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# MEDIA RELEASE

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## Insurance Australia Group continues momentum in first quarter and launches inaugural Sustainability Report

Insurance Australia Group Limited Chairman, Mr James Strong told shareholders at the Company's annual general meeting today the Group remained on track to achieve key targets for the full year.

"The past year was a successful one for Insurance Australia Group on many fronts. Our underlying business performed strongly, aided by significantly improved equity market returns and a full 12 months of our CGU/NZI acquisition. We expect to continue this performance in the current year as we derive further value from our strong franchises in Australia and New Zealand, and pursue new growth opportunities offshore," Mr Strong said.

Insurance Australia Group Chief Executive Officer, Mr Hawker said during the first three months of the current year the Group's policy growth was strong and customer retention and satisfaction remained high.

"We've got real momentum in our business and it continues to be driven by growth in policies and improvements to our underlying business, rather than premium increases," Mr Hawker said.

"Sales of our existing and new products are strong, we've continued our focus on improving customer service and are benefiting from the completion of the integration of CGU and NZI into our business. Synergies are flowing through, and there are no further costs associated with the programme.

"In addition, equity markets remain buoyant and are driving strong investment returns. The Australian share market posted a succession of record highs with the benchmark S&P ASX 200 Accumulation Index ending the quarter up more than 5%.

"As a result, we still expect to deliver a solid performance for the full year, including achieving our net earned premium (revenue) target of 5-7%, and improving on the 13.5% insurance margin recorded last financial year."

Mr Hawker launched the Group's first Sustainability Report during the meeting.

"At Insurance Australia Group we understand that our value, and future sustainability, comes from continuing to respond to and deliver on our customers' and the community's changing expectations. We do this by helping to reduce risk in the community, paying claims, managing costs, and understanding and expertly pricing risk," Mr Hawker said.



“Our first Sustainability Report details the Group’s performance in relation to a number of indicators, including our efforts to reduce risks most common to our customers and to reduce our environmental impact.”

Insurance Australia Group is one of more than 80 Australian companies, and the only Australian-based publicly listed insurance group, to release a Sustainability Report, demonstrating the Group’s commitment to taking a leadership role in this area.

“We are pleased with the progress outlined in the report, but acknowledge that much of the data in this report is our ‘line in the sand’. Next year this data will provide a base for understanding key trends that will allow more rigorous assessment of our performance against targets. Our aspiration is to ensure that sustainability becomes business as usual and is embedded across all aspects of our business,” Mr Hawker said.

To help frame the report, Insurance Australia Group benchmarked against the internationally authoritative guiding principles for sustainability reporting set by the Global Reporting Initiative.

At the meeting, Ms Dominique Fisher and Ms Anne Keating will retire from the Board in line with the Group’s tenure policy for Non-executive Directors adopted last year. Mr Strong thanked them for their active and constructive contribution to the success of Insurance Australia Group, since they were first appointed to the Group’s Boards in 1996.

Mr Strong noted that in accordance with the directors’ retirement policy, Ms Fisher and Ms Keating will receive accrued retirement benefits as at 1 September 2003, the date at which the retirement benefits were frozen. Accordingly, Ms Fisher will receive \$258,908 (excluding superannuation) and Ms Keating will receive \$249,679 (excluding superannuation).

For the 30 June 2004 financial year, Insurance Australia Group’s net profit after tax increased to \$665 million (30 June 2003: \$153 million), reflecting a full 12 months of the CGU/NZI acquisition, a strong performance from the underlying business and increased investment income of \$434 million, up \$554 million from the loss of \$120 million recorded on this portfolio last year.

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Insurance Australia Group (IAG) is Australasia’s leading general insurance group. The group includes some of Australia and New Zealand’s most trusted brands – NRMA Insurance, SGIO, SGIC, CGU, Swann Insurance, State Insurance and NZI.

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