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8 July 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')

**PRESENTATION TO DEUTSCHE BANK ASIA-PACIFIC FINANCIAL
INSTITUTIONS CONFERENCE, LONDON – 7 JULY 2003**

Attached for immediate release to the market is a copy of a presentation made to the Deutsche Bank Asia Pacific Financial Institutions Conference held in London on 7 July 2003 by IAG's Chief Financial Officer, Mr George Venardos.

Yours sincerely

Glenn Revell
Company Secretary

Attachment (23 pages)

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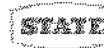
8 July 2003



Insurance Australia Group

George Venardos
Chief Financial Officer

**Presentation to Deutsche Bank – Asia Pacific
Financial Services Conference
London, 7 July 2003**



Important information



The information in this presentation is an overview and does not contain all information necessary to an investment decision.

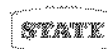
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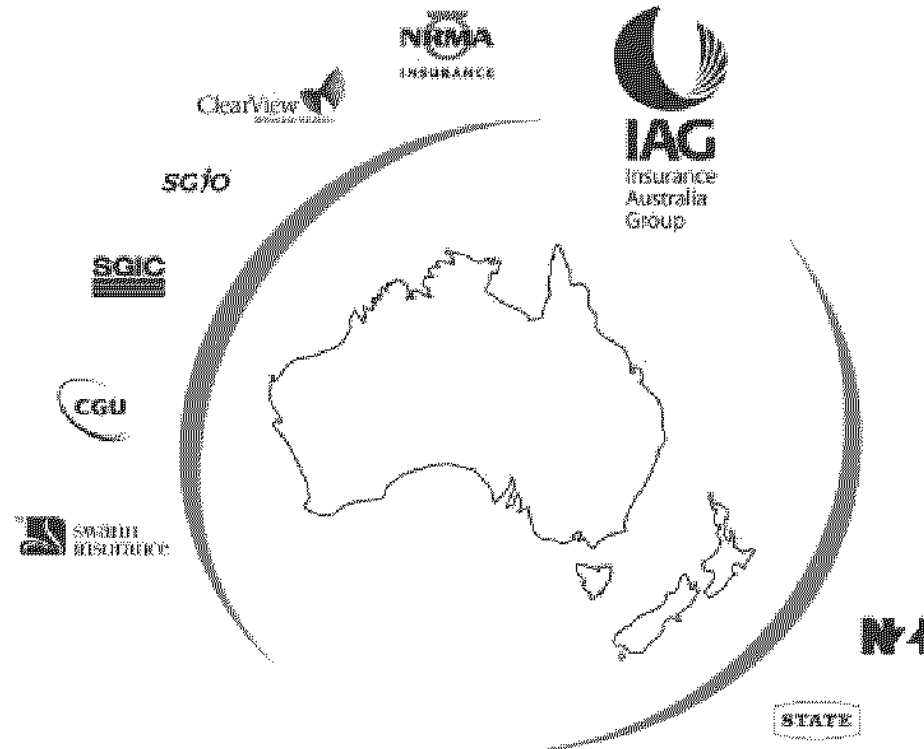
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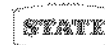


