

FIVE YEAR FINANCIAL SUMMARY

For the year ended 30 June

Insurance Australia Group Five Year Performance	1999 \$m	2000 \$m	2001 \$m	2002 \$m	2003 \$m
Gross written premium	2,208	2,643	3,198	3,558	5,150
Gross earned premium	2,114	2,573	3,036	3,448	4,885
Reinsurance expense	(150)	(189)	(260)	(253)	(249)
Net earned premium	1,964	2,384	2,776	3,195	4,636
Net claims expense	(1,645)	(2,048)	(2,234)	(2,425)	(3,363)
Underwriting expenses	(470)	(514)	(564)	(628)	(1,074)
Underwriting profit/(loss)	(151)	(178)	(22)	142	199
Investment income from technical reserves	213	288	232	136	372
Insurance profit	62	110	210	278	571
Investment income from shareholders' and external funds	458	471	204	(291)	(76)
Financial services revenue	78	217	182	37	30
Other operating revenue	74	188	164	173	177
Life insurance business expenses	–	(93)	(72)	–	(11)
Borrowing costs expenses	(64)	(80)	(88)	(46)	(46)
Corporate and administration expenses	(154)	(345)	(317)	(242)	(267)
Amortisation of goodwill and intangibles	(22)	(13)	(28)	(43)	(81)
Non-recurring items ²	(71)	19	–	33	–
Profit/(loss) before income tax	361	474	255	(101)	297
Income tax (expense)/credit	(99)	(128)	(44)	18	(80)
Net profit/(loss)	262	346	211	(83)	217
Net (profit)/loss attributable to outside equity interests	(9)	(50)	(68)	58	(64)
Net profit/(loss) attributable to shareholders of Insurance Australia Group Limited	253	296	143	(25)	153
Ordinary shareholders' or members' equity (\$ million)	2,540	2,853	2,523	2,476	3,575
Total assets (\$ million)	9,217	12,130	12,586	11,307	16,392
Number of general insurance risks in force ('000)	5,237	6,802	8,619	8,671	18,213
Premium growth					
– gross written	8.2%	19.7%	21.0%	11.3%	44.7%
– net earned	6.6%	21.4%	16.4%	15.1%	45.1%
Key ratios					
Loss ratio	83.8%	85.9%	80.5%	75.9%	72.5%
Expense ratio	23.9%	21.6%	20.3%	19.7%	23.2%
Combined ratio	107.7%	107.5%	100.8%	95.6%	95.7%
After tax return on ordinary equity ³	10.4%	11.0%	5.3%	(1.2%)	5.1%
Share information					
Dividends per ordinary share – fully franked (cents)	n/a	n/a	10.00	10.50	11.50
Basic earnings per ordinary share (cents) ⁴	n/a	n/a	9.40	(1.78)	8.65
Ordinary share price at 30 June (\$)	n/a	n/a	3.40	3.15	3.40
5.80% Reset preference share (IAGPA) price at 30 June (\$)	n/a	n/a	n/a	100.10	107.94
4.51% Reset preference share (IAGPB) price at 30 June (\$)	n/a	n/a	n/a	n/a	100.10
Issued ordinary share capital (million shares)	n/a	n/a	1,399	1,301	1,683
Issued reset preference share capital (million shares)	n/a	n/a	n/a	4	6
Market capitalisation (ordinary shares) at 30 June (\$ million)	n/a	n/a	4,761	4,100	5,722
Net tangible assets backing per ordinary share (\$)	n/a	n/a	1.33	1.15	0.84

1 The 2001 disclosure represents the consolidated result of Insurance Australia Group Limited assuming it acquired Insurance Australia Limited (formerly NRMA Insurance Limited) and its controlled entities on 1 July 2000. This will differ to the reported statutory result that is based on the date of acquisition, 22 July 2000. All other prior years represent the consolidated results of Insurance Australia Limited (formerly NRMA Insurance Limited).

2 This includes an initial GST expense on outstanding claims of \$56 million in 1999, demutualisation expenses of \$15 million in 1999 and \$61 million in 2000, the recognition of deferred acquisition costs for certain general insurance portfolios of \$80 million in 2000 and profit on disposal of NRMA Building Society Limited of \$45 million and "Share the Future" litigation expenses of \$12 million in 2002.

3 Net profit/(loss) attributable to ordinary shareholders to average ordinary shareholders' equity.

4 The 2001 figure reflects a full year operating period assuming the acquisition of Insurance Australia Limited (formerly NRMA Insurance Limited) occurred on 1 July 2000. The reported statutory figure is 8.62 cents.