ASX announcement

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SUNCORP GROUP

9 October 2013

Suncorp Group Limited - Reinsurance Program

Please find attached a short presentation on the Suncorp Group's catastrophe reinsurance program for the 2014 financial year which will be presented to insurance analysts today.

The presentation provides some basic worked examples of the Suncorp Group's drop-down aggregate covers.

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attch.

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Suncorp Group Limited

Analyst Reinsurance session

9 October 2013

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Suncorp results presentation

Agenda

Introduction	Anthony Day CEO Commercial Insurance
Reinsurance Framework	Michael Miller CFO Commercial Insurance
Reinsurance Markets and Placement	Tony Smith EM – Group Reinsurance
Modelling	Andrew Huszczo Appointed Actuary General Insurance
Q&A	

Introduction
Key considerations

Underwriting → **Capital Requirements**

The reinsurance process

Framework of decisions

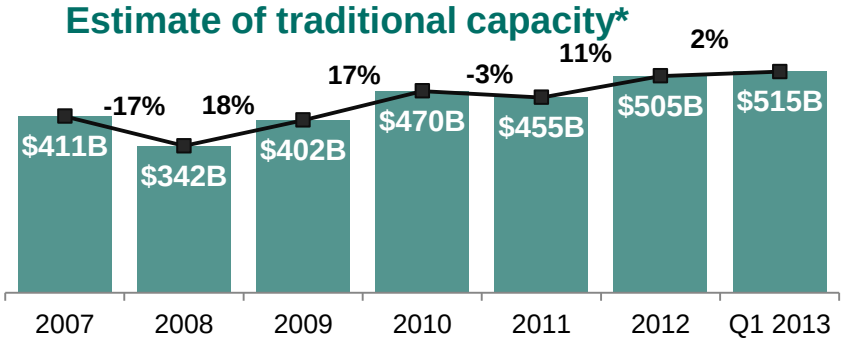
Capital	Volatility	Cost
Regulatory capital Economic capital	P&L volatility and natural hazard allowance	Cost vs Capital trade off

