

2 March, 2023

Tower places reinsurance reinstatement cover

Kiwi insurer, Tower Limited (NZX/ASX: TWR) today announces it has successfully placed its reinsurance reinstatement cover for the remainder of the financial year ending 30 September, 2023.

Following the recent Auckland and Upper North Island weather event and Cyclone Gabrielle, Tower confirmed it would reinstate its reinsurance arrangements in line with the company's comprehensive approach to reinsurance.

The reinstatement will ensure Tower maintains sufficient protection for two additional catastrophe events in FY23.

Tower had previously taken the prudent step of purchasing a proportion of cover for a third event in FY23 of up to \$57.5m. This cover remains in place and has materially reduced the cost of the reinstatement purchase.

A third catastrophe event in the financial year will incur an excess of \$12.5m, and a 13.25% share of losses between \$12.5m and \$57.5m. Losses between \$57.5m and \$889m are fully reinsured. The excess for a fourth event would be \$13.1m, also with total coverage up to \$889m.

Tower CFO Paul Johnston says the current reinsurance market is challenging, which is affecting both the structure and the cost of reinsurance and will continue to do so. However Tower's focus on risk-based pricing and continued strong relationships with global reinsurers have assisted it to quickly place its reinsurance reinstatement cover at reasonable prices.

"Reinsurers want to work with insurers that have robust risk management capabilities and strong underwriting. They are attracted to Tower's strong underlying business, our approach to risk-based pricing, and our dynamic rating capability," he says.

Tower is currently estimating the cost of Cyclone Gabrielle and is continuing to monitor the cost of the Auckland and Upper North Island weather event. Tower will consider purchasing additional reinstatement cover if necessary.

Tower's FY23 full year guidance remains unchanged.

ENDS

This announcement has been authorised by:

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