Insurance Australia Group Limited
ABN 60 090 739 923

Leading general insurance group in Australia and New Zealand

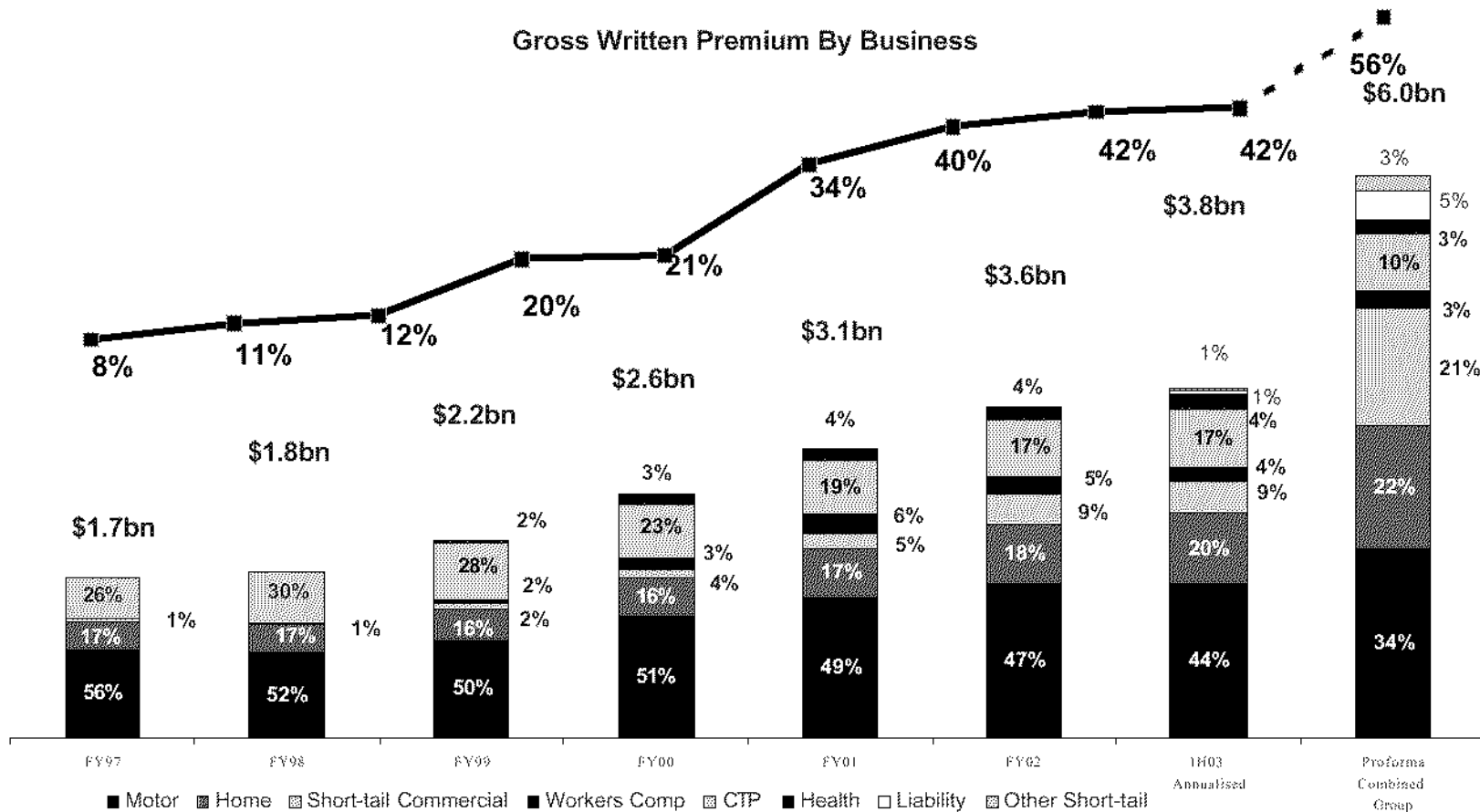


- Market leader (by gross written premium) in each of Australia & New Zealand
- Owns leading direct and intermediated brands



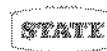
Insurance Australia Group Limited
ABN 60 090 739 923

History of growth and diversification



Note:

1. FY97 to 1H03 IAG GWP includes all business except Inward Reinsurance, which is in run-off.
2. Pro-forma GWP is the aggregate of the Group's consolidated GWP for half year ended 31 December 2002, doubled to give an annualised amount (\$3.8bn) and the aggregated GWP for CGU and NZI for the year ended 31 December 2002.

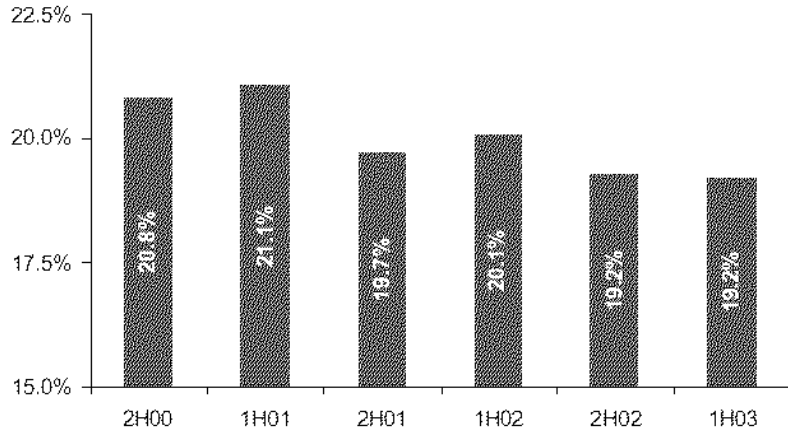


Insurance Australia Group Limited
ABN 60 090 739 923

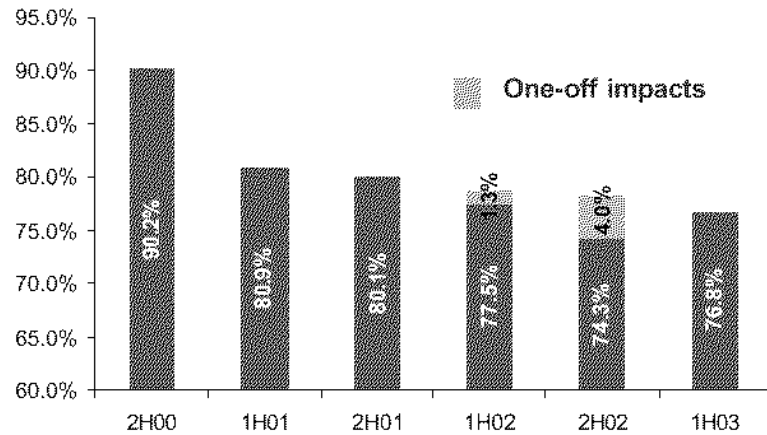
Improving insurance margins & components



