

TO ACHIEVE **OUR VISION** TO BE
ASIA PACIFIC'S **MOST LOVED**,
MOST INVENTIVE AND **MOST**
SUCCESSFUL INSURER, **IAG** IS

FUTURE

FOCUSED



WHO WE ARE

Our Purpose:

WE HELP MAKE YOUR WORLD A SAFER PLACE

IAG is a general insurance company whose Purpose is to help make your world a safer place, whether you are a customer, employee, partner, shareholder or part of the communities we serve across Australia, New Zealand and Asia.

Our businesses have helped people recover from natural disasters, accidents and loss since 1851. We employ more than 15,000 people in our operations in Australia, New Zealand, Thailand, Vietnam and Indonesia, providing insurance under many leading brands, including NRMA Insurance, CGU,

SGIO, SGIC, Swann Insurance and WFI (Australia); NZI, State, AMI and Lumley Insurance (New Zealand); Safety and NZI (Thailand); AAA Assurance (Vietnam); and Asuransi Parolamas (Indonesia). We also have interests in general insurance joint ventures in Malaysia, India and China.

Increasingly, we see our role extending to raising awareness of risk, and helping communities reduce and prevent risk. We believe it is our responsibility as an industry leader to use our influence and role as a major investor, purchaser and employer for the good of everyone.

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WHAT WE ACHIEVED

RESULTS
OVERVIEW**\$11,440 MILLION**

GROSS WRITTEN PREMIUM (GWP) (\$M)

2015	\$M 11,440
2014	\$M 9,779

GWP grew by 17.0%, primarily reflecting the first-time inclusion of the former Wesfarmers business.

\$1,103 MILLION

INSURANCE PROFIT (\$M)

2015	\$M 1,103
2014	\$M 1,579

The insurance profit was influenced by the severe perils outcome, which had a net cost of \$1,048 million, and was \$495 million higher than the prior year.

\$987 MILLION

CASH EARNINGS (\$M)

2015	\$M 987
2014	\$M 1,306

The reduction in cash earnings reflected the significantly higher level of natural perils and lower reserve releases in the 2015 financial year, compared to the prior year.

10.7%

REPORTED INSURANCE MARGIN (%)

2015	10.7%
2014	18.3%

The reported insurance margin incorporates:

- net natural peril claim costs of \$1,048 million, which were \$348 million higher than the related allowance and after exhaustion of the \$150 million reinsurance cover in excess of the 2015 financial year's perils allowance of \$700 million;
- a reduced favourable impact of \$33 million from the narrowing of credit spreads, compared to \$100 million last financial year; and
- prior period reserve releases of \$167 million, equivalent to 1.6% of net earned premium, down from \$248 million in the 2014 financial year.

29.0 CPS

FULL YEAR DIVIDEND (CPS)

2015	29.0
2014	39.0

This equates to a cash payout ratio of 70.2%, at the top end of the Group's payout policy range of 50 – 70% of full year cash earnings.

\$10.1 MILLION

COMMUNITY INVESTMENT (\$M)

2015	\$M 10.1
2014	\$M 12.1

The change in community investment reflects a reduced contribution by the business to the IAG Foundation, from \$1.5 million in the 2014 financial year to \$0.5 million this year, as well as an adjustment to community investment in New Zealand, where the business has exited a number of sponsorships as it moves to align its community investment to our Purpose.

PURPOSE, VISION AND STRATEGY

OUR STRATEGIC FRAMEWORK



PURPOSE

We help make your world a safer place



VISION

To create Asia Pacific's most loved, most inventive and most successful insurer



STRATEGY

To deliver great customer experiences by leveraging our market leadership to create value for our customers, people, partners, shareholders and the community.

To ensure we maintain our focus on delivering our strategy, we have strategic priorities to guide our actions.

For the 2016 financial year, our strategic priorities are to:

- Maintain our market-leading position in personal and commercial insurance in Australia and New Zealand
- Grow our Asian footprint and its earnings contribution
- Accelerate our digital transformation
- Create deeper customer insights and an agile response

Our work to deliver our strategy in the 2015 financial year is described in more detail in the Chairman's Review on page 3, in the Chief Executive Officer's Review on pages 4 – 5, and in the Operating Review on pages 8 – 11.



SPIRIT

Just as important as our Purpose and Vision is how we work together, what we stand for and what makes us unique.

This is the Spirit of IAG – the essence of who we are and what it means to work here. Our Spirit can be captured in three words: Closer, Braver, Faster. **Closer** in the way we create real connections with everyone. **Braver** in the way we shape the future. And **Faster** in the way we make things happen. Our Spirit also explains our commitment to the ways in which we serve our customers, people, partners, shareholders and communities.



KEY MATERIAL ASPECTS

In addition to focusing on our strategic priorities, we also identify material aspects which could have an impact on our ability to help make your world a safer place, whether you are a customer, employee, partner, shareholder, or someone who lives in the communities in which we operate.

These help inform our shared value strategy and the efforts we are making to create safer, stronger and more confident communities. Our work to address them is captured in this annual review and described in more detail in our shared value reporting on pages 12 – 15.

The material aspects we identified for our 2015 financial year were:

Customer-centred

Access and affordability

Community resilience

Empowered employees

Financial performance

CHAIRMAN'S REVIEW

BEING CONTINUOUSLY OPEN TO CHANGE PREPARES US FOR THE FUTURE

Managing change is challenging at the best of times – even more so when one is a market leader, as we are. Having a culture that embraces change ensures we are open to opportunities in the future, and it is one of the things we are most proud of.

From acquisitions to transformation, the story of IAG's growth and success is one of continual change, and our ability to respond positively to the opportunities this brings. Despite the scale and size of our business, we are enthusiastic about challenging the status quo. Our ability to continually refine our strategy and reshape our business demonstrates that we are open to trying new and better ways of doing things.

Preparing for the digital future

This year, the Board made digital a major priority, enthusiastically supporting the way the business is using digital technology as a key enabler, and taking steps to improve our skills and knowledge in this important area. IAG strives to be the best-in-class in our collection and use of data in our industry; our aim is to be amongst the best in the world.

Asian growth strategy remains a focus

Our commitment to our Asian growth strategy remains strong, and this year we began the process to increase our holding in our Indian joint venture business, SBI General, and we purchased a small business in Indonesia. We see considerable opportunity in our target markets, where there is a relatively low penetration of insurance, and rising affluence and consumption in the emerging middle classes.

Welcome to Berkshire Hathaway

In June, the Board was delighted to welcome Berkshire Hathaway as a strategic partner and shareholder. We believe the partnership is an endorsement of our strategy, the strong franchises we have created, and the opportunities we are creating in Asia, and we look forward to an ongoing and mutually beneficial relationship.

Our focus on diversity starts with the Board

IAG benefits from having access to a diverse range of skills and experience in its people and Mike Wilkins talks about our diversity achievements in more detail in his review starting on page 4. I am extremely proud that we as a Board are setting the tone for the organisation, demonstrating diversity in Directors' geographic bases, gender, age and skills.

We further strengthened our Board this year, with the appointments of Elizabeth Bryan AM, Tom Pockett and Jon Nicholson, and the subsequent naming of Elizabeth as our Deputy Chairman, and continue to seek out people who have the experience to help guide IAG into the future.

Dividend

Reflecting our confidence in the future, the Board has declared a dividend at the top end of our target range of 50 – 70% of cash earnings. The final dividend of 16.0 cents per share (cps) will be paid on 7 October 2015 to shareholders registered at 5.00pm on 9 September 2015. This brings the full year dividend to 29.0 cps.

In closing, I thank and congratulate Mike, his Executive Team, and the entire IAG team, on their willingness to embrace change, and the strong results this has enabled us to achieve to the benefit of all who have a stake in our company.

\$913 MILLION

TOTAL DIVIDENDS PAID IN THE FINANCIAL YEAR (\$M)

2015	\$M 913
2014	\$M 823

Our results attest to the strength of the Group's core franchises in Australia and New Zealand and the considerable improvement in their collective underlying performance in recent years, as the Group continues its active reinvestment in those businesses.



