Looking after YOUR FUTURE

Fred and Ann Schaffar were unsure how to build a portfolio of investments for their retirement. Luckily, they contacted Financial Adviser, Julie Berry, who gave them quality advice and set up a sound investment strategy for their future.
We have announced our intention to focus on meeting our customers’ needs through strengthening our retirement services business. Our team of financial advisers helps customers build their wealth by providing sound financial advice and offering easy to understand superannuation, managed investment and life insurance products.

**Retirement services**

In June this year, we announced plans to concentrate on retirement services by providing simple and easy to understand advice to help take the worry out of retirement. We will use our financial planners and a specialist telephone support centre to target middle Australians planning or managing their retirement. We believe this customer segment is not well served by the market at present and will find the NRMA brand and values credible and relevant.

Our advice will cover superannuation, non-superannuation managed funds, allocated pensions and life cover.

We believe our customers will respond well to a product offering that is simple and trustworthy.

During the next few months, we plan to release additional offerings and improve our existing products. We will also improve our service by establishing a new support centre to handle investor enquiries.

As a consequence of our new focus on retirement, we have decided to sell our building society.

“Investing can be easy to understand if you speak to the right people.”

Julie Berry – Financial Adviser
Asset management

NRMA Asset Management outperformed the market in our two key portfolios of fixed interest and Australian equities. The fixed interest portfolio produced a return of 7.6% compared to the overall market average of 7.0%, and Australian equities returned 10.5% against a market return of 9.1%.

Our overseas investments shadowed the market in producing a negative return for the year, although the positive value added by this portfolio over the last three years has been substantial.

Funds under management are currently $9.9 billion.
Expanding GLOBALLY

In February 2001, we became New Zealand’s largest general insurer through our acquisition of State Insurance for $325 million.

We now hold 20% of New Zealand’s insurance market.

The State Insurance acquisition contributed gross written premium of $139 million to our performance this year and met our strategic objectives of:

- growing our share of the general insurance market;
- achieving greater geographical diversity;
- expanding our product range;
- strengthening our commercial product lines; and
- increasing the efficiency of our balance sheet.

State Insurance enjoys strong brand recognition in New Zealand. Its 20% share of the general insurance market comprises 35% of the motor market, 28% of home contents insurance and 16% of the fire insurance market. State Insurance also offers commercial insurance.

We anticipate that changes to State Insurance’s distribution and claims network, back office processing, reinsurance costs and administration will deliver around $10 million in cost savings annually and that State Insurance will be earnings per share positive within 18 months of acquisition. State Insurance is part of our current international portfolio which also includes a 20% interest in Safety Insurance Public Company Limited in Thailand and a 99% holding in Beijing Continental Automobile Association Limited, a road service joint venture operating in Beijing in the People’s Republic of China.
Moving our business ONLINE

In response to the growing number of customers and suppliers keen to conduct their business online, we developed our website offerings.

Currently, we provide services to more than 900,000 customers online, making us the insurance industry eLeader.

Our vision is for eCommerce to become a key driver of our future profitable growth by improving our customers’ experience and the efficiency of transactions. Working toward this vision, we have implemented a number of key initiatives in the three vital eCommerce areas of Business to Customer (B2C), Business to Business (B2B) and Business to Employee (B2E).

The first step was to position the organisation within the online market by allowing customers to perform all their home, CTP and motor insurance business online. We currently provide around 70,000 quotes over the Internet each month and generate 5% of our general insurance transactions through our website, making us a market leader in online insurance.

During the year, we introduced a new eProcurement platform that automates our B2B purchasing and has already achieved major cost savings. This investment has the potential to achieve cost savings of between 5% and 7% of total Group expenses in the next two years. We have worked with many of our business partners to streamline our processes, making our relationships more effective and efficient.

eCommerce is, and will continue to be, a key driver in innovating our processes and products.

Looking to the year ahead, we plan to continue to invest further in eCommerce to provide new online offerings to our customers and extend our procurement platform to our claims systems.
We have a strong commitment to our customers, staff, shareholders and the community.

We are well-known for providing help to our customers when they need it most. We provide peace of mind through insurance and support a sponsorship program that provides vital emergency help to community members in need.

Our sponsorship and community relations program focuses on key areas relating to our business and addresses the important issues of:

- providing help after an accident or emergency;
- reducing theft in the community;
- helping disadvantaged community groups; and
- helping young people and those with a disability to reach their full potential.

The program has helped establish us as one of Australia’s leading community advocates. Projects in which we have been involved in the past 12 months include:

"With NRMA’s help, women’s wheelchair basketball has gone from strength to strength."

Janet McCulloch – Women’s Wheelchair Basketball League Administrator
Emergency helicopter rescue services

Together with NRMA Member Services, we have been the major sponsor of the NRMA CareFlight medical retrieval service in New South Wales for more than 10 years, providing vital support to residents of New South Wales.

The NRMA CareFlight helicopter rescue service is an essential part of the State’s Emergency Services and provides lifesaving medical treatment and emergency transport to people outside the reach of conventional medical services.

Research shows an extra 19 out of every 100 trauma patients would die without the operation of emergency helicopter rescue services such as NRMA CareFlight.

This year, our financial support of $750,000 has helped NRMA CareFlight purchase a second helicopter to provide swift assistance to people in Central Western New South Wales.

The Salvation Army Salvo CareLine

Our support after a major emergency doesn’t stop at paying claims. Through our sponsorship of the Salvo CareLine, we help rebuild the lives of our customers who have experienced trauma or loss.

Our current sponsorship of $500,000 per year helps The Salvation Army operate its much-needed telephone counselling service 24 hours a day, seven days a week. More than 2,000 people across Australia use this service each week for advice and guidance.

Our support has also enabled the Salvo CareLine to introduce a new 1300 number so regional and country residents can telephone from STD areas for the price of a local phone call.

Safer communities

To help address the causes of crime in the community, we have been successfully operating an NRMA CrimeSafe program in New South Wales, the Australian Capital Territory and Queensland for the past four years.

NRMA CrimeSafe combines social and educational programs to keep the community up-to-date with latest security tips, while also addressing the social factors that can lead to crime.

This year we expanded the CrimeSafe program to Western Australia by announcing $50,000 in grants for youth crime prevention programs aimed at reducing risk-taking behaviour in young people.

In October, the grants were presented to seven community groups that help to build trust and a greater sense of connection between young people, their families and the community.