

Suncorp Group Limited

Analyst Reinsurance session

9 October 2013

**One Company
Many Brands**



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

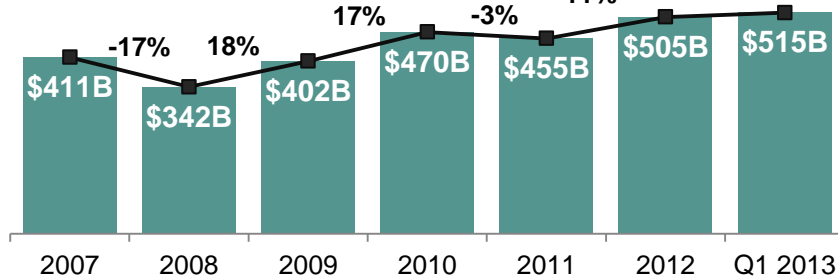


Global Reinsurer Capital

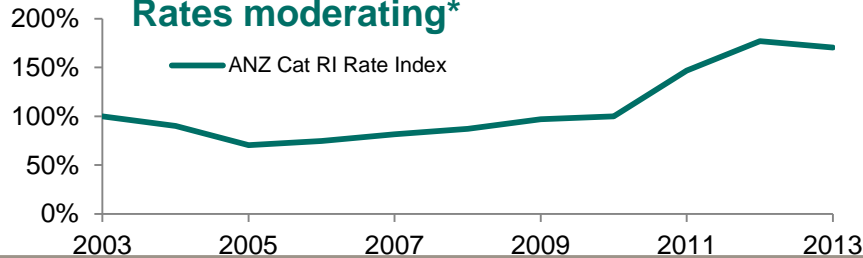
Snapshot of the industry

Buoyant Reinsurance market

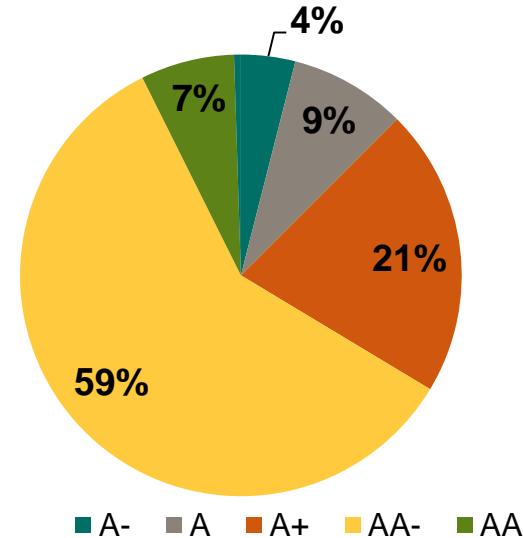