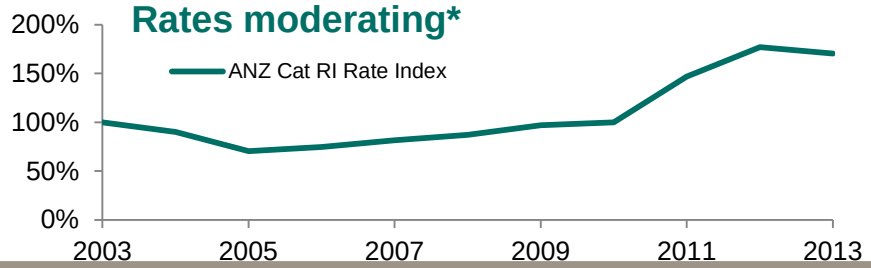
Risk appetite

Global Reinsurer Capital

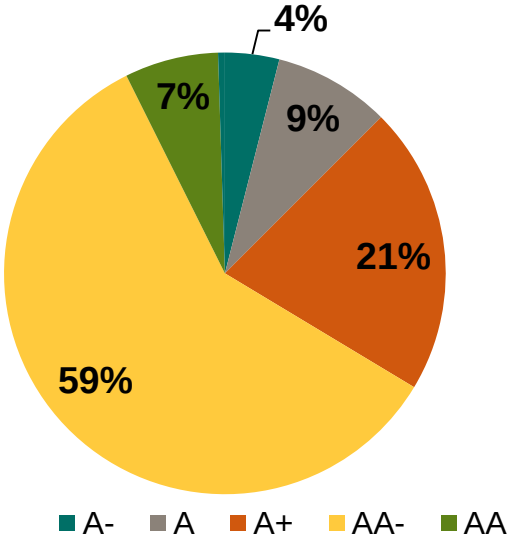
Snapshot of the industry

Buoyant Reinsurance market



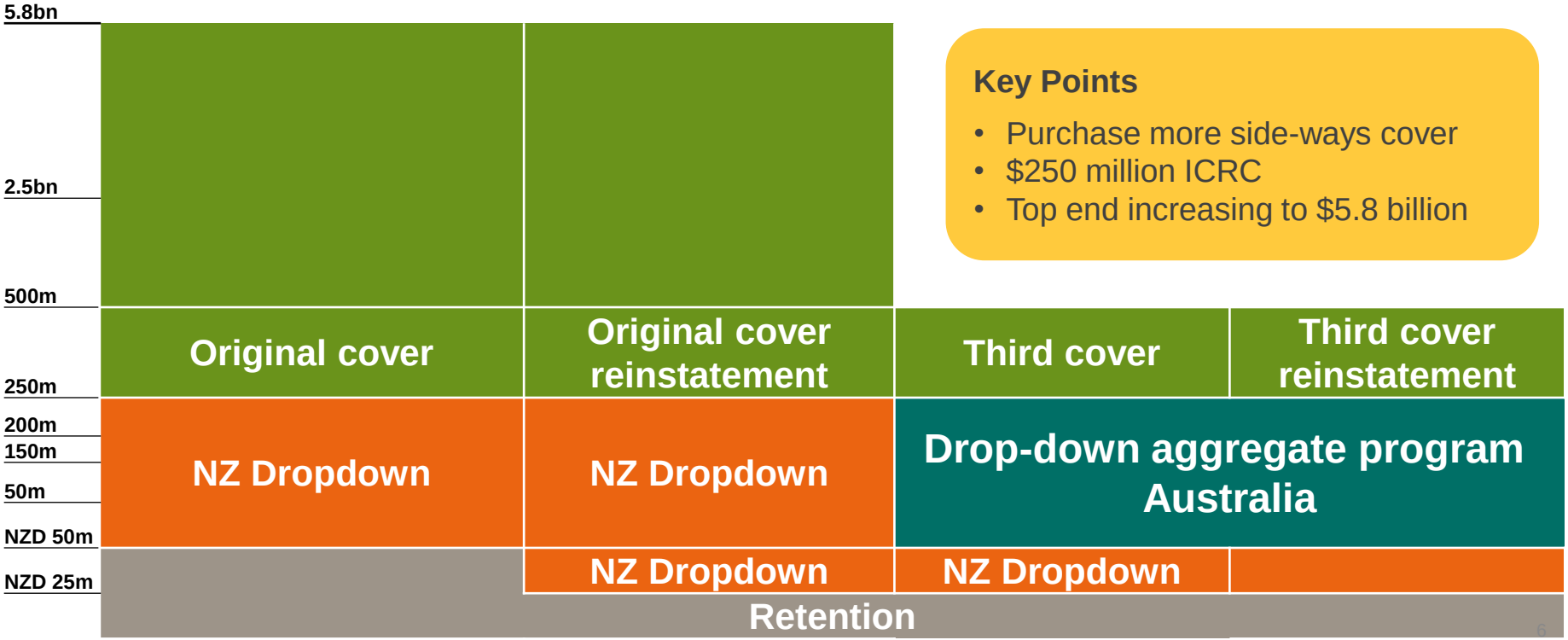


Suncorp FY14 property program Strong counterparty credit



** Source: AON Benfield*

FY14 Suncorp Reinsurance program



Key Points

- Purchase more side-ways cover
- $250 million ICRC
- Top end increasing to $5.8 billion

