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1 May 2003

Ms Pam Ross
Manager, Company Announcements Office
Australian Stock Exchange Limited
Level 4, Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Ms Ross

INSURANCE AUSTRALIA GROUP LIMITED ('IAG')

INVESTOR PRESENTATION

Please find enclosed a copy of an investor presentation made in New York this morning by the Chief Executive Officer, Mr Michael Hawker.

Yours sincerely

Anne O'Driscoll

Anne O'Driscoll
Group Company Secretary &
Head of Investor Relations

Insurance Australia Group

Michael Hawker
Chief Executive Officer & Managing Director

30 April 2003

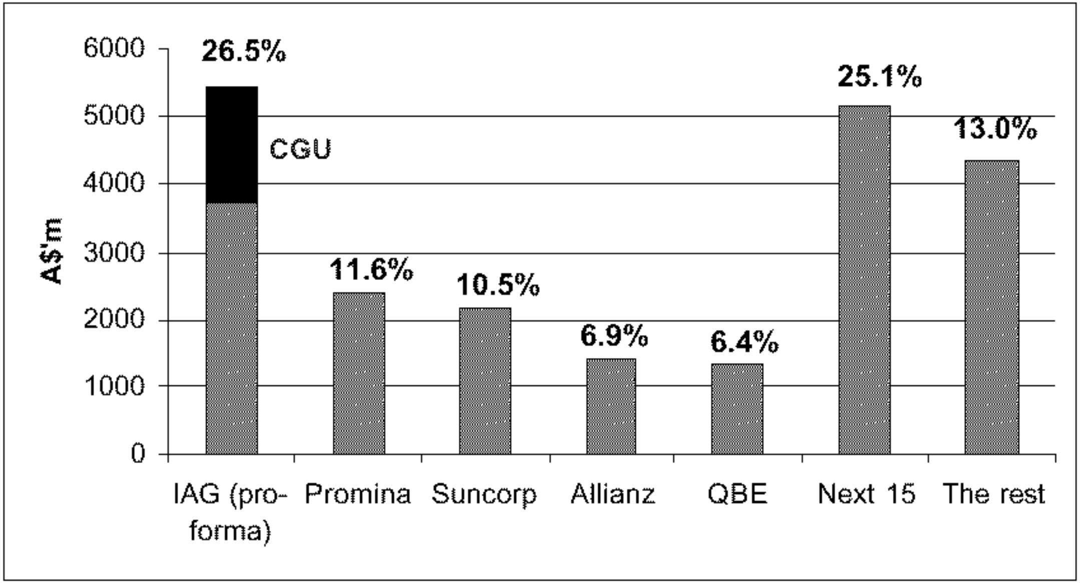
Outline

- Australia and New Zealand general insurance markets
- Recent performance trends of IAG
- Strategy update, including CGU/NZI acquisition
- Current priorities and outlook
- Questions

Australian general insurance market

- Regulator statistics - Financial year ending in year to June 2002
- Total market premium of A$27.7bn
  - A$7.2bn underwritten by Governments (state & federal)
  - A$2.4bn underwritten by reinsurers
  - A$18.1bn underwritten by general insurers
- Top five groups wrote A$12.7bn
  - 62% of private sector totals
  - Up from 45% in 1997
- IAG (pro-forma) wrote A$5.4bn
  - IAG - A$3.7bn & CGU - A$1.7bn
  - 26.5% of private sector - 30% excluding reinsurers

Australia's consolidated market



- IAG (or predecessor) has been lead insurer for c20 years
- Demutualisations & consolidation increased stability

Australian market conditions

IAG Insurance Australia Group

1999

Start of structural changes to the domestic industry as a result of "demutualisation of the industry" .

