
INSURANCE AUSTRALIA GROUP



Insurance Australia Group Limited (IAG) is the parent company of a general insurance group with controlled operations in Australia, New Zealand, Thailand and Vietnam, employing more than 15,000 people.

Its businesses underwrite over \$11 billion of premium per annum, selling insurance under many leading brands including NRMA Insurance, CGU, SGIO, SGIC, Swann, WFI and Lumley Insurance (Australia); NZI, State, AMI and Lumley Insurance (New Zealand); Safety and NZI (Thailand); and AAA Assurance (Vietnam). IAG also has interests in general insurance joint ventures in Malaysia, India and China.

Standard & Poor's has assigned a 'Very Strong' Insurer Financial Strength Rating of 'AA-' to the Group's core operating subsidiaries.

PURPOSE

IAG's purpose is: We help make your world a safer place.

This means, whether you are a customer, partner, employee, shareholder or part of the communities that IAG serves across Australia, New Zealand or Asia, IAG exists to help make your world a safer place.

IAG believes its purpose will enable it to become a more sustainable business over the long term, and deliver stronger and more consistent returns for its shareholders.

STRATEGY

The Group's strategy is to leverage market leadership in general insurance and risk management to create value for customers, partners, employees and the community.

FINANCIAL TARGETS

- Top quartile total shareholder return (TSR); and
- 15% cash return on equity.

The aim is to achieve these targets through the cycle, given the nature and volatility of insurance.

STRATEGIC PRIORITIES

The Group's strategic priorities are to:

- maintain leading market position in personal and commercial insurance in Australia and New Zealand;
- drive customer centricity;
- embed shared value strategy and create alignment across IAG;
- secure and grow our businesses in Asia; and
- explore long term growth opportunities.

INVESTMENTS

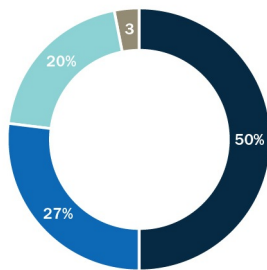
At 31 December 2014, the Group's overall investment allocation remained conservatively positioned, with 89% of total investments in fixed interest and cash (rates of 'AA' or higher). At that date, the Group had:

- total investments of \$15.2 billion;
- technical reserves of \$10.5 billion backing insurance liabilities, invested in fixed interest and cash; and
- shareholders' funds of \$4.7 billion.

IAG'S PORTFOLIO

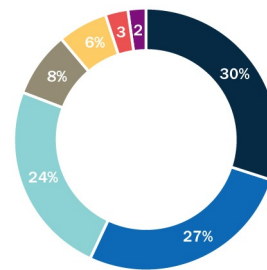
**PORTFOLIO MIX BY BUSINESS –
% OF GWP BY BUSINESS FOR
THE HALF YEAR ENDED 31 DECEMBER 2014**

Personal Insurance	50%
Commercial Insurance	27%
New Zealand	20%
Asia	3%



**PORTFOLIO MIX BY PRODUCT –
% OF GWP BY PRODUCT FOR
THE HALF YEAR ENDED 31 DECEMBER 2014**

Motor	30%	Home	27%
Short Tail Commercial	24%	CTP/Motor Liability	8%
Liability	6%	Other Short Tail	3%
Workers' Compensation	2%		



OUR BUSINESS MODEL AND BRANDS

IAG is the name behind some of the most trusted and respected insurance brands in the regions in which we operate.



¹ RACV is via a distribution relationship and underwriting joint venture with RACV Limited. ² 98.6% beneficial interest in Safety Insurance. ³ 49% ownership of the general insurance arm of AmBank Group, AmGeneral Holdings Berhad, whose wholly owned subsidiary trades under the AmAssurance and Kurnia brands. ⁴ 26% ownership of SBI General Insurance Company, a joint venture with the State Bank of India. ⁵ 63.17% ownership of AAA Assurance Corporation. ⁶ 20% ownership of Bohai Property Insurance Company Ltd.

OUR BUSINESS STRUCTURE

Australian operations

In Australia, IAG's businesses distribute a range of personal and commercial insurance products, both directly to the customer and indirectly through a network of intermediaries.

On 1 July 2014, IAG moved to a new operating model for its Australian operations, to leverage its scale and insurance expertise to deliver better outcomes for its customers, people and shareholders.

There are three Australian divisions:

- *Personal Insurance* distributes general insurance products directly to customers throughout Australia under the NRMA Insurance, SGIO, SGIC, and RACV in Victoria (via a distribution and underwriting relationship with RACV) brands and indirectly through intermediaries including financial institutions and affinity groups. Personal Insurance generated GWP of approximately \$2.8 billion for the half year ended 31 December 2014.
- *Commercial Insurance* provides insurance to business customers, predominantly under the CGU, Lumley, WFI and Swann brands. Commercial Insurance generated GWP of approximately \$1.5 billion for the half year ended 31 December 2014.
- *Enterprise Operations* provides support services, including information technology, people & culture and procurement & supply chain, to the Personal Insurance and Commercial Insurance divisions.