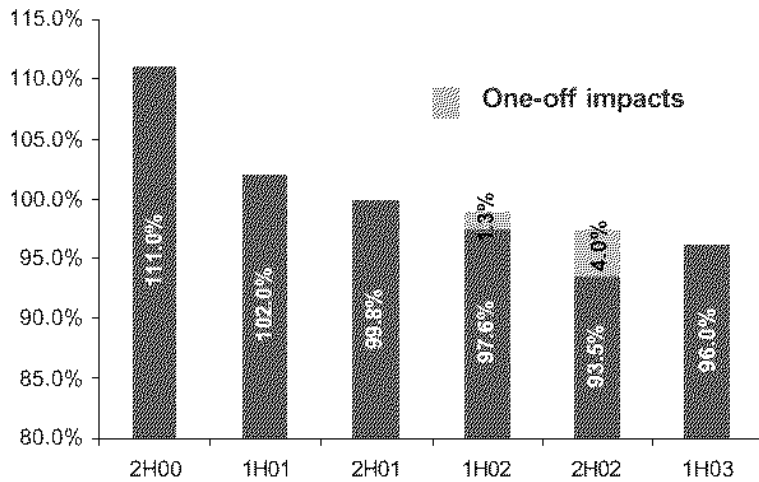
Expense Ratio



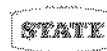
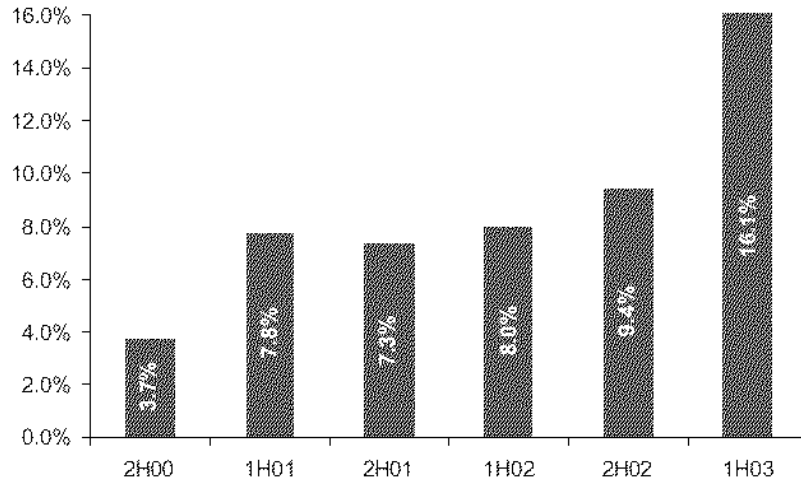
Loss Ratio



Combined Ratio



Insurance Margin (before tax)

