

INSURANCE AUSTRALIA GROUP

ANNUAL GENERAL MEETING 2009

Michael Wilkins

Managing Director & Chief Executive Officer

10 November 2009



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REFINED STRATEGY DELIVERED IMPROVED PERFORMANCE IN FY09

GROUP STRATEGY AND PRIORITIES

A CLEAR DIRECTION

OUR STRATEGY

Deliver superior performance by actively managing our portfolio and driving operational performance and execution

OUR PRIORITIES

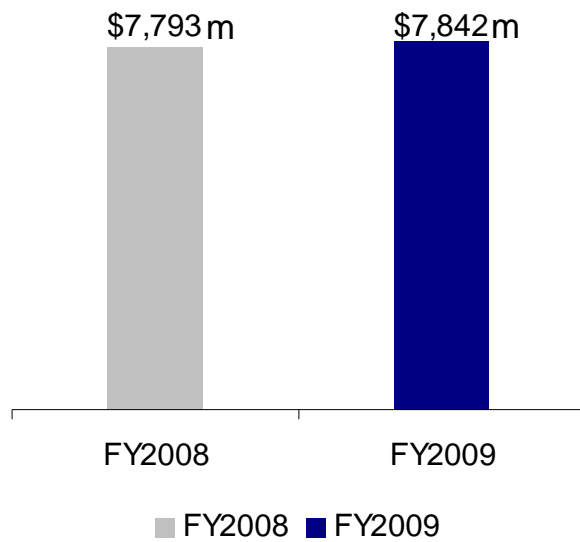
- Improve our performance in Australia and New Zealand
- Pursue selective general insurance growth opportunities
- Drive operational performance and accountability

OUR TARGETS

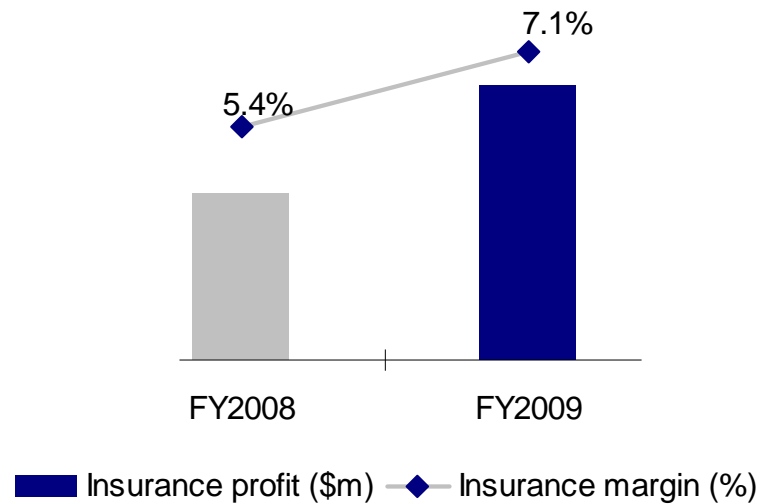
- Over the cycle:
- Top quartile TSR
 - ROE > 1.5x WACC