2001

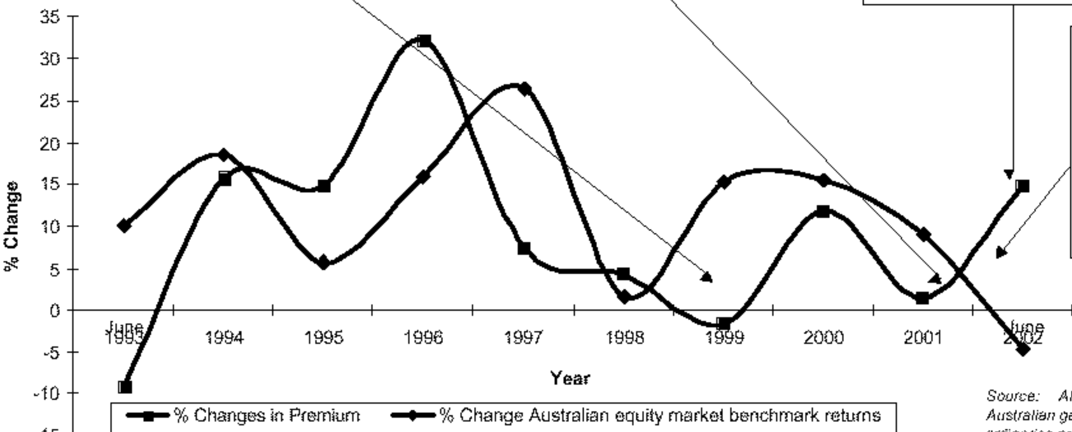
Sept 11 & the collapse of HIH, builders warranty & medical indemnity crisis have led to an dramatic hardening of rates, supported by a stable competitive environment. **Data excl HIH**

2002

Industry dynamics , continued consolidation and ongoing terrorist attacks provided stable/growing premium environment.

2003

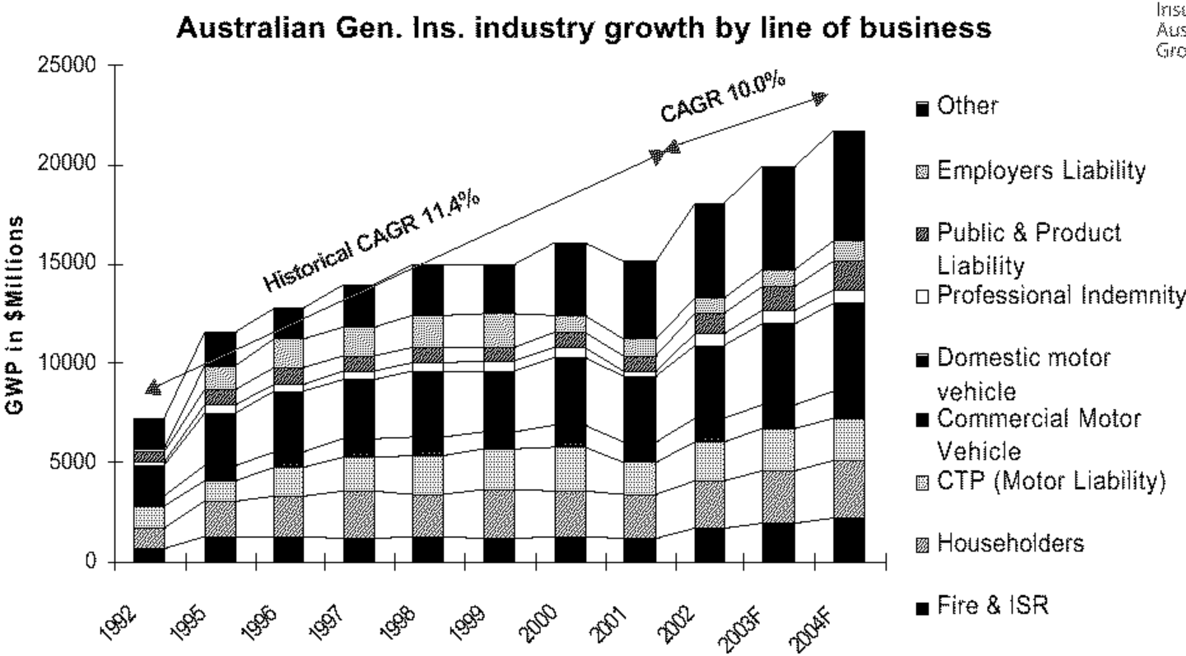
Further competitive stability expected following the listing of RSA/'Promina'



Source: APRA – Selected statistics on the Australian general insurance industry, IRESS – All ordinaries prior to April 2000 & S&P ASX 200 accumulation index to June 2002

