

SE Business
 HD **Premium problem undercuts IAG price**
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Lower-than-forecast premiums have reined in Australia's biggest insurer, Insurance Australia Group , with the group dropping 3 per cent on a trading update.

The **company**, which has brands including SGIO and CGU, advised investors yesterday that gross written premiums for the 2013-14 year were expected to increase just 3 per cent to 5 per cent, down from an earlier forecast of 5 per cent to 7 per cent.

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However, with the group benefiting from reduced claims for natural disasters in Australia, including floods and bushfires, its forecast insurance margins have been upgraded by as much as two percentage points.

Nonetheless, IAG shares recorded their biggest loss in more than a month, down 17¢ to \$5.60 .

Resources stocks were generally lower, with big guns BHP Billiton and Rio Tinto shedding 59¢ to \$37.04 and 62¢ to \$64.67 , respectively, on the back of yesterday's soft manufacturing data out of **China**.

Gold stocks also lost ground under the combined impact of a lower bullion price and quarterly production results.

St Barbara was among the biggest losers, surrendering nearly 10 per cent, or 3.5¢, to 32¢ on news of reduced **gold** production and higher costs during the December quarter.

Resolute **Mining** and Evolution **Mining** were also off sharply, each down 5¢ to 55.5¢ and 59.5¢ respectively.

Newcrest **Mining** almost defied the trend with a surprisingly strong quarterly report, but still finished 21¢ lower at \$9.13 after profit-takers cashed in on the stock's recent run.

Elsewhere, gaming group Echo Entertainment lost 4¢ to \$2.41 after speculation about a possible **sale** of its Townsville casino. Also, accommodation supplier Decmil was in the spotlight, courtesy of a trading spike. Its volume of 5.6 **million** shares included a block trade of 3 per cent at \$2.005 a share. It ended at \$1.96 .

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