



2018 AGM transcript

Elizabeth Bryan: Good morning ladies and gentlemen. I am just waiting for a few people to sit down, but welcome to the Insurance Australia Group Limited 2018 Annual General Meeting. It is so nice to see you all here. My name is Elizabeth Bryan and I am the Chairman of your company. I am looking forward to our conversations during the course of today's AGM.

The Company Secretary has informed me that a quorum is present and I therefore declare this meeting open. In doing so I would like to respectfully acknowledge the Gadigal people of the Eora nation, who are the traditional custodians of this land and I would like to pay my respects to their elders, both past and present.

Let me begin today's proceedings by introducing my colleagues on the Board to you. On the stage with me at my far left is Philip Twyman. Next to Philip is Tom Pockett who is the Chairman of the Audit Committee. Next to Tom is Helen Nugent and next in line is Jonathan Nicholson, who is the Chairman of the People and Remuneration Committee. The blank seat is me and sitting close at hand is Rebecca Farrell who is the Acting Group General Counsel and the Company Secretary. To my right is Peter Harmer, who is the Managing Director and Chief Executive Officer of IAG. Next to Peter is Sheila McGregor and next to Sheila is Duncan Boyle. Duncan is the Chairman of our Risk Committee. Next to Duncan is Michelle Tredenick and on the end of the line is Hugh Fletcher, who is the Chairman of the IAG New Zealand Board.

Also with us today is Mr Andrew Yates, at the end there with his hand up, who is representing the company's auditor, KPMG. We also have our share registry computer share, our legal advisor, King & Wood Mallesons. In case all of those people can't answer your questions, we have in the front row down here the members of IAG's Executive Committee team. I won't ask them to stand up, but I think if you take the front row of the central block you've pretty much got all of them.

I welcome the shareholders who are viewing this meeting via the webcast. Before beginning – as usual – we have got some housekeeping matters that we need to go through. So first of all, as a courtesy to all attending today, can you please ensure that your mobile phones are turned off, or set to silent mode, or whatever you need to do to keep them quiet during the meeting.

Those of you who are entitled to vote at this AGM were given a keypad and a data card as you came into the auditorium. The keypad will be used to record your voting intentions on each resolution that is put to the meeting. An instruction slide will be shown on the screen behind me when you are asked to vote and staff will also be available to assist you. If you are unable to remain for the whole of the meeting and vote on each resolution you will be able to register your voting intentions using the handset or on a voting card at the desk located just outside the ballroom.

Let me thank all those shareholders who took time to send a question to the company before the AGM. We very much appreciate that. We have responded to many of these questions in the addresses that are going to be delivered by me and by Peter. We have also published responses to the most frequently asked questions on our website and of course we will provide time for further questions as we move through the business today.

I also want to advise you of a possible little surprise. We have been informed that the Sydney CBD emergency warning system will be tested at 12:15pm today.

Now, if you haven't experienced that before, that's when a warning goes out on all the speakers that are sitting on street corners all over the city. It's a very loud siren. We have been advised it is quite possible we won't hear the siren in this ballroom, but if we do, I will flag to you that it's the siren and you do not need to be concerned. It is tested regularly to remind people that the system exists and to ensure that it works. Given that our purpose here is to make your world a safer place, we should all welcome the fact that this system operates as it is meant to and even if it does interrupt our meeting that it is something that our city has high awareness of and an ability to deal with.

Okay, so I now declare the polls to be open. Before we commence the formal business of the meeting I would like the opportunity to address you. I will then ask Peter to provide a more detailed review of our operational performance and strategy and to update on the Group's outlook for the current financial year. But first, let me turn to my Chairman's address.

Chairman's address

I'd like to start by talking to you about some of the key events that have shaped the year for IAG and how we have responded to these events. As you would expect, at the top of my list is the sharply increased focus on financial services business, such as ours. Focus from our customers, focus from the broader community, focus from politicians and regulators, focus from the media and this has all been driven to a considerable extent by the operation and the outcomes of the Royal Commission into Misconduct into the Banking, Superannuation and Financial Services Industry.

Our response to this external scrutiny has been to hold up a mirror to ourselves. We are reassessing the extent to which we understand community expectations. We are challenging ourselves to better meet our customer's needs now and into the future. We are relooking at ways we can ensure our people have satisfying careers and opportunities in a changing and a challenging workplace. We are continuing to use our extensive knowledge and experience of risk to improve communities and society more broadly. In addressing these challenges, we continue to test our responses against our purpose to make your world a safer place.

I want to talk in a little more detail about the Royal Commission. My comments will have to be general as we are yet to see the Commission's final report and we are yet to see any recommendations that might be made about the general insurance industry.

From the moment the Royal Commission was announced we adopted an approach that would maximise our learnings from the process. We see the Commission as an opportunity to deepen our understanding of our customers and our communities so we can continue to improve the value of the products and services we provide so we can shape our future as a business and so we can strengthen the trust in our sector.

While the Royal Commission has some time to run it is already clear that many of the issues highlighted so far are the result of a failure to consider the best outcomes for customers. In our own backyard this certainly was the case with the add on insurance sold by Swann through car yards.

This was the significant issue we identified to the Royal Commission and it is what we were questioned about during the general insurance public hearings in September. Two years ago, we came to the decision that these products did not deliver the value they should have for many of our customers and so we sold our Swann Insurance motor vehicle distribution rights in August 2016 and we stopped selling add on insurance through motorcycle dealers in October 2017, but in hindsight we could have acted earlier.

Today we use a variety of mechanisms as we seek to address the need identified by the Commission to more closely monitor our products and meet the needs of customers. One of these mechanisms is the valuable external perspective we receive from our Consumer Advisory Board. This board represents Australia's leading consumer organisations and brings us first-hand insights about concerns they and their clients have in the insurance market.

Another mechanism is our Ethics Committee which challenges us on how we think about social issues and the trade-offs we have to make as a commercial organisation.

Many of these learnings are taken into a formal set of product design principles that we have developed and we are implementing. These design principles will become part of the process we use to help us evaluate whether new and existing products will meet customer needs and offer them fair value. We have also established a Customer Conduct Council to oversee our Customer Equity Policy and provide leadership, insight, advice and guidance on the quality of our customer's experience.

Responding to the Royal Commission has involved a huge amount of self-examination of our processes, products and performance across a range of customer outcome measures. It's provided us with the catalyst to examine every aspect of our business and we are determined to bring all these learnings to bear on our ongoing products and processes to ensure that we deliver good customer outcomes. These review mechanisms have given us confidence that our people continue to provide outstanding service to our customers.

This is a meeting of shareholders and I am also pleased to be able to tell shareholders that this service has gone hand in hand with strong financial performance in the business this year. Our gross written premium was \$11.6 billion, our net profit after tax was \$923 million, our cash earnings were \$1 billion and cash return on equity was slightly above our target of 15%. Importantly, we were able to share these returns with you, our shareholders, via the fully franked dividend of \$0.20 per share which was paid on 27 September. The dividend takes the full year payment to \$0.34 per share, a payout ratio of almost 78%, which is at the upper end of our dividend policy.

Generating strong financial returns means that we can do a number of important things. We can continue to invest in developing our people, we can continue to create the products and experiences that attract and retain our customers and we can continue to support our communities and our shareholders.

Peter will talk about customers in his presentation so I will focus now for a short period of time on **our people** and on **the community**. It's important for a large company like ours to invest in our people's development. We want them to succeed in the rapidly evolving workplace we have today and that's going to continue to be rapidly evolving for the foreseeable future. At IAG we have a system of work that sets clear expectations about the skills and behaviours we expect from our people at every level in our organisation. We call this Leading@IAG. It helps our leaders link our purpose and our strategy to the way they design their processes and roles and how they identify talent and manage people's performance.

We have another program focused on making sure our people have the skills and capabilities we need for the long term. We call this Future Me. Future Me recognises that our people skills and capabilities will need to change so we can continue to provide exceptional customer experiences. It helps us identify the likely changes and incorporates practical steps to help people prepare.

For example, while technology, automation and global partnering will affect some roles, they will also create new opportunities. We know that adaptability, cognitive intelligence, data, digital and customer experience and design are some of the critical skills our workforce will need.

So let me now turn to the other item I said I'd pick up which is our community focus.

We hold a huge amount of information and knowledge about risk, resilience and nature perils. We recognise that we have a responsibility to use this information to realise our purpose in the broader community.

At a local level our long-term relationships with the Australian Red Cross and the State Emergency Services embody our focus on making the world a safer place by building safer and more resilient communities.

This year we worked with the Australian Red Cross to co-create and launch a Get Prepared app. The app guides people through simple steps to prepare their own emergency plans on their smartphones. I'm delighted that we've got representatives of both organisations joining us here in the foyer after the meeting, to talk to you about how to prepare for bushfires and the storm season and how to develop your emergency plans.

At a national level we remain committed to the Australian Business Roundtable for Disaster Resilience & Safer Communities, which we founded in 2012 and to a similar organisation called Resilient New Zealand which was established in 2015.

This year we had the satisfaction of seeing Australian governments at both the Federal and State levels hear and act on our calls for increased funding for disaster mitigation. This July we had an opportunity to make a global contribution through our membership of the United Nations Environment Programme – Finance Initiative. We were honoured to help bring the organisation to Australia for the first time to start laying the groundwork for creating Australian and New Zealand roadmaps to finance a resilient and sustainable economy.

We're very proud to be involved at the start of this important journey, to make our country's financial systems more resilient to environmental and social stress, less effected by the impact of climate change and aligned to global goals such as the United Nations Sustainable Development Goals.

Several shareholders have asked about our response to the issue of climate change ahead of the meeting so I'm pleased to report on the progress we've made this year. We know people are looking for companies to be active on this subject. They're looking for evidence of internal and external targets and actions. We're in the business of risk and climate risk is one of the risks we need to manage, so you're right to expect us to be a leader in this space.

In July we publicly launched our Climate Action Plan. Today we're providing more details about what we're doing so you can assess our actions. We're assigning direct accountability for climate change objectives to our senior executives.

Our Climate Action Plan scorecard sets targets and deadlines around five key areas that include current and future actions to help mitigate climate risk. Peter will talk to you about the Action Plan in more detail and I encourage you to visit the display in the foyer to learn more about our scenario planning, the targets we've set ourselves and how we will achieve these.

In addition, we've committed to assess and disclose risks and opportunities aligned with the recommendation of the taskforce on climate-related financial disclosures. This additional disclosure will be part of our 2019 financial year reporting.

Across the company, from understanding our customers to providing them with products and services, from our capital structure, our people managing risks and embracing technology, we see the results of the skilled and capable leadership team that our CEO, Peter Harmer has assembled and nurtured. I take this opportunity to recognise their contribution.

Now with that acknowledgment let me turn to the more complex issue of remuneration.

There will be an opportunity to ask questions about executive remuneration shortly when we move to the remuneration report, and I realise that the topic of executive remuneration may elicit stronger responses than usual this year against the background of the Royal Commission.

I want to set the scene for that discussion now with some general comments about the current debate and our approach to remuneration.

Our Board is well aware of the shifting community expectations regarding executive remuneration. We recognise there is an increasing appetite for change and we're happy to participate in discussions about changes and adopt improvements to our remuneration system where we identify an opportunity to do so.

In response to a strategic review of remuneration we undertook in 2017 and APRA's review of remuneration practices at large financial institutions completed in early 2018, we have embarked on a detailed program of work, refreshing both the design and governance of our remuneration policy and practices.

For example, we applied a more rigorous process for considering risk when assessing performance. The short-term incentive for senior executives was updated to ensure that there is 10% attributed to risk in the Group's scorecard, as well as a new additional overlay which looks at the risk maturity of each executive's area of responsibility.

We formalised the role of the Chair of the Risk Committee and the Chief Risk Officer in informing the Board's assessment of risk management performance, and we reduced the variable component of the Chief Risk Officer's remuneration to further support the independence of his role.

IAG has a well-established committee of the Board which is responsible for driving the fulfillment of the Board's obligations to have both well-designed remuneration arrangements and to ensure the governance of them is enforced.

The Board recognises that we're on a journey to ensure our remuneration arrangements are both effective and acceptable to all our stakeholders. We also recognise that we will need to steer a steady but responsive course through widespread debate and concern at all levels of our community on the practices that have grown up around corporate remuneration. This will be a testing time for both directors and for executives.

IAG's strong performance during the year ended 30 June 2018 resulted in a Group balance scorecard outcome that was 74% of the maximum achievable. The average short-term incentive payment for executives was 71% of the maximum achievable, and payments to individual executives ranged from 50% to 84% of the maximum achievable.

We also seek to align the interests of non-executive directors and executives with shareholders by requiring them to hold a significant number of IAG shares after a set period, and all of those people have met this requirement.

After listening to our investors this year, we are planning additional changes for the year ended 30 June 2019:

- the deferred proportion of any executive short-term incentive awards made from September 2019 will increase from one-third to one-half;
- the performance period for the cash return on equity hurdle for long term incentives will be extended from three to four years;
- we will complete our review of IAG's sales-based employee incentive plans. Our aim is to either discontinue these or to evolve them to ensure they support positive customer outcomes and IAG's purpose; and
- we will review the level of our cash return on equity target for long term incentives.

That's it for remuneration for a little while.

At the end of this meeting we'll say farewell to one of our longest serving directors, Philip Twyman, down the end of the table, who leaves us after 10 years. I'm sure that you'll all join me in thanking Philip for his dedication to IAG and for his commitment and his guidance. We'll miss you Philip.

While we farewell Philip we welcome two new directors, Sheila McGregor and Michelle Tredenick, who are attending their first AGM. You'll have the opportunity to hear from Sheila and Michelle shortly when we move to the resolutions covering their election.

I've been very grateful this year for the support of my fellow directors. I thank them all for their ongoing contribution at a time when the responsibilities and the workloads of all boards are rising considerably. I hope you share the pride we feel as we watch our company meet the demands of the present and prepare for the future.

Our success will enable us to continue to thrive while we support all of those who depend on us.

