BUSINESS OVERVIEW

A SNAPSHOT OF IAG

IAG is the leading general insurance group in Australia and New Zealand, with annual gross written premium of more than $6.6 billion.

We hold the number one position in seven major general insurance markets in Australia: motor, home, CTP, workers’ compensation, rural, consumer credit and extended warranty.

We insure more than $858 billion worth of property, including more than 5 million cars, 2.5 million homes, 245,000 businesses and 82,000 farms in Australia, and provide workers’ compensation services to 209,000 employers. In New Zealand, we insure more than 1 million cars, 580,000 homes, 187,000 businesses and 215,000 rural risks.

The Group employs more than 12,000 people and has a network of 320 branches and country service centres throughout metropolitan, regional and rural Australia and 39 sales centres and branches in New Zealand.

The name Insurance Australia Group was established in January 2002 after shareholders of NRMA Insurance Group voted to change the name of the holding company to better reflect its size, diversity, geographical distribution and aspirations. IAG companies own the NRMA Insurance, SGIC, SGIO, CGU, NZI, State and Swann brands.

NRMA Insurance is the brand used predominantly for our personal insurance products, such as home and motor (comprehensive and CTP), sold in NSW, ACT, Queensland and Tasmania. The brand dates back to 1925 when the NRMA Motoring & Services club was established. The insurance arm of the road service association, which was set up to provide motor insurance to members, demutualised in July 2000 and became a separate group, now IAG.

SGIO is the brand used for our personal insurance products in Western Australia and has been a part of the Western Australian community since 1926. Its origins were as a government-owned entity, providing workers’ compensation insurance to miners in the goldfields. SGIO was acquired by IAG in 1998.

SGIC is the brand used for our personal insurance products in South Australia. SGIC was established by South Australian Parliament in 1971 to provide the community with an insurer that was dedicated to the State. SGIC was acquired by IAG in 1998.
IAG acquired CGU in January 2003.

Brokers, agents and business partners.

A comprehensive distribution network of compensation products, sold through a commercial, rural insurance and workers’ compensation services. It is the largest insurance underwriting and claims and assessing operation in Australia. It represents approximately 60% of our business.

Our personal insurance products are sold primarily under our CGU Insurance brand in NSW, ACT, Queensland and Tasmania. SGIO is our primary brand in Western Australia, and SGIC in South Australia. In Victoria, we distribute home, motor and other insurance products through RACV. Products are distributed through our branches, call centres and representatives. In addition, we sell a range of personal insurance nationally under the Swann Insurance brand and through a number of financial institutions.

Personal insurance products distributed nationally by CGU are generally sold by intermediaries (insurance brokers and agents) and business partners (financial institutions and alliances).

INSURANCE PRODUCTS INCLUDE:
- Motor vehicle
- Home and contents
- Compulsory third party
- Niche insurance, such as pleasure craft, veteran and classic car, boat, caravan, and travel insurance
- Consumer credit.

AUSTRALIAN PERSONAL INSURANCE OPERATIONS
Our Australian personal insurance business develops and underwrites personal insurance products, and manages claims and assessing services. It is the largest insurance underwriting and claims and assessing operation in Australia. It represents approximately 60% of our business.

Our personal insurance products are sold primarily under our NRMA Insurance brand in NSW, ACT, Queensland and Tasmania. SGIO is our primary brand in Western Australia, and SGIC in South Australia. In Victoria, we distribute home, motor and other insurance products through RACV. Products are distributed through our branches, call centres and representatives. In addition, we sell a range of personal insurance nationally under the Swann Insurance brand and through a number of financial institutions.

Personal insurance products distributed nationally by CGU are generally sold by intermediaries (insurance brokers and agents) and business partners (financial institutions and alliances).

INSURANCE PRODUCTS INCLUDE:
- Commercial property
- Commercial motor and fleet motor
- Construction and engineering
- Farm, crop and livestock
- Home warranty
- Marine
- Public and product liability
- Professional indemnity
- Directors and Officers
- Workers’ compensation.

AUSTRALIAN COMMERCIAL INSURANCE OPERATIONS
Our Australian commercial insurance business develops and underwrites insurance for businesses.

Our commercial insurance products are sold primarily under our CGU Insurance brand through a network of more than 1,000 intermediaries (insurance brokers and agents).

We are a leading provider of workers’ compensation services in Australia and operate in every State and Territory where there is private involvement. In NSW, Victoria and South Australia, we collect premiums on behalf of the Government and manage claims. In Western Australia, Tasmania, ACT and the Northern Territory, we underwrite policies and manage claims. Comprehensive risk management services are available to all our employer customers.

Commercial insurance packages are also sold directly under the retail brands NRMA Insurance, SGIO and SGIC. These are largely targeted at sole operators and smaller businesses.

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

NEW ZEALAND INSURANCE OPERATIONS
Our New Zealand business is the leading general insurance provider in the country across both the direct and intermediated channels.

We hold approximately 37% of the New Zealand market according to Insurance Council of New Zealand Statistics, and are strongly positioned in all geographic markets.

We provide insurance products directly to customers under our State brand and through insurance brokers under our NZI brand. Our personal lines and simplified commercial products are also distributed through agents and under third party brands by our corporate partners, including large financial institutions.

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

ASIAN INTERESTS
IAG owns China Automobile Association and a Thai general insurance business (purchased in July 2005). It also has a strategic shareholding (22%) in another Thai insurer, Safety Insurance.

CAPTIVE REINSURER
The Group purchases most of its reinsurance protections through its captive reinsurer (IAG Re Limited). The results of that business are reflected in the Group’s international operations.

CGU is one of Australia’s largest intermediary-based insurers with a history spanning over 130 years. It offers a diverse mix of personal, commercial, rural insurance and workers’ compensation products, sold through a comprehensive distribution network of brokers, agents and business partners. IAG acquired CGU in January 2003.

Swann Insurance is one of Australia’s largest niche insurers, offering a range of consumer credit and motor vehicle related products. IAG acquired Swann Insurance in January 2003.

NZI was formed in 1859 and is one of New Zealand’s largest and longest serving general insurers with a leading position in commercial insurance. It is now the brand under which IAG’s New Zealand operations distributes all its insurance products through brokers. IAG acquired NZI in January 2003.

State is the brand under which most of IAG’s direct insurance business in New Zealand is now sold. State began as the New Zealand Government’s State Insurance Office in 1905 and grew to become the largest general insurer in New Zealand. IAG acquired State in February 2001.