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21 November, 2011

Hon Evan Moorhead MP
State Member for Waterford
PO Box 273
WATERFORD WEST QLD 4133



Dear Mr Moorhead

Thank you for your correspondence regarding recent media speculation.

As I am sure you are aware, the Suncorp Group operates in the extremely competitive global financial services market and it is important for the Group's long-term prospects that we continually look for ways to improve the way we do things. There are very few growing organisations, in either the public or private sectors, that still conduct business in the same manner they did ten years ago.

This requires Suncorp to understand all of the competitive opportunities and threats relevant to our businesses, including making better use of technology, improving our internal systems and processes, eliminating duplication and engaging partner companies where they can provide a service more efficiently than we can do it ourselves.

Please be assured that we are regularly briefing our employees regarding the process we are undertaking. We are also meeting representatives of the Finance Sector Union as is appropriate under the applicable legislation.

Suncorp's commitment to Queensland and Australia has never been stronger. For example, we are about to announce the location of the Group's new Brisbane Campus which will accommodate more than 3000 employees. We also continue to create customer service roles in metropolitan and regional areas (over 100 new customer facing roles were created in the insurance business recently in preparation for the summer storm season) and we have established one of the largest graduate recruitment programs in corporate Australia.

You may also be aware of the Deloitte Access Economics research that quantified the significant contribution Suncorp Insurance made to the Queensland economy following the weather disasters last financial year – I have enclosed a newsletter summarising this research for your information.

As an organisation, we must continually try to balance the interests of all of our stakeholders – employees, customers, shareholders and the community – with the need to ensure Suncorp remains competitive over the longer term. I believe we have a proven track record of getting this balance right and this will ensure we continue as a major employer in Queensland and Australia well into the future.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Patrick Snowball', with a large loop at the start and a wavy line extending to the right.

Patrick Snowball
Group Chief Executive Officer



SUNCORP'S ROLE IN QUEENSLAND'S ECONOMIC RECOVERY

STAKEHOLDER NEWSLETTER



A NOTE FROM THE GROUP CEO

More than nine months on from the unprecedented natural disasters that hit Queensland, I'm pleased to say that the Suncorp Group is still playing a major role in the state's rebuilding and recovery efforts.

As a proud Queensland based Australian insurer, we've made significant efforts to assist our customers in getting back on their feet, back in their homes and back to work through processing almost 40,000 claims worth approximately \$1 billion.

Since last summer, Suncorp has actively participated in a range of government inquiries into the performance of the insurance industry after major claims events. As a business we have also reviewed our own customer management and claims processes.

As part of this we asked Deloitte Access Economics to undertake an independent review of our claims

spending and systems to assess our effectiveness in supporting customer and economic recovery.

This report highlighted the importance of strong government and insurance industry partnerships following major events. More than 3,600 new full time jobs were created due to our claims processes and policies. Suncorp's personal insurance brands also injected more than \$1.2 billion in financial stimulus which has helped restore economic flow across Queensland.

Significantly most of the employment and financial impact was seen in small business retail and building sectors during a time when the respective industries were experiencing negative growth.

Our processes and spending provided an immediate economic 'sugar hit' that can only be delivered by a

private company with strong and tested claims systems.

As we move forward the Suncorp Group remains committed to being the leading provider of financial services to Australians and New Zealanders. The events of last Summer have provided a once in a generation opportunity to not just review insurance but improve the coordination of government and insurance post major events.

I hope you find the information attached in this document helpful and as a business we look forward to continuing to work in partnership with yourself, all levels of government and industry to strengthen our response to customers during the times when they need us most.

Patrick Snowball
Suncorp Group CEO

SUNCORP'S ECONOMIC IMPACT

In February 2011, Suncorp commissioned Deloitte Access Economics to examine the role played by the organisation in the wake of the summer natural disasters.

The report provided a snapshot into the extent to which the Suncorp Group's claims response, processing and its broader risk mitigations services assisted in delivering urgent financial stimulus, peace of mind and economic support to the people of Queensland during their darkest moments.

REPORT HIGHLIGHTS:

- Short-term economic impact of over \$422 million, and projected long-term economic impact of approximately \$1.2 billion for the Queensland economy
- More than 3,600 full time jobs created for Queenslanders in the disaster's aftermath
- 93 percent of work carried out to assist Suncorp customers carried out by local trades.