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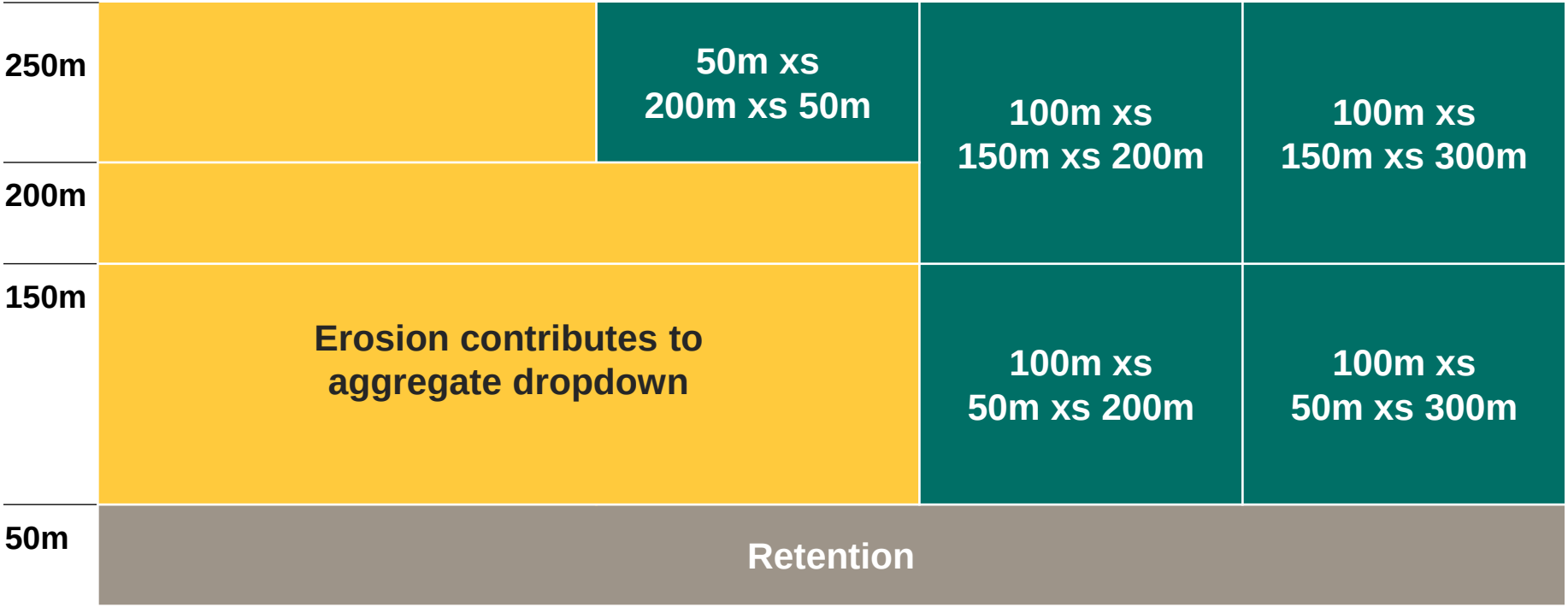
FY14 Reinsurance program

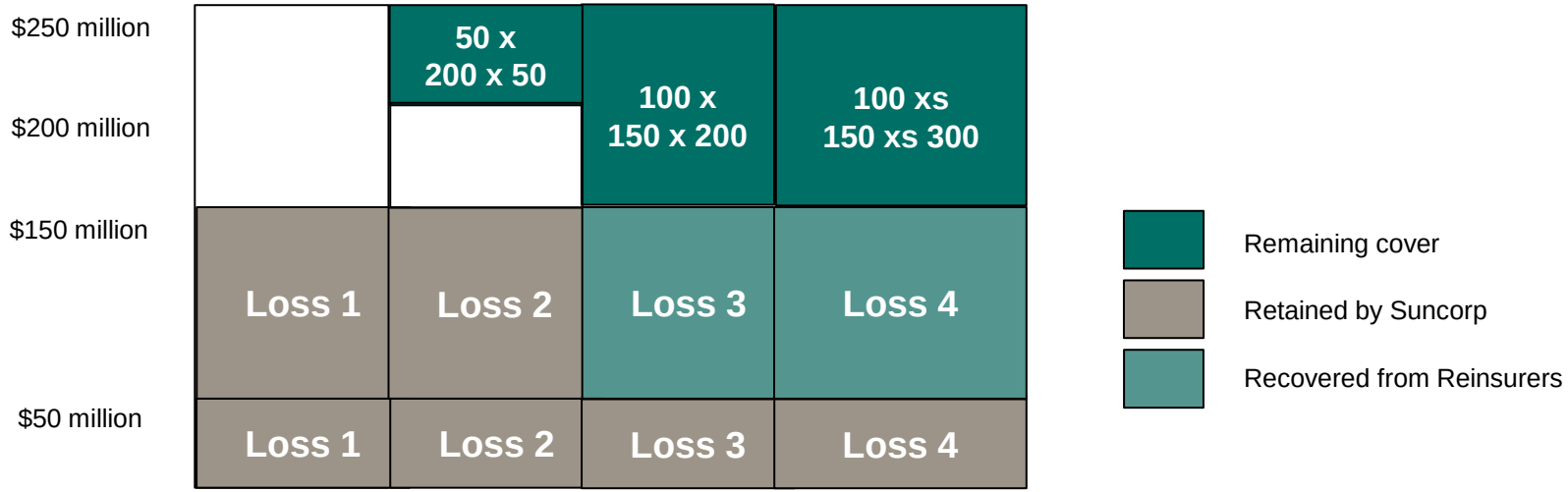
Drop-down aggregate program - Australia



FY14 Drop-down aggregate program

Worked example: Four events - $150 million each

	Loss 1 (A$m)	Loss 2 (A$m)	Loss 3 (A$m)	Loss 4 (A$m)
Gross	150	150	150	150
Net	150	150	50	50