BRIAN SCHWARTZ AM
CHAIRMAN

CHIEF EXECUTIVE OFFICER'S REVIEW

FOCUS ON THE FUTURE DRIVES THE NEW IAG

Following a year of transformation and consolidation, we have laid the foundations for the new IAG and are now firmly focused on the future.

Focus on a common Purpose, Strategy and Vision

Building the new IAG means changing the way we think, act and work together, and we have set principles which guide all our decisions and actions.

We have united all of our people behind a common Purpose: we help make your world a safer place.

Our Strategy provides a clear articulation of what we are here to do: deliver great customer experiences by leveraging our market leadership to create value for our customers, people, partners, shareholders and the community.

These principles culminate in our Vision statement which outlines what we aspire to be: Asia Pacific's most loved, most inventive and most successful insurer.

Bringing our Purpose and Vision to life

Our Purpose and Vision resonate deeply with our people and the shared value section of this review has some excellent examples of how we are bringing these principles to life.

As a Group, we are embracing the phrase 'most inventive', with a commitment to think more creatively about the way we do business, solve problems and serve our customers. To reflect the growing importance of digital in everything we do, in July 2015 we created IAG Labs, and appointed Peter Harmer to the role of its Chief Executive, responsible for driving digitisation and innovation across IAG and its brands.

We are also working to make the world a safer place by mitigating the impact of natural disasters through the activities of the IAG-led Australian Business Roundtable for Disaster Resilience & Safer Communities.

The Roundtable has released two significant evidence-based papers to the Australian Government and these contributed to the findings of the Productivity Commission's Inquiry into Natural Disaster Funding Arrangements, released by the Government in May 2015. This work led to the Roundtable being recognised at the 2015 United Nations Sasakawa Awards for Disaster Risk Reduction, the first private sector organisation to be so awarded in its 30-year history.

Transformation has set us up for the future

Our work to achieve the new IAG follows the roll-out of our transformation project which created the Personal and Commercial Insurance divisions in Australia, supported by a service-based division, Enterprise Operations. We are starting to see the benefits of the new structure in the results for this year, set out in detail on pages 8 – 11.

The integration of the former Wesfarmers business in Australia and New Zealand is well-advanced. The benefits of our transformation project mean we are on track to achieve our anticipated pre-tax synergy and benefit run rate of \$230 million as we exit the 2016 financial year.

IAG Labs will be our digital hub for innovation, bringing together a number of existing functions as well as creating some incubator areas which will specifically explore new opportunities. It will play a critical role in enabling us to continue to deliver to our customers in an innovative and effective way.



Mike Wilkins

MIKE WILKINS
MANAGING DIRECTOR AND CEO

In New Zealand, we performed well with strong underlying results achieved while continuing to deal with the complexity of earthquake claims resolution. Finalising the 2011 earthquake claims continues to present challenges and we are working to resolve these as quickly as we can. As at 30 June 2015, we had settled 78% of all earthquake-related claims by number.

We also made progress in Asia, which we see as an important source of future growth. Our Asian footprint has continued to grow, and this year the business' overall earnings contribution increased to \$21 million.

Supporting diversity and inclusion

Embracing diversity is important to us, and has helped IAG to be successful. We continue to pursue diversity and inclusion practices, through a range of activities including our Reconciliation Action Plan and our involvement with CareerTrackers, and by encouraging employees to undertake secondments where they can use their skills to help local indigenous communities.

This year, women filled 31.5% of our senior management roles across the Group, and 33.3% in our businesses in Australia and New Zealand. While our Group result does not quite achieve the goal we set in 2010 to have 33% of senior management roles filled by women this year, it is a significant improvement from the 27% we reported in 2010 and we remain committed to further improving this ratio.

Delivering the best possible outcomes for our customers

Significant weather events affected tens of thousands of Australian customers this year. These events included the east coast low, Brisbane hail storm, Tropical Cyclone Marcia, the Sydney hail storm and storms in New Zealand. The cumulative net cost of these events to us was \$1,048 million. We responded to each of these events by doing what we do best: delivering the best possible outcomes for our customers.

Deeper relationship with Berkshire Hathaway shapes our future

I am very proud of the inventive strategic relationship we established with Berkshire Hathaway in June 2015. Our traditional relationship had centred on reinsurance, but we saw an opportunity for a deeper relationship, backed by Berkshire Hathaway taking an equity stake in our company. The agreement is covered in more detail in the Chief Financial Officer's Review on page 6.

Future focus

In the 2016 financial year, we will continue to maintain our market-leading position in Australia and New Zealand, and will focus on creating our digital future, building out our Asian footprint, and creating deeper customer insights and an agile response.

We expect our underlying profitability to remain strong in the 2016 financial year, with relatively flat GWP and a reported insurance margin in the range of 14 – 16%.¹

Our focus is clearly on the future, and on ensuring our company continues to benefit all of our stakeholders.

I would like to thank the Board and my Executive Team for providing the support and guidance that contributed to our significant achievements this year.

I also thank all our people for their focus and dedication during a year of considerable challenge – both internally, through our transformation and integration programs, and externally, in the face of many significant natural peril events. Their efforts demonstrate how we operate at our best.

FINANCIAL SUMMARY

Despite the cyclical industry pressures we experienced this year, like-for-like business volumes and underlying profitability held up well, supporting delivery of a cash ROE in excess of our through-the-cycle target of 15%. With a substantial portion of the benefits from the integration of the former Wesfarmers business and the move to a new operating model in Australia yet to be realised, the Group is well-placed to absorb further competitive pressure and to respond to any cyclical improvement in the medium term.

13.1%

UNDERLYING MARGIN (%)

2015	13.1%
2014	14.2%

The Group continued to perform strongly at an underlying level. The slightly reduced underlying margin² of 13.1% reflects the addition of the lower margin former Wesfarmers business, as well as softer commercial market conditions.

\$728 MILLION

NET PROFIT AFTER TAX (\$M)

2015	\$M 728
2014	\$M 1,233

Net profit after tax was 41.0% lower than the preceding year, reflecting the lower reported insurance profit, reduced shareholders' funds income and a higher amortisation charge, partially offset by a lower effective tax rate.

15.3%

CASH ROE (%)

2015	15.3%
2014	23.0%

Reported return on equity (ROE) in 2015 was 11.3%, and cash ROE was 15.3%, compared to the Group's through-the-cycle target of approximately 15% (1.5 times the weighted average cost of capital).

¹ This includes further realisation of the benefits from integrating the former Wesfarmers business and the move to our new operating model in Australia. It also captures a reported margin benefit of at least 20 basis points from the Berkshire Hathaway quota share arrangement.

² IAG defines its underlying insurance margin as the reported insurance margin adjusted for:

- Net natural peril claim costs less related allowance for the period;
- Reserve releases in excess of 1% of net earned premium; and
- Credit spread movements.

CHIEF FINANCIAL OFFICER'S REVIEW

STRENGTHENING OUR BALANCE SHEET FOR THE FUTURE

The financial strength of our business is a key factor in our ability to deliver on our Purpose, to help make your world a safer place. In managing this financial strength, we regularly look for ways to increase our capital efficiency. This year, two initiatives have allowed us to significantly strengthen our balance sheet.

CTP quota share and adverse development cover

Last year, we entered into a reinsurance agreement called a quota share to cover 30% of Personal Insurance division's combined compulsory third party (CTP) book for a minimum three-year period. From 1 July 2014, we supplemented this agreement with an adverse development cover for the CTP portfolio which gives the Group additional protection against adverse CTP claims development. The combined impact of these two items gave us \$150 million of regulatory capital relief.

Future stability of income stream

In June 2015, we entered into a strategic relationship with Berkshire Hathaway that further transforms a number of areas of our financial structure, including earnings volatility, reinsurance and capital position.

A key element of the relationship is a 10-year quota share arrangement that came into effect on 1 July 2015. Under the arrangement, Berkshire Hathaway receives 20% of IAG's consolidated GWP and pays 20% of claims. Berkshire Hathaway will also reimburse IAG for its share of operating costs and pay a percentage-based fee, or exchange commission, which recognises the value of our strong core franchise.

