

WEATHERING THE FINANCIAL CRISIS

CEDA

25 MAY 2009

MICHAEL WILKINS

MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER

















AGENDA

- 1 WHO WE ARE**
- 2 EXTERNAL INFLUENCES ON THE GENERAL INSURANCE INDUSTRY**
- 3 DRIVING SUSTAINABLE BUSINESS OUTCOMES**



WHO WE ARE

OUR BUSINESS MODEL AND BRANDS

	DIRECT INSURANCE	INTERMEDIATED INSURANCE	ONLINE INSURANCE		DIRECT INSURANCE		DIRECT INSURANCE		INTERMEDIATED INSURANCE
AUSTRALIA			 ****	NEW ZEALAND		ASIA	 **	UNITED KINGDOM	
					INTERMEDIATED INSURANCE		 ***		
									
					OTHER				
	 *				 大陆汽车俱乐部 China Automobile Association				

* RACV is via a distribution relationship and underwriting joint venture with RACV Limited

** 49% ownership of AmG Insurance, which is part of AmAssurance

*** 98% voting rights

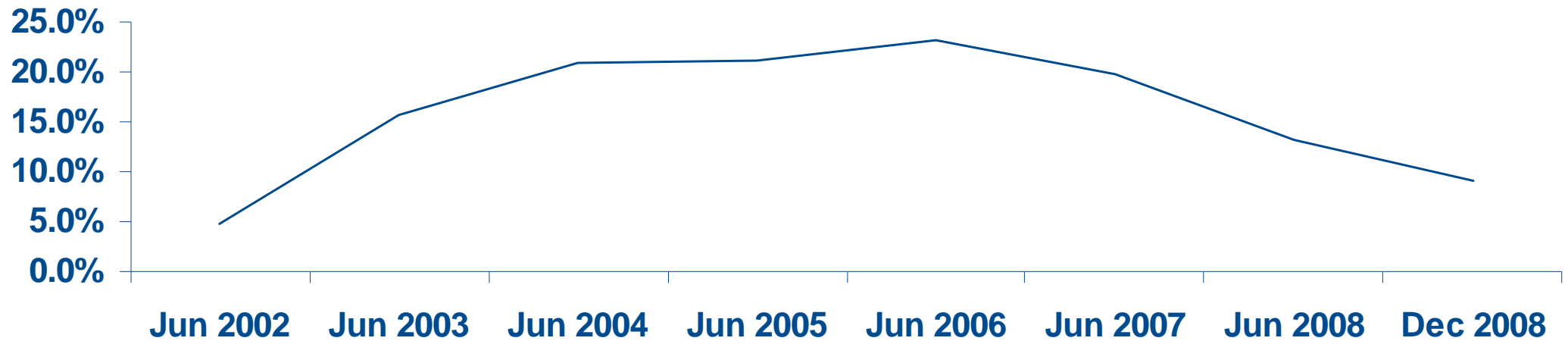
**** 70% owned by IAG, 30% owned by RACV