FINANCIAL PERFORMANCE IMPROVED A YEAR OF REBUILDING

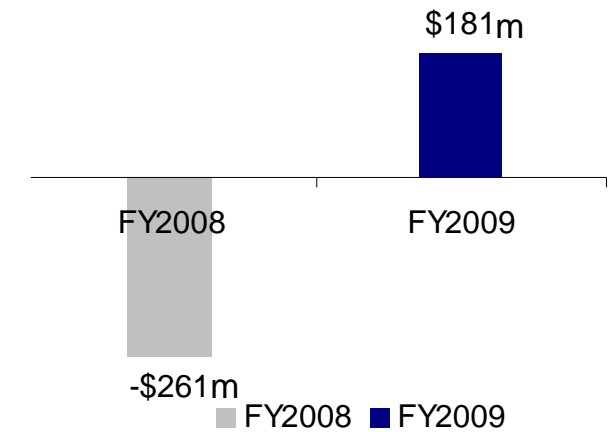
REVENUE



INSURANCE PROFIT

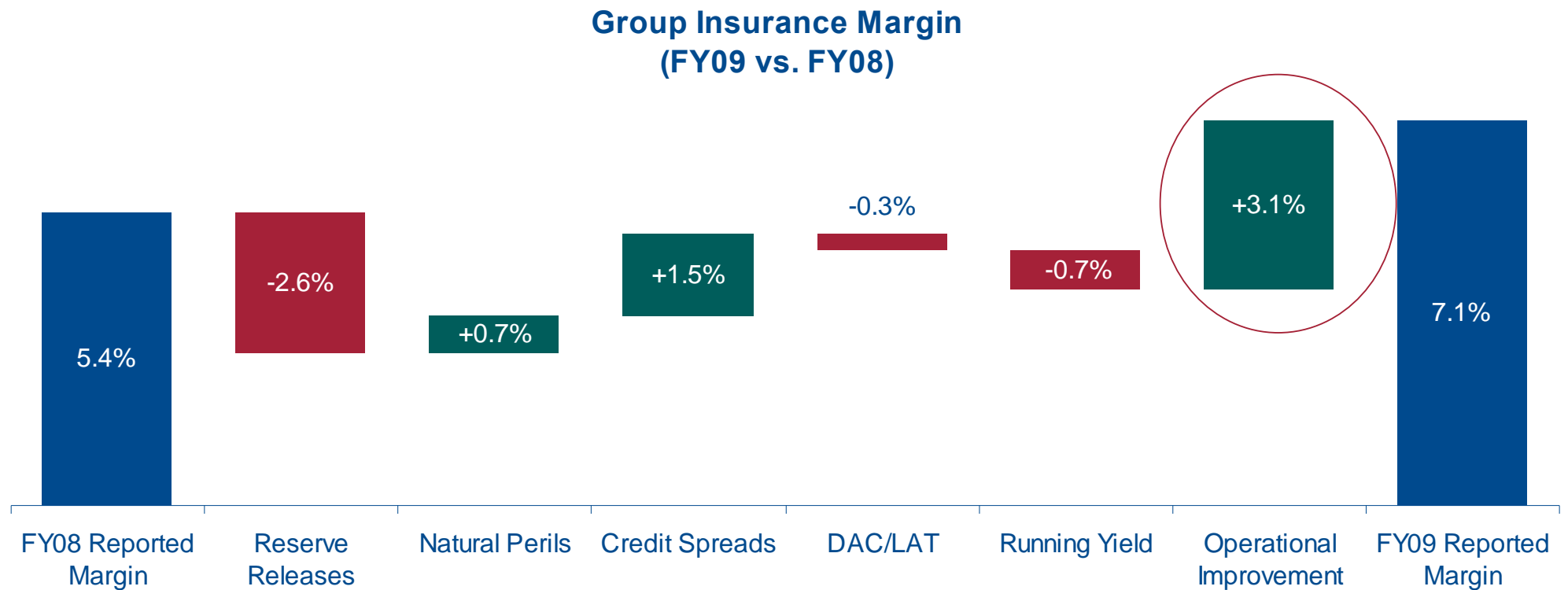


NET PROFIT AFTER TAX



INSURANCE MARGIN

VISIBLE IMPROVEMENT IN OPERATING PERFORMANCE



IAG REMAINS WELL CAPITALISED

BALANCE SHEET AND CAPITAL POSITION REMAIN STRONG

- **At 30 June 2009, minimum capital requirement increased to 1.79 times, reflecting:**
 - \$534m capital raising
 - Debt buyback
 - Revised dividend policy
- **Intent to remain overweight over medium term, reflecting continuing uncertain economic environment**
- **Very strong ‘AA–’ ratings retained**

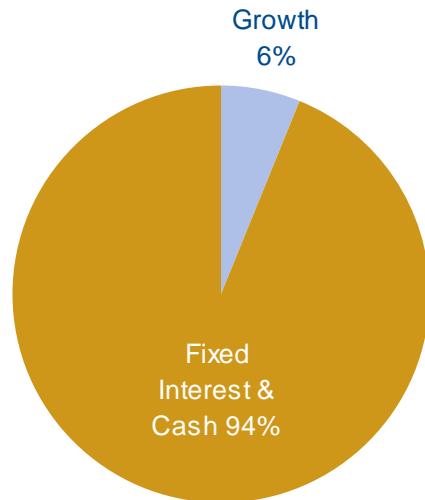
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IMPROVEMENT ACHIEVED IN CHALLENGING ENVIRONMENT

