INDEPENDENT AUDITORS’ REPORT

TO THE SHAREHOLDERS OF INSURANCE AUSTRALIA GROUP LIMITED (FORMERLY NRMA INSURANCE GROUP LIMITED)

Scope
We have audited the financial report of Insurance Australia Group Limited (formerly NRMA Insurance Group Limited) for the financial year ended 30 June 2002 consisting of the statements of financial performance, statements of financial position, statements of cash flows, accompanying notes and the Directors’ Declaration set out on pages 36 to 76. The financial report includes the consolidated financial statements of the consolidated entity, comprising the Company and the entities it controlled at the year’s end or from time to time during the financial year. The Company’s Directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the shareholders of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the Company’s and the consolidated entity’s financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion
In our opinion, the financial report of Insurance Australia Group Limited (formerly NRMA Insurance Group Limited) is in accordance with:

a) The Corporations Act 2001, except as exempted by an order issued by the Australian Securities & Investments Commission as stated in note 1a)(ii), including:
   i) Giving a true and fair view of the Company’s and the consolidated entity’s financial position as at 30 June 2002 and of their performance for the year ended on that date; and
   ii) Complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

b) Other mandatory professional reporting requirements in Australia.

KPMG

Dr Andries B Terblanché
Partner
Sydney
20th August 2002