

18 February 2015

ABN 60 090 739 923

# FINANCIAL RESULTS

## HALF YEAR

### ENDED 31 DECEMBER 2014

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**Mike Wilkins**

Managing Director and  
Chief Executive Officer

**Nick Hawkins**

Chief Financial Officer

# IMPORTANT INFORMATION

This presentation contains general information in summary form which is current as at 18 February 2015. It presents financial information on both a statutory basis (prepared in accordance with Australian accounting standards which comply with International Financial Reporting Standards (IFRS)) and non-IFRS basis. This presentation is not a recommendation or advice in relation to Insurance Australia Group Limited (IAG) or any product or service offered by IAG's subsidiaries. It is not intended to be relied upon as advice to investors or potential investors, and does not contain all information relevant or necessary for an investment decision. It should be read in conjunction with IAG's other periodic and continuous disclosure announcements filed with the Australian Securities Exchange which are also available at [www.iag.com.au](http://www.iag.com.au).

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Local currencies have been used where possible. Prevailing exchange rates have been used to convert local currency amounts into Australian dollars, where appropriate.

All references starting with "1H" refer to the six months ended 31 December, being the first half of IAG's financial year. For example, "1H15" refers to the six months ended 31 December 2014. All references starting with "2H" refer to the six months ended 30 June, being the second half of IAG's financial year. For example, "2H15" refers to the six months ended 30 June 2015. All references starting with "FY" refer to the financial year ended 30 June. For example, "FY15" refers to the year ended 30 June 2015.

# GROUP RESULTS

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**Mike Wilkins**

Managing Director and  
Chief Executive Officer

# KEY HIGHLIGHTS

## SOUND OPERATING PERFORMANCE IN TOUGHER CONDITIONS

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### FIRST-TIME INCLUSION OF FORMER WESFARMERS BUSINESS

- Main driver of GWP growth
- Impacts all three operating divisions in Australia and New Zealand, to varying degrees
- Integration progressing to plan

### UNDERLYING MARGIN OF 13.3% HAS REMAINED STRONG

- Lower run rate of incoming former Wesfarmers business
- Minimal integration / restructuring benefits realised to date
- Tougher commercial market conditions

### SOUND FULL YEAR OUTLOOK

- GWP growth at lower end of 17-20% guidance range
- Reported insurance margin guidance maintained at 13.5-15.5%

# FINANCIAL SUMMARY

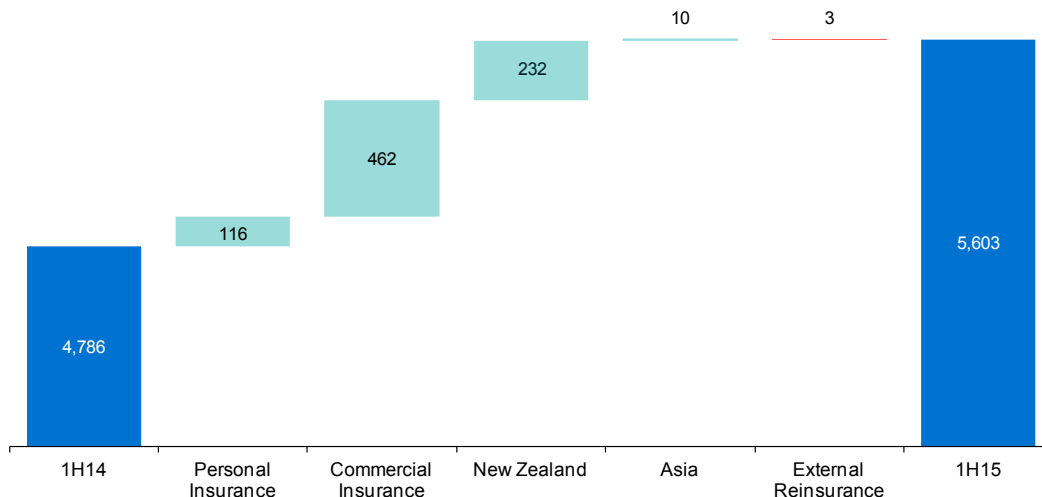
## ROBUST PERFORMANCE

	1H14	1H15	CHANGE
<b>GWP (\$M)</b>	4,786	5,603	↑ 17.1%
<b>NET EARNED PREMIUM (\$M)</b>	4,320	5,154	↑ 19.3%
<b>INSURANCE PROFIT (\$M)</b>	758	693	↓ 8.6%
<b>UNDERLYING MARGIN (%)</b>	13.7	13.3	↓ 40bps
<b>REPORTED MARGIN (%)</b>	17.5	13.4	↓ 410bps
<b>NET PROFIT AFTER TAX (\$M)</b>	642	579	↓ 9.8%
<b>CASH EARNINGS (\$M)</b>	653	653	↔ 0%
<b>DIVIDEND (CPS)</b>	13.0	13.0	↔ 0%
<b>CASH ROE (%)</b>	26.8	19.8	↓ 700bps
<b>PCA MULTIPLE</b>	2.31	1.62	↓ 69bps

# 1H15 GROSS WRITTEN PREMIUM

## STRONG GROWTH DRIVEN BY WESFARMERS ACQUISITION

### GROSS WRITTEN PREMIUM GROWTH

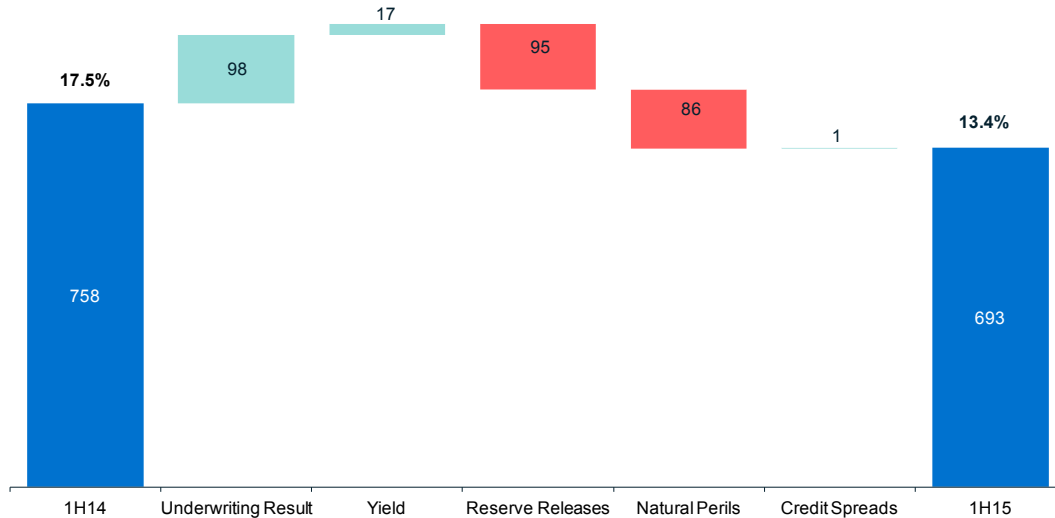


### KEY POINTS

- Overall growth of 17.1%
- Main driver was first-time consolidation of former Wesfarmers business
  - Attrition level towards upper end of expectations
- Other features of 1H15 GWP outcome:
  - Increasingly tough commercial market conditions
  - Limited need for rate increases in low inflationary environment
  - Volume growth from pre-existing business roughly in line with system in most classes
  - Modest favourable FX effect (New Zealand)

