

# WHAT WE'VE BEEN UP TO DURING THE YEAR.

### MOTOR & HOME

We paid more than 430,000 motor and home claims during the year, helping our customers recover from storms, bushfires, car accidents and theft.

In the first seven days of the New South Wales bushfires, we processed more than 1,000 claims, and quickly provided assessments, repair work and financial assistance to customers who lost their homes and property. It's in times like these that our commitment to help people is most clearly demonstrated.

**Improvements in the smash repair industry** Our Preferred Smash Repairer (PSR) program continued to gain momentum. More than 170,000 vehicles were put back on the road by our PSRs during the year. Customers received improved service, better quality repairs and greater convenience.

In conjunction with our PSR program, we launched the NRMA Insurance Plastic Repair program. The aim of this program is to encourage smash repairers to use their skills to fix plastic parts on cars rather than replace them with new ones. Bumper bars and other non-repaired plastic parts create around 750 tonnes in landfill every year.

As well as being environmentally friendly, the program has delivered cost savings and efficiencies for the smash repair industry. We are planning to expand the program beyond New South Wales and the Australian Capital Territory in the next two years.

We also introduced the Online Repair Management (ORM) system for our repairer network. ORM enables smash repairers to receive work notifications and repair authorisations via the internet. Repairers can then provide IAG with quotations and digital images electronically. More than 450 Preferred Smash Repairers and Associate Smash Repairers now use ORM.

Our PSR and ORM programs focus on optimising relationships with suppliers to deliver a cost-effective claims process while delivering efficient service and satisfaction to our customers.

**Strategic alliances** We formed strategic alliances with key business partners during the year. We now underwrite the insurance business for Ford Insure, Steadfast and Whitworth's Boat Insurance.

**Innovative technology** We introduced an online eClaims solution to our home insurance business. eClaims has automated claims processes and reduced processing times. One phone call activates a virtual connection between the assigned case manager and the repairer, enabling claims to be processed immediately. For many repairs such as a broken window or minor structural damage, customers' claims can now be attended to within 24 hours.

**New product initiatives** We introduced an accidental damage policy option to enable homeowners to insure themselves against accidental breakages. We recognise that people often need insurance for more than just theft or natural catastrophes.

For our motor insurance customers we introduced a hire car option. This ensures customers are not left stranded when their car is off the road.

**Working with the community** We contributed more than \$500,000 to smash repair industry training and apprenticeships during the year. We continued our work with the National Motor Vehicle Theft Reduction Council to prevent professional car theft. We are also investigating new generation security systems to reduce car theft.

### COMPULSORY THIRD PARTY (CTP)

We maintained our leading position in the CTP market during the year, remaining the largest provider of CTP insurance in New South Wales with a 40% share of the market. NRMA Insurance is also the sole provider of CTP insurance in the Australian Capital Territory.

The volume of our market share demonstrates the competitiveness of our pricing structure. NRMA Insurance offers the cheapest CTP premium for approximately 70% of the New South Wales market.

While New South Wales premiums went up in 2001/02, the increase was less than the growth in average weekly earnings. The changes to the New South Wales CTP scheme in 1999 have resulted in the average cost of CTP insurance falling by 25%.

Our strong result in 2001/02 is due to our targeted approach to underwriting in the New South Wales market, the overall stability of the New South Wales and Australian Capital Territory schemes, and effective claims management strategies.

**Underwriting** We have successfully targeted our motor insurance customers with our CTP product offering. The percentage of customers who hold both motor and CTP policies in New South Wales continues to increase.

**Claims management** Research shows that the sooner CTP claims are settled, the better the outcomes for the claimant. We focus on early medical intervention and treatment that promotes rehabilitation, which reduces the severity and cost of injuries. We have injury management and rehabilitation specialists within our claims department, and we encourage the finalisation of claims as soon as possible. These practices help our claimants recover and return to their normal lifestyle.

## SIX BRANDS ONE ATTITUDE



NRMA Insurance was established in 1925 and has grown to become one of Australia's leading general insurers. It has the highest market share in New South Wales and the Australian Capital Territory for motor, home and CTP insurance. It also provides customers with commercial and health insurance. NRMA Insurance owns 70% of Insurance Manufacturers of Australia Pty Limited (IMA). IMA provides motor and home insurance products for NRMA Insurance in New South Wales and RACV in Victoria.