Because 20% of our business will be covered by Berkshire Hathaway, we can reduce our exposure to the highly concentrated insurance risk centres of Australia and New Zealand. This lowers our future catastrophe reinsurance needs, and our exposure to potential volatility in reinsurance rates.

We expect the quota share arrangement will also reduce our regulatory capital requirement by approximately \$700 million over the next five years, with around \$400 million of that reduction to be realised by the end of the 2016 financial year.

The financial impact of this arrangement is a less volatile earnings profile as we lock in a more stable income stream for a portion of our business.

To further demonstrate the strength and depth of our relationship, Berkshire Hathaway acquired just under 90 million shares for a total consideration of \$500 million. It will at least maintain this initial shareholding for the term of the quota share arrangement and, under a standstill agreement, cannot increase its shareholding in IAG above 14.9% for the period of the partnership agreement.

We also have an option to place up to a further 5% of IAG's expanded issued capital to Berkshire Hathaway within 24 months of 16 June 2015.

Capital

Our capital position is significantly strengthened by the \$500 million share placement and the estimated reduction in capital requirement of \$700 million over time from the quota share arrangement. This provides the Group with greater flexibility to manage capital in the future, including pursuing growth opportunities in Asia.

The Group remains strongly capitalised under APRA's Life and General Insurance Capital regime. At 30 June 2015, our Prescribed Capital Amount (PCA) multiple was 1.7, compared to the Group's long-term benchmark of 1.4 – 1.6, and our Common Equity Tier 1 ratio was 1.14, compared to our target range of 0.9 – 1.1 times the PCA.

We expect the quota share arrangement will reduce our regulatory capital requirement by approximately \$700 million over the next five years, with around \$400 million of that reduction to be realised by the end of the 2016 financial year.



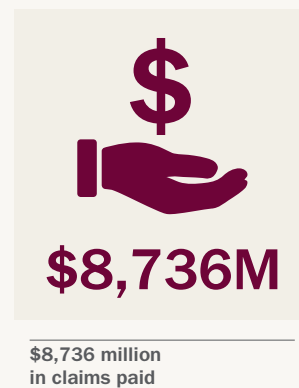
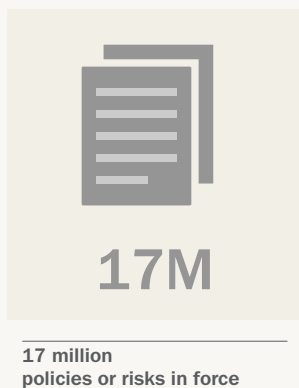
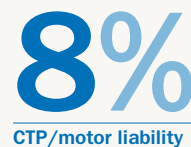
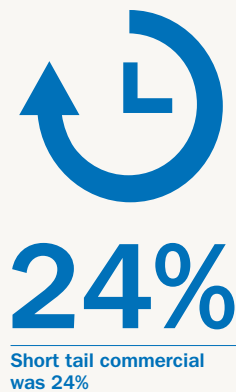
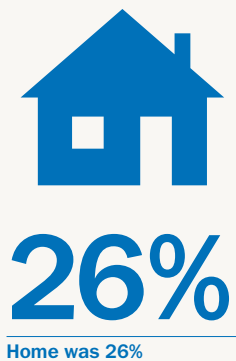
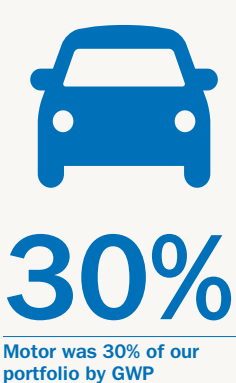
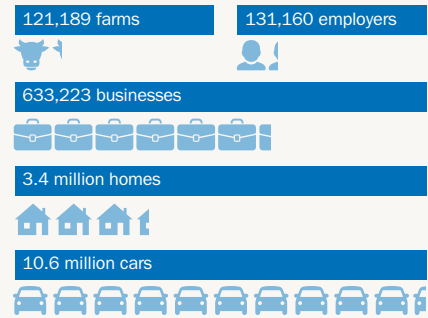
NICK HAWKINS
CHIEF FINANCIAL OFFICER

OUR PORTFOLIO

THE YEAR IN NUMBERS

OUR **15,000+** PEOPLE ARE UNITED IN OUR PURPOSE TO HELP MAKE YOUR WORLD A SAFER PLACE. OUR STARTING POINT IS THE PEOPLE, FAMILIES AND BUSINESSES THAT ARE PROTECTED BY THE PRODUCTS AND SERVICES WE PROVIDE.

In 2015 our businesses insured:



OPERATING PERFORMANCE: AUSTRALIA PERSONAL INSURANCE

Personal Insurance continued to perform well, with reported GWP growth of 5.2% compared to last financial year, reflecting the first-time addition of personal lines volumes associated with the former Wesfarmers business, including Coles.

A pleasing feature of the result was the modest growth achieved by the pre-existing home and motor business, which held up well in an increasingly competitive environment. In particular, motor volumes maintained a modest growth profile broadly in line with the industry, with some offset from slightly lower average rates. Long tail GWP declined 2.8%, largely owing to the exit from the Queensland CTP market from 1 January 2014.

The business achieved a strong underlying margin of 13.9%. The reduction from the 15.4% achieved in the 2014 financial year reflected the inclusion of lower margin former Wesfarmers volumes, increased reinvestment in the business, and some softening of CTP profitability owing to higher claim frequency with increased legal representation.

The reported margin of 15.9% included increased reserve releases from long tail classes, offset by a significantly higher level of net natural peril claim costs.

The strong results reflect Personal Insurance's focus on delivering an increased range of customer value propositions through its brands, to meet the changes in customer behaviours being observed. Further to providing an expanded suite of customer options, a data analytics company has been acquired to enhance the understanding of customers and risk, and a range of ventures is being explored to extend insurance coverage within the community.

Customer focus

- Personal Insurance continues to enhance its comprehensive digital sales and service offering, with an online self service centre and an integrated digital multi-channel platform, so customers can access various services across all devices. Our online sales channel registered substantial growth, with like-for-like volumes increasing by around 20%.
 - We have enhanced our overall customer offering with the release of new funeral and income protection products, both underwritten by a third party.
 - We set ourselves a target to settle within four months 45,000 of the 50,000 claims we received from the April east coast low, and achieved this by:
 - adding 300 people to our disaster response teams by hiring temps, and reassigning people from our head office, Commercial Insurance, Enterprise Operations and New Zealand divisions;
 - scaling up our builder support in the worst-affected areas;
 - revising a number of our settlement processes to make them faster for customers, restorers and builders;
 - having claims staff work alongside builders in their offices to help manage the volume of customer communications and speed up claim processing;
 - updating our process for food spoilage claims including launching a new online claim process so customers could quickly lodge their claims and have them settled immediately;
 - streamlining our cash settlement process for low value contents claimed; and
 - updating communications options to include a customer call-back option when we experienced heavy call volumes, and introducing webchat.
- We are working to make these and other improvements initiated during the event part of our standard way of operating.

Future focus

- Although continued modest growth is expected in personal insurance demand over the 2016 financial year, premium growth prospects are limited, as a result of aggressive customer acquisition from established players and challenger brands.

PROGRESS IN 2015

\$5,614 MILLION

GWP (\$M)

2015	\$M 5,614
2014	\$M 5,335

\$788 MILLION

INSURANCE PROFIT (\$M)

2015	\$M 788
2014	\$M 1,016



sgio

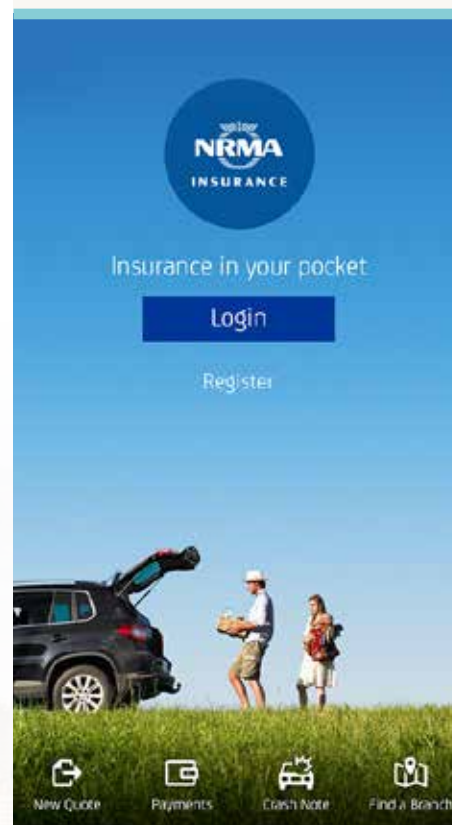


RACV

coles Insurance



See back cover for ownership details.