# 1H15 REPORTED INSURANCE MARGIN ADVERSE PERIL AND RESERVE RELEASE IMPACTS

## REPORTED INSURANCE MARGIN 1H15 VS 1H14

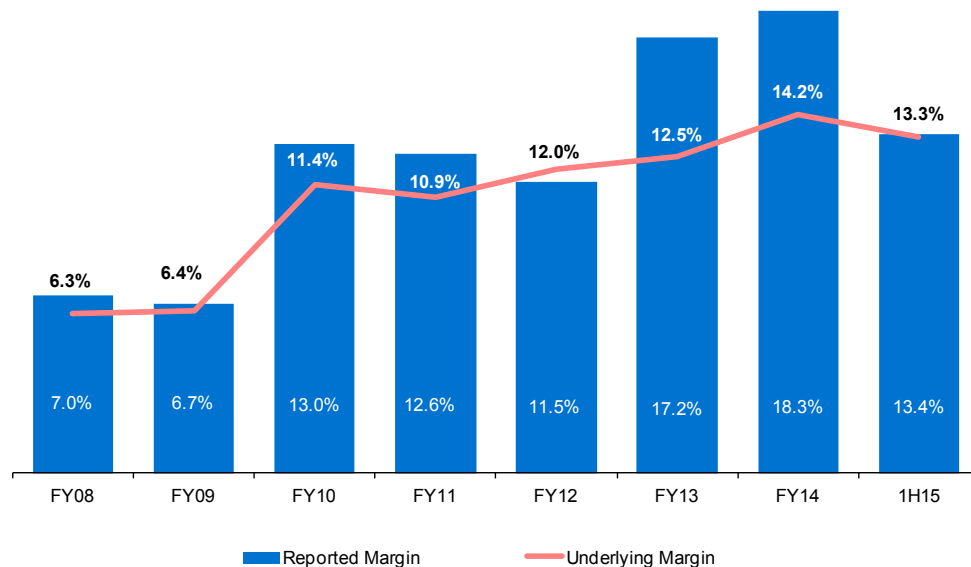


## KEY POINTS

- Lower reported insurance margin of 13.4%, encompasses:
  - Lower reserve releases, but close to expectations
  - Peril overrun against allowance, including Brisbane storm (\$165m)
  - Similar positive credit spread impact

# 1H15 UNDERLYING MARGIN OF 13.3% DELIVERS ON RETURN TARGET

## GROUP INSURANCE MARGIN (REPORTED VS. UNDERLYING)



## KEY POINTS

- Underlying margin slightly lower than 1H14 (13.7%)
- Underpinning features:
  - Incoming Wesfarmers business
  - Minimal integration / restructuring benefits to date
  - Modest dilutive effect from tougher commercial market conditions

# 1H15 DIVISIONAL PERFORMANCE



*sgio*



Australia

New Zealand

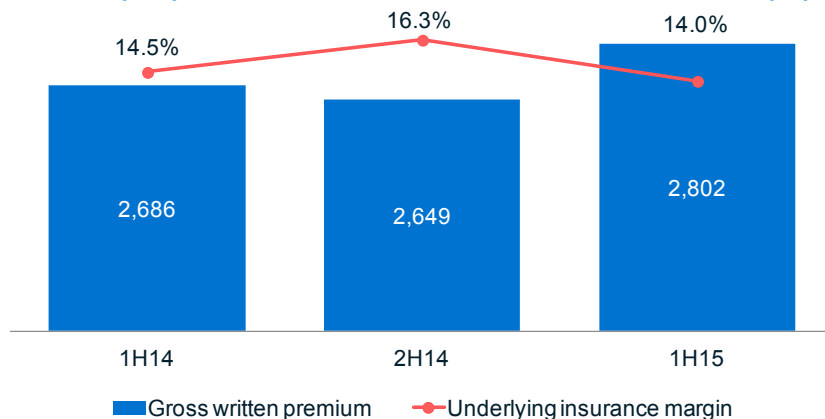
Asia

# PERSONAL INSURANCE

## STRONG PROFITABILITY MAINTAINED

KEY METRICS	1H14	1H15	Change
Gross written premium (\$m)	2,686	2,802	+4.3%
Insurance result (\$m)	467	391	-16.3%
Underlying margin (%)	14.5	14.0	-50bps
Reported margin (%)	19.5	16.0	-350bps

### GWP (\$M) / UNDERLYING INSURANCE MARGIN (%)



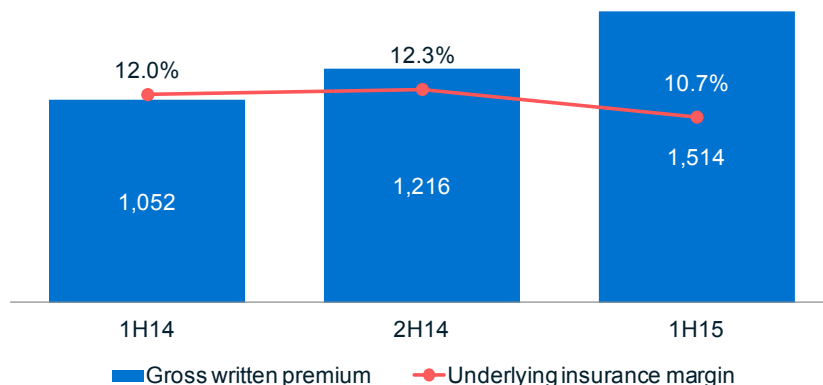
### KEY POINTS

- GWP growth of 4.3%, comprising:
  - Maiden input from former Wesfarmers volumes
  - Volume growth in line with system in key motor and home lines
  - Negligible rate increases – limited cost pressures and increasingly competitive market conditions
  - Strong growth from Coles business, off a small base
  - Lower CTP GWP owing to Queensland exit
- Strong profitability maintained – slightly lower underlying margin of 14.0% compared to 1H14
- Lower reported margin of 16% influenced by lower reserve releases of 2.7% of NEP (1H14: 5.4%)
- Maintenance of strong profitability and market position expected