So I now invite Peter to provide some more detail about the company's strategy and operations and achievements. Peter.

CEO's presentation

Peter Harmer: Well thank you Elizabeth. Good morning ladies and gentlemen. It's also my pleasure to welcome you and to thank you for attending this year's Annual General Meeting.

For the 2018 financial year we were pleased to report a very solid set of numbers in what is an era of unprecedented focus on consumer expectations. This outcome is testament to our continuing work to better understand our customers and meet their needs, and it speaks to the strength of our brand and more importantly, the passion and the commitment of our people.

Reported gross written premium growth was relatively modest, but after allowing for some one-off influences, was 4% higher on a like-for-like basis and met our expectations. We slightly exceeded our reported margin guidance thanks to favourable net natural peril claim costs and reserve releases that were higher than anticipated. Importantly, our simplification program is progressing to plan, and we expect to see tangible benefits in the year now underway.

We also announce some important transactions during the year. Most notably, the 12.5% combined quota share reinsurance program, which kicked off from 1 January, and the agreed sale of our operations in Thailand, Indonesia and Vietnam, which will see a net profit of over \$200 million booked in the 2019 financial year. I can confirm that the sale of the Thai operations was completed at the end of August. This represents the bulk of the assets in the sale agreement.

At this stage, we are retaining our interests in Malaysia and India and are continuing to assess our position, but we do not envisage further material investment in the region.

Our other major announcement was the significant capital management initiative which is before this meeting today, and which I will discuss in more detail shortly.

Turning now to our strategy; this slide sets out our three strategic priorities around customer, simplification and agility. I shared these with you this time last year, and we remain very focused on them. It also shows the 11 organisational capabilities we are building that we regard as necessary to deliver on our priorities. I'd like to expand on these priorities a little bit more.

Within the customer priority, we have built on the segmentation work of last year and further deepened our understanding of our customers and how best to meet their needs. You will have seen this better understanding reflected in new marketing campaigns for NRMA and CGU in particular. Customer Labs has started to analyse the correlation between advocacy and customer behaviour, and this will be an ongoing area of activity in 2019, because we know that having happy customers who advocate for you drives business success on so many levels.

All of this work will assist us in understanding where we should prioritise our investments to improve our customers' experience.

We've made good progress in simplifying and consolidating our data platform, and we were very proud to receive the global Red Hat 2018 Innovation Award for the approach taken by Customer Labs to compose our data asset through open-source technologies.

Under simplification, the move to a single platform for all motor and home claims in Australia, is complete. The balance of claims covering New Zealand and long tail classes, such as compulsory third-party insurance, will move to this platform by next August. We've now decommissioned 27 technology applications, and the first major claim system will be decommissioned in the next few months.

We're moving into the third phase of moving selected activities to our operational partners offshore. This process will largely complete this year, with some continued activity planned well into the 2019 calendar year. We expect to see increasing benefit from the whole simplification program in the current financial year.

Under the Agility priority, as Elizabeth mentioned, we have further deployed our Leading@IAG program, which links our purpose and strategy to individual accountability and performance. Encouragingly, we've seen an 18-point improvement in our employee advocacy score, placing us on track to meet the target of plus-20 we've set for 2020.

Our Firemark Labs in both Singapore and Sydney have been active in creating new products and services, while our Firemark Ventures Fund has completed a number of investments during the year. Perhaps one of the most exciting is our investment in Airtasker, the Sydney-based Australian company which provides an online and mobile marketplace where users can outsource everyday tasks. We see great potential here for collaboration, to reduce risk and improve customer safety.

We're focused on creating a workplace where our people are aligned to our purpose and have the skills to respond quickly to the evolving needs of our customers and the changing nature of work. Using our purpose to guide our decisions helps us create a culture where our customers can trust that we will deliver on our promise to them.

We're also concentrating on improving gender, age and ethnic diversity in our organisation, so we more closely reflect our customers. We've set targets for key areas, including the percentage of senior management roles held by women, and the percentage of employees who are Indigenous.

When it comes to workplace safety, we prioritise people's physical and mental health, because we recognise that mental health is an important issue for many of our people, and for those in the community. We believe in treating people with mental health conditions no differently to people with other pre-existing health conditions. We're working with experts, including beyondblue, to ensure we have empathetic and flexible practices in place.

For example, we've already made changes to our travel insurance policies to ensure mental health illnesses are now treated like any other pre-existing medical condition. We've also changed the structure of our worker's compensation teams to ensure we have experts on hand to assess and manage mental illness claims.

In addition to the wonderful work our frontline people do to help our customers and deliver on our purpose, I'm also very proud of the work we do to create safer communities. Our Safer Communities team is responsible for supporting the development of safer, stronger, and more confident communities, in ways that also contribute to the success of our business. There were a number of major milestones during the year, and Elizabeth has mentioned some of these.

I want to highlight the Australian Business Roundtable, which we founded and which delivered its fifth report last December. Through the Roundtable, over many years, we've highlighted how communities are vulnerable to weather events and the need for investment in mitigation infrastructure. We're very pleased to see that both Federal and State Governments have now picked this up and are beginning to act.

We're even more pleased that we've been invited to contribute to the Federal Government National Resilience Taskforce's work to create a nationwide approach to disaster risk reduction. All these actions reflect our purpose, which drives our overall strategy.

I know that climate change is an important subject for our shareholders, and therefore for everyone here today, and we share your concerns. We are feeling the effects of climate change already. We see it in our own industry's data, which tells us an inescapable truth. In recent years, we've seen an increase in the frequency of severe weather events that are affecting greater and greater numbers of people.

Of course, we know climate change impacts will increase even further. For example, our modelling shows that in a warmer world we can expect cyclones to travel further south, generating even greater devastation through strong winds and torrential rainfall. In this scenario there are a further 3.5 million people who could be exposed to significant loss of property and to personal danger.

As an insurer, we see not only the financial impact on communities, but also the social impact. We believe we have an obligation to do something about this. Taking action on climate change and its impacts makes sense for our communities and for our business. We have a long and proud history of action on climate. We've made important contributions to climate change discussions and supported action for over a decade. We've set ourselves an ambition to be a regional leader in tackling this hugely important socio-economic challenge. Our ambition is central to our purpose: to make your world a safer place.

Underpinning our efforts is the primary objective identified in the Paris Agreement, to limit global climate change to well below two degrees of global warming above pre-industrial levels. We've already had about one degree of warming. We're partnering with the United Nations, the Rockefeller Foundation's 100 Resilient Cities project, Queensland and New South Wales State Emergency Services, the Australian Red Cross, the Australian Business Roundtable, and Resilient New Zealand, along with others.

We're working with experts to reduce risk. A good example is our collaboration with the James Cook Cyclone Testing Station in Townsville, which has enabled the station to demonstrate the clear need for updates to our national building codes and standards, to reduce loss.

Over many years we have also taken practical steps to minimise our own environmental impact. We've been carbon neutral since 2012 and have reduced our carbon emissions by almost 25% since 2015. Our energy-efficient offices in Melbourne and Sydney, and a focus on minimising travel, will help to reduce our emissions further still.

The steps we are taking in our business and in our communities are set out in our Climate Action Plan. The plan provides a framework we can use to explain what we are doing, and clearly report progress against our commitments. It lists our objectives, it names the Group Leadership Team members responsible for achieving these, and it identifies key milestones for the next three financial years.

I think we've set ourselves a challenging mix of ambitious and realistic targets, and I look forward to providing updates on our progress when we announce our interim and full-year results.

On 15 August we announced the capital management initiative that is the subject of Resolutions 7 and 8 at this morning's meeting. The combination of the quota share arrangements releasing capital and the sale of the Asia businesses means that we now have a considerable amount of surplus capital, and we think the best place for surplus capital is back with you, our investors. Given that we have no material operational demands for capital, we have announced a \$592 million capital management initiative that will amount to 25 cents per ordinary share. This will result in a share consolidation which is expected to reduce IAG's ordinary shares on issue by approximately 2.4% and preserve consistency of earnings-per-share calculation. Importantly, after the consolidation each shareholder's proportionate interest in IAG will remain unchanged.

I also want to note here that one result of the capital management measures we have undertaken in recent years, including the special dividend component of the initiative that we're voting on today, is that we may not be in a position to fully frank dividends from the second half of calendar 2019 onwards. From then, franking is expected to be in the range of 70 – 100%.

I'd like to look briefly at our outlook for the 2019 financial year. We are confident of another year of improvement in the underlying performance of our business, with 2 – 4 % premium growth, and guidance of a 16 – 18% reported insurance margin.

In summary, we are making good progress in our efforts to transform IAG into a company able to anticipate, respond to and satisfy the needs of all those who rely on us; our customers, our people, the communities we help, and of course the shareholders who support us. At the heart of the company we are creating is our purpose: **to make your world a safer place**.

I'll now hand back to Elizabeth. Thank you.

Business of the meeting

Elizabeth Bryan: Thank you very much, Peter. The notice convening this meeting has been sent to all shareholders. There are eight items of business before the company's AGM this morning, and these are set out in the Notice of Meeting.

If you have an individual matter that you wish to raise, please raise it with the employees at the information desk in the foyer.

The only items of business that come before the meeting today will be those specified in the Notice of Meeting. Shareholders will have an opportunity to ask questions about and make comments on the business before the meeting.

I ask the speakers to confine their questions and comments to the particular item of business that is being discussed at the time they ask their question. To allow all shareholders at today's meeting a reasonable opportunity to be heard, I ask that speakers restrict themselves to no more than two questions when they're invited to speak. If you'd like to ask a question about an item of business, please press the microphone button on your handset and you'll be placed in a queue.

When I call on you to ask your question, please move to the microphone in the aisles that is nearest to you and speak to the meeting. Only attendees who were issued with a handset and data card are entitled to speak on the business before the meeting. If you require assistance, please raise your hand and an attendant will come to you.

Before we move to the business of the meeting, I confirm that the minutes of the last annual general meeting of shareholders, held on 20 October 2017, had been approved, and were signed by me, as chairman of that meeting. The minutes are available for inspection by shareholders, at the information desk in the foyer.

Receipt of the financial statements

So we will now move to the first item of business, the receipt of the financial statements. This item is not subjected to a vote, and therefore does not require use of your handsets for voting. Although, you may use it to register to ask questions.

The company's financial statements for the year ended 30 June 2018, the directors' report, and the auditor's report on the financial statements are before the meeting. A copy of these statements and reports was published in the 2018 Annual Report, and sent to those shareholders who requested copies. Shareholders have also had the opportunity to view the statements and reports on our company's website.

The purpose of this item is to provide an opportunity for shareholders to ask questions and to make comments about the company's performance, operations and management. All questions to the auditor should in the first instance be addressed to me as chairman, and if appropriate I'll ask Andrew to address the meeting.

For those who may want to say something on remuneration, please bear in mind that we have a separate item of the business on the remuneration report.

So the floor is now open for comments or questions on the financial statements and the reports. Anyone who wishes to speak in relation to this item, please register your interest by pressing the microphone symbol on your handset, and wait until I call on you. At that time, please move to the microphone in the aisles nearest you, and ask your question. But before we move to questions and answers, I invite Peter to come in and join me at the lecterns.

Okay, so I have a list of those who want to speak, on the screens just in front of me here, and the first person on that list is Mr Reginald Lobb, Mr Lobb?

Reginald Lobb: (Shareholder) Thank you, chairman. I have two questions. Firstly, at a meeting, last one or the one before, a lady rose and said that she bought insurance, house insurance if I remember correctly, through Coles, cheaper than the premium sent out to her. Now, you made a reply that to me indicated that those policies through Coles did not have the full coverage of the premium direct to IAG.

Now, I may have been wrong, but that was my interpretation, I'm sure there are other people in this room who would have interpreted that that way. I think when we take out house and contents insurance, we're anticipating we will get cover, and there are things I have learnt that you certainly need, to photograph things of value so that you can prove that they were yours, they were in the house et cetera.

Secondly, at this time of the year our house and contents insurance is coming up for renewal, and I've changed policies every time. In the last few years, after going into NRMA office in Wollongong, and being treated abysmally, told I would have to go home and do what I needed to do, to prove the value I was seeking to insure for was justified. Then being abused by the manager when I gave a report about the unsatisfactory service I'd received.

Chairman, I went into Wollongong again a few weeks ago, people were sitting down, it was better than before, but there were a lot of people waiting. I went to an inner Wollongong suburb and I was able to sit there and get service quite quickly by a man and a woman, a married couple who have a franchise for a different insurer. We were able to discuss the insurance, and he advised me, and we debated things.

Many of us want that face-to-face contact so that we can discuss things. My question is: if you really want to provide service and get understanding, surely your branches can be staffed in a way that permits that. Thank you.

Elizabeth Bryan: Thank you very much, Mr Lobb. I note that you have a number of people who agree with you. Let me take the questions one at a time, and I'll ask Peter to help me with the answers. But first of all, let me say that if you have received bad service in our branches, then that's something that is very, very disappointing indeed to us, it's something that should not be happening in any of our branches. It's certainly something that I'll have our senior executives follow up on, so your protest will not be left at this meeting.

Let me come back to your first question, I think I do remember the question about Coles, that you referred to a couple of years ago, and like you, I'm a little unclear on what I said. What I should have said, and I hope I did, was that the service that we provide from our NRMA brand, and the service that we provide from our Coles brand, is different.

It's different because within the Coles brand we're seeking to offer customers an opportunity for a lower price point to enter into the insurance market. But the coverage that's delivered under the Coles brand will be the coverage that is set out in the Coles agreement.

So I think I accept your comments if you say that the service levels between NRMA and Coles are different, the coverage levels should both be true to the coverage that was specified at the time that you took out the policy. But a far better person to answer this question is the CEO.

Peter Harmer: Thank you.

Elizabeth Bryan: I bought you as much time as I can, Peter.

Peter Harmer: Well thank you, Elizabeth. I must say that it's your second question that really does cause me concern, but I will just start by perhaps adding to Elizabeth's answer to your first question. As Elizabeth said, our service proposition comprises quite a number of components, and so our ultimate price to the customer will reflect those components.