OPERATING PERFORMANCE: AUSTRALIA COMMERCIAL INSURANCE

PROGRESS IN 2015

\$3,192 MILLION

GWP (\$M)

2015	\$M 3,192
2014	\$M 2,268

\$93 MILLION

INSURANCE PROFIT (\$M)

2015	\$M 93
2014	\$M 371



CGU SEE IT THROUGH.

View the claim report list 3

Notify us of another claim type

Emergency travel assistance

See Max's story

Privacy

www.cgu.com.au

Commercial Insurance's GWP grew by 40.7%, reflecting the addition of the former Wesfarmers business which has delivered a market-leading position in the Australian commercial insurance market.

Like-for-like GWP growth was modestly negative, reflecting slightly lower average rates and the maintenance of underwriting discipline in an increasingly competitive commercial market. The business maintained a double digit underlying margin of 10.5%, slightly reduced from 12.1% last financial year, reflecting inclusion of the lower margin former Wesfarmers business and tougher market conditions.

The reported margin of 3.0% was considerably lower, from the combination of significantly higher net natural peril claim costs, lower reserve releases, and a lower, but still favourable, credit spread movement.

The integration of the former Wesfarmers business is progressing in line with expectations, with CGU being maintained as the main brand for intermediated business, and WFI for niche and direct business.

Customer focus

The business' strategy is to compete on the strength of its partnerships and the quality of its service. Initiatives include:

- an agency growth strategy, including complementary acquisitions such as Dynamiq, which offers risk and emergency management services;
- an increased focus on the ways customers do business with Commercial Insurance, including digital and platform capability;
- development of CGU uSurvey, an iPad application that simplifies the completion of farm risk assessment surveys. The tool allows CGU partners to submit better quality farm risk assessments, including pictures, and achieve more favourable pricing for their customers; and
- a new CGU Claims App which helps customers record essential incident details immediately after an event occurs. The app will now be developed for other products such as travel insurance, ensuring emergency travel assistance numbers are always at hand.

Improved partner relationships and service levels are reflected in growing industry recognition, with CGU:

- named 'Large General Insurance Company of the Year' at the 2015 Australian and New Zealand Institute of Insurance and Finance 'Australian Insurance Industry Awards';
- voted 2015 'Insurer of the Year' by brokers in Insurance Business magazine's annual 'Brokers on Insurers Survey'; and
- winning 'Australia's Best Customer Experience Company' at the Best Customer Experience 2014 awards.

Future focus

The outlook for the 2016 financial year is expected to remain challenging for Commercial Insurance, given limited growth prospects, pressure on pricing, and little respite from currently record low interest rates. These headwinds are expected to be partially offset by further benefits from the integration of the former Wesfarmers business and the realisation of efficiencies from the new operating model in Australia.

OPERATING PERFORMANCE: NEW ZEALAND

New Zealand maintained its market-leading position, with GWP growth of 22.8% derived from the inclusion of the local Wesfarmers business and a favourable foreign exchange translation effect. In local currency, GWP grew by 19.4%.

On a like-for-like basis, GWP fell slightly, with growth in personal lines offset by tougher commercial market conditions. The business' continued strong performance was evident in a slightly higher underlying margin of 15.9%. This reflects a continued focus on pricing and underwriting discipline, while balancing affordability for customers with availability of insurance capacity, as well as ongoing operational improvements across the business.

The lower reported margin of 10.8% included a reserve strengthening for the 2011 financial year earthquakes, which saw the Group exceed its reinsurance cover for the February 2011 event.

Customer focus

- NZI maintained its strong market standing, winning the 'Intermediated Insurer of the Year' from the Australia and New Zealand Institute of Insurance and Finance for the third consecutive year.
- The direct business launched State and AMI-branded home and contents 'quote and buy' online tools in May and June 2015 and mobile apps for both brands in June 2015 as part of its digital transformation program.
- NZI launched a risk solutions program with a suite of fact sheets and guides covering business risk management issues, and partnered with accounting software innovator Xero on CoverKit which enables Xero customers to compile a financial profile that they can use to work with their broker to get an insurance solution.
- The business launched a regular segment on a nationwide radio show targeting house-proud do-it-yourselfers to provide information about insurance-related themes such as contract works cover, understanding gradual damage and setting an appropriate sum insured amount for your home.

Future focus

The business' underlying profitability is expected to remain strong, sustained by its focus on pricing and underwriting discipline to protect underwriting margins, and assisted by the full realisation of synergies from the former Wesfarmers business.

Canterbury rebuild

At 30 June 2015, the business had completed approximately NZ\$4.5 billion in claim settlements related to the Canterbury earthquakes, with over 91% of commercial and 75% of residential claims settled by number.

During the financial year, there was a significant increase in the expected final claim cost from the Canterbury earthquakes. This was due to continued notification of new household claims that have exceeded the Earthquake Commission's NZ\$100,000 residential dwelling limit, an increase in forecast repair and rebuild costs and a series of adverse court judgements which have affected the insurance industry.

While the Group believes it has adopted an appropriate reserving position, given the complexity of the Canterbury earthquake events there remains a degree of uncertainty as to the ultimate cost.

PROGRESS IN 2015

\$2,267 MILLION

GWP (\$M)

2015	\$M 2,267
2014	\$M 1,846

\$216 MILLION

INSURANCE PROFIT (\$M)

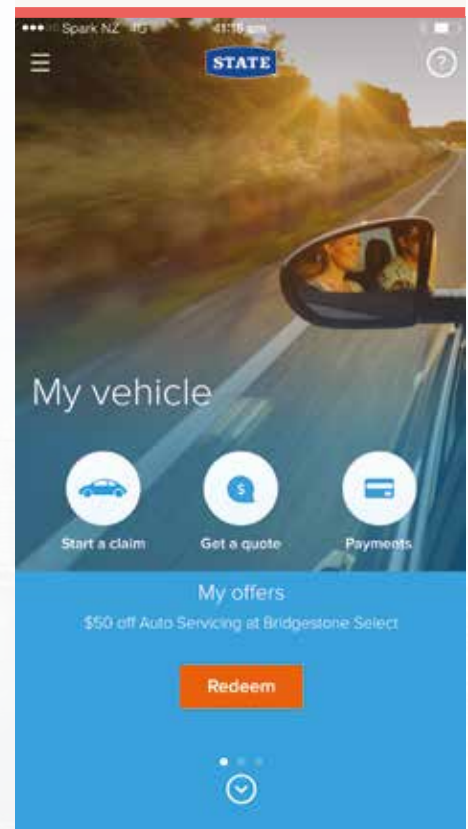
2015	\$M 216
2014	\$M 180



STATE



amj insurance



OPERATING PERFORMANCE: ASIA

PROGRESS IN 2015

\$794 MILLION

GWP* (\$M)

2015	\$M 794
2014	\$M 725

* Proportional

\$21 MILLION

DIVISIONAL RESULT (\$M)

2015	\$M 21
2014	\$M 14



See back cover for ownership details.



KURNIA ONE TOUCH



In Malaysia, a new smart phone app gives Kurnia customers One Touch notification for breakdown assistance; provides details of agents, branches or workshops; and lets them submit a claim report with particulars of an incident including photos and location.

The Asia division experienced solid improvement in its operating performance in the 2015 financial year, as it continued to focus on operational development and capability transfer programs, including further strengthening of risk management and governance frameworks.