Estimate of traditional capacity*



Rates moderating*

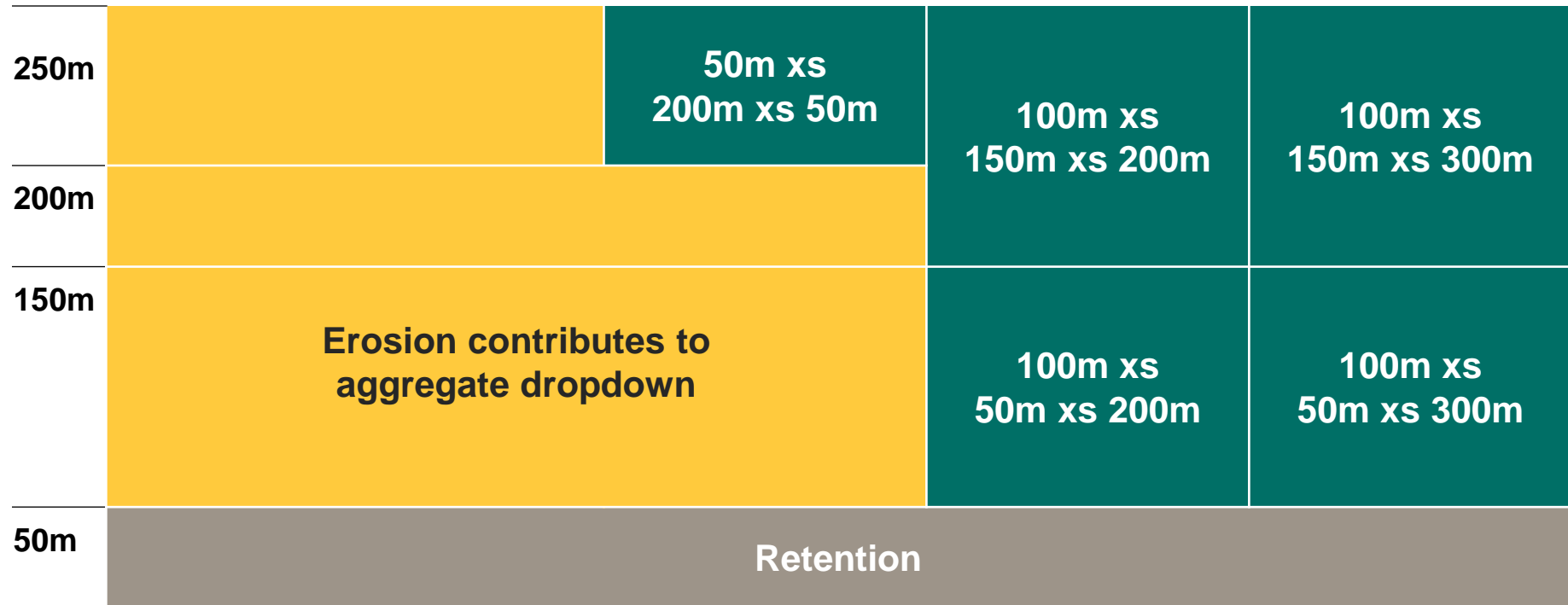


Suncorp FY14 property program Strong counterparty credit



FY14 Reinsurance program

Drop-down aggregate program - Australia

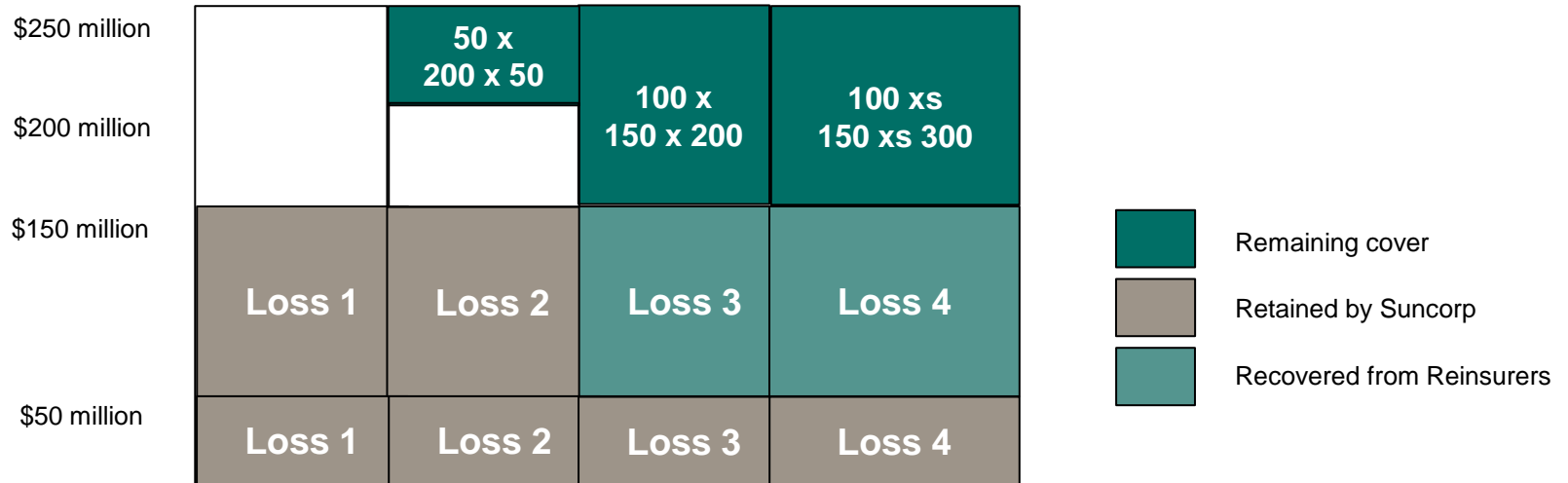


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FY14 Drop-down aggregate program