There will be differences in distribution costs, there will be differences in service costs, driven by the service model that we're deploying, which is applicable to the customer segment that we're appealing to, no matter which brand that we're offering to our customers.

I've been to our Wollongong office, and I'm dreadfully surprised and very disappointed to hear of your service. I know the people in our Wollongong office, like the people in all of our branches, are deeply committed to providing the very best customer service that they possibly can. So I know that my executive team, Mark Milliner's in the front row here, I know that that's something that he will look into.

I'm sure if you, Mr Lobb, can see our customer service staff at the back of the foyer after this meeting, we'll make sure that we've got your details and come back to you.

I do feel, though, that you're quite right, that customers have different ways that they want to interact with us. Some of the younger generation, the millennials, only want to deal with us via webchat on our online propositions. Other customers require a face-to-face service. My wife is one of those. She's takes great pleasure in going into our Macquarie kiosk to do our insurance every year.

I keep telling her she can do it on the internet and save the trip, but she likes to go and have a chat, and she likes to make sure that she's right across what she needs to understand in terms of any changes in the insurance, not only in terms and conditions, but also premium as well.

So we do have different service models under different brands, to meet the needs of our individual customers, and that will be a continuing feature of all of the IAG brands. But I would ask you, Mr Loeb, if you would see the customer service staff at the rear of the foyer, and we'll make sure that we get a better answer for you. Thank you.

Elizabeth Bryan: Thank you, Peter. Okay, the next name on my list is Mr Joe Nagy.

Joe Nagy: (Shareholder) Thank you Miss Chairman. I have several questions, looks like I'm not going to have the opportunity to ask them all, but first point I want to make to you is I do not agree with your overall assertion that your profit performance is all that good. It is good, you have a tough business to run, but it's not that good. Here are the questions for it.

First of all, your failure or your disappointment with Swan, and your disappointments with the Asian investments. Now, at the time, a couple of years ago, I won't use the word warned, but I discussed that with you, the acquisitions and expansion into foreign territory is high risk. So my question's very simple, what did IAG's Board learn from this?

Elizabeth Bryan: Thank you. You're a regular attendee at our meetings, and we do listen and value the advice that you give us. Asia was a strategy that was introduced some years ago.

There have always been wise hens that have advised about the risks in trying to operate not only offshore companies, but operate in the complexity of the markets that make up Asia.

We have reviewed that and I am going to ask Peter to talk to you about the reasons that we have adopted the current position that we have and, I think, to acknowledge your risk, your wisdom and your experience in Asia.

Peter Harmer: Thank you Elizabeth and again thank you for your question Mr Nagy. Mr Nagy was here at eight o'clock this morning in preparation for today so I know he is a very dedicated shareholder and he always asks excellent questions. Mr Nagy, 15 years or so ago we embarked a strategy to see if we could actually get a foothold in some key Asian markets. We identified six that we thought had conditions that might be precedent to any kind of success that we aspired to. That was largely driven from a belief back then that our growth opportunities in Australia and New Zealand might be somewhat limited and we felt that it was well worthwhile exploring those opportunities.

The strategy was predicated on a couple of assumptions, one of which was that some of these emerging markets, as they were developing their insurance sector, would value the kind of strategic assets that a company like IAG might be able to transfer into these economies. Then the second assumption was that we would have to work very hard, as we did, to find the right kind of partner to work with. I think in each of our investments we largely met both of those criteria. I think what we have learned in recent years is that the value of that strategic capability transfer dissipates over time and what we can bring to these companies as they grow, learn and mature in a strengthening global industry, diminishes. So we have taken the view that for some of our Asian assets, in the interest of shareholder value, we should sell those assets.

I would not describe our Asian strategy as a failure. Far from it. The sale of the three businesses that we have talked about today have yielded a \$200 million profit which is going to be booked in the 2019 financial year accounts. I think you, as shareholders, should expect that a company like IAG with such sound foundations should continue to explore new avenues and new theatres of future growth.

Elizabeth Bryan: Thank you Peter. Dr John Hutchinson.

Dr John Hutchinson: (Shareholder) Yes. I am disappointed that I can't give my own experience with IAG. I've got substantial properties unfortunately with IAG and I have had terrible service. I did say - I said the same thing after the last AGM and someone was appointed and that ended up in a garbage tip. Nothing has been achieved. We are still in a bad way. However, if I let it go to the media I might get some satisfaction because I won't get it from management from my past experience.

Now the questions, I notice I am limited to two questions. I wish it had been three. But the two questions are, how many years of fully franked dividends are held in reserve and secondly, what has caused the volatile movement of the share price over the last 12 months? In the first six we rose up to quite a nice share price but now it's dropped [a billion] down into the gutter. Those are my two questions. I take it I can't ask the third one.

Elizabeth Bryan: Well you can come back at the end of the session for a third one if you like. Alright, thank you Dr Hutchinson. Peter, we are not having a good run so far but it's always terribly disappointing to find that we do have customers and customers who are shareholders who find our service not up to their requirements. Again, we would like to follow up with you and understand what those issues are and see what we can do. It's genuine. We have a huge intense focus on providing service to our customers and to get two in a row where that hasn't been the case is very disappointing. However, we will talk to you about it.

I am going to leave the question on the dividend reserves to Peter who is more across those details. The volatility over the last 12 months is something that I'm sure that we are all aware of in this room. The share price did have a very big run up. We are not aware in any fundamentals in the business that are driving this in a downward direction. There is widespread volatility out there in the market and along with all other stocks we have taken a hit on that.

We are aware of one of our major international shareholders which has concerns about the level of the Australian dollar who is relieving themselves of some of their Australian dollar exposure and so selling down our stock would be part and parcel of that. We are aware that some of our competitors have started to make progress on issues that they were dealing with and so you find that institutional investors cycle around the various relative values of the investments that are available in the insurance industry. So we know that that is also going on.

Apart from that, the stock market is the mystery that it always is. But our reassurance to you is that the market is fully informed on the nature of our business and as Peter has said and will say again, he is confident about the outlook and about where we are positioned. So Peter, if you can – you can add to the share price matter if you want. Certainly take up the service matter and I leave you to deal with the technical question about the fully franked dividends.

Peter Harmer: Thanks Elizabeth. Again, Dr Hutchinson, it goes without saying, quite distressed to hear that you likewise have not had the kind of service that you would expect from your company and we will make sure that we address it this time, having failed to do it last time.

With regards to franking credits, we are not stockpiling franking credits. As we have said, we have sufficient franking credits to cover the distributions that we see ourselves making between now and the first half of calendar 2019, but we are raising the flag that we may not be in a position to fully frank dividends in the second half of calendar 2019. But we do anticipate being able to frank them at least at the minimum of 70% and that's why we've said the range between 70 – 100 %. I am looking to my CFO to see if I can get a nod. I get a nod for that.

The second part of your question, the share price. I think our Chairman has addressed it really well. I mean we have tracked in more recent times the broader market. I think the other things that have influenced the trajectory of our share price include the guidance that we provided at the release of our full year results in August. I think the market was expecting us to be a little more bullish or aggressive in our outlook. That's not the company we are. It's not the company you invest in. We take a relatively prudent but realistic position as we look forward to what we think we're going to do in the next 12 months.

As our Chairman said, one very large institutional offshore shareholder who between November and around about the middle of this year amassed just on 6% of our stock, has taken a macro view on Australia driven by its view on its trajectory of our currency and is now offloading all of that stock. So until they're fully out of their position I expect that our price will show some sort of softness. As I'm sure you understand we don't manage the company to the day-by-day, week-by-week, month-by-month vagaries of the stock market. We are interested in long term shareholder value creation. I think far from our stock price being in the toilet, I think over the last two to three years and perhaps longer, we have shown some very good shareholder value creation. But we of course are very mindful of what we need to do to continue to build sustainable value in our business on your behalf. Thank you for your question.

Elizabeth Bryan: Miss Natasha Lee. I can't see you Miss Lee. Are you coming to the mic? Oh.

Natasha Lee: (Shareholder) Thank you Madam Chair. I just had some distance to travel around the world to get here. It just took a bit longer. Yes, thank you for the results for the year. My question concerns the investments on the balance sheet which is down a bit over a billion dollars from \$12,136 million to \$11,007 million. When I look at the details of that they're sort of mostly in cash and bonds, but whilst I appreciate that overall the assets are largely unchanged from last year, I was wondering what's happened to that billion dollars in cash and bonds? Where did it go?

Elizabeth Bryan: Okay. So you're making a remark that the size of our investment portfolio has decreased?

Natasha Lee: (Shareholder) That's correct.

Elizabeth Bryan: Okay.

Natasha Lee: (Shareholder) It's note 2.3 on...

Elizabeth Bryan: Okay. So the broad answer to that is that we have introduced quota share into our capital platform and that that has resulted in a repositioning of our portfolio. Peter.

Peter Harmer: Yes, thank you. So Miss Lee as I think you will recall some nearly three years ago we placed 20% of our business under a quota share reinsurance agreement with Berkshire Hathaway. Then earlier this year we placed an additional 12.5% with Munich Re, Swiss Re and Hannover Re. So it's what we call the run on of that business. They are now collectively getting 32.5% of our premiums and therefore they're building their technical reserves as well. Over the next few months and until at least I think the end of this calendar year you will see some further decline in those technical reserves, in those investment funds, but it's all to do with the run on of our quota share reinsurance program.

Natasha Lee: (Shareholder) So how will that be reflected next year say in the balance sheet? Why are you – is that reflected in investment income?

Peter Harmer: It will be, yes. You will see it in the GWP line, you will see it in a reduction in recovery in our expense line, you will see it coming back as a recovery in the claims line and then you will see it in technical reserves as well in the balance sheet.

Natasha Lee: (Shareholder) The other comment I have is it's great that you are introducing greater equality into your senior management team. I note that you've got a target for 40% for Australia and 50% for New Zealand. I appreciate that the starting point is slightly higher in New Zealand but it's not that different. I think it was 32% and 37%. Why haven't we got a 50% target for Australia?

Elizabeth Bryan: Well on behalf of every woman in the room, what a good question!

Natasha Lee: (Shareholder) It is a target not a quota.

Elizabeth Bryan: I think we have to set – it is a target and so we set targets that we have some possibility of achieving without causing major disruption to our staffing and how the system works. I am a bit with you, why don't we set 50% and then just see how close we can get, but...

Natasha Lee: (Shareholder) Well exactly.

Elizabeth Bryan: ...these are companies – we'll get there one day I promise.

Natasha Lee: (Shareholder) Well I hope it's soon and yes, more women in the senior management won't cause disruption.

Elizabeth Bryan: No, you're right. Thank you anyway.

Natasha Lee: (Shareholder) Thank you.

Elizabeth Bryan: Mr Richard Wilkins.

Richard Wilkins: (Shareholder) Thank you Chairman, good morning. Yes, I am Richard Wilkins, here with my colleague Ian Graves, representing the Shareholders' Association and we have proxies for about just under \$20 million worth of shares.

Thank you very much for meeting with us recently and that was very helpful, as always, to exchange opinions. I'd also like to record our thanks once again to the investor relations team for their very professional and generous assistance.

Once again, it's a pleasure to be able to congratulate IAG for both another very impressive year for financial results, some very wise de-risking decisions and the welcome sale of the Thai businesses after year end, and once again, very high-quality suite of the financial reports.

You'll be pleased to know that nearly all of my financial questions have been answered. I've got one very easy one that you can flick to somebody else and then a question about risk, but perhaps I could ask the easy one first.

In regards to the size of the deferred tax asset for the New Zealand tax losses, the net value in the balance sheet is about just under \$400 million. That equates to about \$1.4 billion of gross losses, which works out as something over six years' worth of the estimated New Zealand profits. Now, from my auditing days, admittedly many decades back, we always felt that putting more than about two, maybe a maximum of three years of tax losses on the balance sheet was perhaps a bit bullish, so six years' worth seems rather aggressive. Now, times have probably changed; I'd be quite interested in hearing the audit partner through you, perhaps if you could just give a comment on why that is now considered an appropriate thing to do in current times?

My other question is totally different so perhaps we could...

Elizabeth Bryan: Let me deal with that question first. There's one lesson you learn from the podium, it's never to get between two auditing specialists. The question has been directed to our external audit partners, who is Mr Andrew Yates from KPMG. Andrew, would you – could you have a microphone? We'll be fascinated to hear the answer to this.

Andrew Yates: Thank you, Chairman. Thank you, Mr Wilkins, for the question. You are right, it is a large balance and my team and I have spent considerable time thinking through the recoverability of that balance and we were very comfortable that on all the evidence we could see that recognising the deferred tax asset and in fact, looking to that to be recovered over what is now 6.5 years we didn't feel was aggressive on the basis of all the evidence we could see about the future prospects of that business. In fact, you will have seen this year part of that deferred tax asset was in fact utilised.

Richard Wilkins: (Shareholder) Thank you very much. The other question is basically something we've chatted about briefly before, the question of risk. The annual report refers in a couple of places, particularly on page 26, that there was a more intense focus on risk in the 2018 financial year and that there will be more intensity further applied to that in the 2019 financial year. That's obviously very welcome and clearly – sorry.

Elizabeth Bryan: There's a risk of choking. Keep going, Richard. I'll get this under control by the time you finish.

Richard Wilkins: (Shareholder) Yes. The focus on risk is obviously very welcome in any business and is absolutely critical in a major insurance company. We note that some months ago you appointed a new specialist Chief Risk Officer from outside, which is obviously very welcome. I think in view of the absolutely critical nature of risk to our company and the fact that you found that an outside specialist was the most appropriate person to appoint, perhaps you could – I think it might be useful for shareholders just to hear a little bit about what you – if you can – what you think about the topic.

Elizabeth Bryan: Why don't you handle this one - no, I think that might have done it.

Richard Wilkins: (Shareholder) Well done.