Suncorp Group CEO Patrick Snowball with Emerald resident after the floods



THE ROLE OF INSURANCE IN ECONOMIC RECOVERY

Natural disasters not only impact people's lives, homes and businesses – they also severely impact the economic bottom line. During Queensland's summer of natural disasters, physical capital infrastructure – roads, buildings, train lines and bridges – were destroyed, and Queensland's economic output was severely restricted.

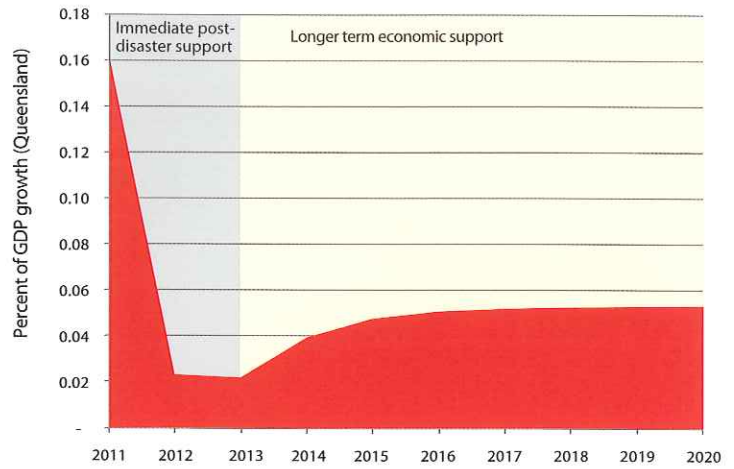
Analysis shows Queensland's gross state product (GSP) is estimated to have been reduced by \$6 billion due to the summer disasters – disrupting annual economic growth by 2.25 per cent (Queensland Government Budget 2010 – 2011).

Additionally, an estimated \$6.8 billion will be required to rebuild public infrastructure and provide ongoing community support.

That being said, Suncorp's claims expenditure from late 2010 and 2011 to date has provided immediate and substantial support to the Queensland economy. Research and analysis from Deloitte Access Economics show Suncorp's claims payments have contributed \$422.3 million to the Queensland economy in 2011.

The positive effect of Suncorp's claims payments on Queensland's economy will be visible for some ten years to come with an overall impact of approximately \$1.2 billion in total. This impact will assist Queensland throughout the times when the state is most negatively affected – in the direct aftermath of the events – through to its longer-term recovery and rebuilding efforts.

CONTRIBUTION TO GDP GROWTH, 2011 - 2020



Source: Deloitte Access Economics estimates

SUNCORP SPENDING DRIVES REGIONAL QUEENSLAND ECONOMIES

Suncorp is a proud Queensland based, Australian company that has invested in pricing and flood mapping systems to ensure that we can offer Insurance cover for every Queensland community.

During the height of the crisis, we established a 200-strong Queensland Event Recovery Taskforce in Brisbane as well as temporary event recovery offices in Cairns, Innisfail and Tully.

These locally manned event recovery offices worked with our existing Home Claims Team and local suppliers to help process claims quickly and efficiently, and begin the rebuilding process while maximising the use of local trades and suppliers.

Through the successful implementation of our local purchasing policy around 93 per cent of all work and supplies have been sourced locally.

As a business we continue to learn from major claims events. We know that the use of local trades is actually cheaper than paying for interstate services and we also know that keeping money in local communities is important for the livelihoods of our customers.

Familiarity with local building practices and standards is also essential in ensuring we can provide a lifetime guarantee on all insurance repairs.

This was no more evident than when looking at the average repair cost of homes in areas that were affected by both Cyclone Larry (Cat 4, 2006) and Cyclone Yasi (Cat 5, 2011). The average repair cost in Tully and Cardwell was over \$92,000, compared to \$13,110 in nearby Innisfail where large parts of the community was rebuilt to new cyclone standards in 2006.