# COMMERCIAL INSURANCE TOUGHER MARKET CONDITIONS

KEY METRICS	1H14	1H15	CHANGE
Gross written premium (\$m)	1,052	1,514	+43.9%
Insurance result (\$m)	190	102	-46.3%
Underlying margin (%)	12.0	10.7	-130bps
Reported margin (%)	18.5	6.6	-1190bps

## GWP (\$M) / UNDERLYING INSURANCE MARGIN (%)



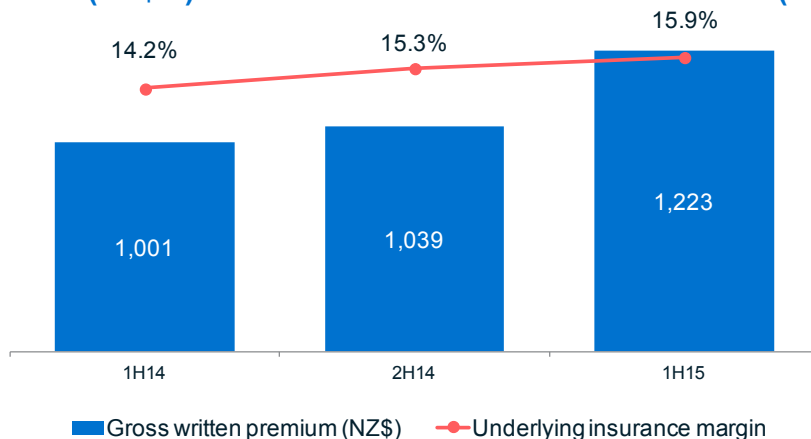
## KEY POINTS

- GWP growth of 44%, driven by first-time inclusion of former Wesfarmers business
- Tougher market environment - softer commercial cycle
- Modest contraction in like-for-like GWP
  - Strong retention levels
  - Highly competitive market for new business opportunities
- Underlying double digit margin, but at slightly lower level
  - Inclusion of lower margin former Wesfarmers business
  - Early integration benefits to plan, but of modest scale
- Significantly lower reported margin of 6.6%
  - Combined effect of >9% from lower reserve releases and adverse perils experience
- Sound underlying performance expected over balance of FY15 as further integration / new operating model benefits accrue

# NEW ZEALAND CONTINUING TO PERFORM STRONGLY

KEY METRICS	1H14	1H15	CHANGE
Gross written premium (\$m)	884	1,116	+26.2%
Insurance result (\$m)	92	193	+109.8%
Underlying margin (%)	14.2	15.9	+170bps
Reported margin (%)	12.4	19.2	+680bps

## GWP (NZ\$m) / UNDERLYING INSURANCE MARGIN (%)



## KEY POINTS

- Strong GWP growth driven by addition of Lumley Insurance
- GWP growth from existing business relatively flat
  - Positive input from home and motor portfolios, from mixture of rate and volume
  - Offset by softer commercial market conditions
- Favourable FX effect – local currency GWP growth of 22.2%
- Underlying business performance remains strong
- Reported insurance margin of 19.2% assisted by benign peril experience
- Material uplift (NZ\$950m) in gross FY11 earthquake reserves, covered by reinsurance
- Sound progress with Canterbury rebuild and claims settlement process – over NZ\$3.9bn paid, 69% of claims settled
- Underlying profitability to remain strong over balance of FY15

# ASIA

## IMPROVED CONTRIBUTION

### FINANCIAL CONTRIBUTION BY COUNTRY

	Proportional GWP		Earnings Contribution	
	1H14 A\$m	1H15 A\$m	1H14 A\$m	1H15 A\$m
Thailand	140	155	15	11
Malaysia	140	133	12	19
<b>Established markets</b>	<b>280</b>	<b>288</b>	<b>27</b>	<b>30</b>
India	25	35	(4)	1
China	35	39	(2)	(1)
Vietnam	14	9	0	1
<b>Developing markets</b>	<b>74</b>	<b>83</b>	<b>(6)</b>	<b>1</b>
<b>Total Asian operations</b>	<b>354</b>	<b>371</b>	<b>21</b>	<b>31</b>
Support and development costs	n/a	n/a	(14)	(14)
<b>Total divisional result</b>	<b>354</b>	<b>371</b>	<b>7</b>	<b>17</b>

### KEY POINTS

- Proportional GWP growth of 4.8%, driven by:
  - Strong performance in India
  - Return to strong growth in Thailand
- Improved earnings contribution
  - Strong underlying performances by established businesses (Thailand and Malaysia)
  - Improved performances from developing businesses (India, China and Vietnam)
  - Favourable mark-to-market valuation effect
- Stronger profit contribution expected in FY15, compared to FY14

# INVESTMENTS, REINSURANCE AND CAPITAL

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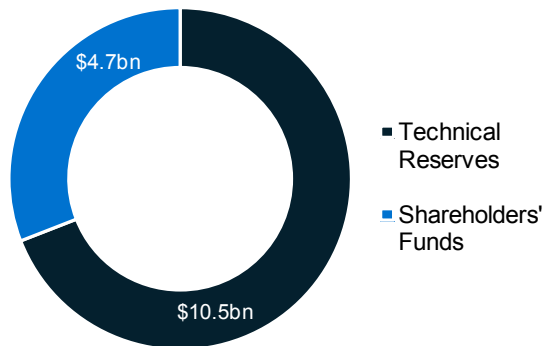
**Nick Hawkins**

Chief Financial Officer

# INVESTMENT PORTFOLIO

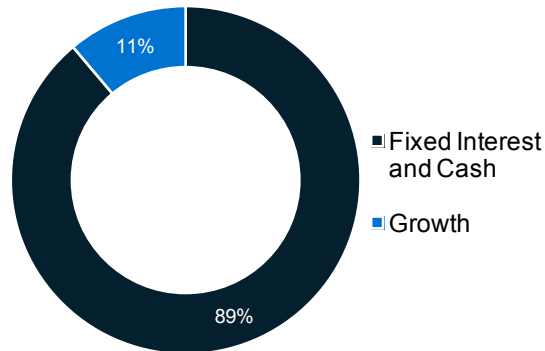
## CONSERVATIVE MIX AND HIGH CREDIT QUALITY