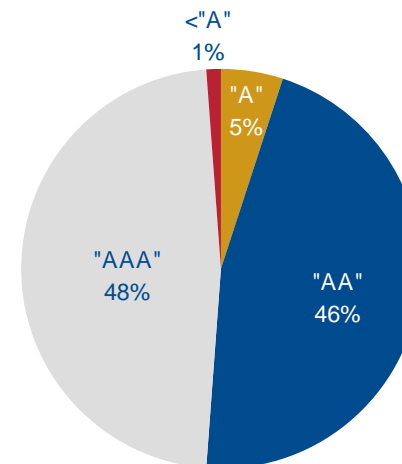
VOLATILE INVESTMENT MARKETS

CONSERVATIVE MIX AND HIGH CREDIT QUALITY MAINTAINED

Group Investment Asset - \$10.6b



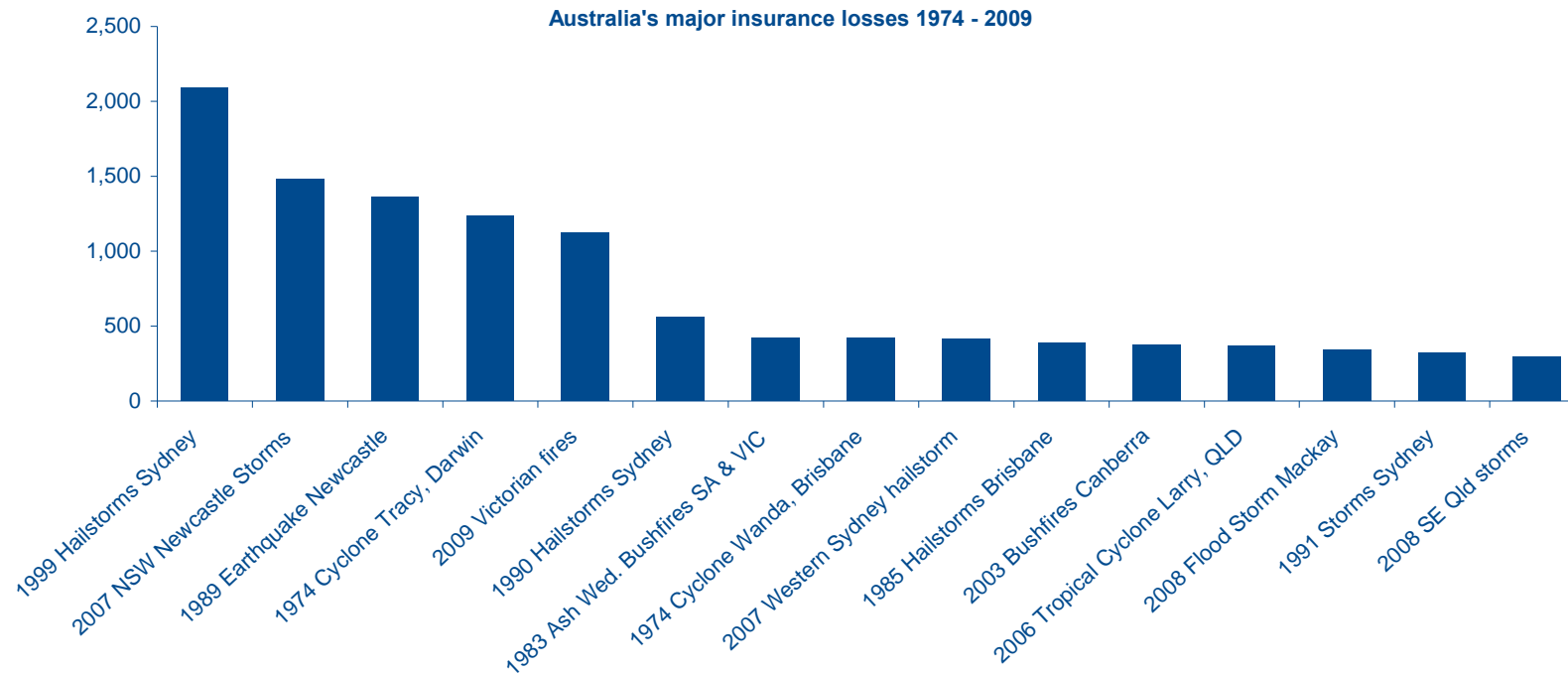
Group Fixed Interest & Cash - \$10.0b



Retained a conservative investment portfolio with 94% of investments in fixed interest and cash and rated 'AA' or better, at 30 June 2009.