Industry forecasts continuing premium growth

IAG
Insurance Australia Group

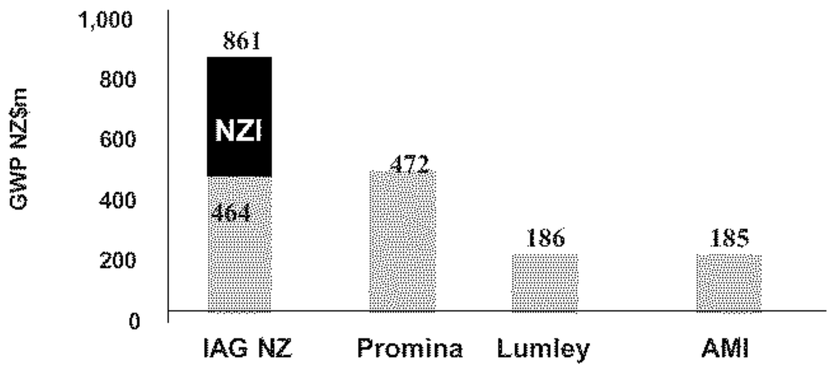


* HIH impact in 2001 APRA data (ie HIH did not lodge returns)

Sources: Swiss Re economic analysis(APRA), APRA Industry Report - 2002, JP Morgan 2002 Australian GI Industry Survey

New Zealand market - consolidated

New Zealand General Insurance
GWP (NZ$m)

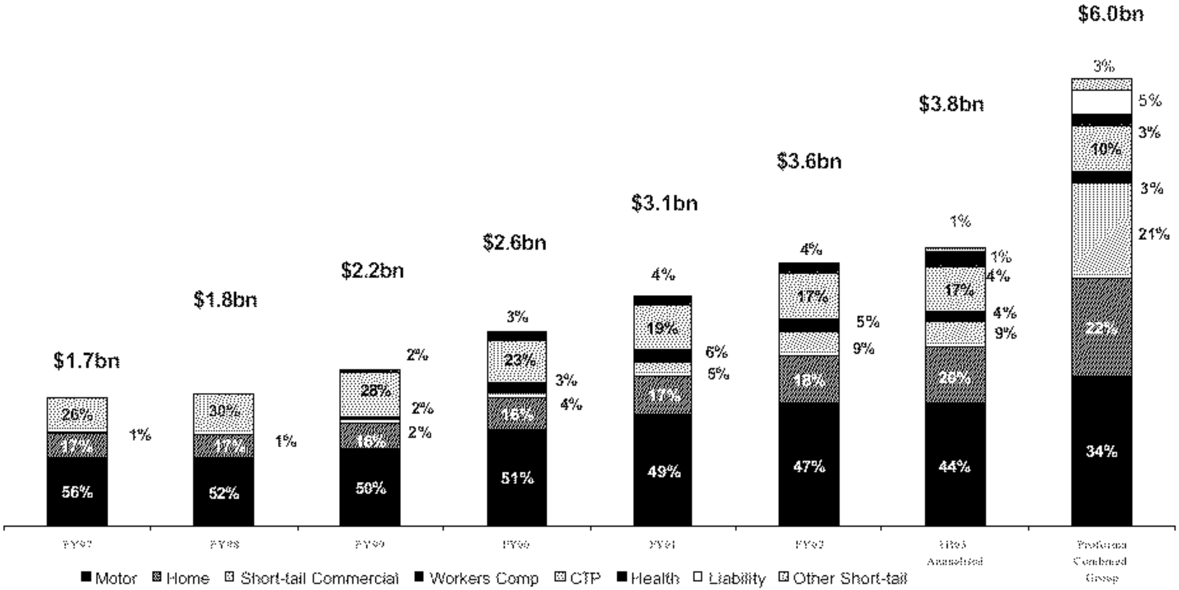


- Top five writing over 75% of market
- Stable market, all employer, accident and motor liability underwritten by government

Insurance Australia's performance trends and strategy

IAG growing and diversifying ...