**TOTAL INVESTMENT  
PORTFOLIO – \$15.2BN**



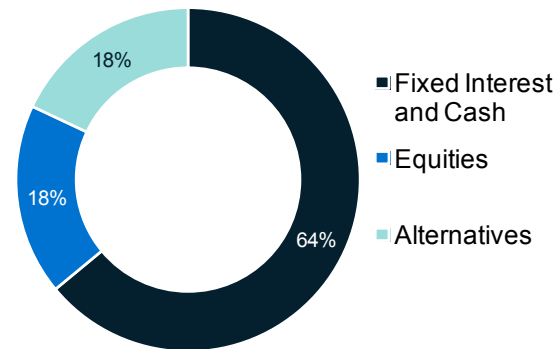
- Two distinct pools with different investment strategies:
  - Technical reserves – backing insurance liabilities
  - Shareholders' funds

**GROUP ASSET ALLOCATION**



- Overall investment allocation conservatively positioned
- Technical reserves 100% fixed interest and cash

**SHAREHOLDERS' FUNDS**

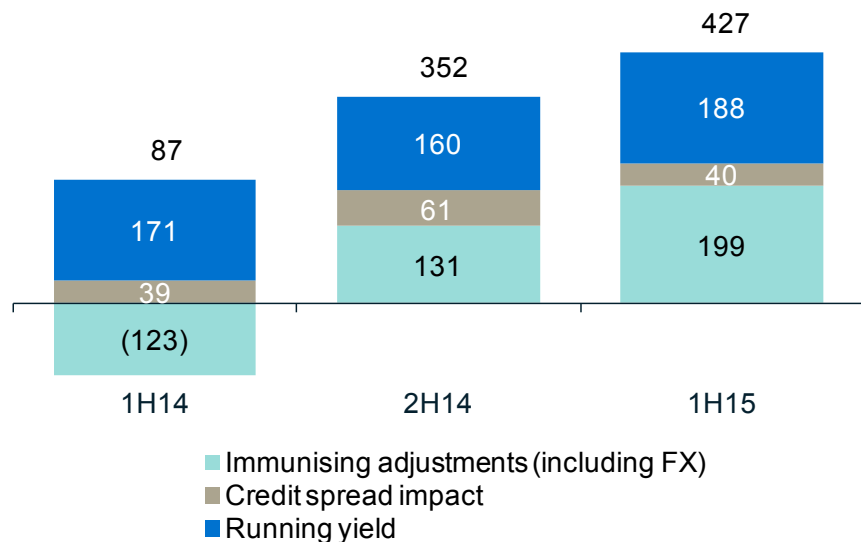


- Growth assets weighting of 36% (FY14: 42%)

# INVESTMENT RETURNS

## MORE SUBDUED EQUITY MARKET PERFORMANCE

### TECHNICAL RESERVES INCOME



### TECHNICAL RESERVES RETURNS

- Increased return of \$427m (1H14: \$87m) reflecting:
  - c.\$190m unrealised capital gain (1H14: c.\$80m loss)
  - Similar credit spread benefit of \$40m (1H14: \$39m)
  - Modestly favourable FX effect, including earthquake reinsurance recoverables (1H14: \$42m loss)
  - Lower running yield

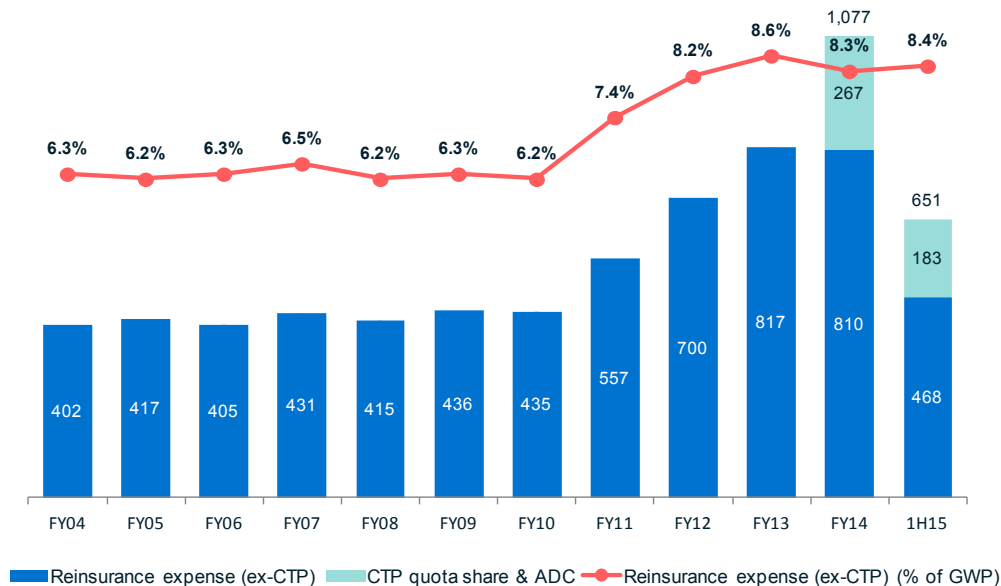
### SHAREHOLDERS' FUNDS RETURNS

- Lower return of \$137m (1H14: \$233m)
  - More subdued equity market performance

# REINSURANCE EXPENSE

## FAVOURABLE MARKET CONDITIONS

### REINSURANCE EXPENSE



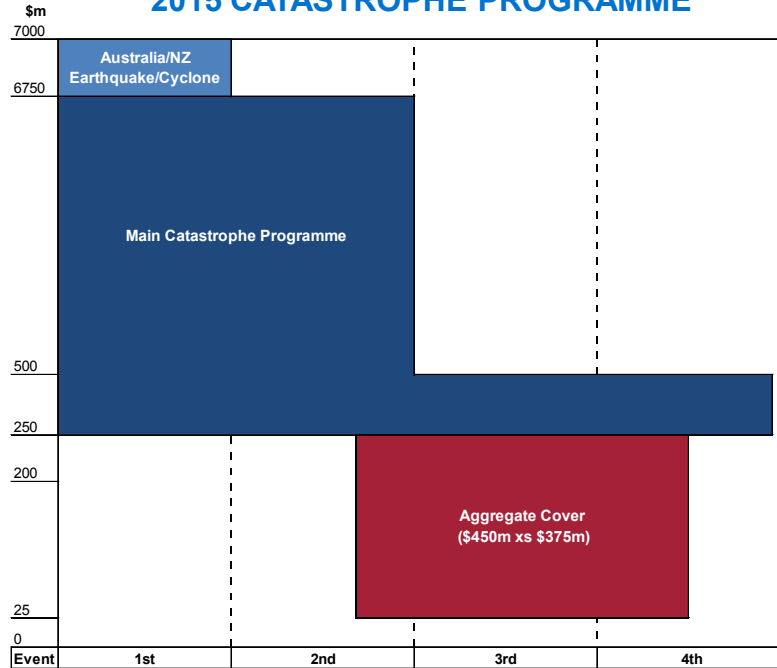
### KEY POINTS

- Increased 1H15 reinsurance expense of \$651m (1H14: \$565m) embraces:
  - Inclusion of former Wesfarmers business
  - Increased CTP effect from one-off adverse development cover (ADC) impact
  - Favourable 2014 catastrophe renewal rates (vs. 2013)
- Ex-CTP quota share and ADC reinsurance expense ratio of 8.4%, down from 9.0% in 1H14
- Favourable conditions encountered at 2015 Group catastrophe renewal

