

31 March 2021

Natural hazard update

Suncorp (ASX: SUN | ADR: SNMCY) today provided an update on the expected financial impact from the heavy rainfall and flooding across New South Wales, South East Queensland and Victoria.

As at 12pm (AEST) 30 March, Suncorp had received just over 7,600 claims across all three states. Claims numbers are expected to rise further as customers gain access to affected regions and the extent of damage becomes clear. Around three-quarters of claims are from NSW, with around 20 per cent from Queensland and the balance from Victoria and the ACT. The severity of claims varies significantly between regions.

Suncorp Group CEO Steve Johnston said: “Suncorp continues to work with our customers, particularly in the hardest-hit areas of the Mid-North Coast of NSW and Western Sydney.

“Floods too frequently devastate communities across Australia, which is why as a country we must address this risk. Unfortunately, many homes in Richmond, Windsor, Penrith, Port Macquarie and Taree are in medium to very high flood risk areas.

“As a country, we need to address how we can protect homes in flood-prone regions through government investment in mitigation infrastructure. We must also improve planning decisions to ensure we are not building new homes in high-risk areas,” Mr Johnston said.

Suncorp welcomed the Queensland and New South Wales Governments’ decision to classify assessors and tradespeople as essential workers so they can travel to flood-affected regions. Mr Johnston said the scale of the disaster necessitates the movement of interstate assessors and repairers so that customers and communities can get back on their feet as soon as possible.

Based on claims lodged to date and the Group’s preliminary assessment of damage, Suncorp estimates net claims costs in relation to this event will be \$230 – 250 million. Suncorp expects the majority of claims to be attributed to a single event across all three States for reinsurance purposes. The costs of this event will be capped at \$250 million under the Group’s main catastrophe program.

The Group has a comprehensive reinsurance program in place that provides strong protection for the remainder of the financial year. The full limits remain available on all the Group’s main catastrophe program and dropdown aggregate reinsurance covers. In addition to eroding the deductibles on the dropdown aggregate covers, this event will further erode the deductible on the Group’s Aggregate Excess of Loss (AXL) protection. The AXL provides \$400 million of cover in excess of a retention of \$650 million with an event deductible of \$5 million. As at 28 February 2021, \$370 million of the AXL deductible had been eroded.

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

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