ClearView Retirement Solutions is a specialist division of NRMA Financial Management Limited. ClearView specialises in retirement advice and provides superannuation, allocated pension and managed investment products to customers nearing, or in, retirement. ClearView's investment managers help customers make the most of their financial assets regardless of their amount of savings.



SGIO is a leading insurer in Western Australia, offering a wide range of insurance products and services.

SGIO has been a part of the Western Australian community for 76 years. Its origins were as a public entity, providing workers' compensation insurance to miners in the Goldfields. Nearly eight decades later, SGIO is still providing protection for Western Australian workers and employers, specialising in workers' compensation and business insurance. SGIO also provides the full range of personal insurance products, including home, motor and health insurance. SGIO was acquired by IAG in 1998.

**Growth** We achieved promising results from our entry into Queensland, gaining more than 1% market share in 12 months. In July 2002, we announced a partnership with Elders to sell CTP insurance in rural and regional Queensland. We are confident that this partnership will help us grow our market share in this State.

**Our involvement with the community** During 2001/02, we joined forces with the New South Wales Motor Accidents Authority to encourage parents to give their children more driving practice. This campaign was developed in response to research that showed crash statistics were significantly lower for drivers with more than 100 hours driving experience.

We also gave \$400,000 to the NRMA ACT Road Safety Trust to improve road safety in the Australian Capital Territory. These funds contributed to programs designed to improve driver safety through behaviour modification.

We will continue to help reduce crash statistics through driver safety campaigns, road safety conferences and research programs.

IAG remains committed to the design and maintenance of stable insurance schemes, and we will continue to work with Government bodies and agencies to ensure Australia maintains stable CTP schemes.

### WORKERS' COMPENSATION

IAG is one of the top two providers of workers' compensation in Australia. We have national coverage of the market and a strong broker distribution network. During the year, we welcomed a number of new customers including Southcorp Wines, the Victorian Department of Education, Fairfax and several industry associations. Our renewal retention rate was more than 90% and close to 100% for our national customers, and we improved our market share in a number of States.

We also retained our licence in the Victorian market, where the Victorian WorkCover Authority reduced the number of licensees from ten to seven.

Our success in workers' compensation can be attributed to the range of value-added services we provide to our customers. One of these services is the employer score card, which provides employers with lead performance indicators for actions that help reduce injuries in their workplace.

In addition to the score card, our occupational health and safety consultants visit workplaces and advise employers on ways to improve their working environment and reduce risk. These initiatives not only benefit employees through the development of safer workplaces, they also help employers reduce their workers' compensation premium.

In claims management, our focus is on early notification and rehabilitation, which promotes return to work. We are encouraging employers to lodge claims as soon as possible after an incident. To facilitate this process, we have established a national telephone, fax and email lodgement service that is available 24 hours a day, seven days a week.

We recognise the different needs of national versus small to medium business (SME) customers, and have established a "national client" unit. This structure ensures our national customers receive consistent service, and our SME customers are guaranteed the focus of our regional claims units.

### HEALTH

We continued to grow our health insurance business in 2001/02, achieving a 9% increase in gross written premium and a 14.7% increase in policies in force. We made it easier for customers to purchase health insurance from us, particularly in New South Wales, where it is now sold through NRMA Insurance branches, over the phone and on the internet.

One of the key highlights of the year was the launch of the Health Helpline pilot in South Australia. The Helpline provides our customers with 24 hour medical advice. Our goal is to have the Health Helpline operating nationally by the end of 2002.

Our key growth opportunity is to cross-sell to existing customers by bundling health, commercial, CTP and workers' compensation insurance as a package. In 2001/02, we focused on capitalising on the benefits that the bundling of products can provide our corporate customers. We have created a solid platform for further success in this area during 2002/03.

**Outlook** One of the key challenges in the next 12 months is keeping our premiums affordable. We anticipate rises in both medical and hospital costs, partly as a result of increases in medical indemnity insurance.

NRMA Health Pty Limited currently has a 1.8% share of Australia's health insurance market, ranking us ninth in the national marketplace. The outlook for private health insurance continues to be positive, as people become increasingly aware of the value of private health cover. Over the coming year, we will consolidate our position by focusing on customer retention and sustainable and profitable growth, primarily in New South Wales.