# CATASTROPHE REINSURANCE

## WESFARMERS-RELATED SYNERGIES FULLY REALISED

### 2015 CATASTROPHE PROGRAMME



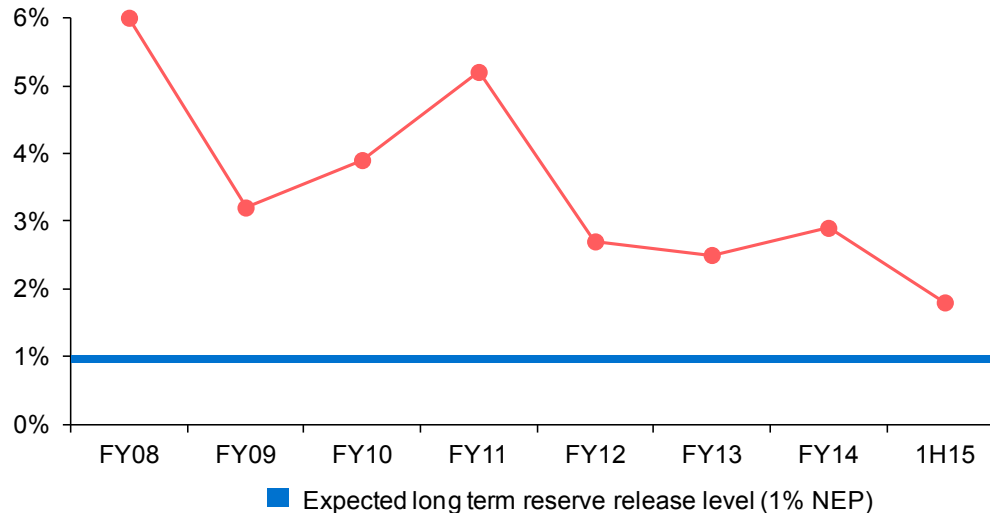
### KEY POINTS

- Group main cover raised to \$7bn for calendar 2015
- Former Wesfarmers business covered by Group programme from 1 January 2015
  - Reinsurance synergies fully realised, to be recognised in earnings up to 31 December 2015
- Group maximum event retention (MER) of \$250m from 1 January 2015
- Expanded aggregate cover
- Additional FY15 reinsurance cover of \$150m excess of \$700m perils allowance
- Strong counterparty-risk profile – over 89% 'A+' or better

# RESERVE RELEASES

## TRENDING TOWARDS LONG TERM EXPECTATION

### GROUP RESERVE RELEASES (% NEP)



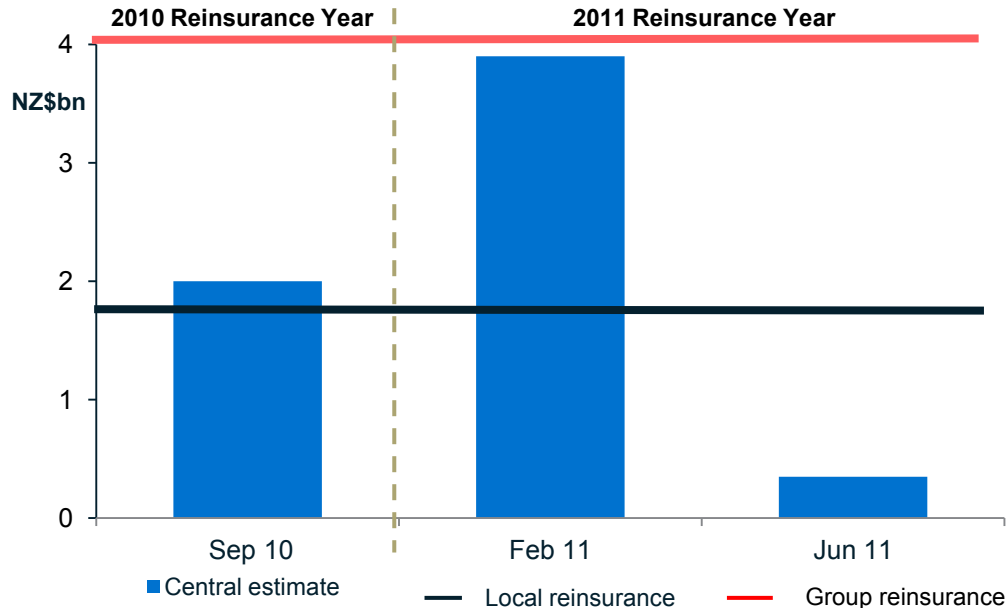
### KEY POINTS

- Lower 1H15 releases of \$92m, equivalent to 1.8% of NEP
  - Favourable inflationary environment in Australian long tail classes
- Reserve release expectation of around 2% of NEP for FY15 maintained
- Long term expectation remains recurring reserve releases of 1% of NEP

# NEW ZEALAND EARTHQUAKE RESERVING

## FY11 EVENTS REMAIN WITHIN REINSURANCE COVER

### FY11 CANTERBURY EARTHQUAKE EVENTS

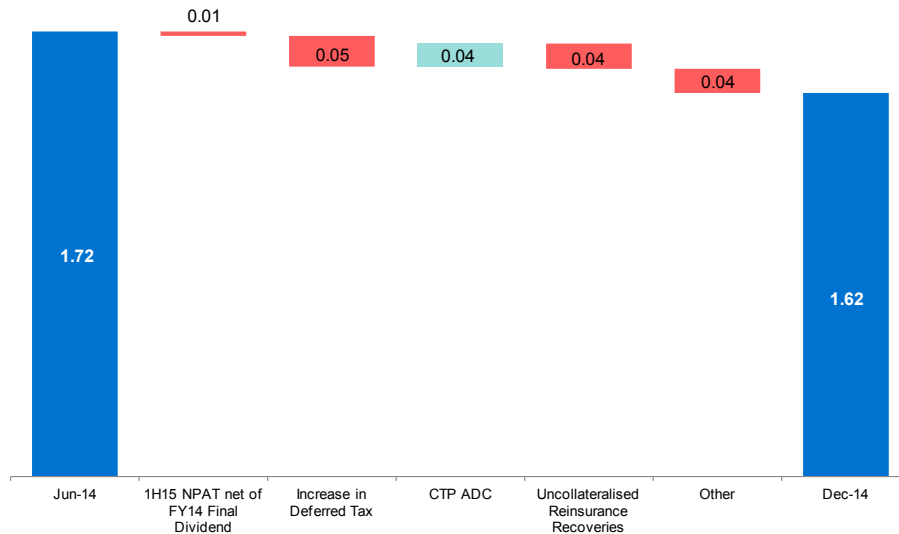


### KEY POINTS

- NZ\$950m gross reserve strengthening at 31 December 2014
  - Increased forecast repair and rebuild costs
  - Further household claims above EQC NZ\$100,000 limit
  - Series of adverse court judgements
- All events within reinsurance cover, including main February 2011 event
- Lower effective tax rate, driven by recoveries falling to Singapore-based captive