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EXTERNAL INFLUENCES ON THE GENERAL INSURANCE INDUSTRY

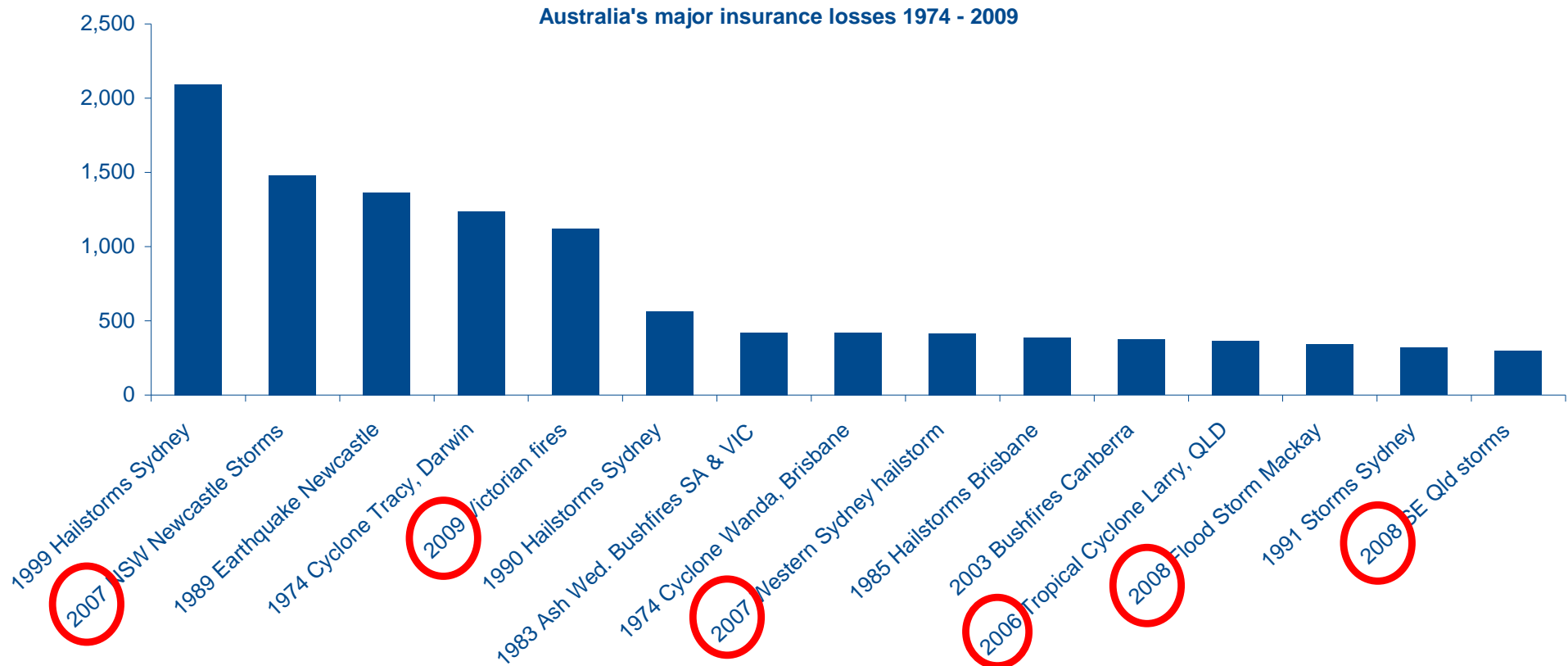
GENERAL INSURANCE – A CYCLICAL INDUSTRY

AUSTRALIAN GENERAL INSURANCE INDUSTRY ROE %



Source: APRA general insurance statistics

NATURAL PERILS – CORE BUSINESS FOR INSURERS



Source: Insurance council of Australia and PWC facts and figures. Losses from the 2009 Victorian bushfires and South East Qld Storms are on-going.