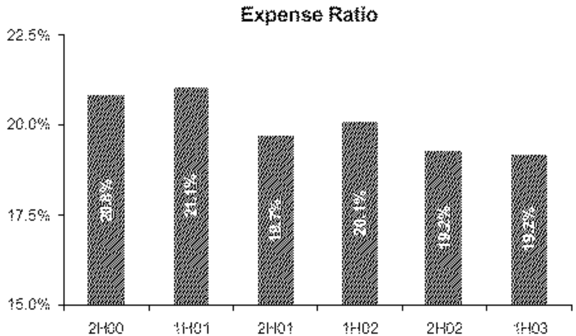
Gross Written Premium By Business

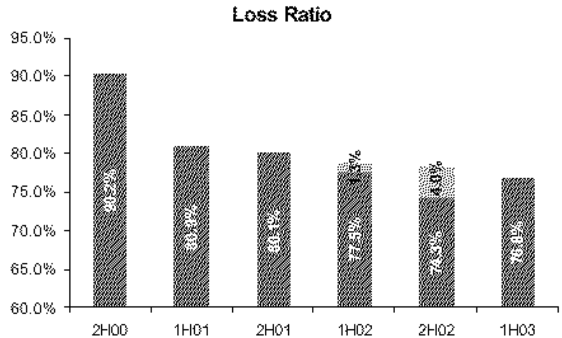


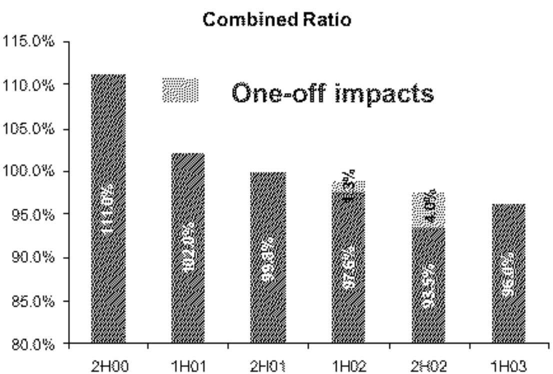
Note:

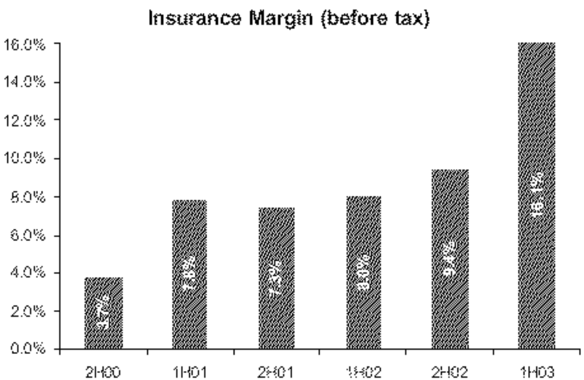
- *FY97 to 1H03 IAG GWP includes all business except Inward Reinsurance, which is in run-off*
- *Pro-forma combined group represents the addition of IAG annualised half year ended 31 December 2002 and CGU/NZI full year to 31 December 2002.*
- *Other short-tail primarily consist of extended warranty and consumer credit businesses.*

… and improving insurance margins & components









Strongly capitalised – actively managed

- Maintained AA rating (Stable Outlook) from Standard & Poor's
  - Risk of ruin requirements reflected in our economic capital modelling and comfortably met
- Tactical hedging in place to protect capital from equity market impact on shareholders' funds
- Reinsurance programme strengthened
  - Increased upper limits and decreased deductibles
- Regulatory solvency high
  - All key operating insurers have solvency of a minimum of 2x requirements – some considerably in excess
  - Full group position (measuring all businesses in Australia & New Zealand on a risk weighted basis) is comfortably within our target range

Five year strategy from 2002

IAG
Insurance Australia Group

Reinvigorate customer focus

Extend scale in gen. insurance

Leverage core capabilities

Risk management

Growth/quality earnings

Core operations

Deliver earnings

Build capability

Investigate & pursue

Emerging opportunities

Goals

Top quartile total s'holder return

ROE 13 – 15%

Double GWP by FY 2007

Maintain combined ratio < 100%

Maintain AA category rating

Key elements of progress to date

- Reinvigorate customer focus
  - Getting It Right
- Extend scale in general insurance
  - Targeted CGU/NZI as most suitable acquisition
  - Continued to apply benefits of scale to existing business
- Leverage core capabilities
  - Getting It Right and brands
- Risk management
  - Increased skills & application of asset:liability work
  - Ongoing improvements in internal processes & culture
- Growth in quality earnings – delivered & more to come