Just a rider, and I appreciate this is not a discussion about rem, but it was welcome that a 10% weight was given to risk in the scorecard, but personally I think given the nature of this business 10% is probably too low a weight. I think maybe 20% or 25% might be more appropriate for its importance. Thank you.

Elizabeth Bryan: All right. I think I'm okay, so let me see how I go. Peter, you've got to come to the rescue.

You're right to focus in on risk. I think the world is risky. Financial institutions all across this country are focusing on risk at the moment. Risk used to be something that the people could move through, that you could grow into. We find that today risk is highly technical and highly specialised and that there are a lot of learnings that come out of other industries.

We have very, very deep knowledge within IAG of insurance associated risk. That's what we do, that's what we manage. Today's world requires a lot of focus on a broadening risk spectrum of management, of interactions with customers, of a wide range of operational risks of various types. So, you do need a very strong risk team. I think all financial services companies are building their risk team. We thought that we had an opportunity with a position vacant to bring in some new talent and a new perspective into IAG on risk by an individual who has a very strong track record in the industry and who is used to managing very large-scale, centralised risk areas, and so that's what we've done, part of a strengthening of our risk across the organisation. I think that's the answer to that question.

The risk weighting in remuneration, if you're taking 100% and dividing it up between things, you can't really end up with a percentage number that makes you think oh yes, that makes me feel good about risk because it's got to be a high number and there's no other thing that can get an airing. Whether you have 10% or 15% or I don't know, 20%, it doesn't matter. It's a bit hard, but what we have introduced over that is an overlay that says you meet all your scorecard requirements plus the 10% into risk, but then if your area is not managing and is not sophisticated enough in its management of risk, it gets a whole other look by itself. We're going to run with that for a while. We think that that gives us more scope to deliver the messages we need to our executives down in the organisation about the importance that we place on risk.

Richard Wilkins: (Shareholder) Thank you very much. Just to give it context, out of the many thousands of people who work for IAG, how many would you say were specifically dedicated to risk rather than other tasks as well, just approximately?

Elizabeth Bryan: Peter and I are both looking down at the front row for someone to mouth us a number. How many? About 200.

Richard Wilkins: (Shareholder) Excellent. Thank you very much.

Elizabeth Bryan: Thank you. All right. My apologies for all that coughing drama there. Peter Melser. Welcome, Mr Melser.

Peter Melser: (Shareholder) Thank you, Madam Chair. This question is specifically for the auditor. Did the auditor consider climate risk as a material financial risk when reviewing the financial year '18 financial report?

Elizabeth Bryan: Okay. Thank you for that question. It's a big year for the auditor this year. Andrew.

Andrew Yates: Thank you, Chairman. Thank you, I think it was Mr Melser, thank you for the question. I think the short answer to your question is yes. The way we approach our audit is really to look at the full population of risk that we think might impact IAG at any point in time and have the potential to have a material impact on the financial numbers. We then narrow or work down to those that we think could have that material impact on our financial numbers and climate risk is certainly one of those. The way we consider that really though is from is it impacting the recoverability of any of the asset balances or the sufficiency of any of the liability balances, but the short answer to your question is yes.

Peter Melser: (Shareholder) Thank you. Is the Board satisfied that all potential material climate risk-related financial risks to our performance and prospects have either been appropriately disclosed or resolved as not material?

Elizabeth Bryan: You will never get an absolute answer on that from me. It's a bit like asking if we have all of our cyberspace risks completely done. The unknown unknowns are a bit inclined to trick you up there. I think the – it's a good question, it's a question that all boards have to continually focus on now. It's part of running a major company to really understand the climate risks that are out there, the climate risks that are going to affect your customers, that are going to affect your communities, that are going to affect your businesses, that are going to affect your staff.

It's a very, very big area of issue. All I can promise you is that we have a very wide focus on it. I think that this company is actually quite sophisticated in its dealing with climate risk. Risk is our business. Natural peril risk is a huge part of our business. We have very deep technical knowledge of climate risk and it has the focus of the Board and the senior management team. So far as I know, we've got a pretty good grip on most of it but no, no promises there.

Peter Melser: (Shareholder) Okay. Well, look, a follow-up question. I know there's been lots of discussion of climate change and its impact, but what has the Board done specifically to educate itself on climate risk in the last year?

Elizabeth Bryan: We are very, very lucky to have in IAG a technical team and we do all sorts of bits of Board education, but the most fascinating I find is when we get the technical team up with their charts, the long data they've got, the ability to show us some of our data that supports climate change and to show us where it's moving in Australia, to talk to us about the trends that they see and to talk to us about what the data supports. So, no, we're not an expert group but we know a lot more than we used to, and more importantly from the Board's point of view, we recognise that we have very deep understanding and involvement in the climate risk issues in this country.

Peter Melser: (Shareholder) Thank you. I do have another question. Can I ask it?

Elizabeth Bryan: Have you sneaked four questions in already?

Peter Melser: (Shareholder) That was two-and-a-half questions.

Elizabeth Bryan: Right-oh.

Peter Melser: (Shareholder) The 2018 Annual Review indicates that IAG is committed to understanding and disclosing climate risk and opportunities, using the recommendations of the Taskforce on Climate-related Financial Disclosures and will provide expanded TCFD disclosure by the end of 2019 financial year. Can the Board confirm that a detailed scenario analysis demonstrating the resilience of IAG's strategies, under different climate-related scenarios, including a two degree or lower scenario, will be disclosed in financial year 2019's annual report?

Elizabeth Bryan: Okay, I'm getting nods from the front row, from Jacki Johnson and also from our new Chief Risk Officer, who both seem to think that we'll do that.

Peter Melser: (Shareholder) Good.

Elizabeth Bryan: But I will encourage Jacki to have a chat with you after about how we're going to do all of that, it's quite interesting.

Peter Melser: (Shareholder) Good, thank you very much.

Elizabeth Bryan: Okay, Jacki. All right, the next question is from Ms Gillian King.

Gillian King: (Shareholder) Thank you, Chair. I was actually very pleased to see IAG's purpose reconfirmed as making our world a better place and also the Climate Action Plan, finally seeing that and particularly the leadership and partnership approach. I wish more people understood that. Also that we're going to see those disclosures next year. It would be a really good start if a whole raft of organisations, in all different spheres of our society had plans a bit like that.

I am a little bit concerned, though, about what's been left out and I was pleased to hear the Chief Executive Officer reconfirm the well below two degrees, so I think that might have been a bit of an editorial oversight, the omission of that in the plan. I'm particularly interested in the timing of actions and also that we might not be going far enough and fast enough, particularly given the report that came out recently that shows we're heading for four degrees and the only way of having any hope of getting to a safer climate is to actually draw carbon out of the atmosphere.

So given that we need to ramp up our actions and our sense of urgency, I've got two questions: this is the first one, the second one's not climate related, I just wonder if you could tell us a few things. One is which climate scenarios are being explored, do they include things like the four degrees that we're heading for and six degrees, which is also looking quite possible? When will we see the climate scenarios published and when will we see the action plan revised in light of that new science that's come out? Given that IAG says it's been carbon neutral since 2012, but now that we've got science-based emission targets out to 2050, are those new targets, are they for negative emissions to keep us below, in line with the sort of action to keep below two degrees of warming?

Finally, the final part of this question is about encouraging behaviour change, which I was very encouraged to see in that plan. When will IAG stop enabling damage by the coal, oil and gas industries by talking to them about it and by stopping insuring them?

Elizabeth Bryan: Okay, so I've got five questions, five subsections to question one. I think we're going to have to get...

Gillian King: (Shareholder) The next one's very short.

Elizabeth Bryan: ...a little more sophisticated, Rebecca, in monitoring these questions. So let me try and give you some reasonably quick answers to that, but what I would appreciate it if you could do for me, just in the management of time here, is to communicate with Jacki, who is just sitting down here in the silver jacket, afterwards; she'll be able to really talk you through the details of all of those issues.

Which scenarios, Peter? Do you know the answer to all of them?

Peter Harmer: I think I can address at least three of them. But again, appreciate your passion, we agree with you, things do need to move faster. I think it's fair to say the last number of years IAG's primary focus has been on leading a national debate and participating globally through our involvement in the United Nations Environment Programme – Finance Initiative, as well as through the Principles for Sustainable Insurance and Principles for Responsible Investing.

So trying to tick off the issues that you've raised, the scenarios that we've spent most time modelling are a plus two and plus three, I think it was, Jacki, plus three degree world. In fact what our Chair didn't say is that only, I think it was two afternoons ago, our entire Board spent part of that afternoon with our natural perils team being actually talked through what those worlds look like, principally in relation to how it might change insurance risk and therefore the safety and/or vulnerability of the communities that we serve.

Our targets out to 2050, yes, will result in negative emissions and again I think Jacki would be more than pleased to give you some specifics on that. I think the other couple of words I wrote down here were behavioural change. I think that is critically important. We, through our formation of the Australian Business Roundtable for Disaster Resilience & Safer Communities and lots of the work that we've done since, have focused much more on the clear and present danger that our customers in their communities face today through this increase in severe weather events that we've been witnessing over the last, well probably really over the last couple of decades.

So we felt that it was really best for us in that era to use whatever voice we had to encourage governments to actually invest in disaster mitigation to make people safer today. We do think now we've got a good head of momentum and we can now actually turn our voice a little more externally.

So that's our current position, I'm sure Jacki would be pleased to spend some time with you after this meeting.

Gillian King: (Shareholder) That's good and will those scenarios be published?

Peter Harmer: Well that's under discussion at the moment and it sort of ties in whether or not we should and I think the leaning of the Board to date (we haven't made a decision) is that some of our data should be published as well. But I think the answer to that question is dependent upon what we do with that data.

Gillian King: (Shareholder) Thank you. My second question actually arose out of a discussion at an Australian Institute of Company Directors' briefing last week with someone at my table and actually follows up on some of the other questions today and particularly it relates to the priority of customer and delivering world-leading customer experience. So I'm actually from Canberra, I've come up very early this morning and after our bushfires in 2003, NRMA stood out as the best insurer because of its case management approach. It was quick and a single person stayed with the person affected all the way through.

Elizabeth Bryan: Thank you, that's very nice to hear.

Gillian King: (Shareholder) So unfortunately that no longer seems to be the case. So this person at my table, they're with RACV and they'd had a series of claims in very quick succession. They were explaining how it's moved away from this case management approach, which was so good and so appreciated by people making claims, to an outsourced call centre that just seems to be moving people on. She was saying that RACV is actually pulling out of IAG and bringing the insurance back in house. So I'm just wondering, can you confirm if that's the case. If it is, what the implications are for the business and is there going to be a return to case management?

Elizabeth Bryan: Okay, so I don't think the comment that RACV is pulling out of working with it is correct at all. But Peter, why don't you pick up case management and our strong, good, close relationship with RACV?

Peter Harmer: Yes, thank you and it's a really important and a very timely question. Obviously, as customer preferences have been changing and driven in part by millennials and their desire to engage with technology, all in the interests of being able to get answers in their time. We've been working with lots of different service models. Mark Milliner, as our CEO for Australia, his team are actually working on what we call our digital customer journeys to better understand how different customer types need to interact with us when they're facing things like making claims.

So I think what you'll see from us in the future is a better way of actually triaging customers, to better understand the kind of service model that they want, a better way for us to understand where is the complexity of that claim and how might that customer need that complexity dealt with. I think it's one thing to have a broken window dealt with in a very lean and efficient and perhaps a digital way; it's another thing when you've lost something like your home.

I will say though and firstly, I am pleased to hear that customers in Canberra in 2003 – seems so long ago now – were well served. But I'll say also that this year we had two pretty significant fires in our country. We had the Tathra fires down south in New South Wales and we had the south-west bushfires in Victoria. I wasn't able to get to Victoria, but I did get down to Tathra and I have to say, our people on the ground, I felt, did an amazing job.

We had 230 claims out of Tathra, nearly 200, 199 of those, have actually already been settled and the other 31 are complex, building on slopes and things like that; they're ongoing. Of the 135 claims in Victoria, two-thirds of those have already been settled as well. So I think more often than not we do get it right, but if we don't get it right once, that's once too often. But thanks for your feedback.

Gillian King: (Shareholder) Thank you.

Elizabeth Bryan: Okay, next on the list is Mr Gregory Simoni. Mr Simoni.

Gregory Simoni: (Shareholder) Good morning all and through, Madam Chair, on The Numbers, page 46 of this year's annual report, item of outstanding claims liability on the liability side of the balance sheet. Now whether I'm a farmer, what is the point of me getting business farm insurance? I could have a \$750,000 house, I could have farm equipment out the back, \$300,000 worth, that's going to be covered, I've got cars, they're going to be covered, contents insurance for the house, it's going to be covered. You might throw in some life insurance for me, great. But the sole purpose of being a farmer is what I produce from the land.

Now you've been working on this since 2015 and we've got the Australian Bureau of Statistics in 2015/2016 saying that the minimum estimated value of agricultural production per farmer is \$40,000. Why should I get farm insurance? Will that \$40,000 be covered as me, as a farmer, will I get my farm production value through the balance sheet covered and can you let me, as a farmer, be a price maker? Thank you.

Elizabeth Bryan: Right.

Peter Harmer: Shall I take that?

Elizabeth Bryan: Yes.

Peter Harmer: Mr Simoni, if I try and unpick your question, I think what you're really going to or getting to is the economic value of insurance when industries such as our agricultural industry are under so much pressure and stress. We are of course in the grip of one of the worst droughts that we've seen and agricultural production in many parts of the country is at extreme lows. But the very fact remains that the assets that these farmers own are going to be required when drought conditions break and in fact conditions improve. So there is a very real need to protect the physical assets that the farmers use over a very long period of time. I think we all know that drought cycles go in seven to 10-year bands, so that's the first thing I would say.

The second thing in relation to the agricultural production value, you gave the figure of \$40,000. I haven't seen that number, but let's assume that that's correct. We do have different ways in which we can provide protection to that income stream. We have been piloting what we call yield-based policies but the standard method of providing coverage for crops is to cover the cost of re-sowing next year's crop so the farmer actually has a choice as to how they insure.

