfires, including how it is supporting customers and communities and the expected financial impact of bushfire claims received year to date.

Customer response

Suncorp has received more than 2,600 bushfire-related claims since September 2019 with a total estimated cost of between \$315 to 345 million.

Suncorp CEO Steve Johnston said the Group's immediate focus is on doing everything it can to support customers who need urgent assistance.

"Having visited some of the communities affected by these fires, it is difficult to describe the extent and indiscriminate nature of the damage that has been caused and how deeply traumatic and dangerous they have been for families, communities and emergency services personnel," he said.

"Over the past decade, Suncorp has responded to numerous major natural disasters, including bushfires, hailstorms, cyclones, flooding and earthquakes. In each case our focus and commitment has been to rebuild and help customers' lives return to normal.

"We fully recognise that these bushfires are particularly significant in terms of their duration; the geographic breadth of the fire zones; the sheer destruction of property; and the associated impacts on people's lives, as well as local communities and economies.

"This recovery is going to take a long time – as one of Australia's largest insurers we understand the role we need to play in that process. We are committed to continuing to do everything possible to help people and communities get back on their feet.

"While our immediate focus is on helping customers recover, mitigation and resilience is something we all need to prioritise when this situation has stabilised."

Suncorp teams have been working in bushfire-affected communities since September 2019 and it has deployed national resources to respond to this disaster, including:

- assessors, builders, client managers, and Customer Support Teams have been deployed to affected communities in New South Wales (NSW), Victoria, South Australia, and Queensland;

- affected homeowners are assigned a dedicated client manager to make the claims process as smooth as possible;
- affected customers can access temporary accommodation, emergency funds, and financial assistance;
- a financial relief package is available for Suncorp Bank customers; and
- local trades are being prioritised to assist with the rebuild.

Suncorp anticipates deploying its teams to the severely affected towns of Ulladulla and Batemans Bay in NSW and Bairnsdale in Victoria this weekend. The company is on standby to also send teams to the South Coast of NSW and East Gippsland region in Victoria when it is safe.

All of the assessments for claims lodged in relation to the November 2019 bushfires on the NSW Central Coast as well as Central Queensland have now been completed, and assessments in the Adelaide Hills region are expected to finish this week.

Donation

In addition to the substantial work Suncorp is completing on behalf its customers, the Group has increased its donation to the bushfire relief effort to \$500,000. Suncorp has already donated \$100,000 to the Australian Red Cross' Disaster Relief Fund and \$40,000 to emergency services in NSW and Queensland. Suncorp also continues to double match employee donations with over \$90,000 contributed to bushfire relief agencies to date. The additional funds will be targeted at supporting local and regional community fundraising efforts.

Natural Hazard Update

In the six months to 31 December 2019, Suncorp recorded seven natural hazard events greater than \$10 million and attritional claims of \$159 million. The attritional claims figure includes \$26 million of bushfire-related claims which were incurred outside of the three designated bushfire events. Total natural hazard costs for the six-month period were \$519 million, \$109 million above the Group's 1H20 natural hazard allowance. In addition, costs for claims incurred in the 1–5 January period are estimated to be \$75–\$105 million. Suncorp's natural hazard costs are detailed in the table below:

Date	Event	Net costs \$m
Nov-19	NSW/Qld Bushfires	35
Nov-19	South East Qld Hail	88
Nov-19	Northern Sydney Storms	22
Nov-19	NZ Canterbury Storms	18
Dec 19	South East Qld /Northern NSW Hail	18
Dec-19	NSW/SA Bushfires (15 to 21 December)	34
Dec-19	Vic/NSW/Tas Bushfires (30 to 31 December)	145
Total events over \$10m as at 31 December 2019		360
Bushfire attritional claims		26
Other natural hazard attritional claims Aust & NZ		133
Total natural hazards as at 31 December 2019		519
Jan-20	Vic/NSW/Tas Bushfires (1 to 5 Jan)	75-105

Reinsurance Protection

Suncorp has in place a broad reinsurance program with enhanced natural hazard protection in FY20.

Mr Johnston said: “Suncorp has significantly increased its reinsurance protection in FY20 providing strong additional cover to limit the impact of further natural hazard costs for the remainder of FY20. This is important given the severe threat of bushfires is ongoing.”

In addition to the main catastrophe program, Suncorp has additional dropdown aggregate protection in the form of three dropdowns¹:

- Dropdown 1 (50m xs 200m xs 50m) provides \$50 million of cover, for events greater than \$200 million once the cumulative impact of qualifying events reaches \$50 million.
- Dropdown 2 (100m xs 150m xs 200m) provides \$100 million of cover, for events greater than \$150 million once the cumulative impact of qualifying events reaches \$200 million.
- Dropdown 3 (100m xs 50m xs 200m) provides \$100 million of cover, for events greater than \$50 million once the cumulative impact of qualifying events reaches \$200 million.

The extent to which the deductibles on the dropdown cover will be eroded following these events will depend on the ultimate cost of the 30 December 2019 to 5 January 2020 Vic/NSW/Tas bushfire event, which continues to develop. The maximum net exposure to the Vic/NSW/Tas bushfire event including claims after 31 December 2019 will be \$250 million.

In addition, Suncorp’s Natural Hazard Aggregate Protection cover is also in place for FY20. This cover provides \$300 million of protection for events greater than \$10 million once aggregate costs have reached \$515 million (deductible). Events to 31 December 2019 eroded \$360 million of this deductible. Factoring in costs associated with the Vic/NSW/Tas bushfire event since 1 January 2020, the erosion of the deductible is now in the range of \$435 and \$465 million, excluding potential recoveries under the dropdown program.

In FY20, Suncorp has also acquired an Aggregate Stop Loss protection aiming to limit natural hazards exposure to the \$820 million natural hazard allowance. The cover provides an additional \$200 million of cover for all retained natural hazard losses, not just those greater than \$10 million, in excess of the natural hazards allowance of \$820 million. Events to 31 December 2019 eroded \$519 million of this deductible.

Suncorp will provide a further update as part of its half year results to be announced on 11 February 2020.

Authorised for lodgement with ASX by Suncorp Disclosure Committee.

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¹ The Group also has in place prepaid reinstatements for Dropdown 2 and Dropdown 3