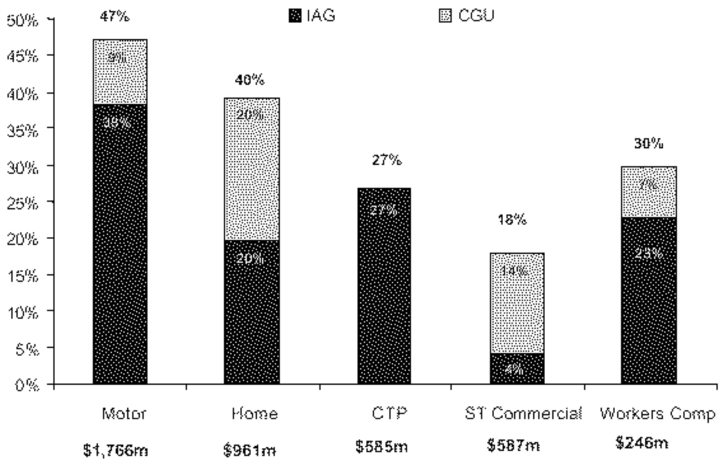
CGU/NZI acquisition - summary

- Purchased Australia & New Zealand general insurance business of Aviva plc
  - Announced 18 October 2002
  - Completed on 2 January 2003
- Acquired for A$1.85bn
  - Gross premium income stream of A$2.3bn
  - Ongoing operations with a combined ratio of <100%
  - Leading intermediated businesses and brands
  - Scale platform for increased efficiency
  - Goodwill of A$1.1bn
- Funded mix of equity, debt and hybrid equity
  - Hybrid equity issue by 30 June 2003 should complete
  - AA (Stable Outlook) rating from Standard & Poor's retained

Provides market leading position in core products

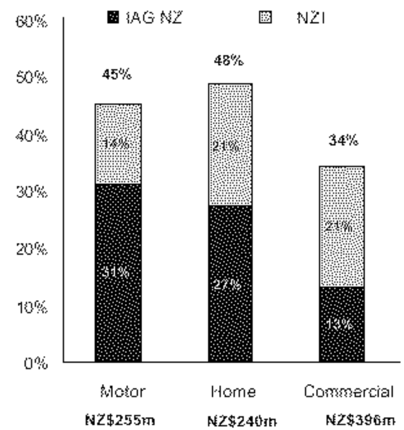
Market share – Australia

Based on gross premium revenue



Market share – NZ

Based on gross written premium



Source:

1. Australian market share data – APRA statistics at 31 December 2001.

2. IAG data for full year 30 June 2001.

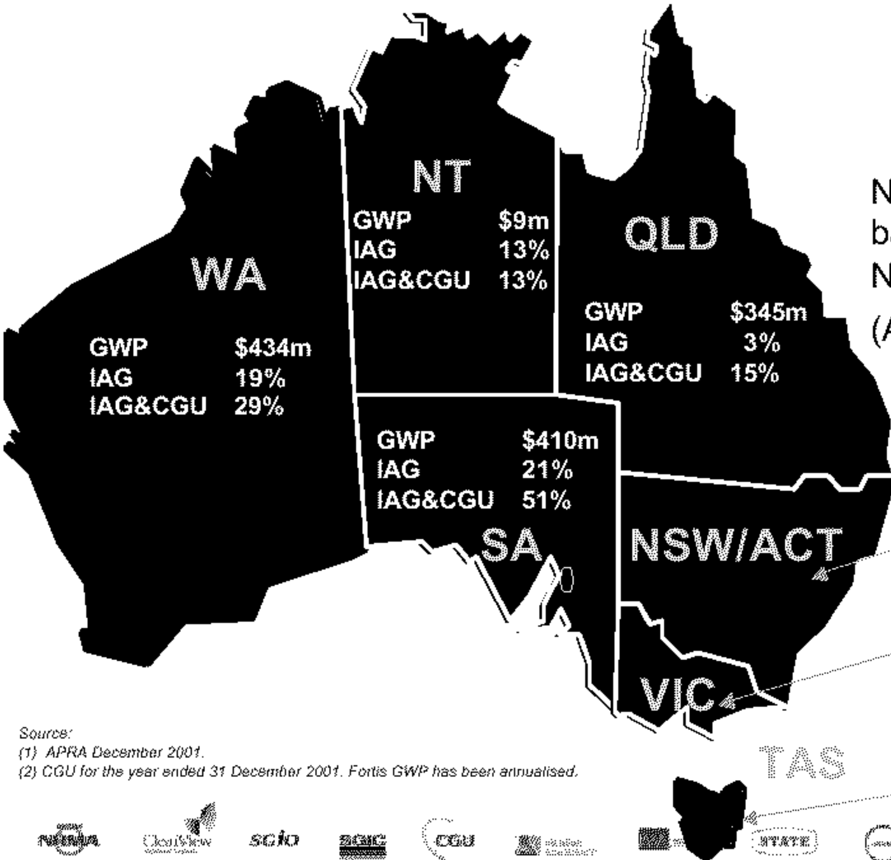
3. NZ market share data – Insurance Council of New Zealand as at 30 June 2002.