I think the broader sentiment that you're raising is one that we all feel and that is that it's not just our farmers it's people in rural communities whose livelihoods depend on the success of these farms, are doing it very, very tough at the moment.

Gregory Simoni: (Shareholder) If I was a hobby farmer to cut to \$20,000, the minimum value, the ABS statistics is \$40,000 – as it stands through your policy, you can't meet that. How can a farmer live on minimum \$40,000 production from his or her land per year? Can you take a position where you actually ask the farmer what do you produce and then we can match – we can help you with the numbers that you produce per year.

Peter Harmer: We do, as I said, we do have yield-based policies that I think address that particular need. I do think though it would be nonsensical though to not consider the insurance of the actual physical assets that are used to produce future crops, but yes, we can do both.

Elizabeth Bryan: Thank you Peter. So Mr Edwardo Fusar.

Edwardo Fusar: (Shareholder) Thank you Chair. Over the past year several global insurers have implemented restrictions on insurance and lending to the coal sector including Allianz, ASTA, ... and Nippon Life. While IAG doesn't insure or lend to the coal sector, given Mark Milliner's position on the Board of the Insurance Council of Australia, has the Council discussed an industry approach to limiting the expansion of the thermal coal sector. If not, why not?

Elizabeth Bryan: Okay. So I don't think we can answer of behalf of the Insurance Council at the moment. Peter, do you want to make some comments on that?

Peter Harmer: Yeah thank you, I will and thanks for your question. Firstly, just a couple of facts. We don't actually insure the physical assets of coal mines. We do as we've said before, insure through workers' compensation the workers that work in those coal mines. We think that they should not be prejudiced or disadvantaged simply because of the industry in which they work.

Moreover, I think 0.25% of the \$11 billion that we have invested around the world is directed towards what we would call perhaps inefficient or emission intense industries and in every single case, our Asset Management team review the strategies that those businesses have to become less of an emission emitter. So we think we are taking a very responsible approach to climate, both through our underwriting policies as well through our own investment approach.

Eduardo Fusar: (Shareholder) I'm getting to investment now.

Elizabeth Bryan: Thank you.

Eduardo Fusar: (Shareholder) Allianz, AXA, Aviva, Generali, Lloyd's, Munich Re, Nippon Life, Swiss and Zurich are just some of the insurance companies that have dumped the thermal coal company shares because of that industry contribution to global warming and climate change which is fueling floods, storms, bush fires which costs us, IAG shareholders, through increased claims. However IAG is still facilitating the expansion of coal through its investment portfolio.

Where does IAGs investment strategy differ from some of the biggest insurance companies in the world and why is IAG still investing in thermal coal?

Elizabeth Bryan: Well I think Peter's just said to you our investment portfolio has less than 0.25% involved in any emitting industries. So not only don't we invest in them, where we do invest in them we take a very hard look at their path through - from the business they're in to how they're going to translate their companies out of that business. So by and large, we don't invest in emitting companies, we don't insure the physical assets that you're concerned about and our only role in those industries is to provide compensation insurance.

Eduardo Fusar: (Shareholder) Well, that's very good to hear and you said it's just 0.5% then why can't we follow other insurers example, for example Medibank who publicly ruled out fossil fuels investment at their AGM last year?

Peter Harmer: Can I perhaps respond to that?

Elizabeth Bryan: Yeah, you can.

Peter Harmer: Eduardo, we've taken a view that there are going to be companies in dirty industries, in emission intense industries. A more responsible approach for us is to support those companies that actually have clear strategies and will deliver against clear targets on their pathway from a dirty industry to a cleaner position. Now we will reassess that from time-to-time but as I said of the \$11 billion we invest around the world, only 0.25% is in those industries and then only in companies who have been able to satisfy one of the hardest blokes I know, David McClatchy our Chief Investment Officer, that they actually have a plan and a demonstrable way of delivering against that plan, on their pathway to a cleaner future. Thank you.

Elizabeth Bryan: Thank you. Our next speaker is Mr Rafael Joudry.

Rafael Joudry: (Shareholder) Thank you Madam Chair. Is this on? Right, Mr Joudry actually.

Elizabeth Bryan: Ah, my apologies. My apologies.

Rafael Joudry: (Shareholder) That's okay. Earlier this year IAG left the Business Council of Australia, why? Did the BCAs position on emissions reduction targets that the Federal oppositions emission reduction target of 45% by 2030 would be economy wrecking and the CEO Jennifer Westacott saying it would result in the de-industrialisation of the economy have anything to do with the decision to leave?

Elizabeth Bryan: Our decision was more a rationing decision. We have many organisations that from time-to-time we support. We try and make sure that this is quite a focused program of support we give to the organisations that are closest to the things that we're specifically interested in at a point of time.

I think I mentioned earlier our support for the Business Roundtable both in Australia in New Zealand, our support for many of the research institutes but in the end you can't support everyone so that was just a decision of ours on how we allocate our resources.

Rafael Joudry: (Shareholder) Thank you.

Elizabeth Bryan: The next question is Mr Ian Graves from the ASA.

Ian Graves: (Shareholder) Thank you Chairman. I just have two questions if I could. Coming back to the industry, last year Infinity Consulting which is a consulting group for the insurance to all industries, in its industry analysis - and it reports stated that last year was one of the best since 2014 with the ROE reaching 15% and that the industry results have been favourably affected by several factors, including the start of a hardening market.

Affinity added that significant multiyear rises were still needed however to bring the short-tail classes back into the black but warns that there are further challenges from new entrants and possible adverse regulatory impacts from the Royal Commission. I'm sure you all know that.

But what I was interested in, is in view of this expressed strategies of limiting growth, rather be more organic and putting more emphasis on various classes have these factors been taken into account in your outlook statement?

Elizabeth Bryan: Okay, I'm not aware of the Infinity report that you speak about, but I think part of your question was about the cyclical nature of the industry?

Ian Graves: (Shareholder) Yes.

Elizabeth Bryan: Okay, so our personal lines business is not subject to quite the degree of cyclical nature that you get through the commercial arm of the business so we are not aware of anything going on in the cycles that would make the outlook that Peter gave recently incorrect. You mentioned a couple of things that are happening in the industry, yeah but they're all taken into account by the time we put out our outlook for the industry.

Ian Graves: (Shareholder) Thank you Chairman. I have another question relating to the recent sale of the Community Broker Network to a Steadfast network of brokers. The sale along with its recent Board decision and senior appointments in technology and marketing, does this mean a fine tuning of your previous statements regarding getting more diversification through commercial lines and more direct insurance focus rather than through intermediate market?

Elizabeth Bryan: Well we're not a broker, we're an insurer...

Ian Graves: (Shareholder) I realise that...

Elizabeth Bryan: ...so the Community Broker Network I think has found a home with brokers, which is probably the better natural owner of broking services than we are. We provide some business but not all of the business through that broking network.

Ian Graves: (Shareholder) Thank you Ms Chairman.

Elizabeth Bryan: Mr Brian Okane?

Brian Okane: (Shareholder) Thank you Madam Chair. I apologise for being late to the meeting. This is my second Annual Meeting this morning.

Elizabeth Bryan: You've had a busy morning.

Brian Okane: (Shareholder) I have got shares in 41 companies and when I was walking from the other meeting to come here, after reading today's reports on the stock market, bus 382 went past and I was wondering if I should jump on it - that's the bus that goes to the Gap.

Elizabeth Bryan: No, no, no let me give you a very clear answer from up here - don't do it.

Brian Okane: (Shareholder) Madam Chair, I want to congratulate the Board and the Senior Management Team and [now all our] employees on the fantastic report we got this year. The profit that we made is a credit ... to everyone involved.

The other thing I want to bring up when we have a disaster, I feel sorry for the people in that disaster, I really do but we've got to remember one thing, IAG is not a charity organisation. The criticism that insurance companies receive when we have a disaster is not warranted. Take our mind back to Tracy in Darwin.

After Tracy hit, they ran a big fundraising campaign at the Opera House. After that fundraising campaign the Prime Minister of the day, Gough Whitlam, he wanted Australians to have a disaster plan where part of your tax goes to that disaster plan. When we have a disaster, then you [tap] into that. I was one of them, we all voted against it. We thought Gough was mad. Gough wasn't mad. If we had that today, we would have that money in there. So we've got to get the image of the insurance companies lifted up.

Insurance companies are not a charity organisation. We are a business and we - you've got the offer of taking that business up or not. The other thing I want to bring up, Mr Chairman, I want to congratulate our CEO. We have got a top CEO in this company, I can assure my fellow shareholders. This man, at the moment, is the Chairman of a company - what do they call that Peter, what you're the Chairman of? That looks for the future of where development takes place. What he has done, this committee that he is on, they were the ones who lifted up to get the increase in the Warragamba Dam, because I am terribly concerned about all this development that's going on in these areas.

Insurance companies have to have more say in this development. It's ridiculous what's going on because we'll get the blunt of it. Have a look what happened in Louisiana in America. Have a look what happened with the late - the last - on the west coast of America, the hurricane hit. When that hurricane hit that west coast of America, everybody was saying we've never seen a hurricane like this before, this is the worst we've ever seen. They - that changed when they went to the retirement villages or nursing home at Jacksonville when they had to move the people out and they asked the old people like me, what do you think of the hurricane, this worst we've ever had. They said no you wasn't. We should have been here in 1954 and the development companies shouldn't have developed that property where they had the floods and the disaster.

So, what Peter is doing - you're doing a terrific job Peter and keep it up because that's the way we've got to go and the management team, you can be all very proud of yourselves. You've done a great job and let's continue on - but like I said, insurance companies are not a charity organisation. We knocked back Gough's idea. We're paying a dear penalty for it today.

Elizabeth Bryan: Okay, thank you.

Brian Okane: (Shareholder) I'd like to just finish on one thing Mr Chairman. Do you mind if I speak to my fellow shareholders?

Elizabeth Bryan: You are speaking to your fellow shareholders.

Brian Okane: (Shareholder) Okay, to my fellow shareholders. I want to say this and I've said it at many a meeting. If we want to get a real good dividend, which we get, and if we want a good management team and if we want a good Boards, we have to pay for it. This nonsense is going on about company executive board - their salaries and the Board salaries - this is ridiculous. We've got to have - if you want good people, I left school at 13 years of age. I worked till I was 66 and a half years of age as a labourer in the steel works but something I have learnt in life is that if you want something good, you've got to pay for it. So, if that's what we've got to do - I don't believe in this argument against salaries. If we - my fellow shareholders I beg of you, don't get caught up in this nonsense. Let's keep paying what we're paying them. Thank you.

[Applause]

Elizabeth Bryan: Thank you Mr Okane. You're a real joy to listen to.

[Laughter]

So, next on our list is Mrs Rowena Weir.

Rowena Weir: (Shareholder) Thank you Madam Chairman. Mine is just a procedure request. I thought that if – when you call out my name, you can call out the next one to come so it saves time.

Elizabeth Bryan: Okay, alright.

Rowena Weir: (Shareholder) Thank you.

Elizabeth Bryan: Thank you, alright. So, Mr Brian Gates.

Peter Harmer: Followed by Mr Jonathan Hillman.

Elizabeth Bryan: The next – oh we're okay, alright. So, Mr Brian Gates is the next questioner and he'll be followed by Mr Jonathan Hillman.

Rowena Weir: (Shareholder) Thank you.

Elizabeth Bryan: You're welcome.

Brian Gates: (Shareholder) Good Morning Mr Chair. I – first of all, with the customer service I – never had any problem with them. I deal with a ... and they just go out of their way to help.

Elizabeth Bryan: Okay.

Brian Gates: (Shareholder) Also, secondly, I appreciate your ongoing support of the State Emergency Service. Thank you. First question – where are we – about the short-term investment incentives scheme. You say about the behavioural strategy, did you have the follow-up say disciplinary action about the miscreance ... in the Royal Commission kind of thing. Do you have any disciplinary action against any miscreance? Also, secondly, with the climate change policy, do you invest in renewables as well?

Elizabeth Bryan: Okay, so I think your two questions were did we take any disciplinary action against anyone because of the Royal Commission? No.

Brian Gates: (Shareholder) No, not because of the Royal Commission; it's with anybody that's caught, you know, doing anything wrong.

Elizabeth Bryan: Yes, so we do. We enforce our behavioural standards in the organisation strictly. We really like people to comply with not only our overall purpose but our desire to service our customers and our clients very well.

We have codes of conduct in our organisation and we have all sorts of behavioural rules, as you would expect in an organisation as large as ours, and we enforce them. It's no good having these arrangements and standards if you don't enforce them. So yes, we do.

I think the second question was do we invest in renewables, and yes, we also – that's also part of our investment portfolio.

Brian Gates: (Shareholder) Okay, thank you.

Elizabeth Bryan: Thank you for your question. Now we have Mr Jonathan Hillman for the next questioner, and he's going to be followed by Mr Joe Nagy again.

Jonathan Hillman: (Shareholder) Morning, Madam Chair and Board members and fellow shareholders.

Thank you, Madam Chair, and to the CEO, for your various and relatively generalised responses to the major concern obviously of shareholders, of managing the serious increasing risks of what's often called climate change. I like to refer to it as climate volatility. We see droughts, we see floods, we see cyclones, and quite aside from the devastating human impact.

My question seeks more specificity on the responses of the Board or the CEO or anyone else within IAG representing IAG's views. We are hearing from you your concern, quite rightly so. I am absolutely sure that you are hearing from us our concerns on our company, our profits, our dividends, putting aside the human costs. Unfortunately, Madam Chair, I certainly am not convinced – and by the way, I'll preface this, I'm not a member of any political party or an advocate for any political party, absolutely, but I don't think the penny has dropped with the government on how serious this issue is economically, quite aside from the tragic human impacts.

So, my question seeks specificity. What specifically has the Board or the CEO or anyone within IAG done by way of a submission or – well, something more formal than conversations but even conversations as a starter – with either the Minister or submissions to the government, cabinet, even the Department of Environment. I really would appreciate specificity rather than generalised comments. I hear your comments generally but I'm looking for what specific action you have taken. Thank you.

