
CHAIRMAN'S ADDRESS



ADDRESS BY MR BRIAN SCHWARTZ CHAIRMAN, INSURANCE AUSTRALIA GROUP

2014 ANNUAL GENERAL MEETING 30 OCTOBER 2014

This has been a year of significant achievement.

Our business performed strongly, reflecting the benefits of having a clear strategy, and pursuing it consistently. This year:

- our gross written premium increased by 3% to nearly \$10 billion, and
- our net profit after tax increased by nearly 60% to \$1.2 billion.

We continued to achieve our strategic objectives of pursuing profitable growth in Australia and maintaining our market-leading position in New Zealand when we acquired the insurance underwriting business of Wesfarmers Limited.

This acquisition – completed on 30 June – was a compelling strategic fit for us, making us the clear market leader in general insurance in Australia, and cementing our leading position in New Zealand.

We have also worked to secure and grow our business in Asia, where we see considerable growth opportunities.

Recognising our responsibilities to all our stakeholders

We recognise that being the market leader brings with it not just opportunities, but also significant responsibilities to all those who have a stake in our business.

That is why we are committed to:

- offering market-leading products and services for our customers;
- providing opportunities for our people; and
- using our expertise in risk to contribute to the safety of the wider communities we serve.

By doing these things well, we will create significant value for you, our shareholders.

Today I would like to talk to you about how we are working to fulfil our responsibilities in each of these areas.

Offering market-leading products and services for our customers

Our customers' needs are evolving rapidly, as technology creates new and more opportunities for them to interact with us.

They want to engage with us using different channels, from online and mobile to live chat, and move between these channels more often, and with ease. They want services delivered faster and more efficiently than ever before, and at a time that suits them.

I'm pleased to report that our businesses are responding admirably to these changing needs and expectations, by keeping customers front and centre of everything we do. Our starting point is to really understand what our customers want and need, so we can respond in a way that delivers economic value.

As an example, in Australia, our NRMA Insurance customers can now lodge motor claims using a mobile device at the scene of an incident and complete the process online, or by phone. If they call us, or use live-chat, our people can help them using the information they have already provided – there is no need to start again.

This is just one of the many ways that we are using new technology and innovative thinking to meet our customers' needs.

Across the business we continued to invest in data and other capabilities for the benefit of our customers. Innovative projects include working with the Motor Accidents Authority and University of Technology Sydney to identify black-spots on our roads to help make our roads safer.

Providing opportunities for our people

At IAG, we believe talented, motivated and skilled people are critical to meeting the needs of our customers, and we are committed to providing our people with career and development opportunities.

We are also focused on workforce diversity, primarily concentrating on improving gender, age and cultural diversity.

Our work to support Indigenous communities is one of the things I am particularly proud of. Last December, we renewed our commitment to Indigenous communities with the launch of our Reconciliation Action Plan. This was the 500th plan to be registered with Reconciliation Australia, and the first to be signed with an insurance company.

Since then, we have established a partnership with Career Trackers to have a minimum of 15 promising Indigenous students complete internships with us each year for the next ten years.

Contributing to the safety of the wider communities we serve

We continued to work with governments and community organisations to use our expertise in risk to improve safety and resilience in the wider community.

At a local level, we are working with community organisations to provide education seminars and training about how to deal with natural peril events, and our people have a paid day of leave for community work each year.

Nationally, as the founding member of the Australian Business Roundtable for Disaster Resilience & Safer Communities, we are sharing our risk management expertise and using our influence to make Australia more resilient to natural disasters and their devastating impacts.

We were pleased to see support for our view reflected in the draft report of the Productivity Commission Inquiry into Natural Disaster Funding Arrangements released in September. The Productivity Commission consulted extensively with stakeholders involved in natural disaster management – including ourselves – and has recommended a greater focus on, and increased funding for, disaster mitigation. This is a significant achievement.

We are also involved in the resilience debate at an international level, where we are the only Australian-based general insurer that is a signatory to the United Nations Principles for Sustainable Insurance.

As a result of the Roundtable's work, the UN has established a Global Resilience Project, which we are leading.

We will continue to focus on this issue of national importance.

Creating value for shareholders

I have talked about the market-leading products and services we offer our customers; the opportunities we are providing for our people; and the way we are using our expertise in risk to contribute to the safety of the wider communities we serve.

Our success in these areas will create significant value for you, our shareholders.

You will also continue to share directly in the success of our business through the dividends we pay, as well as in the increased value of your IAG shares.

This year, the 13% increase in our cash earnings allowed us to increase our full-year dividend by over 8%, to 39 cents a share. Allowing for the increased number of shares on issue, total dividends paid for the financial year rose by over 20%. At 69.6% of cash earnings, this is at the top end of our payout range, reflecting the strong performance of the Group, its sound capital position, and the confidence we have in our future.

Preparing IAG for the future

As a Board, we have a critical role to play in IAG's future success, by ensuring we have Directors who can support the development and execution of our strategy.

To that end, we have an ongoing process of identifying new Directors with skills and experience in insurance and other specialised areas to guide our Group through the next phases of its growth and development.

Adding new Directors to your Board will also ensure a smooth process of Board renewal and we look forward to announcing new appointments at the appropriate time.

In closing, I would like to thank our Managing Director and CEO, Mike Wilkins, his Executive team and all those who work at IAG for the tremendous results we are discussing here today. I thank my fellow Directors for their ongoing commitment to IAG and I thank you, our shareholders, for your belief in IAG, and support of our achievements.

I will now ask Mike to talk about the results in more detail and describe the work he is leading to create an organisation that is more connected, efficient and effective, that will deliver even better outcomes for our customers, our partners, our people and you, our shareholders