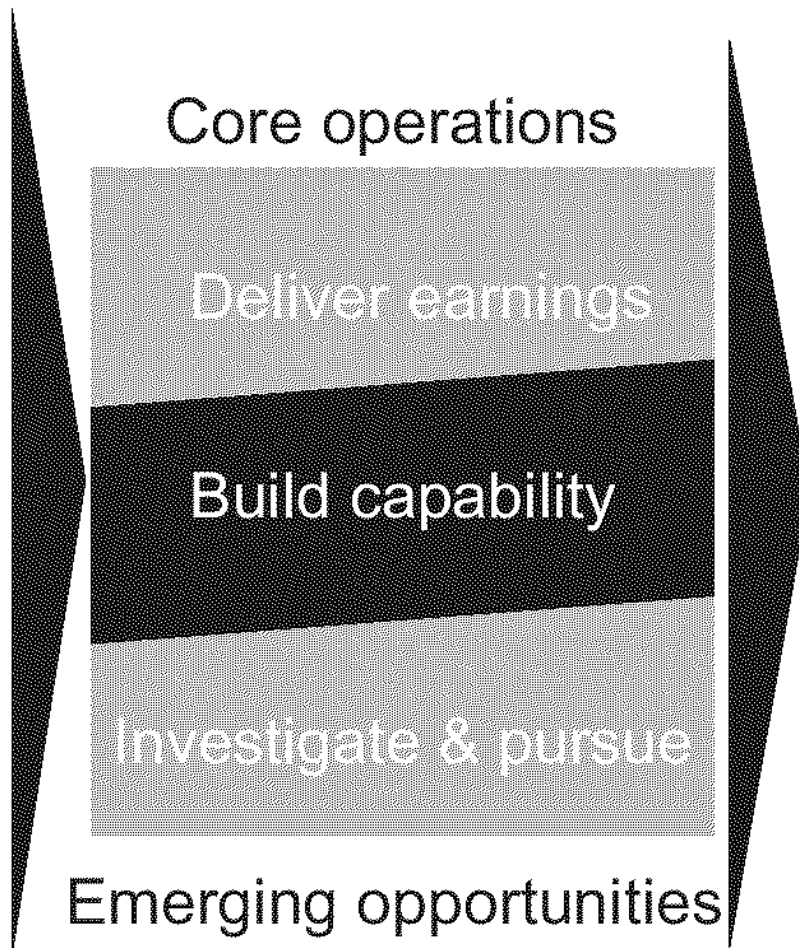


Insurance Australia Group Limited
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Delivering on our five year strategy announced in May 2002



- Reinvigorate customer focus
- Extend scale in general insurance
- Leverage core capabilities
- Risk management
- Growth/quality earnings

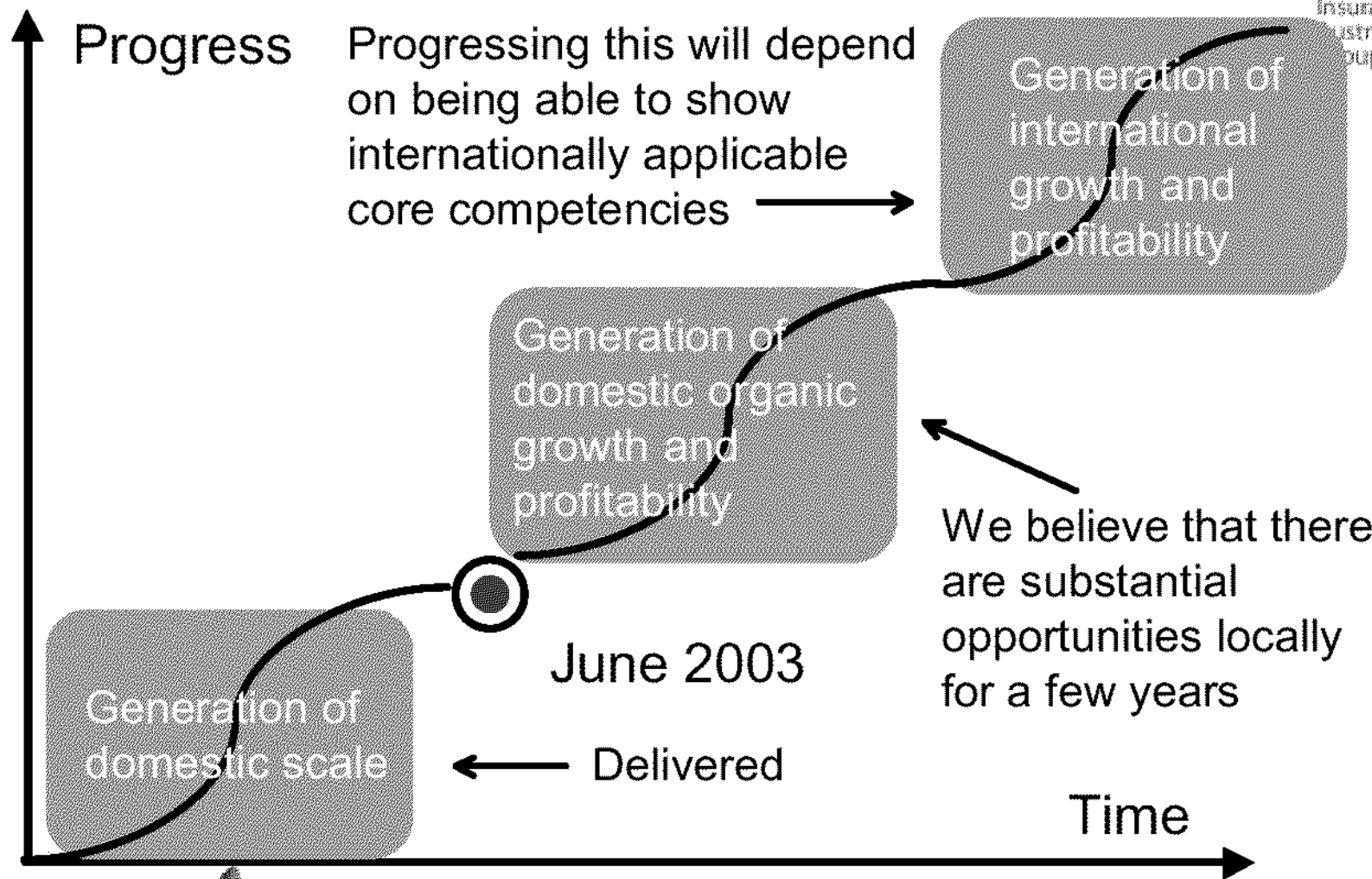


Goals

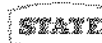
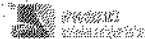
- Top quartile total shareholder return
- ROE 13 – 15%
- Double gross written premium by FY 2007 to \$6.6bn
- Maintain combined ratio < 100%
- Maintain 'AA' category rating