Elizabeth Bryan: Thank you. We share your concerns. Hang on, I'm just trying to get the right report. Okay.

We share your concerns. I think everyone is concerned about climate and for a long time the focus really was on government and government policy, and the requirement of organisations was to make sure that they looked after their own – they kept their own house in order, that they reduced their carbon footprint. That's been going on for a long time and we've reduced our carbon footprint and we don't have one at the moment. But we've done a lot more than that. Submissions are one thing. Submissions to the government, I don't know whether they work or not. I'm sure if we go back we'll be able to give you a list of submissions we've made on various things over time, but I think the more important response is that we now take it on ourselves to be responsible.

We have communities and customers out there that we insure, and so we're concerned about two things. We're concerned to do absolutely everything we can before they face any kind of climate-related event to make sure that they're as safe as they can be. That goes from various bits of technology that I talked to you about last year, right through to trying to work with them and work with groups in the community so that they can help themselves. We put a huge amount into what we call mitigating the risk. We can't stop the storm but we can certainly help the people and the communities who are going to be in its path, and we do that.

Then at the other end, we also work very, very hard with people who have suffered these natural perils, we call them, to help them rebuild. That's what you would expect from an insurance company – but we like to think that our people go the extra mile to try and offset the shock, to make things happen easier, to work with the groups that have got to start recovering and rebuilding their lives.

So, government submissions, I'll again ask Jacki. We can provide a list of government submissions if you like, but the more important thing we do is part and parcel of our business. It's out there with our people, with our customers, helping them prevent, helping them mitigate and then helping them recover. It's direct action.

As I read the literature on climate change, I see more and more demand for direct action from cities, from communities, from companies to try and do something about this. One of our earlier speakers talked about concern that time was running out. The community attitude has moved from the days of let's sit around and wait for the government to do something, to let's all put our shoulder behind this wheel, and we're very much in that latter camp.

Jonathan Hillman: (Shareholder) With the greatest respect, Madam Chair, my question was about what specific submissions that IAG has made to government. I glean from what you say that you are – I appreciate your reference to Jacki – I glean from what you say that you're either unaware of whether any submissions have been made from IAG to government. Bearing in mind, and you've heard this, this is the biggest economic impact on this company. This is the biggest economic impact on our company's profits and our dividends. So, I repeat, please. What specific submissions have you made, or has the CEO made? I'll add if there are none, if there are none, isn't it time that we did? This is our company.

Elizabeth Bryan: Okay. Let me just answer that. There will not be none. We will have made submissions. I don't at the moment have in front of me a list of submissions that I am able to deliver to you but I will ask our organisation to do that and we'll make those submissions available. Thank you.

All right. Next question is from Mr Joe Nagy and then the next person on the list after Mr Nagy is Mr Paddy Macdonald].

Joe Nagy: (Shareholder) Excellent comments on actions on climate change, I solely support you but one question I did want to ask which you may not want to answer, do you donate funds to the government, to political parties?

Peter Harmer: No, we do not.

Joe Nagy: (Shareholder) Good, because I'm very disappointed in the companies that are donating it. Anyway, here's my two quick comments.

First of all, are you aware that ASIC is now monitoring companies based on their, what you just talked about, climate change and they'll find adverse findings on that? I saw it in the media about two months ago where James Shipton talked about that. Good luck to them.

My real question though concerns your comments on page 7, strategic review to assess options available for – sorry, your comments on strategy, that's my question, on risk strategy. One of the things I think, and I've been in this now for over 20 years looking at risk and helping banks with it, is very few organisations understand risk. I'll give it to you in one word: change, and you mentioned it, Madam Chair, you mentioned it. The key thing for risk is change. We have to adapt to that because just as you said before, the world is changing. It's tough. It's tough. Good luck and you're doing a good job.

Elizabeth Bryan: Thank you. I was braced for something worse. You're right, the rate of change that's going on that companies like ours have to face is enormous, and we will – our executives run very, very hard to keep across it all. So, thank you for that acknowledgement.

So, Mr Paddy Macdonald, who's going to be followed by Mr Reginald Lobb again.

Paddy Macdonald: (Shareholder) Thank you, Madam Chair, and thank you to the Board for doing such a wonderful job and it's wonderful to hear so many experts in the room telling us about the great job that you've done. I concur with that.

I don't want to leave this meeting today without asking one question that has me in absolute awe. Why is the company using purple as its image? Is there any pontifical message that you're trying to send?

Elizabeth Bryan: Do I pick a little accent there, sir?

Paddy Macdonald: (Shareholder) Yes, Madam Speaker. My origins were in Ireland and at this moment I'm producing a wonderful show on the life story of Charlie Chaplin who, like the Board, practised the violin for six hours every day, the cello six hours every day, six hours to learn how to speak in French and then his biggest challenge was to learn to walk the tightrope. I'm very happy that the community of Albury-Wodonga have this exhibition on, which was in Cuba before, and in Ireland before that, and I'm delighted to be here for this wonderfully executed meeting and I'm looking forward to the cup of tea afterwards. Thank you very much.

[Applause]

Elizabeth Bryan: I can only thank you for that.

Reginald Lobb: (Shareholder) I'm not following that act but I would just say this. My wife chose to look after our children rather than go to work. One of the things she did in that, we had a politician's secretary or a person working in a politician's office, she said the politicians love you to make submissions. It keeps you busy so you're not troubling them, you're out there – and I would suggest to those who think we ought to be making – the company ought to be making submissions, that would be a lot of waste of the company's time. Thank you.

Elizabeth Bryan: Thank you, Mr Lobb. I have a list of the queue of questioners in front of me, which is why you see me looking over this way. Peter is watching it even more closely than me. We've come to the end of the queue of questions. So, thank you very, very much for your...

[Applause]

... thank you for your interest in our company and for the degree to which you follow it. It's always a pleasure hearing the things that you're interested in and we have a couple of issues to follow up on, which we will.

Resolution 1: Adoption of the remuneration report

Okay. Let me get back to the formal business of the meeting. Before we move on to the items of business that are subject to shareholder vote, let me remind you that we'll be conducting a poll for each resolution.

I believe this is the fairest way to proceed. We have received a report of the results of the direct and proxy voting instructions received for each item of business. And I have accepted the recommended results. The direct votes in proxy votes that we have already received will be combined with your votes in the meeting today and displayed on the screen at the close of the poll on each resolution.

Once the polls have been closed and the votes compiled, a report on the final results will be announced to the ASX and will be made available on IAGs website and at IAGs registered office. So let me turn to the first resolution. The first resolution at this year's AGM is to consider the company's remuneration report for the financial year ended 30 June 2018. The remuneration report is set out on pages 18 to 39 of the company's 2018 annual report and provides extensive disclosures of a director and executive remuneration.

I now invite discussion of this report. Okay, so I don't have any questions. Do I have one questioner down there?

Unidentified Shareholder: Yes. I just want to make two comments. First of all, I disagree with the comment we heard earlier about high salaries. I think that's the prime reason why we had a banking problem. That the executives were paid a lot of money and pressure was put on them to take bigger and bigger risks. So my question to the board is this; are you aware of that?

And will you use common sense in pressuring - that's not a good word to use but you know what I mean - your executive managers to produce more? Because that's what leads them into these things that have happened in banking. I've been in banking, as you know, and I'm worried about that. The other comment I want to make is that when I looked at the list of the increases, I saw that eight out of 10 executive managers got increases, but why only two of the board of 10 got increases?

Elizabeth Bryan: The board?

Unidentified Shareholder: Yep.

Elizabeth Bryan: Shouldn't have got any increases at all. So I don't think - no. No, I'm being told that the board hasn't got increases. The executives, we monitor very much the relatively of their - hang on, you're finding something and there's a conversation going on here with the chairman of our REM committee. Have I got it wrong, Jon?

[Inaudible speaking - microphone inaccessible]

Elizabeth Bryan: Okay. All right. So I'm correct that there's no increases for the board. But if there is an individual who you find has got an increase, it might be because they took over the chairmanship of a committee which they weren't previously on. Then if you move onto a committee, you get paid for the committee work and you get paid for being a chairman of the committee.

Unidentified Shareholder: Can we just clarify the people I've marked here? One is Duncan Boyle. It's no comment about [an issue with] the increase but I'm just mentioning this. Duncan Boyle was one and the other one was Helen Nugent.

Elizabeth Bryan: Okay, so Duncan Boyle took over the chairman of the risk committee during the year, and Helen Nugent stepped down from chairing the remuneration committee.

Helen Nugent: It was because Duncan and I were only there for part of the year last year.

Elizabeth Bryan: And they were only there for part of last year. It's in the details. No board increases. I think I spoke during my chairman's address at some length about the board's view on remuneration and we're aware of the issues and they're changing. All right. So the queue for questions on the remuneration report. I have Mr Gregory Simoni on the list.

Gregory Simoni: (Shareholder) Thanks again, and through you Madam Chair. Well for \$444 million a goodbye wave to Asia. \$960 million already in the pocket thanks to good weather. Where is the value if performance is reward given through selling off and nature's good luck?

Elizabeth Bryan: I don't think that that is correct. That's not how - the way the remuneration system works. The remuneration system is based around targets that are given to individuals to achieve and they're assessed on that. It's quite a detailed and complex way of looking at it and no boards these days pay out on good luck.

Gregory Simoni: (Shareholder) And a supplementary? Page 23, and as you said, these incentives are - in 23 of the annual report, on short term incentive behavioural gateway. So are we shareholders to believe that behaviour supersedes performance in a competitive environment? How is the value expressed through policy through the policing of individuals?

Elizabeth Bryan: Can I just clarify your question?

Gregory Simoni: (Shareholder) Page 23, you have this short-term incentive behavioural gateway. So are we to believe that behaviour, a person's behaviour, supersedes performance where is operating in a competitive environment? How is this - in a competitive environment, how are individuals in the organisation meant to police - are they policing it? Or is it collective policing? Or...

Elizabeth Bryan: So I think I understand now, thank you very much for clarifying. To have a behavioural gateway simply means that in IAG, if you achieve your objectives, that's good. But you're not able to achieve them any way you like. We have sets of behaviour and standards of conduct that we expect people to adhere to, and if we find that they haven't behaved in that way, but they've nevertheless got their targets, then that gateway says they're not eligible for their targets.

I think that's very relevant, if you look at the discussion that's been going on around the Royal Commission. The community is saying through the Royal Commission, how you do your job and how you treat us matters. We agree with that. That behavioural gateway of ours say, you must do your job in a way that is in line with our values and the way we want our organisation to be represented.

Gregory Simoni: (Shareholder) So, you could have inappropriate behaviour but you will – and that will achieve the results – say a deal, you get an insurance deal from another – a business or a general insurer. You stick with the deal, but the person who gets that deal, who's conducted inappropriate behaviour, doesn't get remunerated for that behaviour, but you'll still keep the deal?

Elizabeth Bryan: Well, not necessarily. If there's something that we consider abhorrent, and there is enough for us to not pay an executive to their scorecard, then there will be something wrong with the deal and you will find that there will be a lot of activity following that up to see what's happened with our client, and to make sure that it's made right.

Gregory Simoni: (Shareholder) This is...

Elizabeth Bryan: It doesn't just operate by itself in a vacuum.

Gregory Simoni: (Shareholder) So, it's not a self-reporting scorecard, it's a collective scorecard? Or is there an independent person who comes in and ticks off on a scorecard?

Elizabeth Bryan: So, it's a - so, the scorecard is tiered down through the organisation, and - but if you're getting down to a behavioural issue, that will be a matter not only that the manager of the person is concerned about, but all the way up the organisation they'll be concerned. That kind of thing will probably come up to our Remuneration Committee at the Board, because it will be a very big deal and it'll flow through not only our remuneration system, but our customer system and wherever else we need to take it to make sure that it's made whole.

Okay. I have a Mr Richard Wilkins next on the list, and he is being followed by Dr John Hutchinson.

Richard Wilkins: (Shareholder) Thank you very much, Chair. I had a bit of a problem with the electronic thing, that's why my question didn't come up.

Elizabeth Bryan: Your gadget's not working?

Richard Wilkins: (Shareholder) Your colleague has very kindly fixed it, thank you.

Elizabeth Bryan: One way to knobble you, Richard.

Richard Wilkins: (Shareholder) Yes, I wondered. I'm actually going to praise you, so - this - what I have to say is very much a repeat of what we said last year, but perhaps with more praise in it. The rem report is very well written, excellent for its clarity and disclosure. If we had, say, the British system, I'd love to be able to say we would certainly vote for the report for its quality, but then vote against some of the policies it enshrines. Unfortunately, it's all or nothing.

We acknowledge two prospective positive changes that you're going to make in the coming year, which you referred to in your speech. We're delighted to hear a further new point that we have been asking for, for quite a while, that you mentioned today, that you will at least consider having another look at the ROE vesting arrangements. We have discussed all this with you. There's a great deal of detail in our report, which is on our website if anybody wants to understand the detail.

I think to pull it together, to take perhaps the opposing points that Mr Okane made and Mr Nagy made, the total amount that people do get paid is relevant. Certainly, executive - a very good executive should be well paid, but as Mr Nagy said, and the Royal Commission has brought out in spades, how that pay comes about and what it's for is obviously crucial.

I think our feeling, and perhaps I've softened on this, is that if IAG feels that a very large salary package has to be paid to meet the market, well so be it. What we think is really important though is that the construction, the structure of that package, is absolutely paramount. I'm sure you don't disagree with me, and I'm sure Mr Hayne is going to have a lot to say about it.

I think our two big beasts are really the size of the STIs that have been persistently awarded for many years. We'd like the maximum STI to be a smaller component of the total package and like them to be structured in such a way that the rigour and the stringency at which they start to vest, and then they approach - go higher up the scale of difficulty, would be made considerably more difficult.

