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Intermediated Insurance Australia

Intermediated Insurance Australia overview



Intermediated Personal Lines

Via Brokers



Via Reps



Via Partners



~A\$1.2bn
FY23F GWP

Low Touch SME & Agri

Via Brokers



Via Reps



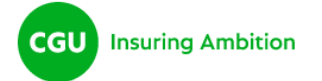
Via Agencies



~A\$1.7bn
FY23F GWP

Mid-Market & Corporate

Via Brokers



Via Reps



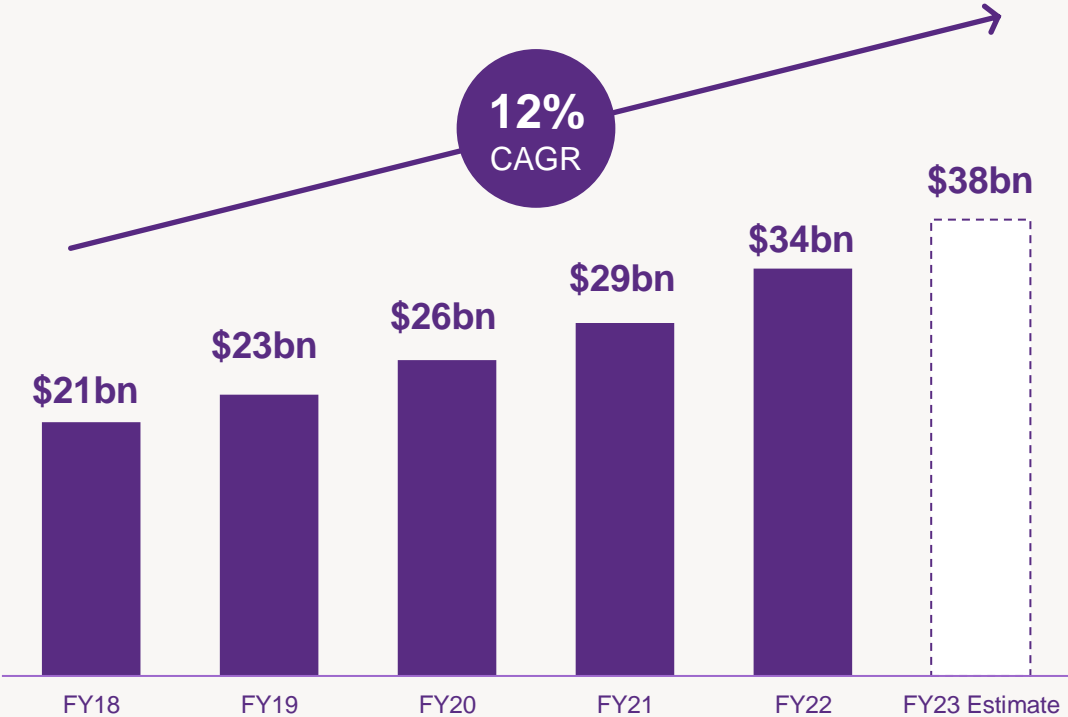
~A\$1.9bn
FY23F GWP

Operating environment

- Market continues to take rate to stabilise margins and offset higher claims and reinsurance costs.
- Limited evidence of new capital or entrants coming into the Commercial market in Australia, with Underwriting Agencies being the exception.
- Brokers continuing to invest in digital and platform capabilities to drive efficiency and differentiation.
- Global trend of Commercial insurers investing in technology and data expected to gain momentum in Australia over the short-to-medium term.

Australian Intermediated Insurance Market

(GWP including Personal & Commercial Lines)



Source: APRA; FY23 Estimate based on rolling 12 months growth rate as of Dec 22 (latest APRA disclosure)

Strategy – Ambition26

Horizon 1 - Simplification

Horizon 1 Outcomes

- Growth largely rate driven to improve margin and offset input costs.
- Proactive and structured portfolio management capability in place.
- Product harmonisation supports portfolio simplification.
- Tactical operating model changes has reduced the expense ratio.



Key Horizon 1 progress

Underwriting practices

Implemented regular product line portfolio reviews tracking actions and refining strategies driven by data insights.



Pricing

Deploying modern rating tools in key products and progress made in delivering more granular pricing across all portfolios.



Claims efficiency

Deployed and enhanced digital Broker Portal, creating efficiencies for IIA and brokers at inception. Will go live into WFI in 1Q24.

Active expense management

Disciplined expense management and delivery of operating model change in late FY22 will deliver a \$9m reduction in direct admin costs.



Winning new partner - ANZ

ANZ will be delivered on Enterprise Platform with integrated pricing and standard policy wording.

Growth largely rate driven to achieve margin and offset claims inflation
Rate increased by ~11% in 1H23 and anticipated increase of 15% in 2H23.
Retention forecast to be 82% for FY23.

Admin ratio 1H23 improved 80 basis points.

FY23 activity was in support of our immediate priority:

At least

\$250m

insurance profit in FY24

Building strategic capability

FY24 Outlook

- Confident of delivering at least \$250m insurance profit.
- In anticipation of significant re-insurance increases, we started applying rate to cover costs in 2Q23. Further adjustments made in 3Q to reflect actual reinsurance outcomes post renewal.
- Further improvement in admin expense ratio.
- Costs to commence delivery of strategic technology program included in FY24 and medium-term plans. Benefits will start to flow through from FY25. IIA will absorb investment cost and continue to grow margin.



Horizon 2 Outcomes

- Transition to targeted growth strategies.
- Technology deployed to transform to modern operational processes and uplift core insurance capabilities.
- Continued focus on expense management.

Horizon 3 Outcomes

- Leverage technology and core insurance capabilities to establish CGU and WFI as market leading intermediated insurers.
- CGU positioned as a core player in the corporate commercial insurance market.

Technology

Strategic investment will reshape our partner proposition

We have traditionally built our brands around trust and relationships.

In the future we will lead the way in providing data driven insights that support the strategic goals of our partners with direct attribution to CGU.

IIA's core insurance capabilities



Distribution

Dynamic, digitally integrated strategic alignment with partners.



Underwriting

Dedicated and modern underwriting workbench for the mid market and corporate segments, enabling an automated control environment.



Pricing

Updated rating systems enable pricing sophistication and agility.



Product

Deliver new and tailored customer propositions rapidly and efficiently with strong risk management overlay.



Claims

Utilising data, automation and AI to redefine our claims handling model to improve experience, speed and outcomes.



Data

Data stored in a harmonised, centralised repository that enables efficient decision making and supports integrated capabilities.

Conclusion

Intermediated Insurance Australia

Summary

- Confident of delivering FY24 insurance profit target.
- Underwriting and efficiency foundations in place.
- Attracted strong people capability and leadership.
- Commercial lines technology is an opportunity.