Our strategic focus over time



CGU and NZI acquisition



CGU/NZI acquisition – summary



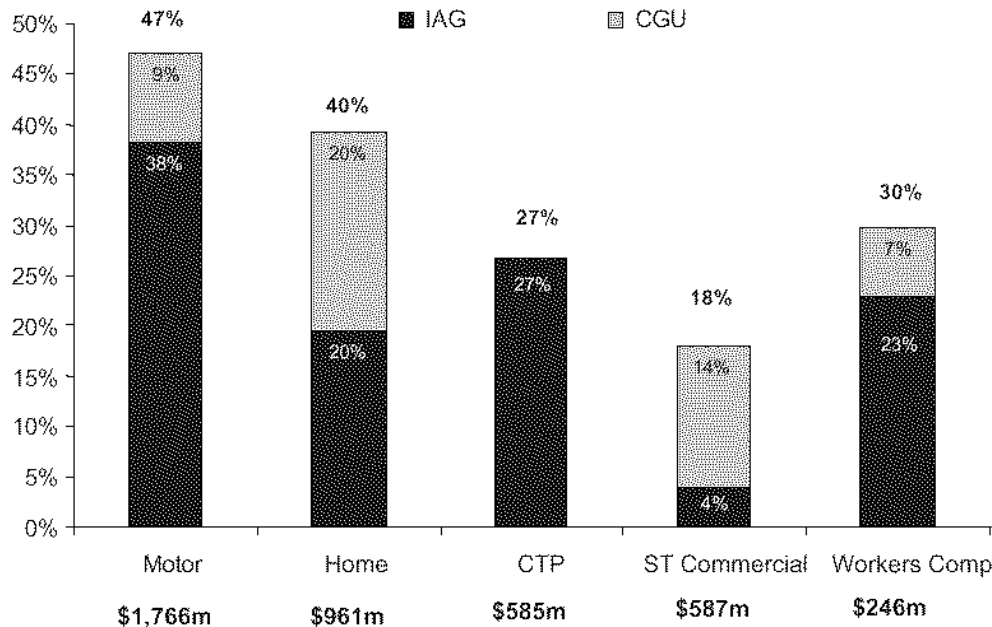
- Purchased Australia & New Zealand general insurance business of Aviva plc
 - Announced 18 October 2002
 - Completed on 2 January 2003
- Acquired for \$1.85bn
 - Gross premium income stream of \$2.3bn
 - Ongoing operations with a combined ratio of <98%
 - Leading intermediated businesses and brands
 - Scale platform for increased efficiency
 - Goodwill of \$1.1bn (expected \$1.2bn)
- Funded by mix of equity, debt and hybrid equity
 - Offer of RPS2 completing part of that funding mix
 - Very strong 'AA' (Stable Outlook) rating from S&P retained



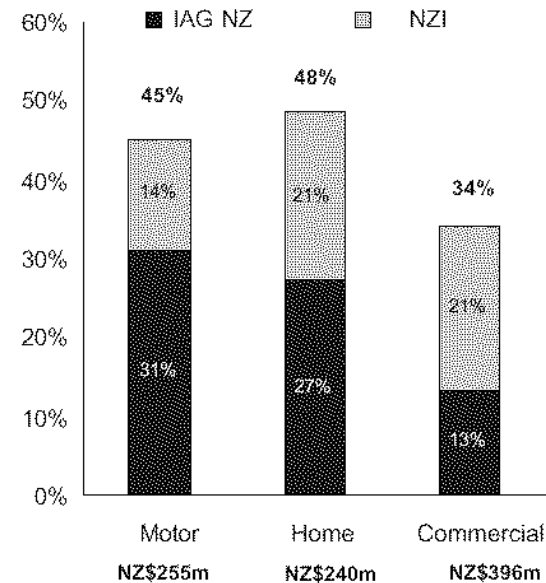
Provides market leading position in core products