The ROE point has been something that we've been concerned about for a long time. We're delighted that you're moving that to four years. Also, very pleased that you said what you did say today, and hope that whatever comes about post-Hayne will be able to accommodate that.

I think it's just worth saying in detail that the - and just for an example, in the resolution about Mr Harmer's equity incentives, the LTI part will be \$3.14 million if it fully vests. Half of that will be on the ROE, so about \$1.6 million. On my estimate, based on what the company is saying about its future earnings per share growth, or least indicating or hoping, it probably looks as if that amount for perhaps the next three or four years is virtually automatic. As a shareholder, in a way I hope that the underlying conditions do come to pass, but I think where an incentive is basically in the money right from the word go, that's clearly not really doing its job aligning with shareholders.

So, for all those reasons, and on balance despite the great qualities of the report, I'm afraid we'll have to vote against this time and to save getting up again, we will also vote against this time and to save getting up again we will also vote against MR Harmer's resolution. I want to make it quite clear that's absolutely not a reflection on his work. He's done a very, very good job but it's just essentially the structure of what's being offered. Thank you.

Elizabeth Bryan: Okay, thank you for those comments. Okay, Dr Hutchinson.

Dr John Hutchinson: (Shareholder) Senior military police, the public service, employees and SMEs do not receive rewards or bonuses. The army wins wars, the police keep us safe, the public service and people like the fire brigade save us from various dangers. Now, if I ask you what was the research authority used to determine the company remuneration report which I've asked of other companies. The answer is we end up with a dog's breakfast and we proceed from there. Coming back to the situation, what would be truth if you did not pay these bonuses? What percentage of your senior people that are used to bonuses, leave? Or is their loyalty really to us, the shareholders of IAG? Thank you.

Elizabeth Bryan: Okay. The comments that you make about pay relative to the police and the armed forces and this - are very, very relevant and I think that's part of the concern the community has about comparative remuneration and so I wouldn't disagree or argue with that. That is one of society's issues. The research authority that sits behind the level of payment - you called it a dog's breakfast - it's an - possibly, but it's a - it's information out of the marketplace and we're recruiting from the marketplace. So, to recruit people into IAG, by and large we have to pay marketplace salaries or else they stay where they are.

Our existing people are very loyal to the organisation and I think that the Board and the Management Team and Peter probably all agree that it's important that people work for an organisation because they identify with what the organisation does and because they're proud to devote a significant part of their lifetime to achieving those kinds of objectives. So, with the emphasis that we have put on our purpose all through the meeting - and we do this all day and every day - we believe and we have some evidence, that that purpose is very, very highly valued amongst our organisation and amongst our people. We're trying to make that the reason that people want to work with us and we want people who want to work for that, but then [unclear] come to the hard reality of the market and life.

You've got to earn a living and you've got to pay a mortgage and you have to do all of these things. So, if you're sitting there and in insurance company (a) you can earn a certain number and insurance (b) you earn a number that's significantly lower, then, you know, there are all sorts of reasons about going to insurance company (a). That's the problem that boards of companies have when they come back to very reasonable questions like the one you put and say yes, but we're in a marketplace and we have to move carefully with the marketplace and all the rest of that stuff.

It's a change that's going through the community. I think the Royal Commission is going to speed it up which is why I said the things that I said to you all in my Chairman's opening address. I think it will be a very current issue. I think it is quite a tricky issue to deal with but I think it's on the agenda. Not much comfort, where you're coming from, but the best I can really do at this stage.

Okay, the queue is now free, so I'm proposing to move on with the rest of the meeting. That concludes the discussion of Resolution 1. Please now register your vote by pressing the appropriate number on your keypad, as shown on the screen. I now declare the poll closed on Resolution 1. Your votes have been added to the direct and proxy votes and the preliminary result is on the screen. I'm watching the screen in front of me, as I will for all these voting procedures, and the Company Secretary will advise me when the votes have all come through and I can declare the poll.

Hmm, Are they there? Okay, so based - are the results behind me? No. So, the resolution, based on the results that I have in front of me, has now been carried. We putting it up on the screen? It's going to go up on the screens behind me which is why I'm fidgeting. There it is. So, based on that result, the resolution is carried.

Resolution 2: Allocation of share rights to Peter Harmer, CEO

The second item of business today, is the allocation of share rights to the company's Managing Director and Chief Executive Officer, Peter Harmer. Approval is sought to allocate the deferred award rights and executive performance rights to Mr Harmer. There is a detailed explanation of the deferred award rights and executive performance rights in the notice of meeting.

The purpose of these rewards is to align Mr Harmer's remuneration with shareholders' interests. The deferred award rights are granted as part of the annual short-term incentive plan. They are rights over shares which vest to Mr Harmer over a two-year period. Executive performance rights are granted as a long term incentive. These share rights may vest between three and four years after they are granted, and then only if performance hurdles - which are closely aligned with the value creation for shareholders - are achieved. If the performance hurdles are not achieved these rights will lapse. The board, with Peter abstaining, recommends that you vote in favour of this resolution. I now invite questions from the floor.

We have Mr Simoni again.

Gregory Simoni: (Shareholder) Through Madam Chair the Board is putting forward approximately \$675,300 potential pay increase for Mr Harmer following - stemming from the next financial year 2018/2019. Do you, Madam Chair, believe it's good value when presiding over 0.42% - 0.22% increase in IAG's general market capitalisation over the last two financial years even though the performance is based on good weather, less claims, basically a fire sale of assets and Mr Wilkins' past decisions?

Elizabeth Bryan: The last years for Mr Harmer have been much, much more complex than that, I'm sorry to say. He has done a very good job in the three years that he's been CEO. He started on a salary that was significantly below that of our previous CEO, and the Board has been quite firm and not moved that for three years. We now have a very seasoned CEO who is doing a very good job in our organisation and the Board is very, very confident that we've come to a number and a reward system for him that reflects his marketplace value and reflects his value to this organisation.

I don't have anyone else in the queue, so let me move on. That concludes the discussion of Resolution 2. Please now register your vote by pressing the appropriate number on your keypad, as shown on the screen. I can't really call it until it gets up on the screen. We're all waiting for the voting to go up on the screen. I can now declare the poll closed. Your votes have been added to the direct and proxy votes and the preliminary result is on the screen. Based on this result the resolution has been carried.

Resolution 3: Re-election of Elizabeth Bryan AM

This brings us to the election and re-election of Directors. For the company to meet the requirements of the ASX listing rules and the company's constitution two Directors who've been appointed to the Board since the last annual general meeting are offering themselves for election, and two Directors are retiring at this meeting by rotation and are offering themselves for re-election. A separate resolution will be put to you for each Director.

As Resolution 3 is for my own re-election as a Director I will now step down as Chair of the meeting and hand over to Tom Pockett, who is the Chairman of the Board's Audit Committee, to chair the meeting until the vote on resolution 3 is concluded. Tom...

Tom Pockett: Good afternoon. Resolution 3 is that Elizabeth Bryan be re-elected as Director. I will now invite Elizabeth to address the meeting.

Elizabeth Bryan: You're not sick of hearing from me? Thank you very much, Tom, and good morning again, ladies and gentlemen, from my new position as a Director seeking re-election. You elected me to the Board three years ago at our 2015 AGM. I felt very privileged and proud to have been asked to join the Board of IAG.

After three years I have exactly the same feelings. This is a very good Company with a genuine ambition to use its skills and knowledge to help prevent the accidents and events that hurt our lives and to play a major role in helping us recover after they've occurred. Being able to work with the Board and the management team as Chairman and guiding these activities has been an honour and it's been a joy.

When I think back over these past three years I'm pleased with the progress we've made in our journey to be able to better understand and meet customer needs through the more sophisticated use of our data and the deployment of our digital tools. Our progress is underpinned by an enormous amount of work that's involved simplifying and redesigning our processes and systems, introducing new technologies, changing our ways of working and organising ourselves, refining our capital structure and, indeed, thinking about the core role our company plays in society.

It's a journey that we're still on, and I would very much like to continue to contribute to it. I believe I have the time, I have the interest and I have the motivation to continue to serve well as a member of

the IAG Board, and that my skills complement those of the strong team that makes up the rest of the Board. My only other commercial commitment is as Chairman of Virgin Australia. I seek your support for the resolution to re-elect me to the Board of IAG, and thank you very much for the opportunity to make these remarks and to continue to contribute to your company.

Tom Pockett: Thank you, Elizabeth. Take a bit of a breather. The Board, other than Elizabeth, recommends that you vote in favour of Elizabeth's re-election to the Board. I now invite discussion on this resolution. I think we have one question from Mr Simoni.

Joe Nagy: (Shareholder) I'm a sexist. I strongly believe one of the problems that a lot of companies have got and governments have got is there are not enough women in there. I'm speaking now as a member of a political party, and they've got a problem there too, so I support women on the Board and I've got good reason for it, but I won't lecture you or the audience, but they certainly do move the board forward, and that's why I think it's good to have more women on the Board and I'm glad to see the women on this Board here now too. Thank you.

Tom Pockett: Thank you, and I agree with you. Thank you. Mr Simoni...

Gregory Simoni: (Shareholder) Thanks. I'll be Mr Nagy for this question. Through appointed Chair what has Miss Bryan understood to be the difference in falling below community standards and breaching corporate governance obligations when it comes to systems of compliance established by a Board? What is the value for a corporation to simply establish a system, believe its employees to self-comply without a compliance consequence management system?

Tom Pockett: As Acting Chair we... I think your comment is do we have appropriate compliance systems and do we have adequate systems that control and monitor and report, and is there a consequence of not meeting that compliance system. The answer to all that is yes, we have...

Elizabeth Bryan: Not relevant.

Tom Pockett: Sorry. Yes, okay. We do have that, and it's all monitored. It's not directly relevant to the appointment of Elizabeth but thank you for your question. There being no other questions, that concludes the discussion on Resolution 3. Please now register your vote by pressing the appropriate number on your keypad. I now declare the poll closed on Resolution 3. Your votes have been added to the direct and proxy votes and the preliminary result is shown on the screen. Based on this result the resolution has been carried. Congratulations, Elizabeth.

Resolution 4: Re-election of Jonathan (Jon) Nicholson

Elizabeth Bryan: Thank you, Tom, and thank you very much, ladies and gentlemen, for your support. I now turn to the resolution that Jonathan Nicholson be re-elected as a Director and invite Jon to address the meeting.

Jonathan Nicholson: Thank you, Chairman. Ladies and gentlemen, it's an honour and a privilege both to be here today and to seek your support for re-election to the Board. I joined the Board, as some of you may recall, in late 2015 and this is the first time that I seek re-election. Since I joined the Board IAG has undergone significant change. Under Peter Harmer's leadership the company has adopted a much stronger customer focus, it's positioned itself for a digital and technology future and has gone through a program of major simplification. It's delivered strongly for its customers, for its shareholders and for the communities it serves.

My personal focus has been on strategy, assisting members of the management team with important choices before us and on risk, where I've worked with other members of the Risk Committee to help upgrade the risk capabilities of the company, particularly of operational risk.

Most recently I've taken on chairing the People and Remuneration Committee and working with Jacki Johnson to focus on our remuneration practices and processes.

I remain deeply committed to working diligently for the company, for its ongoing success and to ensure that we meet the highest standards of governance and management. I remain a loyal customer of the company, in what I regard to be a very good insurance company.

Outside of IAG I've commitments to the Westpac Foundation, the Indigenous Cape York Partnership, QuintessenceLabs which is an entrepreneurial science company, and during next year just for completeness, I will step down as chair of the Westpac Foundation, having completed 10 years there as trustee. None of those obligations conflict or intrude on the time that I need to spend on IAG. I ask you and I thank you as well for your support.

Elizabeth Bryan: Thank you, Jon. The Board, with Jon abstaining, recommends that you vote in favour of Jon's re-election to the Board. I now invite questions from the floor. So Mr Simoni you're on the list. So these questions are specifically about Jon's request for support for election.

Gregory Simoni: (Shareholder) Through Madam Chair and acknowledging Mr Nicholson's previous employment as first chief strategy officer at Westpac, of which he retired in 2014. If misconduct allegations are brought before Mr Nicholson, is it a value adding response under section 912C of the Corporations Act to provide the Australian Securities and Investments Commission with full notice of any breaches when the system itself is incentivised to generate such conduct?

Elizabeth Bryan: Okay so I understand that this is a question on the system and the processes rather than a question that pertains to Jon's re-election. So I'll leave that one. Anyone else? Okay, no one else on the queue. Thank you. So that concludes the discussion on Resolution 4. Please now register your vote by pressing the appropriate number on your keypad.

Okay, so I now declare the poll closed on Resolution 4. Your votes have been added to the direct and proxy votes and the preliminary result is now on the screen. Based on this, the resolution has been carried. So congratulations Jon.

Resolution 5: Election of Sheila McGregor

I now turn to the resolution that Sheila McGregor be elected as a director. I invite Sheila to address the meeting.

Sheila McGregor: Thank you Chairman and good afternoon ladies and gentlemen. As you may know, I joined the Board of IAG earlier this year in March and so this is the first time I stand for election. I also joined the nomination and the audit committees. I've been a law firm partner for over 25 years and I'm currently at Gilbert & Tobin where I lead the technology and digital team. Before Gilbert & Tobin, I was at Herbert Smith Freehills. I've had a focus on technology and business disruption and innovation for many years. Much of my work has been done for financial services companies, but I've also worked in media and telecommunications and for government.

I am of course a shareholder of IAG and my family and I have been loyal customers of IAG for many years. As a customer – and we've heard some interesting things today – I have personally been very impressed by the service I have received and by the desire IAG people have to help. Since I have been on the Board, it's become very clear to me that IAG's focus on its purpose of making your world a safer place is spread absolutely throughout the organisation and you've heard a lot about that this morning.

So outside of IAG, I'm on the board of privately owned wealth management company Crestone and on its remuneration committee. I chair the board of a Sydney girl's school, Loreto Kirribilli and I'm on the Gilbert & Tobin board and its remuneration committee. My other recent board experience includes the board of Seven West Media. I should also add that from a workload perspective, that I have flexible working arrangements with Gilbert & Tobin and a part time workload, which means that I have no difficulty meeting my Board commitments to IAG.