The business' consolidated GWP rose by 11.4%, to \$353 million, largely reflecting good growth in Thailand. On a proportional basis, GWP increased by 9.5% from last financial year to \$794 million, aided by continued strong growth in India.

Asia's overall earnings contribution increased from \$14 million in the 2014 financial year to \$21 million, as the established businesses in Thailand and Malaysia continued to perform well and the combined operating loss from developing markets (India, China, Vietnam and Indonesia) contracted significantly to \$1 million.

The business achieved a key milestone in April 2015, with the acquisition of PT Asuransi Parolamas, a small general insurer in Indonesia, fulfilling IAG's presence in its six target markets in Asia. Through its various interests, IAG now participates in a gross regional GWP pool of nearly \$1.7 billion.

As at 30 June 2015, IAG's net investment in Asia was \$893 million, of which over \$670 million was in the established and profitable markets of Thailand and Malaysia. The \$61 million increase in the net investment since 30 June 2014 includes:

- a \$57 million reduction due to dividend payments from the businesses in Thailand and Malaysia;
- a \$60 million writedown in the carrying value of the investment in Bohai Insurance in China, influenced by a revision to the expected cash flows of the business, and the indicated issue price of new shares in a capital raising in which IAG does not intend to participate;
- the initial investment and capital injection in Indonesia;
- a modest capital injection in India; and
- foreign exchange movements.

Customer focus

During the financial year, the Asia division expanded its protection of low income customers in its developing markets, making available several microinsurance products in India and Vietnam, primarily through the bank and agency channels. In the 2016 financial year, the division expects the range of products to be

further increased, and the distribution network expanded to channels such as non-government organisations and telecommunications companies.

The Asia division also rolled out a number of initiatives including enhanced customer data collection and analysis to improve our understanding of customers' needs, and our businesses' delivery of improved customer experiences.

Future focus

IAG has identified Asia as an important source of long term growth for the Group. The division will continue to seek profitable growth through improved customer focus, innovation and partnerships, while maintaining its focus on excellence in operating fundamentals and risk management.

In particular, the Group has expressed an interest in gaining a national exposure to the Chinese market.

In India, IAG and the State Bank of India have commenced the process towards increasing IAG's shareholding in SBI General to 49%, following amendment of the insurance law in March 2015 to increase the foreign direct investment limit. It is anticipated that this will be completed in the 2016 financial year.

OUR SHARED VALUE STRATEGY

Reporting on what matters

Each year we assess material aspects to identify those which are most important to our stakeholders and IAG, and have the potential to affect our financial performance and strategy. These material aspects support our reporting and inform our shared value approach.

The material aspects identified for our 2015 financial year were:

Customer-centred

Meeting the evolving needs of current and future customers is critical to our long term success. Shifts are evident in the way people buy and claim on insurance. We recognise that establishing trust and confidence to earn and retain customers' loyalty requires increased engagement and empathy, and a heightened ability to respond with the right products and services.

Access and affordability

Many people do not have adequate insurance cover for reasons ranging from affordability, to a lack of understanding of their needs, or a lack of products to suit their situation. Not having access to the right insurance cover leaves individuals and their communities at risk of non-insurance and under-insurance, which reduces their ability to recover from adverse events. This also provides a market opportunity for IAG with new products, or expanded levels of cover.

Community resilience

Building community resilience is vital to reducing the cost of the increasing risk to lives, livelihoods and property. Improving understanding of the risks people face is critical to improving safety on our roads, in our homes and in businesses. Resilient communities are better prepared and recover more quickly, which results in fewer claims and lower costs for our business and safer, stronger and more confident communities.

Empowered employees

Our people are our best assets and advocates. Attracting and retaining the right people in the right roles, while developing capability and a pipeline of leaders, is fundamental to addressing future challenges. We must harness and build diversity of thought; value and support the safety and well-being of our people; and develop a strong performance culture where each person fully understands the role they play.

Financial performance

The insurance industry goes through cycles of profitability that are affected by changing competitor landscapes, macroeconomic conditions and major insurance events. Managing our financial performance sustainably through the cycle is critical to our long term success and our ability to deliver value to our shareholders and other key stakeholders. Our response to these conditions can be found throughout this annual review.

CREATING SHARED VALUE

Doing all we can to help create safer, stronger and more confident communities goes to the heart of what we do and brings to life our Purpose to help make your world a safer place.

IAG has a long track record of helping people recover from natural disasters, accidents and loss. However our role extends beyond creating insurance policies and paying claims, to helping communities understand and manage risk, reduce it and build resilience. This is why, over the last two years, we have broadened our focus beyond sustainability and community partnerships to embed a shared value approach within our strategy and business. Creating shared value means finding the intersection between a social problem and a business opportunity. Helping solve the problem creates value for the community and aligns to our strategy to use our scale to create long term value for our customers, partners, employees, shareholders and the community.

We acknowledge that there can be negative perceptions about aspects of the insurance industry, and that we do not have all the answers, or always get it right. However, we have put stakeholders at the core of our business strategy and recognise we need to work in partnership to meet their ever-increasing expectations. Our Vision at IAG is to create Asia Pacific's most loved, most inventive and most successful insurer. We will only achieve this if we transfer our deep understanding of risk to the

communities in which we operate. By improving risk awareness and supporting behavioural change we can reduce loss; this reduces our cost of claims and increases profitability. We can pass that back to our shareholders or reinvest it to reduce the cost of insurance or build more resilient communities. The virtuous circle continues.

To deliver shared value we focus on the value we are seeking to create in the community through three pillars – **Safer, Stronger and More Confident** – supported by eight focus areas where we believe IAG is best positioned to have a positive influence.

SAFER

It all starts with safer: we believe we can all be safer, whether at work, at home or on our roads.

Safer at work

Making the world safer starts with our people. Workplace injuries, poor health and low levels of mental well-being affect engagement and productivity, with organisation-wide impacts. Our safety record has improved with a 46%¹ reduction in lost-time injuries in the last 12 months.

We also play an integral role in helping customers with workplace

¹ This is based on the LTIFR as recorded at 30 June 2015 for financial years 2014 and 2015 in Australia. The 2015 LTIFR may be restated in 2016 to reflect LTIs substantiated after the original report date.

injuries to recover as quickly as possible. Over the past year our CGU Workers' Compensation team has created a Customer Lab where our people can share injured workers' stories and prototype customer service improvements; this enables them to have a deeper understanding, and greater empathy for the personal impact of, workplace incidents. This renewed customer focus strengthened CGU's performance in the Victorian WorkSafe Injured Worker Survey, creating value for injured workers and their businesses.

Safer at home

Severe weather accounts for almost half of the home claims we receive on Australia's east coast. It is always our aim to repair homes and restore customers' lives as quickly as possible. While we know for some it is never quick enough, we continued to focus on faster claims resolution in 2015 as we responded to the largest volume of claims in more than 15 years. Our ability to mobilise resources rapidly saw us lodge and manage claims from the April east coast low, with 45,000 claims finalised in 90 days. We also responded rapidly to help rebuild the lives of customers affected by events such as the South Australian bushfires and Tropical Cyclone Marcia.

We are committed to helping customers identify and reduce risks so they are safer and more secure in their homes. Fewer risks means fewer claims, more affordable premiums and a safer community. We partner with the ACT, NSW and Queensland State Emergency Services (SES) to support community recovery and provide education on disaster preparation. In 2015, the NSW SES StormSafe education program resulted in over 2,000 people downloading the Stormsafe app, and 28% of NSW households surveyed said they had a plan for when storms hit, compared to 20% the previous year.

Safer on our roads

Over the last decade, road fatalities in Australia have fallen by 28%, partly due to safer vehicles. However, more than 1,000 people continue to die on our roads each year and more than 32,000 are seriously injured, so there is still much more to be done. IAG is the only insurer in Australia to invest in its own Research Centre. We conduct and share research on a range of vehicles with a focus on safety, security and repair costs. We also review our claims data to inform road safety initiatives.

IAG has also introduced insurance discounts to encourage car makers and consumers to take up Autonomous Emergency Braking and is piloting Advanced Road Warning Signs in New Zealand.