Market share – Australia
Based on gross premium revenue

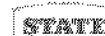


Market share – NZ
Based on gross written premium



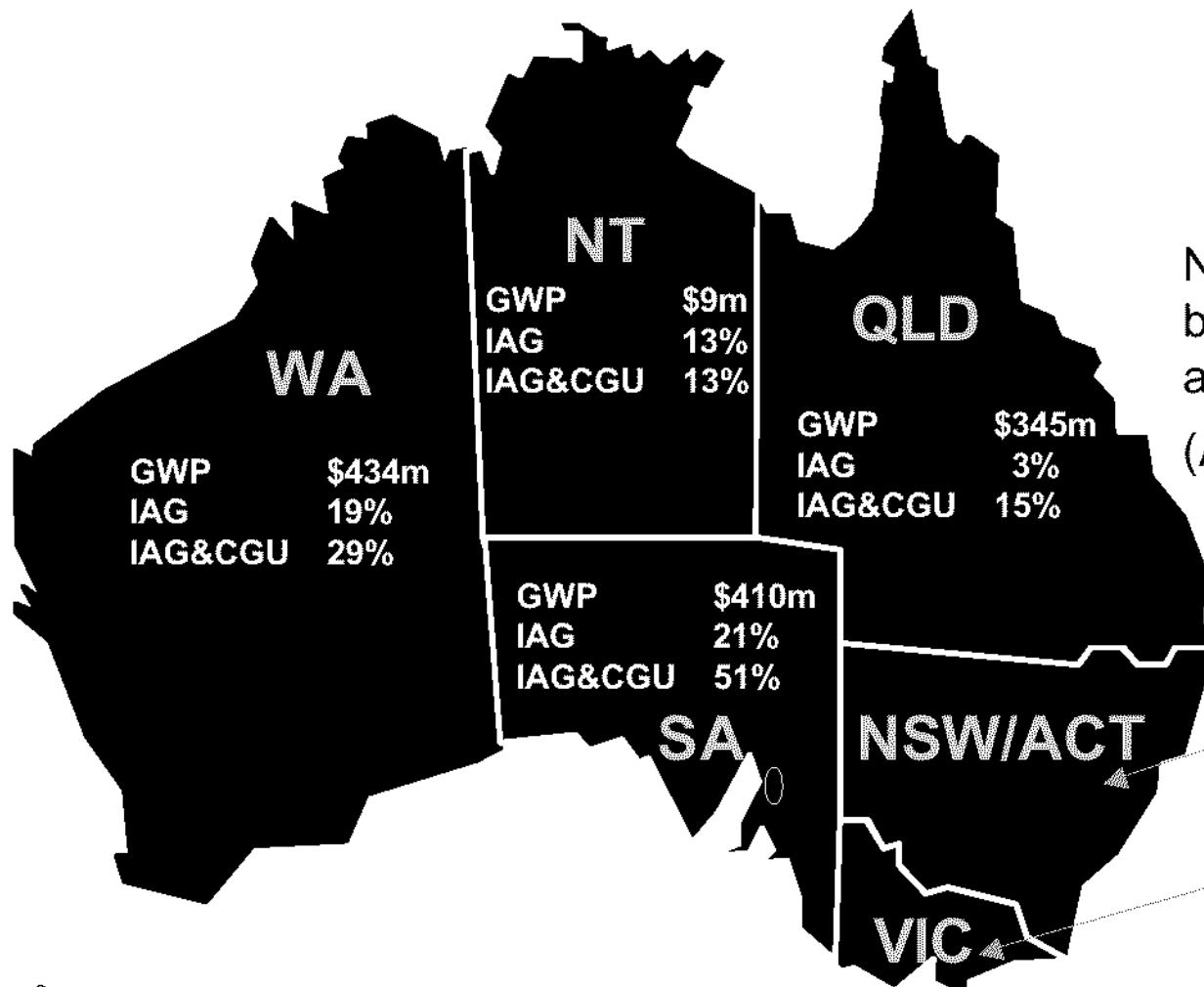
Source:

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.



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More balanced geographic spread



New Zealand also more balanced between North and South Islands (Auckland & Wellington)

