



12 November 2003

Ms Pam Ross
Manager, Company Announcements Office
Australian Stock Exchange Limited
Level 4, Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Ms Ross

INSURANCE AUSTRALIA GROUP LIMITED ('IAG')

ANNUAL GENERAL MEETING

Attached is a media release in respect of the Annual General Meeting of Insurance Australia Group Limited, which commenced at 10:00am today.

Yours sincerely

A handwritten signature in black ink that reads 'Anne O'Driscoll'.

Anne O'Driscoll
**Group Company Secretary &
Head of Investor Relations**

Attachment (2 pages)



MEDIA RELEASE

Insurance Australia Group on track for full year

Insurance Australia Group Limited Chairman, Mr James Strong informed shareholders at the Company's annual general meeting today that the Group was well positioned to deliver another solid performance in the full year 2004.

"The past year has been a watershed for Insurance Australia Group. IAG is now clearly the leading general insurance group in this part of the world and we are well positioned for the future," Mr Strong said.

Insurance Australia Group Chief Executive Officer, Mr Michael Hawker said the Group was tracking ahead of operating targets for the first three months of the year due mainly to unusually benign weather conditions. He said the Group's targets for the full year remain unchanged because of the usual uncertainty around weather conditions.

"Weather patterns during the first three months of the year have been slightly unusual. Despite some hail and wind storms in New South Wales and Queensland, the dry weather has prevailed longer than expected. This has translated into lower than expected claims in one of our largest portfolios, comprehensive motor insurance," Mr Hawker said.

"However, we don't believe these conditions will be sustained throughout the year so we are not updating our insurance margin target range of 9 – 12%."

Mr Hawker said the Group had delivered on its strategy to generate domestic scale and diversity and was now well positioned to continue to deliver organic growth.

"We've established real momentum in our underlying business and remain ahead of schedule on integrating the highly complementary CGU and NZI businesses," Mr Hawker said.

"We've always maintained that if you have leading market shares you should be the lowest cost producer. This is especially so in general insurance where scale enables you to diversify risk and keep costs per policy down.

"The majority of our profit comes from cost reductions and risk diversification.



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“Our focus for the next 12 – 18 months is to optimise the businesses we’ve built in Australia and New Zealand and deliver organic growth of 7 – 9% per annum.

“We plan to do this by continuing to improve our service to customers, building a common culture and recognising our role in reducing risk in the community.”

Mr Hawker said the Group was also benefiting from more buoyant equity markets. In the first three months of the year the S&P/ASX200 was up 4.71% and the MSCI World (ex Australia) was ahead 3.85%.

For the June 2003 financial year, Insurance Australia Group’s revenue increased by 45% from \$3.6 billion to \$5.2 billion. The majority of the increase (36%) came from the acquisition of CGU and NZI. The remaining 9% was organic, with over half coming from strong growth in policies in force in Australia.

The insurance profit increased to \$571 million (2002: \$278 million) and the underwriting profit increased to \$199 million from \$142 million in 2002 (including integration expenses of \$45 million in respect of the CGU and NZI acquisition).

Insurance Australia Group Limited is the holding company of Australasia’s leading general insurance group which has some of Australia and New Zealand’s most trusted brands – NRMA Insurance, SGIO, SGIC, CGU, Swann Insurance, State Insurance, NZI and ClearView Retirement Solutions. Insurance Australia Group companies also manufacture motor, home and some other lines of insurance for RACV in Victoria.

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