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## SUNCORP REINSURANCE UPDATE

Suncorp Group Limited (Suncorp) today confirmed placement of its property catastrophe reinsurance program for the financial year to 30 June 2013.

Group CEO Patrick Snowball said the new program provides similar levels of protection to the 2012 financial year program and will support Suncorp's strategic objectives over the medium term.

"Despite an unprecedented sequence of severe earthquakes, cyclones, floods and storms over the last three years, Suncorp has strengthened its balance sheet and capital position due, in part, to the reinsurance programs it had in place," Mr Snowball said.

"This year's program provides similar protection while also supporting the Group's strategic growth objectives and the transition towards APRA's LAGIC rules".

Suncorp has a significant share of the Queensland home insurance market and, to reduce its geographical concentration, the Group has entered into a 30 per cent, multi-year, proportional quota share arrangement covering this portfolio.

As a result, the upper limit on Suncorp's main catastrophe program, which covers the Group's home, motor and commercial property portfolios for major events such as earthquakes, cyclones, storms, floods and bushfires, has reduced to \$5.3 billion from \$5.8 billion.

The maximum event retention is \$250 million. Additional cover has been purchased to reduce this retention to \$200 million for a second Australian event and to \$50 million for third and fourth events.

Additional multi-year cover has also been purchased to reduce the first event retention for New Zealand risks to NZ\$50 million and the second and third event retentions to NZ\$25 million.

There has been a moderate increase in the cost of Suncorp's 2013 catastrophe reinsurance cover. The Group has been anticipating this increase since early 2012 and has been including an appropriate adjustment for additional reinsurance costs in determining insurance premiums.

The number of global reinsurers included in the program has increased slightly. Consistent with previous years, over 85 percent of the program is covered by reinsurers rated 'A+' or better.

Details of the catastrophe program and quota share agreement are subject to confidentiality arrangements.

Suncorp's results announcement for the 2012 financial year will be held on 22 August 2012.

### Ends

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