# REGULATORY CAPITAL STRONG POSITION MAINTAINED

## PCA MOVEMENT SINCE 30 JUNE 2014



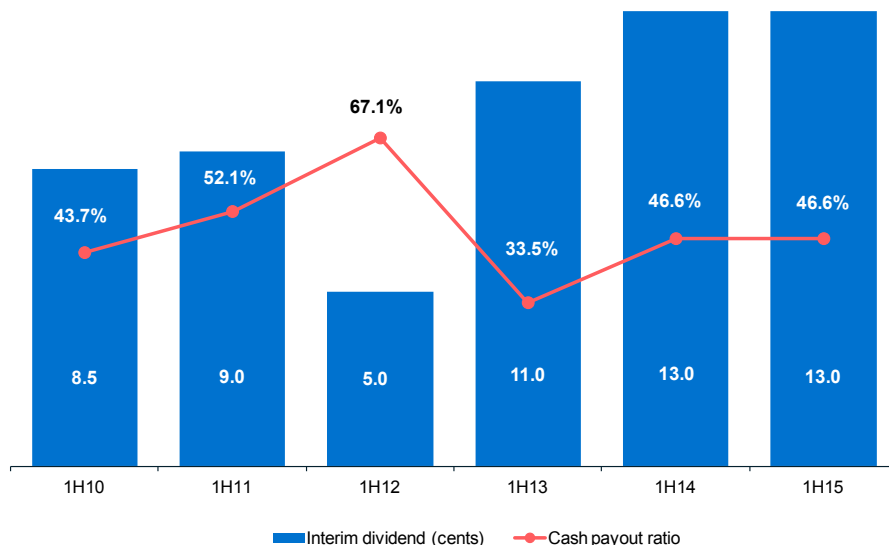
## KEY POINTS

- Strong capital position, around the top end of targeted benchmarks
  - PCA multiple 1.62 (benchmark 1.4–1.6)
  - CET1 multiple 1.04 (benchmark 0.9–1.1)
- Earthquake strengthening has reduced PCA by nine basis points, from a combination of:
  - Increase in disallowable tax losses
  - Temporary absence of collateralisation of recoveries
- CTP ADC completed 1 July 2014
  - c.\$90m reduction in PCA
  - Complements CTP quota share

# DIVIDEND

## INTERIM CASH PAYOUT RATIO OF 46.6%

### INTERIM DIVIDEND HISTORY



### KEY POINTS

- Full year payout policy of 50-70% of cash earnings
- 1H15 cash earnings of \$653m, after adjustment for:
  - Increased amortisation of \$43m (Wesfarmers-related intangibles)
  - Post-tax corporate expenses of \$31m
- 1H15 payout of 46.6% of cash earnings
  - 13 cents fully franked

# OUTLOOK

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**Mike Wilkins**

Managing Director and  
Chief Executive Officer

# FY15 OUTLOOK

## MARGIN GUIDANCE MAINTAINED

FY15 GUIDANCE	
GWP growth	Lower end of 17-20% range
Reported insurance margin	13.5-15.5%

- FY15 GWP growth at lower end of 17-20% range - tougher commercial market conditions
- 2H15 growth will include greater contribution from key June renewal season, post Wesfarmers acquisition
- Reported insurance margin guidance maintained

### FY15 ASSUMPTIONS

- Net losses from natural perils in line with budgeted allowance of \$700m
- Reserve releases of around 2% of NEP
- No material movement in foreign exchange rates or investment markets in 2H15

# QUESTIONS

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# APPENDIX – BRAND PORTFOLIO

## AUSTRALIA



## NEW ZEALAND



## ASIA



100% owned unless indicated.

<sup>1</sup> RACV is via a distribution relationship and underwriting joint venture with RACV Limited.

<sup>2</sup> IAG holds a 98.6% beneficial interest in Safety Insurance, based in Thailand, which trades under the Safety and NZI brands.

<sup>3</sup> IAG owns 49% of the general insurance arm of Malaysian-based AmBank Group, AmGeneral Holdings Berhad, which trades under the AmAssurance and Kurnia brands.

<sup>4</sup> IAG owns 26% of SBI General Insurance Company, a joint venture with State Bank of India.

<sup>5</sup> IAG owns 20% of Bohai Property Insurance Company Ltd, based in China.

<sup>6</sup> IAG owns 63.17% of AAA Assurance Corporation, based in Vietnam.

# APPENDIX - GROUP PERFORMANCE

	1H14 A\$m	2H14 A\$m	1H15 A\$m
<b>GROUP RESULTS</b>			
<b>Gross written premium</b>	<b>4,786</b>	<b>4,993</b>	<b>5,603</b>
Gross earned premium	4,885	4,836	5,805
Reinsurance expense	(565)	(512)	(651)
<b>Net earned premium</b>	<b>4,320</b>	<b>4,324</b>	<b>5,154</b>
Net claims expense	(2,508)	(2,693)	(3,481)
Commission expense	(400)	(411)	(518)
Underwriting expense	(741)	(751)	(889)
<b>Underwriting profit</b>	<b>671</b>	<b>469</b>	<b>266</b>
Investment income on technical reserves	87	352	427
<b>Insurance profit</b>	<b>758</b>	<b>821</b>	<b>693</b>
Net corporate expense	(1)	(67)	(44)
Interest	(47)	(51)	(52)
Profit from fee based business	12	-	10
Share of profit/(loss) from associates	(3)	5	9
Investment income on shareholders' funds	233	163	137
<b>Profit before income tax and amortisation</b>	<b>952</b>	<b>871</b>	<b>753</b>
Income tax expense	(266)	(206)	(68)
<b>Profit after income tax (before amortisation)</b>	<b>686</b>	<b>665</b>	<b>685</b>
Non-controlling interests	(34)	(63)	(63)
<b>Profit after income tax and non-controlling interests (before amortisation)</b>	<b>652</b>	<b>602</b>	<b>622</b>
Amortisation and impairment	(10)	(11)	(43)
<b>Profit attributable to IAG shareholders</b>	<b>642</b>	<b>591</b>	<b>579</b>

