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Tower further strengthens solvency position

Tower Insurance welcomes Reserve Bank of New Zealand (RBNZ)'s decision to confirm a reduction in the minimum solvency margin required to be held by Tower under its licence condition from \$50m to \$25m. The reduction recognises Tower's decreasing risk related to the Canterbury earthquakes.

Tower CEO, Blair Turnbull says the Kiwi Insurer has a very strong balance sheet.

Tower's solvency margin as at 30 September 2020 was \$140m after adjusting to include the EQC Receivable settlement of \$42m. This was \$90m above the minimum solvency margin of \$50m, increasing to \$115m above following the reduction of the minimum solvency margin to \$25m.

The remaining \$25m licence condition will be maintained due to residual uncertainty related to the Canterbury earthquakes, which Tower is confident is both reducing and is being managed effectively. The licence condition will be reviewed by RBNZ in 12 months.

Mr Turnbull says this change is another positive step forward for Tower which has continued to strengthen its capital and solvency structure while investing in new digital technologies.

More than 270,000 Tower customer policies are now on Tower's leading, cloud-based digital and data platform. As a result of simplified online processes, two-thirds of new business is now coming through online channels and close to half of all claims are being logged online.

In February Tower announced its intention to pay an interim dividend as at 31 March 2021, to be confirmed at its half year results announcement in May 2021.

ENDS

This announcement has been authorised by the Tower Board

TOWER
Blair Turnbull
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