



## NEWS

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### **INSURANCE DIVISION – FLOOD, STORM AND EARTHQUAKE IMPACTS**

At Wesfarmers' half-year earnings announcement on 17 February 2011, it was reported that claims associated with severe weather and flood events across Australia during January and early February would impact the Insurance division's earnings by approximately \$30 to 35 million.

Following this announcement, the impact of the second Christchurch earthquake, further claims development from the earlier severe weather events and costs of reinstatement premiums on the catastrophe reinsurance program will result in a further impact to the Insurance division's earnings in the order of \$40 million.

The Insurance division's current net retention per event under its catastrophe reinsurance program is \$15 million and the division retains two layers of catastrophe reinsurance cover for the remainder of the financial year.

Given the number of catastrophe events that have taken place in the 2011 financial year to date, it is now expected that earnings for the Insurance division for the 2011 financial year will be in the range of \$60 to \$80 million, subject to no additional significant events.

Managing Director of Insurance, Rob Scott, said that excluding the impacts of the unprecedented number of catastrophe events this year, the underlying underwriting performance of the division continues to improve and earnings for broking operations remain in line with internal expectations.

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