Suncorp Personal Insurance CEO Mark Milliner with resident Marcia Alexander

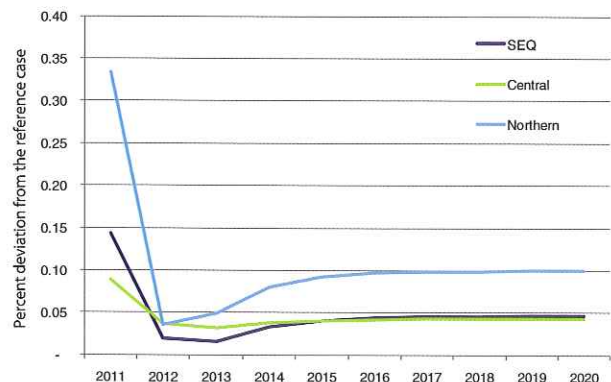


ECONOMIC IMPACTS, CONTRIBUTION TO GDP

Region	2011	2015	2020
	\$ million	\$ million	\$ million
South East Queensland	\$265.0	\$92.0	\$131.3
Central Queensland	\$29.3	\$16.2	\$21.4
Northern Queensland	\$122.2	\$41.0	\$55.0
Rest of Queensland	\$5.8	\$0.8	\$1.8
Total	\$422.3	\$150.0	\$209.5

Source: Suncorp, Deloitte Access Economics estimates

ECONOMIC IMPACT, GDP, 2011 - 2020



Source: Deloitte Access Economics estimates

SUNCORP CREATES 3,600 NEW QUEENSLAND JOBS

Positive impacts from the Suncorp Group's involvement in recovery and rebuilding efforts are not only limited to the economy. Suncorp is also positively impacting regional employment.

In the first year of reconstruction, more than 3,600 full time jobs will be generated by Suncorp's recovery and rebuilding works – the majority of which will be located in South East Queensland.

This impact will continue for approximately ten years – with the employment benefits scaling down as reconstruction efforts come to fruition.

ECONOMIC IMPACTS, CONTRIBUTION TO EMPLOYMENT

Region	2011 Full time employment	2015 Full time employment	2020 Full time employment
South East Queensland	2,302	171	299
Central Queensland	280	28	44
North Queensland	998	83	138
Rest of Queensland	75	5	11
Total	3,656	287	492

Source: Suncorp, Deloitte Access Economics estimates

SUNCORP'S LOCAL PURCHASING POLICY ENSURES 93% OF INSURANCE WORK GOES LOCALLY

As a company, Suncorp has a strong local purchasing policy that guides the reinvestment of insurance funds back into local communities – through working with, and sourcing local suppliers to carry out works following major weather events.

To date, more than \$560 million has been reinvested back into weather affected communities

through using local suppliers and contractors. That's more than 93 per cent of work required to assist Suncorp customers carried out by local trades.

Through our Local Purchasing Policy, we've been able to bring the benefits of being insured with Suncorp to our customer, while also helping

those communities and local businesses impacted by the summer disasters get back on their feet sooner.

Suncorp endeavours to meet its commitment to spending locally with the expectation by customers that they will have their lives' restored in a timely manner.

CLAIMS SPENDING DRIVE SMALL BUSINESS, RETAIL AND CONSTRUCTION SECTOR GROWTH

Suncorp Group insurance brands have to date finalised approximately 76 percent of all personal home and motor insurance claims, and 63 percent of all commercial insurance claims – totalling more than \$610 million being invested in rebuilding efforts.

We have worked with our customers to help get them back into their homes and back to work – and aim to have all displaced customers in their homes before Christmas.

As a result of the post-natural disaster expenditure, output from the construction and trade sectors is estimated to have increased, as detailed below.

RECONSTRUCTION SECTOR OUTPUT, 2011, GROWTH FROM SUNCORP CLAIMS SPENDING

2011	South East Queensland	Central Queensland	North Queensland
Construction	1.22%	1.19%	3.23%
Trade	0.48%	0.58%	0.76%

Source: Suncorp, Deloitte Access Economics estimates

This contribution to the improved performance in the construction and trade sectors, especially over the short term, is an important facet of Suncorp's claims stimulus.

These sectors are the largest direct recipients of insurance payouts from Suncorp policyholders affected by disasters, and as a result, have been pivotal in restoring economic flows across the state.

Prior to the summer events these sectors were experiencing downturns due to a contracted economic climate.