STRONGER

Safer leads to stronger: when people are safer they create businesses and communities that are stronger and more resilient.

Responsible business

Businesses have a responsibility to act ethically and safely and to minimise their impact on society and the environment. Although we do not have all the answers we are committed to working with our stakeholders, including those we purchase products and services from, to play an important and responsible role in society.

This means recognising the impact of climate change on communities and on our business as an insurer. We have maintained our Group carbon neutrality and entered into a two-year agreement with the New Zealand Energy Efficiency Conservation Authority. We also now require our Exclusive Smash Repairers to be accredited by IAG's EcoSmash environmental program. Globally, we support the United Nations Environment Program Finance Initiative Principles for Sustainable Insurance and the Geneva Association's Climate Risk Statement.

IAG also proudly embraces an inclusive and diverse workplace. Women hold 31.5% of our senior management roles across the Group, and 33.3% in our businesses in Australia and New Zealand. While our Group result is not quite at the goal we set in 2010 to have 33% of senior management roles filled by women this year, we have improved significantly from the 27% we reported in 2010, and we are working to improve this, including by introducing training to reduce unconscious bias in recruitment. We recently established an onsite school holiday program, Kids@IAG, to help parents manage work and family; and expressed our support for marriage equality in Australia.

Resilience to natural perils

The Australian Government currently spends an estimated \$560 million each year on disaster recovery. In contrast, it invests around \$50 million each year in mitigation to improve community resilience. For every \$10 spent on post-disaster recovery, only \$1 is spent on preventative measures to improve the safety of communities.

Through our membership of the Australian Business Roundtable for Disaster Resilience & Safer Communities, IAG is sharing its risk management expertise with government to influence programs and policies to help make Australia more resilient to natural disasters (see page 14 for more).

To this end IAG is one of the few insurers in our region to have an in-house natural perils team, which focuses on climate data and customer impacts.

Business resilience

Resilient businesses are at the heart of strong and resilient communities. This is particularly evident in rural and regional Australia, where farmers and growers contend with weather, environmental risks, market forces and, often, remoteness. IAG consulted extensively with rural customers last year to better understand how we can support them and we are now developing partnerships to support more sustainable farming and improve access to medical advice.

MORE CONFIDENT

Safer and stronger leads to more confident: when people are covered by insurance and risk is managed well they have the certainty and confidence to prosper.

Access and affordability solutions

Without adequate insurance cover individuals and businesses struggle to recover from adverse events, which affects their livelihood and contribution to their community. IAG is committed to ensuring insurance cover remains accessible and affordable, so individuals and communities can be confident of recovering quickly from adverse events.

In cyclone-prone Far North Queensland, our Strata Affordability project has delivered improved risk management and cost savings to strata property owners.

We also continue to explore ways to tailor products to meet customers' needs at different life stages. We have engaged extensively with consumers and community groups and conducted our own research to identify segments where affordability is creating the most pressure. In response, we are developing and piloting a suite of products. InsureLite, the first of these pilot products, was launched in Queensland in June 2015 to give households struggling with affordability more options to protect their homes.

Social resilience

Community resilience has become a critical focus for disaster management globally and locally. Connected communities with engaged residents are more likely to be better prepared for, and better equipped to recover from, major events. That is why IAG is exploring new ways to create more resilient communities.

We are working with selected communities affected by disasters to identify how we can better support rebuilding and improve resilience to future events. In Rockhampton, for example, we are working with local government on the costs and benefits of flood mitigation measures.

Through our Reconciliation Action Plan we believe we can play an important part in building social resilience within Australian Aboriginal and Torres Strait Islander communities (see page 14 for more).

SHARED VALUE IN ACTION

IAG Research Centre

Driving safety and security
for over 20 years

The Research Centre pioneered IAG's shared value approach with its extensive work to improve car security. During the late 1980s, car theft sky-rocketed in Australia, with Sydney considered the car theft capital of the world. Not only was the rate of theft socially disruptive (a car was stolen every six minutes), but it was driving up insurance premiums on many popular cars to unaffordable levels. Our Research Centre created Australia's first car security rating system, which scored a vehicle's theft resistance, and shared this information with manufacturers and consumers. This advocacy led to our founding involvement in the National Motor Vehicle Theft Reduction Council, the national sharing of theft data, the creation of a national written-off vehicle register and the mandating of immobilisers. Today, car theft figures are less than half what they were 20 years ago.

Road safety has also been a critical focus for the Research Centre. Between 2002 and 2007, the Research Centre delivered the 101 Accident Blackspots program in NSW, identifying the worst intersections for collisions. Public awareness led to the installation of traffic lights at the number one blackspot in 2002 – the then-notorious five-ways roundabout at Miranda – with an estimated 80% drop in collisions. Our research also drove safety improvements to an entrance ramp on the M4 at Silverwater, reducing the number of collisions at this blackspot by around 300 per year and saving an estimated \$600,000 per year in claim costs since 2005.



It is critical we invest in partnerships and projects that balance the needs of all stakeholders, including customer, business and community impacts.

Getting this right is not always easy. We are developing tools to enable us to measure shared value creation and help us prioritise our activities. We recognise that we cannot act on every opportunity, and we cannot work in isolation, so we are proud to collaborate with partners who are equally committed to creating safer, stronger and more confident communities. Here are some examples of where we are working together to make a difference.

Microinsurance at IAG Asia

People on low incomes are more vulnerable to the effects of natural perils, road accidents, illness and injury. Microinsurance offers protection for these people in emerging markets, with simple processes and affordable, easy to understand products. The World Bank data shows that globally, 3.9 billion people are earning less than US\$4 a day; this is more than half of the world's population that would benefit from access to microinsurance.

In keeping with our commitment to improving insurance accessibility and affordability in Asia, IAG provides a range of microinsurance products tailored to our markets in Thailand, Vietnam and India. Our experience tells us that for products to be profitable and sustainable the customer experience needs to be convenient, with claims easily managed and paid.

Products offered through our Bancassurance and Agent channels include personal accident, home fire protection, motorbike total loss and theft, surgery and hospital cash and critical illness.

To date we have sold more than 17.7 million policies ranging from a cost of A\$0.70 to A\$4.90. The next stage for our Asia microinsurance market is to extend the distribution network to other channels and launch in Indonesia.

IAG Reconciliation Action Plan



IAG has an Indigenous Engagement Strategy with a commitment to supporting reconciliation in Australia. Through our Reconciliation Action Plan we support a number of important initiatives to improve education, employment and community outcomes for indigenous Australians. These initiatives include support for CareerTrackers, with 22 university interns completing secondments across the business,

and partnering with the Australian Indigenous Mentoring Experience to support secondary school students as they transition to tertiary education and careers. IAG has supported the transition of the skills and expertise of our people to indigenous organisations with eight employees placed on six-week Jawun secondments. IAG also sponsored the Partnership Award for the Supply Nation Awards and Dinner.

Working together to make communities safer



IAG is a founding member of the Australian Business Roundtable for Disaster Resilience & Safer Communities (ABR).

In 2014 the ABR launched its second research paper – Building an Open Platform for Natural Disaster Resilience Decisions. This research also formed the basis for IAG and ABR submissions to the Australian Government Productivity Commission Inquiry into Natural Disaster Funding Arrangements. In recognition of this important work, the ABR was awarded the Certificate of Distinction at the 2015 United Nations Sasakawa Awards for Disaster Risk Reduction, the first private sector organisation in the awards' 30-year history to be so recognised. In 2015, IAG also committed to the Sendai Framework for Disaster Risk Reduction.

Global Resilience Project



PSI
Principles for Sustainable Insurance

The IAG-led Global Resilience Project (GRP) is the key part of our commitment to the UN Principles for Sustainable Insurance Initiative. The Global Risk Map, the second phase of the GRP, was launched in New York in June 2015 with widespread endorsement from the UN, the disaster prevention community and media. The interactive map covers major natural disasters over the past 115 years; the social and economic devastation caused by cyclones, floods and earthquakes; and identifies the most vulnerable regions/countries. The third phase of the GRP focuses on effective approaches for global outreach and stakeholder advocacy to support cost-effective investments in pre-disaster resilience, creating opportunities for more affordable, accessible and scalable insurance solutions.