FY14 Drop-down aggregate program

Worked example: Three events for $250 million

	Loss 1 (A$m)	Loss 2 (A$m)	Loss 3 (A$m)
Gross	250	250	250
Net	250	200	50

Risk modelling

Looking through the cycle

Inputs

- 17 years of Suncorp data
- 45 years of industry data
- Multiple catastrophe models, both internal and external

Modelling Process

- Attritional claims
- Events between $5 million and $100 million based on internal data
- Events above $100 million via stochastically simulated losses

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Modelling outcomes

- ICRC
- Natural hazard allowance (FY14 $565 million)
- Pricing ability
- Group capital model
- Reinsurance Limit

Natural hazard allowance

Three key components

Attritional

- 17 years of Suncorp inflated and adjusted data
- Higher weighting to most recent 5 years

$5m - $100m

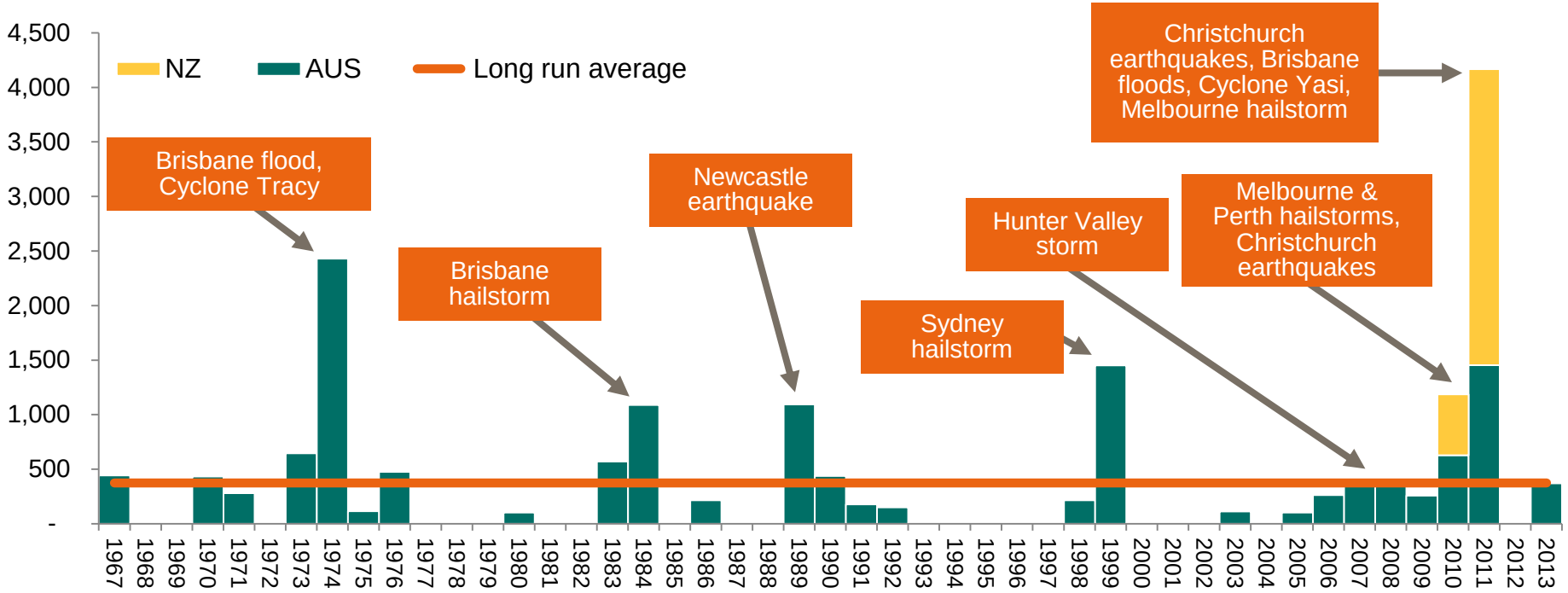
- 17 years of Suncorp data
- Modelled using frequency and size approach
- Frequency a blend of industry and internal data
- Size based on internal data

$100m+

- Multiple catastrophe models, both internal and external
- 45 years of industry data

Natural hazards since 1967

Suncorp long-term catastrophic loss experience (normalised*)
Events greater than $100 million, gross of all reinsurance



** In 2013 dollars based on increases in market share, population growth and sums insured.*

Summary
Closing

Framework	• Cost vs Capital vs Earnings volatility
Reinsurance market	• Healthy reinsurance market
Risk Selection Modelling	• Core discipline of Suncorp

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