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SUNCORP STORIES BANKING RELIEF PACKAGES HELP CUSTOMERS IMPACTED BY QUEENSLAND'S SUMMER OF DISASTERS



Workout Indooroopilly receives their \$5000 'back to business' grant from Suncorp Bank CEO David Foster

In the immediate aftermath of Queensland's summer of disasters, Suncorp Bank CEO David Foster announced a financial relief package to support customers.

These packages were aimed at assisting customers who experienced hardship arising from the immediate loss or damage to property and/or a loss of income.

Relief packages offered to customers included:

- An opportunity to suspend home loan repayments for a period
- Residential, personal, business and agricultural loan restructuring without the cost of most bank fees
- Waived early withdrawal fees for those clients wishing to withdraw from term deposits
- Refund of merchant rental fees for a period
- Credit card repayment relief where necessary
- An opportunity to defer up to three monthly repayments on equipment finance facilities.

Suncorp Bank also offered small businesses affected by the natural disasters the opportunity to obtain one of 50 'back to business' \$5,000 grants.

Brisbane business Workout Indooroopilly, which lost thousands of dollars in equipment during the Brisbane floods was one recipient of Suncorp Bank's 'back to business' grants.

Workout Indooroopilly Manager Anthony Burk said the grant was a welcome boost to help get the business back servicing its customers.

"Our gym was flooded all the way up to the roof, and immediately after the floods we were working day and night to repair the damage caused," Mr Burk said.

"We're celebrating our 30th anniversary in 2011, and so we wanted to get back to business as soon as possible. It was reassuring to know that a Queensland icon like Suncorp Bank is committed to helping small businesses like us get back up and running after such a devastating start to the year."

SUNCORP STORIES FAST RESPONSE TO DISASTERS

In October 2010 Suncorp made a multimillion dollar investment in six Customer Response Teams (CRTs).

These mobile wireless claims assessment and processing units have the ability to access anywhere in Australia, no matter how remote, within 24 hours of an event.

Shortly after Cyclone Yasi crossed the Queensland Coast and as the flood waters peaked in January 2011, Suncorp's Customer Response Teams were on-the-ground helping customers lodge insurance claims and access Suncorp Bank services.

Last Summer the CRTs covered more than 30,000kms to ensure customers received face-to-face service and support.

Suncorp's Executive General Manager of Claims Jason McCracken said that the decision to invest in such state-of-the-art technology meant that the Suncorp Group's various insurance brand customers had the help they needed, when they needed it.



"The success of the CRTs was highlighted by the fact that claims processing and assessment times were dramatically reduced because of the removal of duplication, complex paper trails and the ability to process and assess immediately.

"Since last Summer we have now invested in another two Customer Response Teams, invested in the specialist training a 50-strong team of response staff and are currently employing more than 100 new call centre staff," he said.

SUNCORP STORIES VERO ENSURES TULLY SUGAR MILL IS BACK TO WORK IN TIME FOR CUTTING SEASON

Summer 2011 will be remembered in Tully for being more than the wettest season in living memory, for when Tropical Cyclone Yasi ripped through the far north Queensland sugar town in February it brought heartbreak to this close-knit community. The Tully Sugar Mill suffered extensive loss to seven of its 19 farms and damage to 50 of its 70 buildings. Despite this the Mill remained central to the town's emergency preparations and post-Yasi recovery support.

Within days of Yasi, however, Suncorp Group's Commercial Insurance staff were on the ground to start the repairs needed to get this customer back to business and ready for the sugar cutting season.

In August, Tully Sugar Mill's CEO John King gave an overview of the major repair work completed and an update on the work still being done. As the mill relies



heavily on a set production timetable aligned to the harvest, it is critical that all repair work was complete in time for the sugar processing to begin.

Mr King said 'I am very pleased with the way Suncorp managed the claim and that critical repair work was completed ahead of schedule to ensure the mill was operational for the start of the sugar cutting season'.

FURTHER INFORMATION

Suncorp remains committed to open and transparent communication with its customers, government and industry around claims management. The full Deloitte Access Economics report on the Suncorp Group's economic response to the summer of disasters is available at www.suncorp.com.au

If you would like any further information on this report or if you have any issues around insurance claims please contact the following:

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