OUR PERFORMANCE

Community investment

Australia and New Zealand

Australia

2015 \$M7.4



2014 \$M8.7



2013 \$M7.7



New Zealand

2015 \$M2.7



2014 \$M3.4



2013 \$M2.7



The change in community investment reflects a reduced contribution by the business to the IAG Foundation, from \$1.5 million in the 2014 financial year to \$0.5 million this year, as well as an adjustment to community investment in New Zealand, where the business has exited a number of sponsorships as it moves to align its community investment to our Purpose.

Net Promoter Score®

21%*

Australia

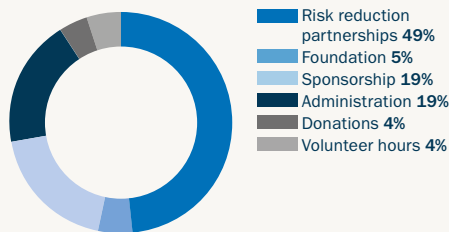
*Personal Insurance

**Direct Insurance and Financial Institutions

33%**

New Zealand

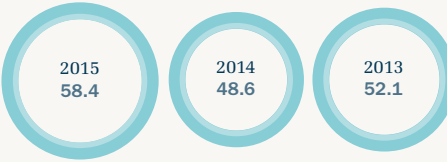
Australia and New Zealand community investment by type



Environment indicators

Group emissions profile (tonnes '000 CO₂e)

Australia

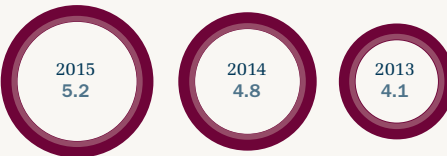


2015 financial year emissions in Australia have been influenced by an increase in air travel which is predominantly due to an increasing number of acquisitions and activity in IAG's Asia business, as well as the acquisition of the former Wesfarmers business. However, the emissions intensity has remained consistent with the 2014 financial year, demonstrating that the increase is in line with the acquisition.

New Zealand

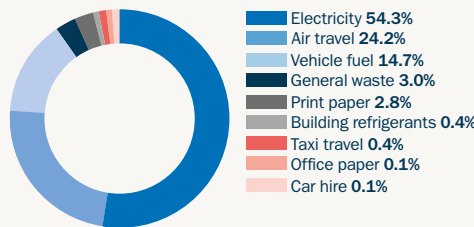


Asia



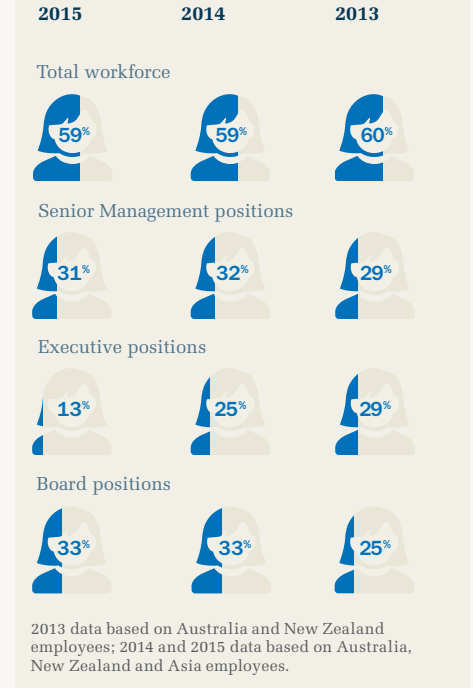
Our emissions profile for Asia includes our Thailand and Vietnam businesses as well as IAG's Asia head office in Singapore. The increase in emissions for Asia can be partially attributed to the inclusion of the Vietnam business for the full 2015 financial year, compared to the second half of the 2014 financial year.

Group emissions profile by source (% CO₂e)



People indicators

Representation of women in the workforce



Male:Female annual salary ratios (\$) as position in range

Male:Female	2015	2014
General employees	1.00:1	1.00:1
Manager/Senior Specialist	1.05:1	1.05:1
Senior Manager	1.05:1	1.05:1
Heads Of/General Manager	1.09:1	1.06:1

The 'position in range' compares similar roles by their job type by using a common benchmark. Market-based remuneration ranges are created based on the job type and seniority. IAG then compares each role against its remuneration range, to find position in range. The position of males is compared against that of females to evaluate how they are remunerated relative to each other. It is based on Australia and New Zealand employees only. For a comparison of male to female salary ratios that does not take into account job types, the salary ratio analysis is available online in the Data Summary (www.iag.com.au).

Recognition for IAG'S sustainable practices

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

Dow Jones Sustainability Index

Ranked in the DJSI World, Asia Pacific and Australia in 2014

ROBECOSAM Sustainability Award
Bronze Class 2015

RobecoSAM

Received the RobecoSAM Bronze class distinction in 2014

ROBECOSAM Sustainability Award
Industry Mover 2015

RobecoSAM

Recognised as a RobecoSAM Industry Mover in 2014

FTSE4Good

FTSE4GOOD INDEX

Included in the FTSE4Good Index Series

CDP

CDP

Included in the Climate Disclosure Leadership Index for the ninth consecutive year, and the Climate Performance Leadership Index

Included in the MSCI Global Sustainability Index Series in 2015
Winner of the CareerTrackers 2015 Business Co-ordinator Award

Recognised by the Australian Council of Superannuation Investors as Leader for reporting practices and disclosure of sustainability risk

Ranked in the Top 10 in the Australian Centre for Corporate Social Responsibility's State of CSR report

Awarded Best Insurance Company in Socially Responsible Performance (ESG) by the Australian Business and Finance Insurance Awards 2014

Winner, Women's Employer of the Year, Australian and New Zealand Institute of Insurance and Finance 2015 Annual Australian Insurance Industry Awards

REMUNERATION FRAMEWORK

The People and Remuneration Committee (PARC) reaffirms its commitment to delivering remuneration outcomes that reflect both business performance and shareholder returns, as well as ensuring IAG is able to continue to attract and retain high quality executives.

To achieve these objectives, IAG's remuneration structure is underpinned by five key principles:

- to align remuneration with the interests of IAG's shareholders;
- to motivate employees to achieve superior and sustainable performance and discourage underperformance;
- to remain market competitive to attract and retain high quality people;
- to clearly communicate the remuneration policy; and
- to encourage constructive behaviours and prudent risk taking that support long term financial soundness.

To satisfy IAG's ongoing governance of reward and APRA regulations, we conducted an assessment to determine if any adjustment of unvested or unexercised equity grants was required. The Board is satisfied that no adjustment is necessary.

The Board had an independent assessment of its remuneration undertaken. As a consequence, in the year ended 30 June 2015 the Board increased the fees for the main Board and Committees by 3% to maintain its positioning against the market.

In August 2015, the PARC determined not to increase main Board fees for the 2016 financial year, consistent with the approach adopted for Executive fixed remuneration.

It was determined to increase Committee fees (excluding the Nomination Committee) to better align these fees to the market.

IAG is committed to ensuring the remuneration report presents Executive remuneration in a consistent, concise and simple manner, as well as complying with the Corporations Act 2001. As in previous years, in the remuneration report the company voluntarily discloses the actual remuneration received by Executives, in addition to meeting our statutory reporting obligations.

The PARC is confident that IAG's remuneration framework supports the Group's financial and strategic goals now and into the future.

These two pages contain extracts from IAG's 2015 remuneration report. The complete remuneration report is set out on pages 16 – 35 of the 2015 annual report.

