

# IAG ANNUAL REPORT 2007

A RISK MANAGEMENT STORY: **PART 4**  
(FROM A SHAREHOLDER'S PERSPECTIVE)

“I WANT TO  
INVEST FOR THE  
LONG TERM...”

## ABOUT THIS ANNUAL REPORT

This is the fourth in a series of annual reports which explores how Insurance Australia Group (IAG or the Group) manages risk for the long term.

Having told the story from the point of view of our customers and our employees, this report aims to demonstrate how we create sustainable growth and value for our shareholders.

While the basic principle of insurance is the same for all insurance companies – our customers pay us premiums to reduce the financial hardship of an unexpected loss – it is how we do it at IAG that adds value for our shareholders.

It's the way we pay claims, how we understand and price risk, the approach we take to managing costs, and our strategies to reduce risk in communities where we operate that enhance returns to shareholders and create value for society.

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**“...AND EXPECT MY COMPANY TO DO THE SAME.”**

# PERFORMANCE HIGHLIGHTS

**\$552m**

**NET PROFIT AFTER TAX**  
The net result after allowing for income taxes and the share of profit owing to minority shareholders within the Group.

**11.4%**

**INSURANCE MARGIN**  
The insurance result as a percentage of net earned premium.

**29.5c**

**TOTAL DIVIDENDS PER SHARE**  
This comprises an interim dividend of 13.5c per ordinary share and a final dividend of 16c per ordinary share, fully franked.

**13.5%**

**RETURN ON EQUITY (ROE)**  
The net profit attributable to our shareholders as a percentage of the average equity of those shareholders. ROE was 12.9% on a normalised basis.

**61%**

**EMPLOYEE ENGAGEMENT**  
This is a measurement of the level of our Australian employees' engagement drawn from our annual employee survey.

**83%**

**CUSTOMER SATISFACTION**  
This is an overall measure of customer satisfaction in our largest portfolios of direct motor and home insurance in Australia.

**\$12m**

**FUNDS FOR COMMUNITY INVESTMENT**  
These are direct funds invested by IAG in programmes across the Australian community.

**62,575t**

**CO<sub>2</sub>E EMISSIONS**  
This is a measure of IAG's CO<sub>2</sub>e emissions in Australia and New Zealand, through, for example, electricity usage and paper consumption.

## GWP GROWTH AND DIVERSIFICATION

IAG's business, measured by gross written premium (the total payment received from customers for their insurance policies) has grown at a compound annual growth rate of 15.2%, as it has diversified internationally and broadened its product range.