NATURAL PERILS

SIX OF AUSTRALIA'S WORST DISASTERS IN LAST THREE YEARS



**Natural perils budget exceeded, primarily due to Victorian bushfires.
Extensive reinsurance covers in place.**

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WE'RE IN IT FOR THE LONG HAUL

A BALANCED APPROACH ACROSS FIVE DIMENSIONS TO ENSURE PROFITABLE LONG TERM SUSTAINABILITY



SUSTAINABILITY PERFORMANCE REMAINED STRONG DESPITE DIFFICULT INTERNAL AND EXTERNAL FACTORS

**EMPLOYEE
ENGAGEMENT** **84%**

Exceeded global financial
services companies'
benchmark

**CUSTOMER
SATISFACTION** **84**

Direct personal lines customer
satisfaction index level with the
previous year

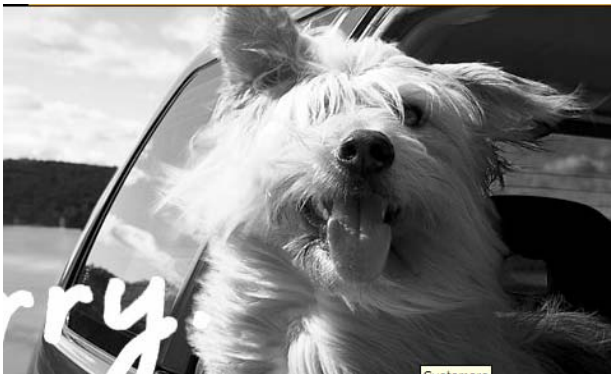
**COMMUNITY
INVESTMENT** **\$8m**

Reduced from last year as
focus was refined

**CO₂
EQUIVALENT
EMISSIONS** **▼ 11.8%**

Reduced to 56,927t

CUSTOMER EXPERIENCE MEETING NEEDS AND BUDGETS



SUSTAINABILITY PERFORMANCE GLOBALLY RECOGNISED

HIGH RANKINGS RETAINED



Ranked one of the world's most sustainable companies for the fourth year in a row



FTSE4Good

A member of the FTSE4Good Index since 2005

CARBON DISCLOSURE PROJECT

Included in the Australia and NZ Goldman Sachs JBWere Climate Disclosure Leadership Index for the third year in a row

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A CLEAR DIRECTION FOR FY10

IMPROVEMENT CONTINUES IN 1Q ON TRACK FOR FY10 GUIDANCE

- **Improvement continues in 1Q driven by:**
 - Higher premiums, including earned effect of rate rises implemented in FY09
 - Full benefit of operating efficiencies in Australia and ongoing cost control
 - Improved performance from CGU and New Zealand
 - Reduced exposure to UK private motor
 - Narrowing credit spreads
- **On track to deliver FY10 guidance**
 - If 1Q conditions continue, expect an insurance margin at upper end of 9-11%*
 - Underlying GWP growth expected to be within 3-5% guidance
 - Reported GWP growth likely to be affected by exchange rate movements

LOOKING FURTHER AHEAD

A CLEAR DIRECTION

OUR STRATEGY

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OUR PRIORITIES

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OUR TARGETS

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- Top quartile TSR
 - ROE > 1.5x WACC

IAG'S BUSINESS MODEL AND BRANDS

	DIRECT INSURANCE	INTERMEDIATED INSURANCE	ONLINE INSURANCE		DIRECT INSURANCE		DIRECT INSURANCE		INTERMEDIATED INSURANCE
AUSTRALIA			 ²	NEW ZEALAND		ASIA	 ³	UNITED KINGDOM	
					INTERMEDIATED INSURANCE		 ⁴		
					INTERMEDIATED INSURANCE				
					OTHER				
	 ¹				 大陆汽车俱乐部 China Automobile Association				

- 1 RACV is via a distribution relationship and underwriting joint venture with RACV Limited
- 2 RACV has a 30% interest
- 3 49% ownership of AmG Insurance, which is part of AmAssurance
- 4 98% voting rights

ACTIVE PORTFOLIO MANAGEMENT & GOVERNANCE (CORPORATE OFFICE)