<b>Insurance Ratios</b>	<b>1H14</b>	<b>2H14</b>	<b>1H15</b>
Loss ratio	58.1%	62.3%	67.5%
Immunised loss ratio	60.9%	59.3%	63.7%
Expense ratio	26.5%	26.9%	27.3%
Commission ratio	9.3%	9.5%	10.1%
Administration ratio	17.2%	17.4%	17.2%
Combined ratio	84.6%	89.2%	94.8%
Immunised combined ratio	87.4%	86.2%	91.0%
Insurance margin	17.5%	19.0%	13.4%

<b>Key Financial Metrics</b>	<b>1H14</b>	<b>2H14</b>	<b>1H15</b>
Reported ROE (average equity) (% pa)	26.4%	18.5%	17.6%
Cash ROE (average equity) (% pa)	26.8%	20.4%	19.8%
Basic EPS (cents)	30.88	25.48	24.87
Diluted EPS (cents)	29.56	24.32	24.08
Cash EPS (cents)	31.41	28.16	28.05
DPS (cents)	13.00	26.00	13.00
Probability of adequacy	90%	90%	90%
NTA backing per ordinary share (\$)	1.78	1.29	1.28
PCA multiple	2.31	1.72	1.62

# APPENDIX – DIVISIONAL PERFORMANCE

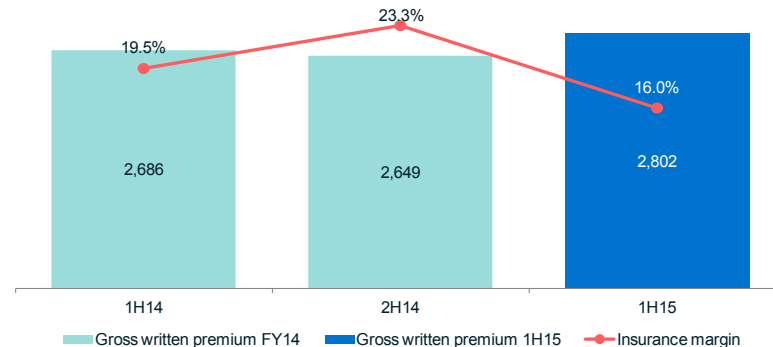
DIVISIONAL PERFORMANCE	1H14			1H15		
	GWP	Insurance Profit/(Loss)	Insurance Margin	GWP	Insurance Profit/(Loss)	Insurance Margin
	A\$m	A\$m	%	A\$m	A\$m	%
Personal Insurance	2,686	467	19.5	2,802	391	16.0
Commercial Insurance	1,052	190	18.5	1,514	102	6.6
New Zealand	884	92	12.4	1,116	193	19.2
Asia	154	10	n/a	164	8	n/a
Corporate & Other	10	(1)	n/a	7	(1)	n/a
<b>Total Group</b>	<b>4,786</b>	<b>758</b>	<b>17.5</b>	<b>5,603</b>	<b>693</b>	<b>13.4</b>

# APPENDIX – PERSONAL INSURANCE

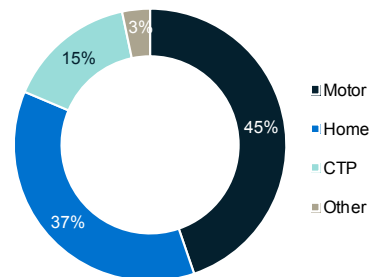
	1H14 A\$m	2H14 A\$m	1H15 A\$m
<b>Gross written premium</b>	<b>2,686</b>	<b>2,649</b>	<b>2,802</b>
Gross earned premium	2,732	2,663	2,814
Reinsurance expense	(334)	(303)	(365)
<b>Net earned premium</b>	<b>2,398</b>	<b>2,360</b>	<b>2,449</b>
Net claims expense	(1,527)	(1,525)	(1,755)
Commission expense	(123)	(127)	(129)
Underwriting expense	(364)	(379)	(388)
<b>Underwriting profit</b>	<b>384</b>	<b>329</b>	<b>177</b>
Investment income on technical reserves	83	220	214
<b>Insurance profit</b>	<b>467</b>	<b>549</b>	<b>391</b>

<b>Insurance Ratios</b>	<b>1H14</b>	<b>2H14</b>	<b>1H15</b>
Loss ratio	63.7%	64.6%	71.7%
Immunised loss ratio	65.3%	61.8%	68.0%
Expense ratio	20.3%	21.5%	21.1%
Commission ratio	5.1%	5.4%	5.3%
Administration ratio	15.2%	16.1%	15.8%
Combined ratio	84.0%	86.1%	92.8%
Immunised combined ratio	85.6%	83.3%	89.1%
Insurance margin	19.5%	23.3%	16.0%

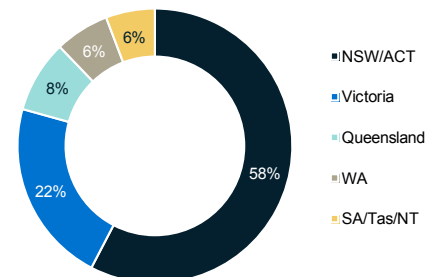
## GWP (\$M) / INSURANCE MARGIN (%)