GWP	\$2,525m
IAG	24%
IAG&CGU	29%
GWP	\$1,081m
IAG	17%
IAG&CGU	34%
GWP	\$80m
IAG	10%
IAG&CGU	29%

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

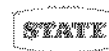
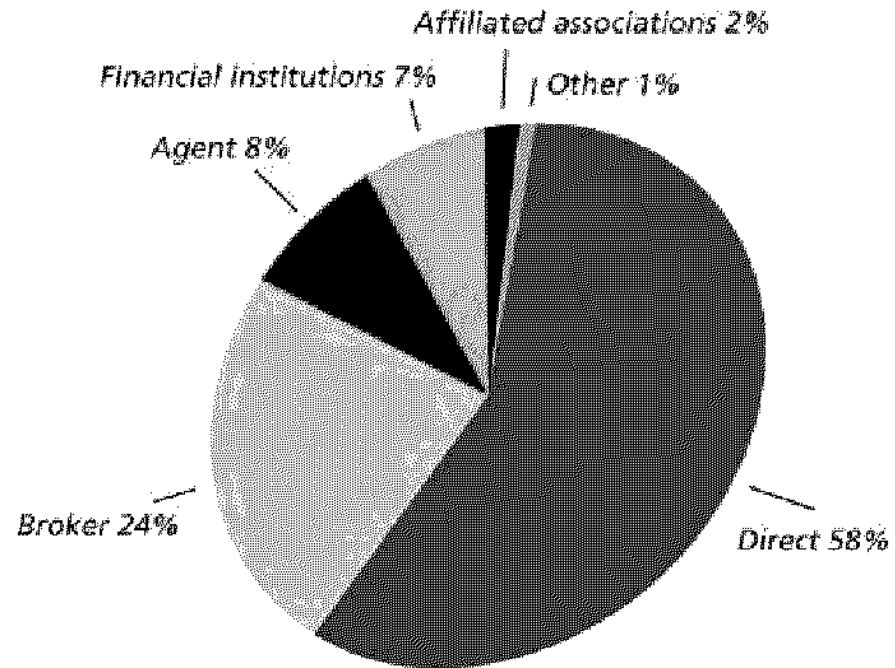
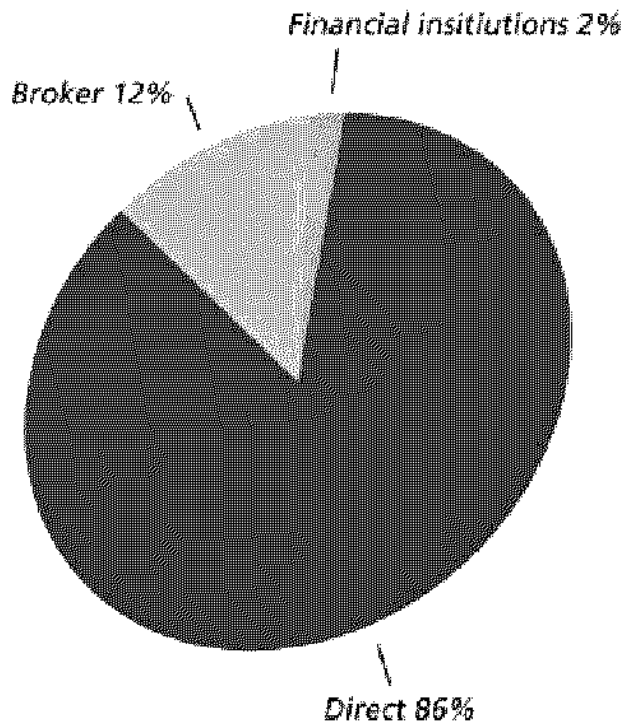


