

IAG resets strategic priorities

Insurance Australia Group Limited (IAG) Managing Director and CEO, Mr Mike Wilkins, today announced the Group had reset its strategic priorities, with an emphasis on accelerating growth in Australia, New Zealand and Asia.

Speaking at a market strategy briefing, Mr Wilkins said the actions taken by the Group during the past three years had delivered significant underlying improvement, and the time was right to build on the solid platform that had been established.

“Almost three years ago, we set a goal to improve the performance of our Australian and New Zealand businesses. Since then, the collective insurance margin of these businesses has increased from 5.5% in the first half of the 2009 financial year to 17.8% in the first half of this financial year. While the performance of our UK business needs to improve, we believe we have a strong foundation from which to grow and realise the full potential of the Group,” Mr Wilkins said.

“Our focus is to accelerate growth in Australia and New Zealand and to boost our Asian footprint so that it represents 10% of the Group’s gross written premium by 2016. We will also continue our work to return our UK business to profit.

“We plan to build on the momentum in our Australia Direct business through a tireless focus on our customers, ensuring we have better insights into their needs and a superior and consistent product offering. In CGU, we’ve rebuilt the fundamentals of the business and are returning to profitable growth, and in New Zealand we’re in a strong position to assist our customers and build our business in that market.

“We’ve also outlined our intention to expand our Asian footprint both in our existing markets of Malaysia, Thailand and India, and in the identified target markets of China, Vietnam and Indonesia. We’ve successfully launched our Indian joint venture and have made substantial progress in discussions with a potential joint venture partner in China.

“In the UK, our energy is directed wholly on restoring profitability through the comprehensive remediation programme currently underway. We have made solid progress with this programme and expect to move towards breakeven in FY12.

“I firmly believe that by focusing on the revised priorities we have outlined today we are well positioned to deliver further improvement in financial performance over the longer term,” Mr Wilkins said.

New Zealand earthquakes and FY11 outlook

Mr Wilkins said it was too early to assess the financial impact of yesterday’s earthquakes in New Zealand.

“Our primary concern is for our people and customers who have been affected by these earthquakes, particularly when many are still rebuilding from past events,” Mr Wilkins said.

“While it is too early to know the financial impact of yesterday’s events, prior to them occurring we were on track to meet our updated insurance margin guidance of 8–10%. We’ll advise the market as soon as we have a firm assessment of the likely outcome and any impact on our results for the financial year 2011.”

Mr Wilkins reaffirmed the Group was on track to meet existing underlying gross written premium growth of 3–5%. IAG’s FY11 results will be announced on 25 August 2011.

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About Insurance Australia Group Limited

Insurance Australia Group Limited (IAG) is an international general insurance group, with operations in Australia, New Zealand, the United Kingdom and Asia. Its current businesses underwrite approximately \$7.8 billion of premium per annum. It sells insurance under the leading brands of NRMA Insurance, CGU, SGIO, SGIC, Swann and The Buzz (Australia); NZI and State (NZ); Equity Red Star (UK); and NZI and Safety (Thailand). For further information please visit www.iag.com.au.

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