## 1H15 GWP BY CLASS



## 1H15 GWP BY STATE

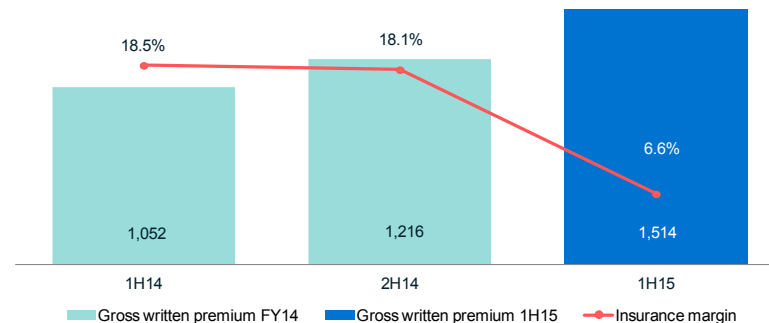


# APPENDIX – COMMERCIAL INSURANCE

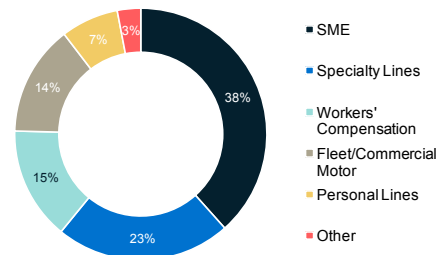
	1H14 A\$m	2H14 A\$m	1H15 A\$m
<b>Gross written premium</b>	<b>1,052</b>	<b>1,216</b>	<b>1,514</b>
Gross earned premium	1,099	1,076	1,673
Reinsurance expense	(70)	(75)	(122)
<b>Net earned premium</b>	<b>1,029</b>	<b>1,001</b>	<b>1,551</b>
Net claims expense	(506)	(587)	(1,099)
Commission expense	(157)	(157)	(229)
Underwriting expense	(210)	(202)	(301)
<b>Underwriting profit/(loss)</b>	<b>156</b>	<b>55</b>	<b>(78)</b>
Investment income on technical reserves	34	126	180
<b>Insurance profit</b>	<b>190</b>	<b>181</b>	<b>102</b>
Profit/(loss) from fee based business	11	(2)	9
<b>Total divisional result</b>	<b>201</b>	<b>179</b>	<b>111</b>

<b>Insurance Ratios</b>	<b>1H14</b>	<b>2H14</b>	<b>1H15</b>
Loss ratio	49.2%	58.6%	70.9%
Immunised loss ratio	52.9%	51.4%	64.3%
Expense ratio	35.7%	35.9%	34.2%
Commission ratio	15.3%	15.7%	14.8%
Administration ratio	20.4%	20.2%	19.4%
Combined ratio	84.9%	94.5%	105.1%
Immunised combined ratio	88.6%	87.3%	98.5%
Insurance margin	18.5%	18.1%	6.6%

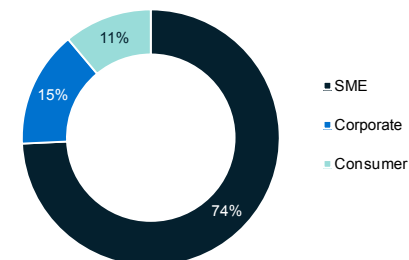
**GWP (\$M) / INSURANCE MARGIN (%)**



**1H15 GWP BY CLASS**



**1H15 GWP BY SEGMENT**

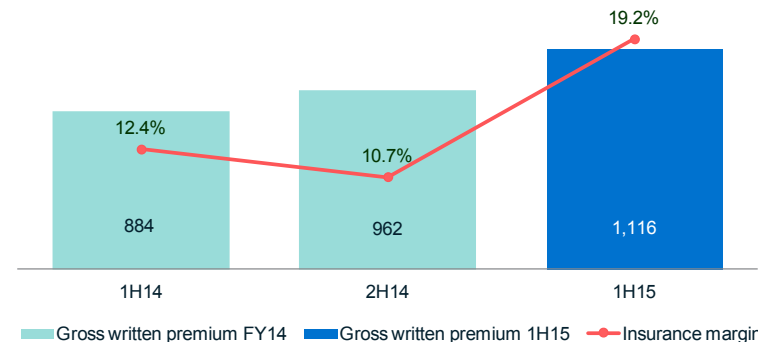


# APPENDIX – NEW ZEALAND

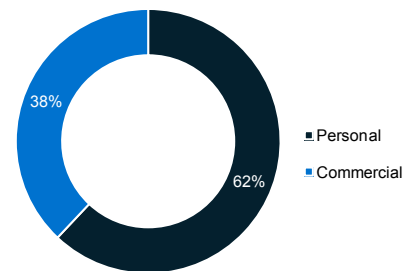
	1H14 A\$m	2H14 A\$m	1H15 A\$m
<b>Gross written premium</b>	<b>884</b>	<b>962</b>	<b>1,116</b>
Gross earned premium	880	936	1,148
Reinsurance expense	(140)	(117)	(143)
<b>Net earned premium</b>	<b>740</b>	<b>819</b>	<b>1,005</b>
Net claims expense	(387)	(505)	(538)
Commission expense	(82)	(86)	(121)
Underwriting expense	(147)	(146)	(178)
<b>Underwriting profit</b>	<b>124</b>	<b>82</b>	<b>168</b>
Investment income on technical reserves	(32)	6	25
<b>Insurance profit</b>	<b>92</b>	<b>88</b>	<b>193</b>
Profit from fee based business	1	2	2
<b>Total divisional result</b>	<b>93</b>	<b>90</b>	<b>195</b>

<b>Insurance Ratios</b>	<b>1H14</b>	<b>2H14</b>	<b>1H15</b>
Loss ratio	52.3%	61.7%	53.5%
Immunised loss ratio	58.5%	62.4%	53.4%
Expense ratio	31.0%	28.3%	29.7%
Commission ratio	11.1%	10.5%	12.0%
Administration ratio	19.9%	17.8%	17.7%
Combined ratio	83.3%	90.0%	83.2%
Immunised combined ratio	89.5%	90.7%	83.1%
Insurance margin	12.4%	10.7%	19.2%

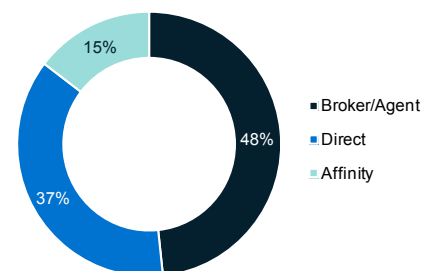
## GWP (\$M) / INSURANCE MARGIN (%)



## 1H15 GWP BY CLASS



## 1H15 GWP BY CHANNEL



## APPENDIX – ASIA

	1H14 A\$m	2H14 A\$m	1H15 A\$m
<b>Gross written premium</b>	<b>154</b>	<b>163</b>	<b>164</b>
Gross earned premium	167	155	163
Reinsurance expense	(18)	(16)	(19)
<b>Net earned premium</b>	<b>149</b>	<b>139</b>	<b>144</b>
Net claims expense	(84)	(76)	(84)
Commission expense	(37)	(39)	(37)
Underwriting expense	(20)	(23)	(22)
<b>Underwriting profit</b>	<b>8</b>	<b>1</b>	<b>1</b>
Investment income on technical reserves	2	1	7
<b>Insurance profit</b>	<b>10</b>	<b>2</b>	<b>8</b>
Share of profit/(loss) from associates	(3)	5	9
<b>Total divisional result</b>	<b>7</b>	<b>7</b>	<b>17</b>

IAG ASIA GWP 1H15 -  
PROPORTIONAL BASIS

