

## IAG reaffirms FY11 guidance

**Insurance Australia Group Limited (IAG) Managing Director and CEO, Mr Mike Wilkins, today advised shareholders that, after the completion of the first quarter, IAG was on track to meet its full year guidance of an insurance margin of 10.5%–12.5% and underlying gross written premium growth of 3%–5% for the 2011 financial year.**

Speaking at the Group's annual general meeting, Mr Wilkins said the strong performance from its businesses in Australia and New Zealand continued in the first quarter.

"In the opening months of the 2011 financial year, our businesses in our home territories of Australia and New Zealand continued to perform well," Mr Wilkins said.

"This performance has been achieved despite the challenges of responding to a number of significant natural perils. In Australia last month, widespread storms affected South East Australia, and our businesses have managed around 6,500 related claims. In New Zealand, our people have been working around the clock responding to more than 7,000 claims following the powerful earthquake which struck Christchurch last month, as well as a severe snowstorm. I am extremely proud of the assistance and consideration shown by our people to affected customers during these difficult times.

"From a financial perspective, the claim cost for the Group from these events will be covered by reinsurance, once again demonstrating the importance of having a robust reinsurance program to manage the financial volatility of these types of events," he said.

"In the UK, under the new leadership of CEO Ian Foy we have made progress with the program of remedial actions to help restore profitability to our business there, and we are pleased with the progress made in our Asia division," he said.

IAG Chairman Mr Brian Schwartz said the Group would continue to take the necessary actions to ensure shareholder value improves.

"The Board is confident that by remaining focused on the core priorities of the refined strategy set two years ago, the Group's performance will improve in the current year, as evidenced by the guidance we have reaffirmed today. Shareholders can be assured that the Board believes this improvement will translate into greater future profit and dividends for shareholders," Mr Schwartz said.

Mr Schwartz also said the Board intends to appoint a new Director this calendar year.

IAG's guidance assumes losses from natural perils are in line with budgeted allowances of \$435 million, and no material movement in foreign exchange rates or investment markets.

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### About Insurance Australia Group Limited

Insurance Australia Group Limited (IAG) is an international general insurance group, with operations in Australia, New Zealand, the United Kingdom and Asia. Its current businesses underwrite approximately \$7.8 billion of premium per annum. It sells insurance under many leading brands including NRMA Insurance, CGU, SGIO, SGIC, Swann and The Buzz (Australia); NZI and State (NZ); Equity Red Star (UK); and NZI and Safety (Thailand). For further information please visit [www.iag.com.au](http://www.iag.com.au).

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