THE GLOBAL FINANCIAL CRISIS AT A GLANCE

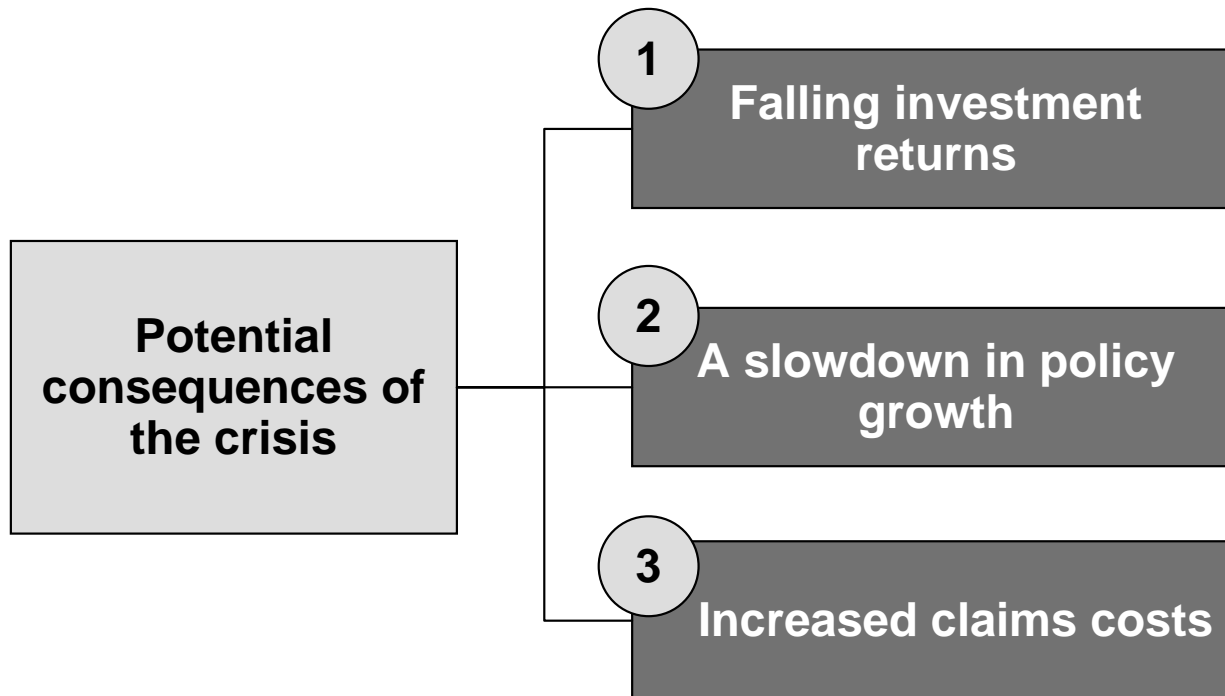


THE IMF IS PROJECTING A 1.4% DECLINE IN AUSTRALIA'S GDP FOR FINANCIAL YEAR 2008-09

- Reduced household consumption
- Reduced dwelling approvals
- Increased unemployment
- Reduced consumer confidence
- Reduced demand for commodities
- Reduced commodity prices

Source: IMF

HOW DOES THE CRISIS IMPACT GENERAL INSURERS?





DRIVING SUSTAINABLE BUSINESS OUTCOMES

OUR CORPORATE STRATEGY - GETTING THE FUNDAMENTALS RIGHT

OUR TARGETS

- Top quartile TSR
- ROE > 1.5x WACC

OUR STRATEGY

- Deliver superior performance by actively managing our portfolio and driving operational performance and execution

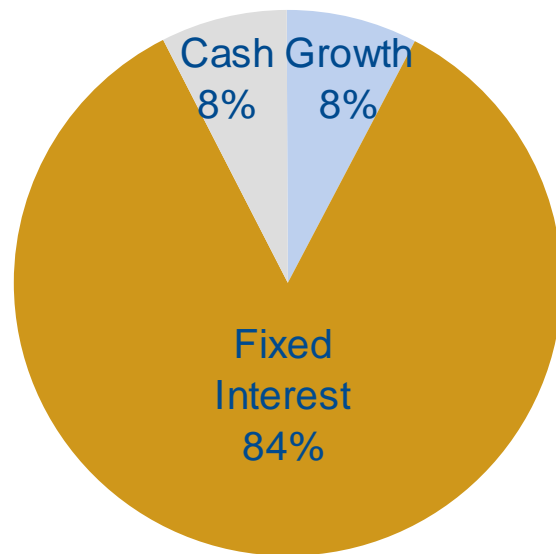
OUR STRATEGIC PRIORITIES

- Improve our performance in Australia and New Zealand
- Pursue selective international growth options – Asia and other narrow specialist opportunities
- A devolved model with the Corporate Office as portfolio manager
- Driving operational performance and execution

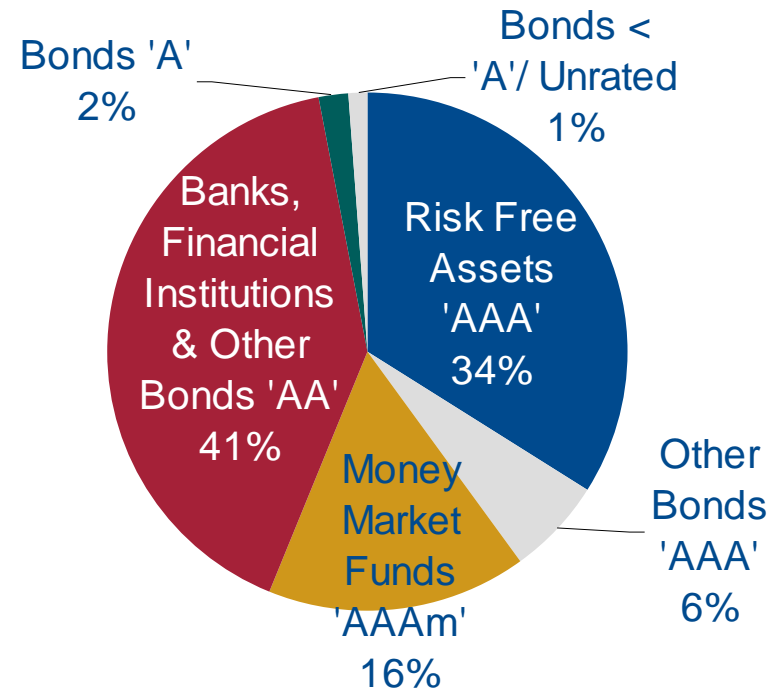
MAINTAINING A CONSERVATIVE INVESTMENT APPROACH

