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Insurance Australia Group

15 February 2007

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

Dear Sir / Madam

Insurance Australia Group Limited (IAG) announces minor change reclassification within its analysis of results

IAG advises that it has changed the method by which the results of its captive insurance operations are allocated to the operating divisions for the purposes of reporting to the investment markets. As this is merely a reclassification within the insurance profits, there is no change to the reported profit.

Rather than allocating the result of the captives directly against the reinsurance expense, the captive operations are allocated on a line by line basis to better reflect the underlying inter-segment revenue and expenses.

The results for the six months to 31 December 2006, which are scheduled to be announced on 22 February 2007, will be presented on the new basis.

The comparatives for each of the past three half-years have been restated and a schedule comparing the new and old basis of reporting is attached for the convenience of investors and analysts who maintain detailed financial models.

Yours faithfully

Anne O'Driscoll

Anne O'Driscoll
Company Secretary

IAG – Segment analysis on current and previous basis of reporting
Consolidated Group

Half-year ended Jun 05	Current Reported	Previous Reported
	A$m	A$m
Gross written premium	**3,345**	**3,345**
Gross earned premium	**3,250**	**3,250**
Reinsurance expense	(214)	(243)
Net premium revenue	**3,036**	**3,007**
Net claims expense	(2,011)	(1,985)
Commission expense	(247)	(247)
Underwriting expense	(566)	(556)
Underwriting profit	**212**	**219**
Investment income on technical reserves	253	246
Insurance profit	**465**	**465**
Insurance ratios		
Loss ratio	66.2%	66.0%
Expense ratio	26.8%	26.7%
Commission ratio	8.1%	8.2%
Administration ratio	18.6%	18.5%
Combined ratio	93.0%	92.7%
Insurance margin (before tax)	15.3%	15.5%

Half-year ended Dec 05	Current Reported	Previous Reported
	A$m	A$m
Gross written premium	**3,206**	**3,206**
Gross earned premium	**3,320**	**3,320**
Reinsurance expense	(209)	(235)
Net premium revenue	**3,111**	**3,085**
Net claims expense	(1,985)	(1,970)
Commission expense	(254)	(254)
Underwriting expense	(598)	(584)
Underwriting profit	**274**	**277**
Investment income on technical reserves	195	192
Insurance profit	**469**	**469**
Insurance ratios		
Loss ratio	63.8%	63.9%
Expense ratio	27.4%	27.1%
Commission ratio	8.2%	8.2%
Administration ratio	19.2%	18.9%
Combined ratio	91.2%	91.0%
Insurance margin (before tax)	15.1%	15.2%

Half-year ended Jun 06	Current Reported	Previous Reported
	A$m	A$m
Gross written premium	**3,229**	**3,229**
Gross earned premium	**3,217**	**3,217**
Reinsurance expense	(196)	(332)
Net premium revenue	**3,021**	**2,885**
Net claims expense	(1,915)	(1,785)
Commission expense	(250)	(250)
Underwriting expense	(597)	(586)
Underwriting profit	**259**	**264**
Investment income on technical reserves	115	110
Insurance profit	**374**	**374**
Insurance ratios		
Loss ratio	63.4%	61.9%
Expense ratio	28.0%	29.0%
Commission ratio	8.3%	8.7%
Administration ratio	19.7%	20.3%
Combined ratio	91.4%	90.9%
Insurance margin (before tax)	12.4%	13.0%

Australian Personal Lines

Half-year ended Jun 05	Current Reported	Previous Reported
	A$m	A$m
Gross written premium	**1,976**	**1,976**
Gross earned premium	**1,950**	**1,950**
Reinsurance expense	(73)	(127)
Net premium revenue	**1,877**	**1,823**
Net claims expense	(1,333)	(1,283)
Commission expense	(116)	(116)
Underwriting expense	(346)	(338)
Underwriting profit	**82**	**86**
Investment income on technical reserves	149	145
Insurance profit	**231**	**231**
Insurance ratios		
Loss ratio	71.0%	70.4%
Expense ratio	24.6%	24.9%
Commission ratio	6.2%	6.4%
Administration ratio	18.4%	18.5%
Combined ratio	95.6%	95.3%
Insurance margin (before tax)	12.3%	12.7%