Full range of distribution channels



IAG pre CGU & NZI

IAG including CGU & NZI



Delivery of synergy benefits on track

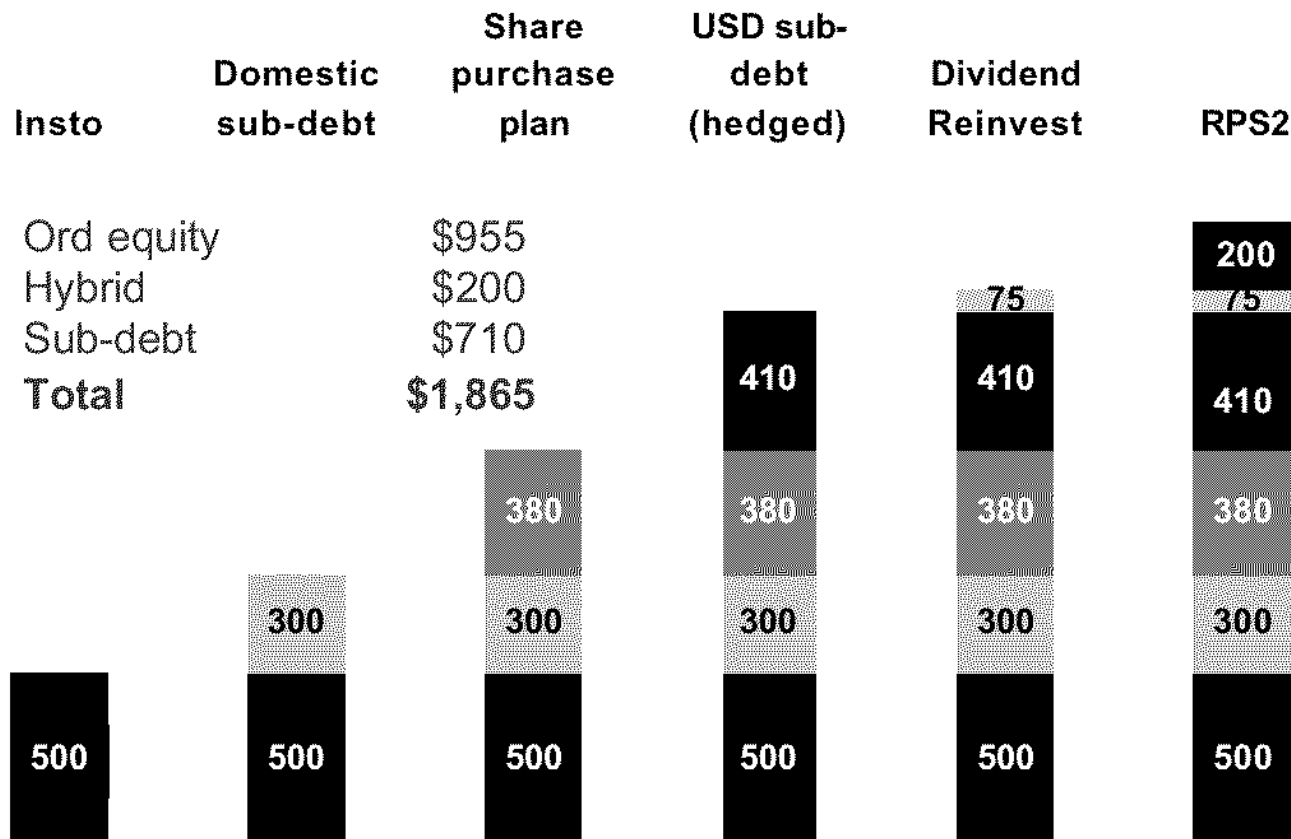


Synergy realisation schedule	2H03	1H04	2H04
	A\$m	A\$m	A\$m
<i>Cumulative run-rate per annum</i>			
Personal lines	6	41	75
Commercial	4	14	30
IT, shared services & overheads	8	26	35
Australia sub-total	18	81	140
International - New Zealand	3	16	20
Total synergies in run-rate	21	97	160
<i>Reported income statement</i>			
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 to be in place within 18 months of acquisition
- Detailed benefit realisation planning complete – now being actioned



Capital raising for CGU/NZI acquisition successfully completed



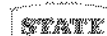
Capital mix result: 68% equity + 12% hybrid + 20% debt



Costs of acquisition funding lower than business case



	Business case	Achieved outcome	Savings
Annual funding costs			
Interest on subordinated debt	(53.2)	(46.7)	6.5
Tax credit	16.0	14.0	(2.0)
Net annual expense	(37.2)	(32.7)	4.5
Dividend payable RPS2	(11.3)	(9.0)	2.3
Effect on profits available for ordinary shareholders	(48.5)	(41.7)	6.8



Short term operating outlook



- 2H03 will include the 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
 - Still targeting a combined ratio of <98%
- 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



Capital management

Financial position

- Capitalisation of \$5.8bn as at 30 June 2003
 - Ranked among 25 largest Australian listed companies
- Pro forma balance sheet for 31 December 2002
 - Total assets of \$16.3bn
 - Net assets of \$4.1bn (net tangible assets of \$2.3bn)
- Group distributable reserves of \$550m at 31 December 2002
 - \$75m interim dividend on ordinary shares paid in April 2003 and \$10m on RPS1 paid in June 2003
 - Distribution from some entities subject to APRA approval
- Capacity to fully frank in excess of \$900m of dividends

Capital management



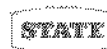
- Capital actively managed on three parameters
 - Risk of ruin of 1 in 750 years
 - AA rating
 - A group risk-weighted minimum capital requirement ('MCR') multiple range of 1.35-1.65 times (set applying APRA principles to ALL operations)
- Supported by
 - Conservative claims reserving (minimum probability of sufficiency of 90%)
 - Extensive reinsurance programme (maximum loss per event set at less than 1.5% of combined ratio)
 - Programme covers up to at least a 1 in 250 year return period
 - Tactical derivative program in place on equities to reduce exposure of capital base to current equity market weakness



Exposure to equities significantly reduced



- All exposure to equities removed from technical reserves
- Shareholders' funds benchmark still over 90% in equities:
 - 65 – 70% Australian equities
 - 25% International equities
 - Balance in fixed interest and cash
- Equities exposure of shareholders' funds and technical reserve portfolios
 - Expected to range from 12 – 25%
 - Compares with 61% at listing (August 2000)
 - Sensitivity to a 1% movement in markets now less than 0.15% of net earned premium (1.25% at listing)



Conclusion

Questions

Curriculum vitae



GEORGE VENARDOS **Chief Financial Officer**

George Venardos has over 24 years experience in the financial services industry.

In his current role with the Insurance Australia Group ('IAG') – which he has held since 1998 - George controls all financial aspects of the Groups operations including Mergers and Acquisitions and Corporate Services. George sits on the majority of IAG Boards and is the Chairman of the Insurance Council of Australia Accounting and Finance Committee.

Prior to joining IAG he worked in a variety of roles with PricewaterhouseCoopers and the Legal & General Insurance Group in Australia.