In finishing, I'd just like to say, it's an absolute privilege to serve on the Board of IAG and I'm very grateful for your support here today. Thank you.

Elizabeth Bryan: Thank you, Sheila. The Board, with Sheila abstaining, recommends that you vote in favour of Sheila's election to the Board. I now invite discussion from the floor. So I have Mr Simoni on the list again followed by Mr Ian Graves. So again, the question I'd like to be specifically about Sheila's ability to serve on the Board.

Gregory Simoni: (Shareholder) Thank you Madam Chair and we are in an annual general meeting of an insurance company and Ms McGregor has put up that she has been part of Commonwealth Bank of Australia's life and general insurance subsidiaries between 2005 and 2009. Now does Ms McGregor consider a valuable calculation test for a person to take out a personal insurance policy if they have a maxed-out credit card and \$5 to their name after repayment on their second personal insurance policy?

Elizabeth Bryan: I don't think that that's an appropriate question for Sheila, so I won't ask her to respond to that. Mr Graves?

Ian Graves: (Shareholder) Thank you Chairman. We – from the Shareholders' Association – welcome Ms McGregor's candidature to the Board. I think she's very well qualified. Although she did mention her workload and covered some of the issues surrounding it. We are still concerned about it and would ask through you Chairman, that would she be prepared to give us an indication of the number of hours per month that this entails?

Elizabeth Bryan: That the IAG Board entails or...

Ian Graves: (Shareholder) No, her outside commitments. Our whole focus really is: is she able to give a full 100% to work at the Board? Because as we all know, the industry is going through challenging times.

Elizabeth Bryan: Okay. Well I will ask Sheila to respond to that but let me say first that from the time and commitment that she has given us that I have seen so far - and we have been able to call on Sheila's expertise greatly to help us in the work that we've done to prepare the Royal Commission and she's never, ever been stinting on her time. So I'm confident she has, but Sheila?

Sheila McGregor: Thank you Chairman and thank you for the question, Mr Graves. Look I think when you've worked in a law firm for as long as I've done and managed a practice and that is many different clients with competing needs and priorities, you become extremely good at managing things. So I do have a few different things on but I don't have any problem managing them. I have a very good team at Gilbert & Tobin who I can call on whenever I need to.

As far as how many days a week do I spend on different things, I find that quite hard to answer because some days I might be - for example this week, three days at IAG. Last week I might have been five days at Gilbert & Tobin. So actually every week and almost every day is different, but I can assure you that I won't have any problems meeting my commitments to IAG.

Ian Graves: (Shareholder) Thank you and Chairman, is it possible that I ask one other question?

Elizabeth Bryan: I don't know, let me hear it.

[Laughter]

Ian Graves: (Shareholder) Please. Sheila, we also note that you did have a position on the board with Seven West Media. Now as a principle, we like to see a director go through the full period of their appointment to the Board. Can you assure us that you will do that with IAG for the full period?

Elizabeth Bryan: Okay. So again, let me temper that. You can't ask anyone for absolute assurances...

Ian Graves: (Shareholder) No.

Elizabeth Bryan: ...about anything in this life but if...

Ian Graves: (Shareholder) But we will exclude death and that sort of thing [laughs].

Elizabeth Bryan: If we generalise it, let me reframe it for you. Sheila, is it your expectation that you will be able to serve your term on the IAG Board?

Sheila McGregor: Look, it is, Chairman, and Mr Graves. If I might just respond to the Seven West Media issue, that did attract a lot of publicity at the time and I haven't spoken publicly about the reasons I resigned, but I do want to assure IAG shareholders that it had nothing to do with workload and it had nothing to do with anything that would impact on my serving on the IAG Board for the full term.

Ian Greaves: (Shareholder) Thank you. Thank you Chair.

Elizabeth Bryan: Thank you. Okay. So that concludes the discussion on Resolution 5. Please now register your vote by pressing the appropriate number on your keypad. Okay. I now declare the poll closed on Resolution 5. Your votes have been added to the direct and proxy votes and the preliminary result is on the screen. Based on this result, the resolution has been carried. Congratulations Sheila.

Resolution 6: Election of Michelle Tredenick

I now turn to the resolution that Michelle Tredenick be elected as a director. I invite Michelle to address the meeting.

Michelle Tredenick: Thank you Chair and thank you to all of you who are here today, attending our AGM and for giving me the opportunity to speak to you all as I seek support for my election to the Board. Like Sheila and as you may have read, I joined the Board recently and this is the first time that I am standing for election. I have also joined the Remuneration Committee of the Board. I have been a full time non-executive director since 2011 and today I have the privilege of sitting on a number of company boards. I'm a director of Bank of Queensland, Urbis a private company, and for my sins, also Cricket Australia.

In my executive life, I was the chief information officer for the National Australia Bank, responsible for all of their technology and digital teams. Prior to that, I spent time at MLC running their corporate superannuation business and their technology group and before that, quite a while ago, I started my career at Suncorp, a competitor to IAG now, in general insurance as a graduate from university.

My expertise lies in financial services strategy and technology. I have worked with banking insurance and other financial services businesses in Australia and internationally over the last 30 years.

I have been and I continue to be closely involved with many of the major challenges that we face in the sector today - digital disruption, regulatory change, sustainability, customer and community trust and corporate responsibility. I've been a loyal customer of the company as well for many years and until recently, chaired the company's superannuation fund on behalf of its members and employees.

I have on the short time that I've been on the Board been absolutely delighted by the culture, values and purpose that your Board and the Management Team display including in particular – and I know that we have had a few examples today – but including in particular the care that I see the team display for customers that we serve.

Outside of my corporate roles, I'm a member of the University of Queensland Senate and a member of the Ethics Centre Board. I ask you for your support today and I thank you very much for giving me this opportunity. Thank you.

Elizabeth Bryan: Thank you Michelle. So the Board again, with Michelle abstaining this time, recommends that you vote in favour of Michelle's election to the Board. I now invite discussion from the floor.

Mr Simoni?

Gregory Simoni: (Shareholder) Through Madam Chair, as a former information officer and part of the Senate at the University of Queensland, does Ms Tredenick consider professional status and professional actions as mutually inclusive. What valuable changes can be made when one group of professionals judges another group of professionals and those affected exist in the middle with only the independence to accept what one group has decided to offer?

Elizabeth Bryan: Excuse me.

[Background discussion]

Elizabeth Bryan: So I've again been advised that that's not relevant to the issue that we under discussion. Mr Greaves is the next question I have on the list.

Ian Graves: (Shareholder) Thank you Chairman. Once again, we are concerned about workloads as we've said before. From what Michelle said this morning and also with what was on the nomination disclosed in the Notice of Meeting, there are a number of positions that she holds. I would like, if she could, to explain a little bit more of how much time this takes particularly with the Senate of the University of Queensland and also Cricket Australia. Thank you.

Elizabeth Bryan: Okay. So Michelle, Mr Graves has again I think asked for some reassurance that you have the time to put into carrying out your duties at IAG given your other commitments. Perhaps you'd like to provide some comments and assurance.

Michelle Tredenick: Certainly and thank you Mr Graves for your question. I do understand the concern that shareholders have for any Directors to make sure that we are able to fulfil our duties to the company. I take those duties very seriously.

I'm very confident that I have the time and the capacity to be able to contribute very effectively on this Board. I'm very used to as a former executive of recent times, of juggling many, many commitments and working very hard to ensure that happens. I guess the one comment I would make which I hope is reassuring, I think I'm working a lot less now than I was as a full-time executive so I think I do more than have the capacity to fulfil my commitments to IAG.

Ian Graves: (Shareholder) Thank you. Thank you, Michelle and thank you Chairman.

Elizabeth Bryan: I also have on the list wishing to ask a question, Dr John Hutchinson.

John Hutchinson: (Shareholder) Madam Chair, I'd like to make a comment rather than ask a question or if someone could turn it into a question. I've been most impressed by the candidates that have stood here before us today. I'm particularly dealing with the present candidate and I'll limit it to that. With her background, her experience and her qualifications and as a researcher from the University, I think it's excellent and we're very lucky to have her standing here to be a Director. Thank you.

Elizabeth Bryan: Thank you very much Mr Hutchinson. I'm sure Michelle appreciates that comment as we all do. Alright, so this concludes the discussion on Resolution 6. Please now register your vote by pressing the appropriate key number on your keypad.

I now declare the poll closed on Resolution 6.

Your votes have been added to the direct and proxy votes and the preliminary result is on the screen. Based on this result the resolution has been carried, congratulations Michelle.

Resolution 7: Equal reduction of capital

So this brings us to the special business section of this year's AGM. The purpose of this item is to consider IAG's proposed Capital Management Initiative announced on 15 August 2018. The Corporations Act requires a return of capital and share consolidation to be approved by an Ordinary Resolution of shareholders. There is a detailed explanation of the proposed capital management initiatives in the Notice of Meeting.

The proposed Capital Management Initiative entails a payment of \$0.25 per ordinary share totaling approximately \$592 million, comprising a capital return of 19.5 cents per ordinary share and a fully franked special dividend of \$0.055 per ordinary share and a consolidation of ordinary shares. Resolution 7 seeks approval for the proposed equity reduction of capital. I now invite discussions on this resolution.

Peter, you might like to join me with for this one. So Mr Simoni

Gregory Simoni: (Shareholder) Through Madam Chair, Mr Harmer pretty much answered my question earlier by saying why giving out \$460 million so soon because there's no material need for the operations. But after 1 November 2019 what is the future value within IAGs operations after this quick giveaway in the dividend? Thank you.

Elizabeth Bryan: Okay, thank you. So you can see I've got Peter standing up here ready to catch the ball on this one. Peter.

Peter Harmer: Well again thank you for your question. I guess I would like the record to record we don't see this as a quick giveaway. As we announced earlier, the sale of our businesses in Thailand, Indonesia and Vietnam was the subject of a strategic review. This is how we think it is best to create value for shareholders and I think we're very pleased with the result in that we're able to actually show a profit on sale of some \$200 million which will be reflected in the 2019 financial year accounts.

Mr Simoni, you're quite right, we've been very clear for a couple of years now, that the strategy that we have which is designed to help us generate 10% compound earnings growth per share, has its limitations once we get to the other side of 2020 and we are looking aggressively now for additional growth opportunities. But to the point that Mr Nagy has made many, many times we're very, very conscious of risk. What we won't do is threaten our future sustainability of this company simply to chase growth. We are confident however that we can continue to grow shareholder value successfully into the future, but thank you for your question.

Elizabeth Bryan: Okay and I have a question from Mr Joe Nagy.

Joe Nagy: (Shareholder) One of my concerns in looking at financial statements which is my hobby, is that when they report profit, they report it but they don't show or store items anymore. When you do it this year, will you show it below the profit line or – I don't want to get technical but you know what I mean. Show the profit, then extraordinary items, profit gain so that we know exactly how much you're making from operations, running your business, and how much is coming in one-off items.

Peter Harmer: Mr Nagy, I took the opportunity for a quick sly look at my CFO who is nodding very aggressively at me so I think the answer to your question is yes, we will.

Okay, so that concludes the discussion on Resolution 7 and the Board recommends that you vote in favour of this resolution. Please now register your vote by pressing the appropriate number on your keypad as shown on the screen.

I now declare the poll closed on Resolution 7. Your votes have been added to the direct and proxy votes so the preliminary result is on the screen. Based on this result, the resolution has been carried.

Resolution 8: Consolidation of capital

So this brings us now to the second part of the proposed capital management initiative and the final resolution of the AGM. Approval is sought for the consolidation of capital following approval of the equal reduction of capital. I now invite discussions on this resolution.

Right Mr Simoni I've got my reinforcements.

Gregory Simoni: (Shareholder) Through Madam Chair to the consolidation of capital, through basically how should we perceive IAGs value? In the annual report, the Asian businesses that were sold off, it was basically said they made a negative return because of competition and Australia was deemed in the annual report that overall our market was flat. There wasn't an increase in people taking up policies. So should we see IAG in a fragile state who's – why does our foundation, our core, need to be minimised to make it strong? Thank you.

Elizabeth Bryan: Okay. So no, IAG is not in a fragile state. No, we're not minimising our core and we are a strong company but Peter you might like to take that up from there?

Peter Harmer: Yep, thank you. So, Mr Simoni again, I just reiterate, I think IAG is in a very strong position. We've always said that if we have capital that is surplus to our needs, we think it belongs back with you, our shareholders. We will not simply stockpile it for some future use. I think many of us have seen, throughout corporate history, when companies stockpile capital they often find a way to spend it and often with quite damaging results for shareholders. That's not our plan. We are consolidating our shares to reflect the fact that we don't need this capital to meet the operational demands of our business.

Elizabeth Bryan: Okay, thank you Peter. The next questioner is Mrs Annie Selman.

Annie Selman: (Shareholder) Thank you. Good afternoon. I don't really understand resolution seven or eight but I'm voting in accordance with your recommendation. What I'm concerned about is that I'm just a small DRP-er and I haven't received any information about if I'm supposed to do something. So, is there somebody perhaps I can discuss that with today?

Elizabeth Bryan: Okay, so someone will talk to you – Nick? So our Chief Financial Officer will follow-up on that question for you.

Okay, so moving on. That concludes the discussion on Resolution 8. Please now register your vote by pressing the appropriate number on your keypad. Okay, I now declare the poll closed on Resolution 8. Okay, your votes have been added to the direct and proxy votes and the preliminary result is on the screen. Based on this result the resolution has been carried.

As I indicated earlier, the final result of the polls will be provided to the ASX today and will be placed on the company's website and made available at the company's registered office. On behalf of the Board of Directors of the company, thank you for attending today's meeting and for contributing to the discussion of the business before the meeting.

I now declare this meeting closed but I invite you to join the Directors and management in the foyer, where we will have refreshments available. Thank you all very much.

[Applause]

End of Transcript