Half-year ended Dec 05	Current Reported	Previous Reported
	A$m	A$m
Gross written premium	**1,936**	**1,936**
Gross earned premium	**1,973**	**1,973**
Reinsurance expense	(71)	(93)
Net premium revenue	**1,902**	**1,880**
Net claims expense	(1,305)	(1,289)
Commission expense	(122)	(122)
Underwriting expense	(350)	(342)
Underwriting profit	**125**	**127**
Investment income on technical reserves	121	119
Insurance profit	**246**	**246**
Insurance ratios		
Loss ratio	68.6%	68.6%
Expense ratio	24.8%	24.7%
Commission ratio	6.4%	6.5%
Administration ratio	18.4%	18.2%
Combined ratio	93.4%	93.3%
Insurance margin (before tax)	12.9%	13.1%

Half-year ended Jun 06	Current Reported	Previous Reported
	A$m	A$m
Gross written premium	**1,924**	**1,924**
Gross earned premium	**1,917**	**1,917**
Reinsurance expense	(66)	(126)
Net premium revenue	**1,851**	**1,791**
Net claims expense	(1,227)	(1,171)
Commission expense	(124)	(124)
Underwriting expense	(359)	(352)
Underwriting profit	**141**	**144**
Investment income on technical reserves	77	74
Insurance profit	**218**	**218**
Insurance ratios		
Loss ratio	66.3%	65.4%
Expense ratio	26.1%	26.6%
Commission ratio	6.7%	6.9%
Administration ratio	19.4%	19.7%
Combined ratio	92.4%	92.0%
Insurance margin (before tax)	11.8%	12.2%

Australian Commercial Lines

Half-year ended Jun 05	**Current Reported**	**Previous Reported**
	A$m	A$m
Gross written premium	**867**	**867**
Gross earned premium	**803**	**803**
Reinsurance expense	(93)	(83)
Net premium revenue	**710**	**720**
Net claims expense	(395)	(405)
Commission expense	(88)	(88)
Underwriting expense	(149)	(148)
Underwriting profit	**78**	**79**
Investment income on technical reserves	88	87
Insurance profit	**166**	**166**
Insurance ratios		
Loss ratio	55.7%	56.3%
Expense ratio	33.4%	32.8%
Commission ratio	12.4%	12.2%
Administration ratio	21.0%	20.6%
Combined ratio	89.0%	89.1%
Insurance margin (before tax)	23.4%	23.1%

Half-year ended Dec 05	**Current Reported**	**Previous Reported**
	A$m	A$m
Gross written premium	**761**	**761**
Gross earned premium	**823**	**823**
Reinsurance expense	(81)	(85)
Net premium revenue	**743**	**738**
Net claims expense	(411)	(409)
Commission expense	(87)	(86)
Underwriting expense	(167)	(165)
Underwriting profit	**78**	**78**
Investment income on technical reserves	59	59
Insurance profit	**137**	**137**
Insurance ratios		
Loss ratio	55.3%	55.4%
Expense ratio	34.2%	34.0%
Commission ratio	11.7%	11.7%
Administration ratio	22.5%	22.3%
Combined ratio	89.4%	89.4%
Insurance margin (before tax)	18.5%	18.6%

Half-year ended Jun 06	**Current Reported**	**Previous Reported**
	A$m	A$m
Gross written premium	**778**	**778**
Gross earned premium	**788**	**788**
Reinsurance expense	(76)	(156)
Net premium revenue	**712**	**632**
Net claims expense	(388)	(309)
Commission expense	(83)	(83)
Underwriting expense	(154)	(152)
Underwriting profit	**87**	**88**
Investment income on technical reserves	23	22
Insurance profit	**110**	**110**
Insurance ratios		
Loss ratio	54.5%	48.9%
Expense ratio	33.2%	37.2%
Commission ratio	11.6%	13.1%
Administration ratio	21.6%	24.1%
Combined ratio	87.7%	86.1%
Insurance margin (before tax)	15.5%	17.4%

