



14 May 2020

Mr Tim Wilson MP
Chair
House of Representatives Standing Committee on Economics
Parliament House
CANBERRA ACT 2600

Via email: economics.reps@aph.gov.au

Dear Mr Wilson,

I am writing to clarify responses I provided to questions asked by Dr Anne Aly MP and Mr Adam Bandt MP during the Committee's public hearing held in Canberra via videoconference on Wednesday, 29 April 2020.

The first point relates to a question asked by Dr Aly (set out on page 25 of the proof Hansard transcript) about assistance we are providing our customers in the form of premium payment deferrals during COVID-19. In my testimony, I said "... We've had a dedicated customer care team that we've stood up some three or four weeks ago to deal with specific customer inquiries. My data is a little out of date, but as at two weeks ago we were fielding 400-odd calls a week - that has probably gone up..."

After making some enquiries with our various business units, I can now confirm we received around 220 calls (not 400 calls) in the week commencing 13 April 2020 relating to premium payment deferral queries (where we are able to track such queries – noting not all business units are able to do so at that level of granularity).

The second point relates to a question asked by Mr Bandt (set out on pages 26 and 27 of the proof Hansard transcript) about a report I referred to in my response to a question from Dr Andrew Leigh MP (on page 24 of the proof Hansard transcript). That report, entitled 'Severe Weather in a Changing Climate', was the output of a collaboration between IAG and the National Center for Atmospheric Research which is based in Boulder, Colorado. The report outlines the likely changes in weather extremes under future climate scenarios and presents the current state of the science in a broadly applicable manner. It is intended as a starting point for any organisation looking to understand their changing exposure to weather extremes. The report (and supplementary presentation material from the launch event) is available [here](#).

I would like to clarify that the percentages quoted by Mr Bandt are not taken from the report, which does not include any analysis specific to insurance claims or pricing. The percentages were part of a supplementary presentation at the launch event, presented by Mr Andrew Dyer of IAG and available as number 10 in the list of presentations linked above. This highly caveated presentation outlined our first attempt to apply the severe weather changes outlined in the report to our natural peril risk models to estimate household-level climate sensitivity.



As a point of further clarification, the percentages reflect the modelled average change to the peril risk component of a domestic building insurance premium across the region, under the 3-degree warming scenario outlined in the report.

Thank you for the opportunity to clarify these matters. I would appreciate you providing this letter to your Committee members.

Yours sincerely,

Peter Harmer
Managing Director &
Chief Executive Officer