




BUSINESS OVERVIEW



A SNAPSHOT OF IAG

- IAG is the leading general insurance group in Australia and New Zealand, and has a growing presence in Asia. The Group generates annual gross written premium of more than \$6.4 billion.
- The Group insures more than \$900 billion of property. In Australia, it insures more than 5 million cars, 2 million homes, 250,000 businesses and 75,000 farms, and provides workers' compensation services to more than 200,000 employers. In New Zealand, it insures around 950,000 cars, 575,000 homes, 185,000 businesses and 235,000 rural risks.
- Customers are serviced in Australia through a network of 320 branches, franchises and country service centres throughout metropolitan, regional and rural areas as well as more than 1,000 intermediaries (brokers and authorised representatives) and, in New Zealand, through more than 40 sales centres, branches and district offices.
- About 12,000 people are employed across the Group.

REGION	WHAT WE DO	2006 FINANCIAL PERFORMANCE*	
AUSTRALIA 	<p>IAG's Australian operations – Personal Insurance, Commercial Insurance (CGU) and Business Partnerships – together distribute a range of personal and commercial insurance products.</p> <ul style="list-style-type: none"> ■ The Personal Insurance business distributes products through a network of branches, franchises and country service centres throughout metropolitan, regional and rural Australia, as well as through call centres and online. Products are distributed under the NRMA Insurance brand in NSW, QLD, ACT and TAS; SGIC in SA; SGIO in WA; and RACV in VIC. Some personal insurance products are also sold through CGU. ■ The Commercial Insurance business, CGU, sells products nationally, predominantly through CGU's network of more than 1,000 intermediaries (insurance brokers and authorised representatives). Some commercial insurance products are also sold through NRMA Insurance, SGIO and SGIC. ■ Business Partnerships partners with government bodies and the private sector to distribute a range of commercial and personal insurance products. 	Gross written premium Net earned premium Combined ratio Insurance margin	\$5,399 million \$5,041 million 86.7% 14.1%
NEW ZEALAND 	<p>IAG is the leading general insurance provider in New Zealand across both direct and intermediated channels, holding approximately 36% of the market.</p> <ul style="list-style-type: none"> ■ Insurance products are predominantly sold directly to customers under our State brand and through intermediaries (insurance brokers and agents) under our NZI brand. ■ Personal lines and commercial products are also distributed under third party brands by our corporate partners, including large financial institutions. 	Gross written premium Net earned premium Combined ratio Insurance margin	\$971 million \$892 million 88.6% 14.5%
ASIA 	<p>IAG has a growing presence in Asia, with interests in China, Malaysia, Singapore and Thailand.</p> <ul style="list-style-type: none"> ■ China: owns CAA (a roadside assistance company); and has reached preliminary agreement to invest in 24.9% of China Pacific Property Insurance Company. ■ Malaysia: owns a 30% stake in AmAssurance. ■ Singapore: regional office; agreed to acquire Alba, a specialist Asian underwriting agency and syndicate to provide reinsurance support. ■ Thailand: owns NZI Thailand (predominantly commercial insurance) and 96% of Safety Insurance (predominantly personal insurance). 	Gross written premium Net earned premium Combined ratio Insurance margin	\$65 million \$37 million 94.5% 7.4%

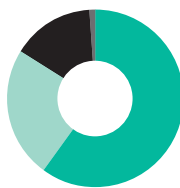
* Figures include the allocation of the Group's captive reinsurer.

IAG'S PORTFOLIO OF RISKS
% OF GROSS WRITTEN PREMIUM



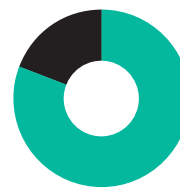
- Motor 34%
- Short-tail commercial 20%
- Home 22%
- CTP 10%
- Liability 6%
- Other short-tail 4%
- Workers' compensation 4%

IAG'S BUSINESS OPERATIONS
% OF GROSS WRITTEN PREMIUM



- Australian personal lines 60%
- Australian commercial lines 24%
- New Zealand 15%
- Asia 1%

IAG'S BUSINESS BY DURATION
% OF GROSS WRITTEN PREMIUM



- Short-tail 81%
- Long-tail 19%

PRODUCTS

- Commercial and motor fleet
- Commercial property
- Construction and engineering
- Consumer credit
- CTP
- Directors and officers'
- Extended warranty
- Farm, crop and livestock
- Home and contents
- Home warranty
- Marine
- Motor vehicle
- Niche insurance, such as veteran, vintage and classic car, boat, caravan and travel
- Premium funding
- Professional indemnity
- Public and product liability
- Workers' compensation

BRANDS



NRMA Insurance is the brand used in NSW, QLD, ACT and TAS. The brand dates back to 1920 when it was formed as the NSW branch of the National Roads Association.



CGU is one of Australia's largest intermediary-based insurers, with a history dating back to the 1860s. IAG acquired CGU in 2003.



SGIO is the brand used in WA, where it dates back to 1926. IAG acquired SGIO from the WA Government in 1998.



SGIC is the brand used in SA, where it was established in 1971 by the SA Government. IAG acquired SGIC in 1998.



Swann Insurance sells a range of niche insurance products including consumer credit and motor vehicle-related products. IAG acquired Swann Insurance in 2003.

- Commercial and motor fleet
- Commercial liability
- Commercial property
- Construction and engineering
- Home and contents
- Income protection
- Marine
- Motor vehicle
- Niche insurance, such as pleasure craft, boat, caravan and travel
- Personal liability
- Rural and horticultural
- Surgical



NZI is a leading commercial insurer in New Zealand, with a heritage dating back to 1859. IAG acquired NZI in 2003.



State is the brand used for IAG's direct insurance business in New Zealand, and dates back to 1905. IAG acquired State in 2001.

- China – roadside assistance
- Malaysia – education, family and protection, retirement, health care, saving and investment, home protection, motor vehicle
- Thailand – commercial property, product and public liability, marine, travel, motor vehicle and fire insurance



Established in Beijing in 1995, CAA is China's largest roadside assistance provider. IAG has held a stake in CAA since 1999, which increased to 100% in 2003.



NZI is the brand used for IAG's commercial insurance business in Thailand. Established in 1985, IAG acquired and rebranded the business in 2005.



Safety Insurance provides predominantly personal insurance in Thailand. IAG has held a stake in Safety Insurance since 1998, which was increased to 96% in 2006.



AmAssurance is Malaysia's second-largest motor insurer and fifth-largest general insurer. IAG acquired a 30% interest in AmAssurance in 2006.