### COMMERCIAL

In the past 12 months, gross written premium in our commercial insurance business increased by 41% and the number of policies in force grew by 46%. Our market share increased from 4.3% to 6.2%.



SGIC was established by South Australian Parliament in 1971 to provide the community with an insurer that was dedicated to the State. When it first began, SGIC provided motor and home insurance. Today, it is South Australia's leading general insurer, providing motor, home, health and commercial insurance. It also manages CTP claims for the South Australian Government under contract. SGIC was acquired by IAG in 1998.



State Insurance is a business division of NRMA Insurance NZ Limited, which is a subsidiary of IAG. State Insurance has played a significant role in the New Zealand community since it began as the Government's State Insurance Office in 1905. Since then, it has grown to become the largest general insurer in New Zealand and a leading provider of commercial insurance. State Insurance, together with Circle, has 21% of the New Zealand insurance market, with around 700,000 customers. It has a flexible range of products and services available through a large nationwide network of sales centres and agencies. IAG acquired State Insurance in February 2001.



Circle is a business division of NRMA Insurance NZ Limited, which is a subsidiary of IAG. Circle has a range of innovative personal and commercial insurance products that are sold exclusively through a network of New Zealand's leading insurance brokers.

This result reflects our ability to deliver commercial insurance products for SMEs that are convenient, direct, affordable and easy to understand.

Our EasyBiz product range is growing at 25% per annum. Sold over the phone, the EasyBiz range was expanded in June 2002 to include EasyFarm, an insurance product specifically designed for hobby farms and homes on larger rural properties. Our ability to provide commercial insurance over the phone is a unique feature in the commercial insurance market, providing easy and accessible service for customers.

EasyBiz is supported by a range of policies for larger businesses, including business, motor trade, rural and horticultural options.

We expanded our commercial business during 2001/02, launching our commercial products into the Queensland market and entering into an agreement with RACV to promote our product range in Victoria.

To simplify our sales process we launched a new PC-based software application, which delivers immediate quotes to our sales representatives and intermediaries on a national basis.

**Reducing business risk** During 2001/02, we held a series of business risk management workshops for the SME community in conjunction with the New South Wales Chamber of Commerce. The purpose of these workshops was to assist small businesses to better understand their insurance related exposures, including occupational, health and safety, security and business interruption.

**Outlook** During the next 12 months, we will continue to provide information to SMEs on how they can minimise their insurance risks to contain insurance costs.

We expect to maintain a strong growth rate in our commercial insurance business, attracting new customers with our tailored insurance products and leveraging our existing customer base.

#### **CLEARVIEW RETIREMENT SOLUTIONS**

In February 2002, we launched ClearView Retirement Solutions, a specialist division of NRMA Financial Management Limited, providing retirement advice.

Our strategy in launching ClearView Retirement Solutions was to leverage our customer base and asset management capabilities in the growing retirement services market.

The main objective of ClearView is to help customers understand how they can receive more retirement income, better manage taxes and access the full range of retirement benefits.

The launch of ClearView was supported by an advertising campaign that used brussel sprouts as a metaphor for the luxuries people don't want to give up in retirement.

Research has shown a significant increase in customers' response to the ClearView brand. In the four months following the launch of this campaign, more than 7,000 people booked appointments for consultations with a ClearView financial adviser. On an ongoing basis, appointment levels have been more than 30% above our targets.

The next 12 months will be a period of consolidation and growth for the ClearView business as we convert consultations to funds under management.

#### **OUR PEOPLE**

Our goal is to be the preferred employer in the insurance industry. To achieve this, we need to build on our strong foundations and reinforce a performance ethic across the Group. During 2001/02, we implemented the first stage of our new human resources strategy which comprises four key objectives:

- Attracting and retaining good people
- Building a performance culture by implementing best-practice human resources policies and processes
- Developing our people
- Designing and implementing an ecommerce driven human resources strategy.

During the year, we launched a new performance management program that aligns our performance, remuneration and business planning processes and ensures high performers are rewarded for their hard work.

During 2001/02, we were granted a waiver from the Affirmative Action Agency from having to report annually on our Equal Employment Opportunity (EEO) processes. This reflects the fact we have developed best-practice policies and processes in our EEO and Work & Life Diversity programs.

In the next 12 months, we will introduce a range of new initiatives including a corporate graduate program, employee share scheme, online learning program and a formal career and succession planning process.