

ASX Release

22 May 2025

ACCC decision on IAG and RACQ strategic alliance

IAG today welcomed the ACCC's decision not to oppose its proposed acquisition of RACQ Insurance Limited to provide general insurance products and services for RACQ members and Queenslanders through its strategic alliance.

The 25-year strategic alliance remains subject to completion of other requirements, including approval under the Financial Sector (Shareholdings) Act (FSSA). Subject to satisfaction of the outstanding requirements, IAG and RACQ anticipate the transaction will be completed in the third quarter of calendar 2025.

IAG Managing Director and CEO Nick Hawkins said the ACCC's decision not to oppose the strategic alliance is an important milestone towards IAG and RACQ partnering to protect Queenslanders into the future.

"We're excited by the opportunity to partner with RACQ to provide our leading insurance products, services and support to RACQ members, partners and people across Queensland," Mr Hawkins said.

"As we outlined when we announced the strategic alliance in November last year, RACQ will maintain brand and customer relationships, while leveraging IAG's scale, financial strength, best-in-class technology for claims, policies and pricing, customer orientated claims experience and underwriting expertise."

RACQ Chief Executive Officer David Carter said: "This is a great first step in the regulatory process and recognises the benefits that would come from the two organisations working together as part of a 25-year strategic partnership agreement.

"We are just as confident today as we were when we announced the partnership, in the benefits that will come from our two organisations working together."

IAG will continue to provide updates as appropriate during the approval process.

Transaction details

Key terms of the agreement:

- On completion, the RACQ portfolio is expected to add ~\$1.3b to IAG's Gross Written Premium.
- IAG's consideration for 90% of the shares of RACQ Insurance and the entry into a strategic alliance for \$855m comprises:
 - payment for the shares equivalent to the expected net tangible asset value at time of completion of ~\$522m; and
 - upfront payment of ~\$333m for entry into an exclusive 25-year distribution agreement.

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- IAG has an option to acquire the remaining 10% from two years after completion on consistent terms. RACQ can choose to receive either cash or equity in IAG upon IAG's exercise of the option.
 - The consideration for the transaction will be funded from surplus capital.
 - The transaction is expected to be EPS accretive in the first full year of ownership.
 - IAG expects to incur customary one-off transaction and integration costs of ~\$70m over two years, which includes capitalised software integration costs.
 - Synergies, predominantly by adopting IAG's reinsurance strategy for the RACQ portfolio, are expected to exceed \$50m per annum.
 - Subject to regulatory approvals and other conditions, the transaction is expected to complete in the third quarter of calendar 2025.
 - In Queensland, there will be no change to IAG's existing insurance business and brands, or RACQ's brand, as a result of the alliance.

This release has been authorised by IAG's Continuous Disclosure Committee.

About IAG

IAG is the parent company of a general insurance group with operations in Australia and New Zealand. IAG's main businesses underwrite over \$16 billion of insurance premium per annum under many leading brands, including: NRMA Insurance, RACV (under a distribution agreement with RACV), CGU and WFI (Australia); and NZI, State, AMI and Lumley (New Zealand). For further information, please visit www.iag.com.au.

Media

Amanda Wallace
Mobile. +61 (0)422 379 964
Email. amanda.wallace@iag.com.au

Investor Relations

Mark Ley
Mobile. +61 (0)411 139 134
Email. mark.ley@iag.com.au

Insurance Australia Group Limited

ABN 60 090 739 923
Level 9, Tower Two, 201 Sussex Street
Sydney NSW 2000 Australia

Telephone. +61 (0)2 9292 9222