As at 31 Dec 2008

Group Investment Asset Exposure - \$10.6bn

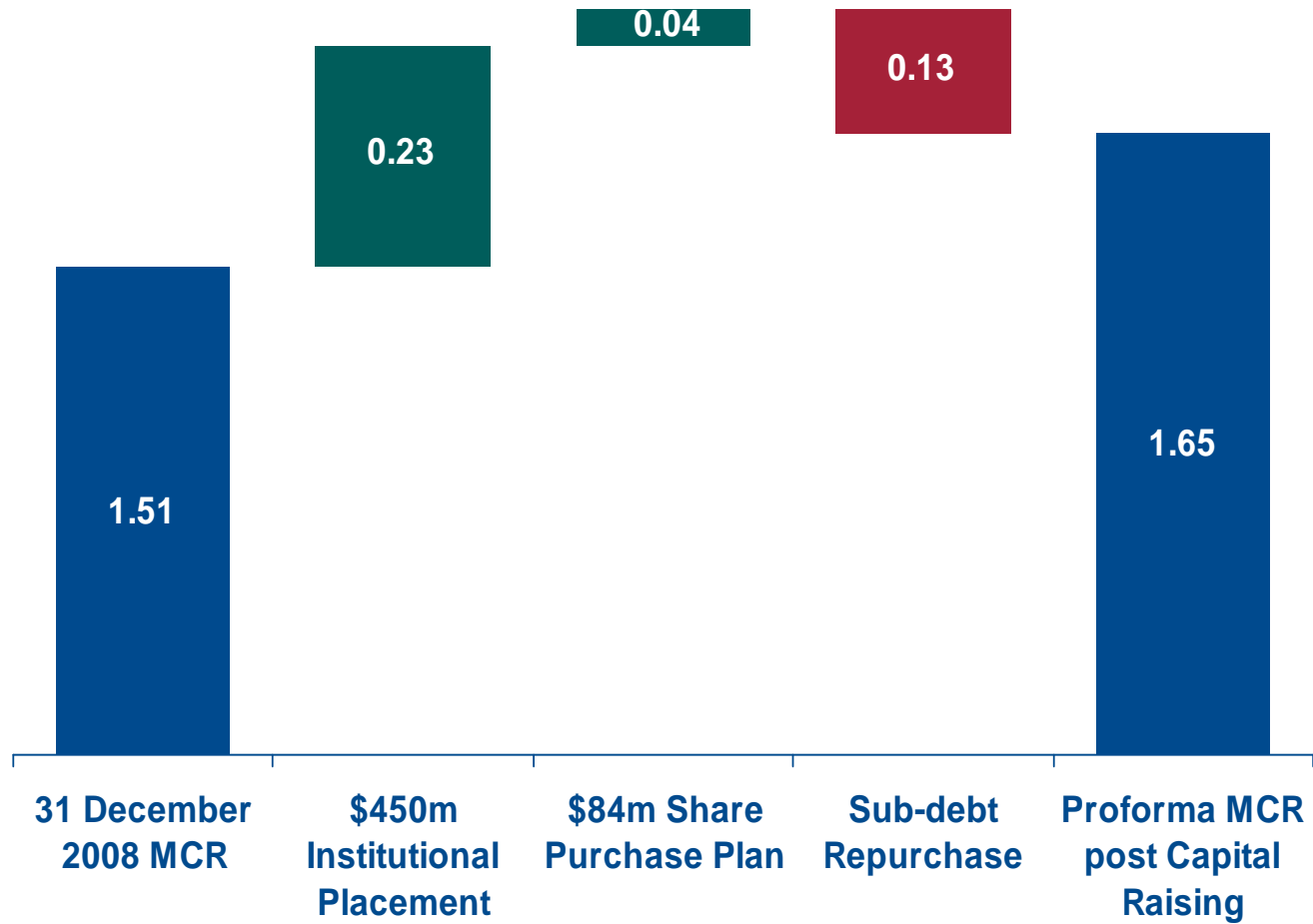


Group Fixed Interest and Cash - \$9.8bn



- Total portfolio value of \$10.6bn
- Asset mix remains conservative – reduced equity exposure in shareholders' funds
- 97% of fixed interest and cash rated 'AA' or better
- All credit assets performing and meeting interest/ principal repayment obligations

MAINTAINING A STRONG CAPITAL POSITION




















OFFERING CUSTOMERS FLEXIBILITY TO MEET THEIR NEEDS AND BUDGETS



DRIVING LONG TERM SUCCESS



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					INTERMEDIATED INSURANCE		 ***		
									
							OTHER		
	 *								 大陆汽车俱乐部 China Automobile Association

ACTIVE PORTFOLIO MANAGEMENT & GOVERNANCE (CORPORATE OFFICE)

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