International

Half-year ended Jun 05	Current Reported	Previous Reported
	A$m	A$m
Gross written premium	**502**	**502**
Gross earned premium	**496**	**496**
Reinsurance expense	(48)	(34)
Net premium revenue	**448**	**462**
Net claims expense	(285)	(298)
Commission expense	(44)	(44)
Underwriting expense	(71)	(70)
Underwriting profit	**48**	**50**
Investment income on technical reserves	16	14
Insurance profit	**64**	**64**
Insurance ratios		
Loss ratio	63.6%	64.5%
Expense ratio	25.6%	24.7%
Commission ratio	9.7%	9.5%
Administration ratio	15.9%	15.2%
Combined ratio	89.2%	89.2%
Insurance margin (before tax)	14.3%	13.9%

Half-year ended Dec 05	Current Reported	Previous Reported
	A$m	A$m
Gross written premium	**509**	**509**
Gross earned premium	**524**	**524**
Reinsurance expense	(56)	(57)
Net premium revenue	**468**	**467**
Net claims expense	(271)	(272)
Commission expense	(45)	(46)
Underwriting expense	(80)	(77)
Underwriting profit	**71**	**72**
Investment income on technical reserves	15	14
Insurance profit	**86**	**86**
Insurance ratios		
Loss ratio	58.0%	58.2%
Expense ratio	26.8%	26.3%
Commission ratio	9.6%	9.8%
Administration ratio	17.2%	16.5%
Combined ratio	84.8%	84.5%
Insurance margin (before tax)	18.4%	18.4%

Half-year ended Jun 06	Current Reported	Previous Reported
	A$m	A$m
Gross written premium	**526**	**526**
Gross earned premium	**512**	**512**
Reinsurance expense	(55)	(50)
Net premium revenue	**457**	**462**
Net claims expense	(300)	(306)
Commission expense	(44)	(44)
Underwriting expense	(83)	(81)
Underwriting profit	**30**	**31**
Investment income on technical reserves	15	14
Insurance profit	**45**	**45**
Insurance ratios		
Loss ratio	65.7%	66.2%
Expense ratio	27.9%	27.0%
Commission ratio	9.7%	9.5%
Administration ratio	18.2%	17.5%
Combined ratio	93.6%	93.2%
Insurance margin (before tax)	9.9%	9.7%

New Zealand

Half-year ended Jun 05	Current Reported	Previous Reported
	A$m	A$m
Gross written premium	**502**	**502**
Gross earned premium	**496**	**496**
Reinsurance expense	(48)	(34)
Net premium revenue	**448**	**462**
Net claims expense	(285)	(298)
Commission expense	(44)	(44)
Underwriting expense	(71)	(70)
Underwriting profit	**48**	**50**
Investment income on technical reserves	16	14
Insurance profit	**64**	**64**
Insurance ratios		
Loss ratio	63.6%	64.5%
Expense ratio	25.6%	24.7%
Commission ratio	9.7%	9.5%
Administration ratio	15.9%	15.2%
Combined ratio	89.2%	89.2%
Insurance margin (before tax)	14.3%	13.9%

Half-year ended Dec 05	Current Reported	Previous Reported
	A$m	A$m
Gross written premium	**494**	**494**
Gross earned premium	**507**	**507**
Reinsurance expense	(44)	(45)
Net premium revenue	**463**	**462**
Net claims expense	(268)	(269)
Commission expense	(46)	(46)
Underwriting expense	(78)	(75)
Underwriting profit	**71**	**72**
Investment income on technical reserves	15	14
Insurance profit	**86**	**86**
Insurance ratios		
Loss ratio	57.9%	58.2%
Expense ratio	26.7%	26.2%
Commission ratio	9.9%	10.0%
Administration ratio	16.8%	16.2%
Combined ratio	84.6%	84.4%
Insurance margin (before tax)	18.6%	18.6%

Half-year ended Jun 06	Current Reported	Previous Reported
	A$m	A$m
Gross written premium	**477**	**477**
Gross earned premium	**462**	**462**
Reinsurance expense	(37)	(32)
Net premium revenue	**425**	**429**
Net claims expense	(281)	(287)
Commission expense	(39)	(39)
Underwriting expense	(77)	(74)
Underwriting profit	**28**	**29**
Investment income on technical reserves	14	13
Insurance profit	**42**	**42**
Insurance ratios		
Loss ratio	66.0%	66.9%
Expense ratio	27.3%	26.3%
Commission ratio	9.1%	9.1%
Administration ratio	18.2%	17.2%
Combined ratio	93.2%	93.2%
Insurance margin (before tax)	9.9%	9.8%