New Zealand operations

IAG is the leading general insurance provider in New Zealand across both the direct and intermediated channels. Insurance products are sold directly to customers predominantly under the State and AMI brands, and through intermediaries (insurance brokers and authorised representatives) predominantly under the NZI and Lumley Insurance brands. Personal lines and commercial products are also distributed under third party brands by IAG's corporate partners, including large financial institutions.

New Zealand generated GWP of approximately \$1.1 billion for the six months ended 31 December 2014, representing approximately 20% of Group GWP.

Asia operations

At 31 December 2014, the carrying value of IAG's investment in Asia was approximately \$950 million and Asia accounted for 6.4% of Group GWP on a proportional basis. The lower percentage reflects the first time consolidation of the former Wesfarmers business in Australia and New Zealand. Excluding this effect, Asia's contribution to proportional Group GWP would have comfortably exceeded the 7.1 reported in the first half of the 2014 financial year. The Group has established a presence in five markets:

- *Thailand* – IAG has a 98.6% beneficial interest in Safety Insurance, a predominantly motor insurer. The business operates under a single licence, using two brands: Safety (personal lines) and NZI (commercial lines). Thailand generated GWP of nearly \$155 million for the half year ended 31 December 2014.
- *Malaysia* – IAG has a 49% interest in the general insurance arm of AmBank Group, AmGeneral Holdings Berhad (AmGeneral), whose wholly-owned subsidiary trades under the AmAssurance and Kurnia brands. AmGeneral is the largest motor insurer in Malaysia. GWP for the first half of the 2015 financial year was \$272 million, with IAG's share being approximately \$133 million.
- *India* – IAG has established a general insurance joint venture with the State Bank of India (SBI), known as SBI General Insurance Company (SBI General), which commenced operations in 2010. IAG owns 26% of SBI General. SBI General is growing rapidly and reported GWP equivalent to \$134 million for the half year ended 31 December 2014 with IAG's share being approximately \$35 million.

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- *China* – IAG has a 20% interest in general insurer, Bohai Property Insurance Company Ltd, a predominantly motor insurer based in Tianjin. GWP for the half year ended 31 December 2014 was \$193 million with IAG's share being approximately \$39 million.
 - *Vietnam* – following the increase in ownership to 63.17%, IAG has consolidated the results of AAA Assurance Corporation with effect from July 2013. AAA Assurance is a predominantly motor insurer, selling directly to customers through a network of regional and city-based branches. In the first half of the 2015 financial year, AAA Assurance recorded GWP equivalent to \$9 million.

BRIEF HISTORY

From its beginnings as a motor vehicle insurer in New South Wales, Australia, IAG has grown to become a general insurance group diversified by product, distribution channel and geography.

The Group's heritage dates back to 1920, when the National Roads and Motorists' Association (NRMA) was established and subsequently offered motor insurance to its members. In 2000, the insurance arm of NRMA demutualised and was listed on the Australian Securities Exchange. The company was subsequently renamed Insurance Australia Group Limited in 2002 (ASX:IAG).

The Group initially grew organically and through acquisitions in its home market of Australia. Recognising the benefits of geographical diversification, it has expanded offshore to New Zealand, Thailand, Malaysia, India, China and Vietnam.

EXECUTIVE MANAGEMENT TEAM

- **Mike Wilkins**, Managing Director and Chief Executive Officer
- **Ben Bessell**, Acting Chief Executive, Commercial Insurance
- **Duncan Brain**, Chief Executive, Asia
- **Andy Cornish**, Chief Executive, Personal Insurance
- **Peter Harmer**, Chief Digital Officer
- **Alex Harrison**, Chief Executive, Enterprise Operations
- **Nick Hawkins**, Chief Financial Officer
- **Jacki Johnson**, Chief Executive, New Zealand
- **Leona Murphy**, Chief Strategy Officer
- **Clayton Whipp**, Chief Risk Officer

BOARD OF DIRECTORS

- **Brian Schwartz AM**, Chairman and Non-executive Director
- **Mike Wilkins**, Managing Director and Chief Executive Officer
- **Yasmin Allen**, Non-executive Director
- **Elizabeth Bryan AM**, Non-executive Director
- **Alison Deans**, Non-executive Director
- **Hugh Fletcher**, Non-executive Director
- **Raymond Lim**, Non-executive Director
- **Tom Pockett**, Non-executive Director
- **Philip Twyman**, Non-executive Director

FOR MORE INFORMATION

For more information on IAG or any of its brands, please use the details below:

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