Worked example: Four events - \$150 million each

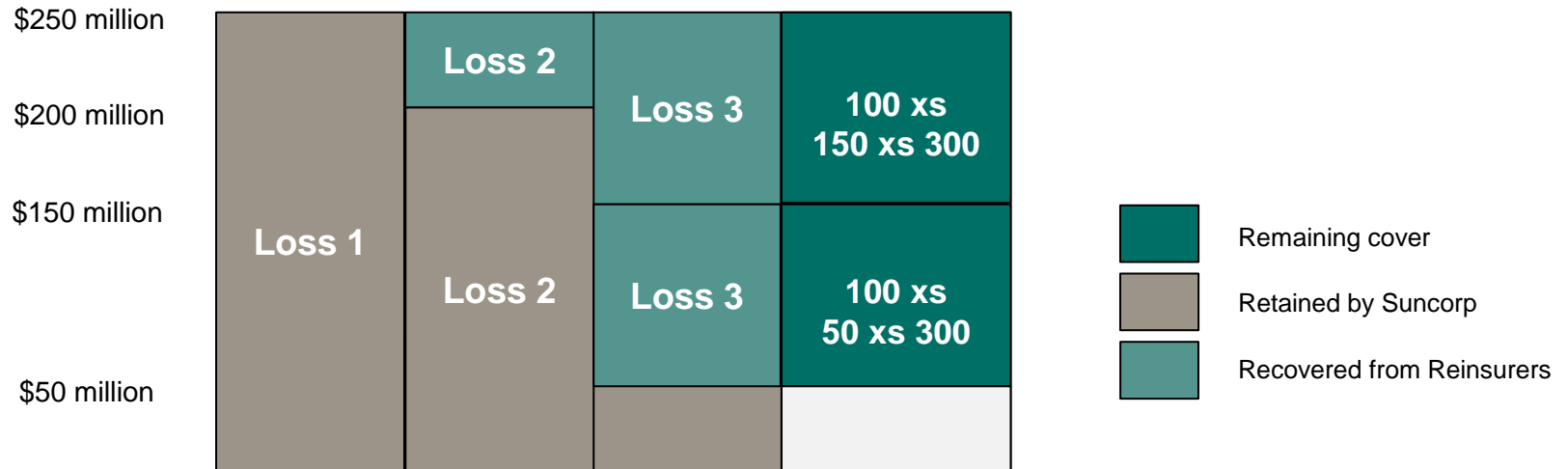
	Loss 1 (A\$m)	Loss 2 (A\$m)	Loss 3 (A\$m)	Loss 4 (A\$m)
Gross	150	150	150	150
Net	150	150	50	50



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

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

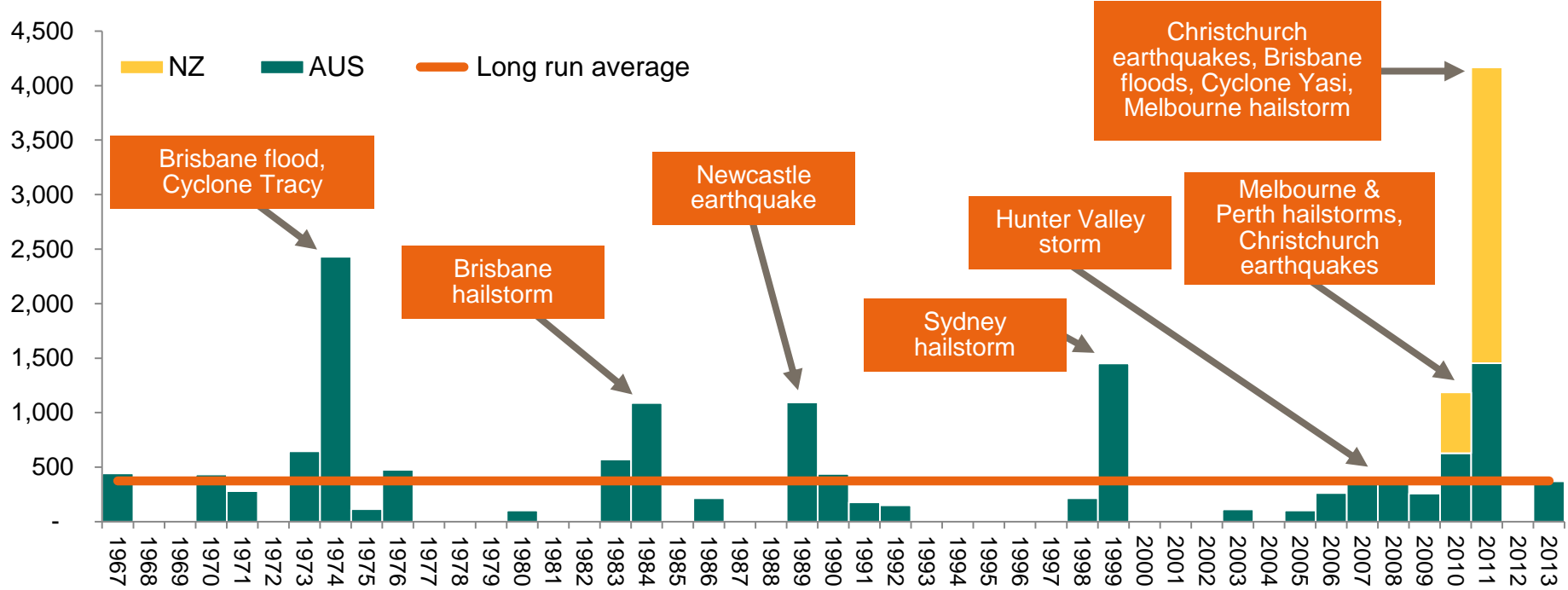


\$100m+

- 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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