4. CGU data for full year 31 December 2001.

5. NZI annualised half year figures for 30 June 2002.

More balanced geographic spread

Insurance Australia Group



New Zealand also more balanced Between North and South Islands

(Auckland & Wellington)

Source:
(1) APRA December 2001.
(2) CGU for the year ended 31 December 2001. Fortis GWP has been annualised.

Pro-forma half-year insurance results - 31 December 2002

Consolidated Financial Results Half-year ended 31 December 2002	IAG	CGU/NZI	Combined
	A$m	A$m	A$m
Gross written premium	1,886	1,134	3,020
Net premium revenue	1,799	953	2,752
Net claims expense	(1,382)	(593)	(1,975)
Underwriting expense	(346)	(320)	(666)
Underwriting profit/(loss)	71	40	111
Investment income on technical reserves	219	47	266
Insurance profit	290	87	377
Insurance ratios			
Loss ratio	76.8%	62.2%	71.8%
Expense ratio	19.2%	33.6%	24.2%
Combined ratio	96.0%	95.8%	96.0%
Insurance margin	16.1%	9.2%	13.7%

- Extracted from reported half-year for IAG and half of calendar 2002 for CGU/NZI (excluding discontinued businesses)
- Loss/expense ratio variance due to direct/intermediated focus

Delivery of synergy benefits on track

Synergy realisation schedule	2H03	1H04	2H04
	A$m	A$m	A$m
Cumulative run-rate per annum			
Personal lines	6	41	75
Commercial	4	14	30
IT, shared services & overheads	8	26	35
Australia sub-total	**18**	**81**	**140**
International - New Zealand	**3**	**16**	**20**
Total synergies in run-rate	**21**	**97**	**160**
Reported income statement			
Synergy benefits collected	7	31	68
Costs of implementation expensed	(49)	(28)	(8)
Net impact on profit for period	**(43)**	**3**	**60**

- Full annual run-rate in place within 18 months of acquisition
- Would have reduced 1H03 pro-forma combined ratio to 93.1%

Key elements of progress to date

- Reinvigorate customer focus
  - Getting It Right
- Extend scale in general insurance
  - Targeted CGU/NZI as most suitable acquisition
  - Continued to apply benefits of scale to existing business
- Leverage core capabilities
  - Getting It Right and brands
- Risk management
  - Increased skills & application of asset:liability work
  - Ongoing improvements in internal processes & culture
- Growth in quality earnings – delivered & more to come

Looking forward

Short term operating outlook

- 2H03 will bear impact of
  - Net expenditure on integration – estimated to be A$43m
  - A$70m in claims (net of reinsurance) for Canberra fires
  - Ongoing weakness in equity markets (Australian GAAP)
  - Still targeting a combined ratio of <100%, barring any other major insured catastrophe
- FY04 should benefit from
  - Net income from synergies on acquisition
  - Ongoing growth in premiums – price and volume
  - Improved efficiency of operations
- Current target of 96-98% combined ratio on completion of investment in acquisition synergies –should yield >9% insurance margins

Our current priorities

- Withstand short-term investment market pressures on our capital
- Current businesses running well – investing to ensure they are positioned for sustainable delivery
- Delivery of target synergies from acquisition
- Increase the value our people and systems can deliver to enhance our customer experience and returns
  - Culture, career development & review
  - Flexible, modularised, responsive & efficient systems
- Use skills, scale and knowledge to embed virtuous loop

Virtuous loop concept

Increased scale of operations

Reduced capital required per $ premium (lower fixed costs & concentration of risk)

Increases ROE for shareholders

Facilitates more competitive prices & service delivery

Attracts more business

Conclusion

- Australian and New Zealand insurance markets are increasingly stable with positive outlook
- Our business has been grown and reshaped to deliver ongoing underwriting profits and improved insurance margins
- The acquired CGU/NZI business is performing well and the synergy benefits of $160m are on-track
- Capital position remains strong
- Investing in our capacity to deliver sustained improved returns for our shareholders for the long term

Questions

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