2015 HIGHLIGHTS	SUMMARY
Fixed remuneration remains competitive	IAG assesses the fixed remuneration of its Executives against the market. IAG provided Executives with a 1.5% increase in the year ended 30 June 2015. On the recommendation of the Executive Team and in recognition of the difficult market conditions in which we are operating, in August 2015 the PARC determined not to provide further fixed pay increases to our Executive Team for the 2016 financial year. Our goal continues to be to provide market competitive fixed remuneration that takes into account an Executive's experience, skills, the internal relativities of IAG's Executive Team and comparison with external roles.
Short term performance was sound	Short term performance for the year ended 30 June 2015 was sound. Despite a decline in insurance margin due to adverse natural perils, IAG evolved its operating model in Australia and continued the integration of the former Wesfarmers business to secure its leading position in both Australia and New Zealand. Reflecting these achievements, the average Short Term Incentive (STI) payment was 61% of the maximum achievable for the Group CEO and Group Executives.
IAG delivers sustained long term performance	IAG once again exceeded its Return on Equity (ROE) and relative Total Shareholder Return (TSR) targets. Based on three and four years of strong returns as measured by the ROE and TSR components of the Long Term Incentive (LTI) plan, both hurdles were met and the LTI for the Group CEO and Executive Team tested during the year ended 30 June 2015 vested in full.
Shareholder interests are aligned through a mandatory shareholding requirement	IAG believes strongly in aligning the interests of Non-Executive Directors (NEDs) and Executives with those of shareholders. To achieve this alignment, NEDs and Executives are required to hold a significant number of IAG shares and all exceeded their requirement at 30 June 2015.

EXECUTIVE AND DIRECTOR REMUNERATION

The actual remuneration paid to Executives during the current and previous financial years is set out below. IAG discloses actual remuneration voluntarily for increased transparency. Actual remuneration includes fixed remuneration, other benefits and leave accruals, termination payments and cash STI paid, as well as any deferred STI or LTI that vested in the relevant financial year. For remuneration details provided in accordance with the Accounting Standards, refer to Section F of the 2015 remuneration report, starting on page 28 of the 2015 annual report.

EXECUTIVES	FIXED PAY	OTHER BENEFITS AND LEAVE ACCRUALS	CASH STI	DEFERRED STI VESTED	LTI VESTED	TOTAL ACTUAL REMUNERATION RECEIVED
2015	\$000	\$000	\$000	\$000	\$000	\$000
2014						
Mike Wilkins	2,112 2,077	232 253	1,314 1,796	1,232 1,243	5,514 6,038	10,404 11,407
Ben Bessell ¹	123	(7)	65	-	-	181
Duncan Brain ²	921 679	263 378	469 347	210 -	429 -	2,292 1,404
Andy Cornish ³	1,052 879	93 (54)	602 487	469 590	2,290 2,457	4,506 4,359
Peter Harmer	1,012 995	(23) (26)	473 704	432 326	2,152 1,672	4,046 3,671
Alex Harrison ²	849 218	51 (1)	611 125	192 -	397 -	2,100 342
Nick Hawkins	1,012 995	56 (11)	603 731	463 489	2,198 2,342	4,332 4,546
Jacki Johnson	1,096 1,048	(43) 37	418 565	398 409	1,949 2,222	3,818 4,281
Leona Murphy	910 895	38 13	505 569	411 431	1,981 2,109	3,845 4,017
Clayton Whipp	755	64	341	211	367	1,738
EXECUTIVE WHO CEASED AS KEY MANAGEMENT PERSONNEL						
Justin Breheny	702 915	205 193	546 579	446 490	2,024 2,222	3,923 4,399

NOTES:

- Remuneration reported for Ben Bessell relates only to his role as Acting Chief Executive, Commercial Insurance, which commenced on 31 March 2015. Share based remuneration provided in the current financial year did not relate to his role as Acting Chief Executive, Commercial Insurance and has not been disclosed.
- Remuneration for Duncan Brain and Alex Harrison has increased as for the first time both Executives were Key Management Personnel (KMP) for the full period in the year ended 30 June 2015. In the 2014 financial year, no share based payments were disclosed for these Executives as those payments were not related to their roles as KMP. Alex Harrison ceased to be a member of the Executive Team in August 2015.
- Remuneration received by Andy Cornish was higher in the year ended 30 June 2015 than the previous financial year as he took a three-month period of unpaid leave in the 2014 financial year.

INDEPENDENT NON-EXECUTIVE DIRECTORS	SHORT TERM EMPLOYMENT BENEFITS		POST EMPLOYMENT BENEFITS	TOTAL
	IAG BOARD FEES RECEIVED AS CASH	OTHER BOARDS AND COMMITTEE FEES	SUPERANNUATION	
2015	\$000	\$000	\$000	\$000
2014				
Brian Schwartz	568 552	226 220	19 18	813 790
Elizabeth Bryan	99	6	10	115
Yasmin Allen	178 172	84 68	19 18	281 258
Alison Deans	173 168	37 31	19 18	229 217
Hugh Fletcher	172 168	177 167	20 18	369 353
Raymond Lim	172 168	19 18	18 17	209 203
Tom Pockett	86	-	8	94
Philip Twyman	177 170	80 56	19 18	276 244
NON-EXECUTIVE DIRECTORS WHO CEASED AS KEY MANAGEMENT PERSONNEL				
Peter Bush	115 168	12 18	12 17	139 203
Dr Nora Scheinkestel	37 169	12 21	5 16	54 206

BOARD OF DIRECTORS

The Board's principal role is to govern IAG, by ensuring that there is a proper governance framework in place to promote and protect the Group's interests for the benefit of its stakeholders. Directors represent and serve the interests of stakeholders and oversee and appraise the business' strategies, policies and performance, taking into account its role in the community.

For additional information about Directors' insurance, business and market experience, visit the About Us area of our website (www.iag.com.au).



Brian Schwartz AM

FCA, FAICD
Chairman and Independent Non-Executive Director
Chairman, Nomination Committee
Member, People and Remuneration Committee
Age 62



Mike Wilkins

BCom, MBA, FCA, FAICD
Managing Director and
Chief Executive Officer
Age 58



Elizabeth Bryan AM

BA (Econ), MA (Econ)
Deputy Chairman and Independent
Non-Executive Director
Chairman, People and Remuneration Committee
Member, Nomination Committee
Age 68



Yasmin Allen

BCom, FAICD
Independent Non-Executive Director
Member, People and Remuneration Committee,
Audit Committee, Risk Committee
Age 51



Alison Deans

BA, MBA, GAICD
Independent Non-Executive Director
Member, Audit Committee, Risk Committee
Age 47



Hugh Fletcher

BSc/BCom, MCom (Hons), MBA
Independent Non-Executive Director
Member, Audit Committee, Risk Committee
Age 67



Raymond Lim

BEcon, BA, LL.M
Independent Non-Executive Director
Member, People and Remuneration Committee
Age 56



Tom Pockett

BCom, CA
Independent Non-Executive Director
Age 57



Philip Twyman

BSc, MBA, FAICD
Independent Non-Executive Director
Chairman, Audit Committee, Risk Committee
Member, Nomination Committee
Age 71

EXECUTIVE TEAM

The Chief Executive Officer and Executive Team are responsible for the day-to-day operations and administration of IAG. They ensure the effective and efficient operation of the Group and are responsible for risk management and internal control frameworks. They also ensure that the Board has accurate and timely information to make decisions on behalf of shareholders.

For additional information about Executive Team members' experience, visit the About Us area of our website (www.iag.com.au).



Mike Wilkins

BCom, MBA, FCA, FAICD
Managing Director and Chief Executive Officer



Ben Bessell

Acting Chief Executive, Commercial Insurance



Duncan Brain

BAppSc (Maths), MBA
Chief Executive, Asia



Andy Cornish

MBA
Chief Executive, Personal Insurance



Peter Harmer

Chief Executive, IAG Labs



Nick Hawkins

BCom, FCA
Chief Financial Officer



Jacki Johnson

BAppSc (OT), GradDip Safety Science, EMBA, FAICD
Chief Executive, New Zealand



Leona Murphy

BCom, GAICD
Chief Strategy Officer



Clayton Whipp

BBus, FCA, GAICD
Chief Risk Officer

SHAREHOLDER INFORMATION

KEY DATES

2015 financial year end	30 June 2015
Full year results and dividend announcement	21 August 2015
Notice of meeting mailed to shareholders	7 September 2015
Final dividend for ordinary shares	
Record date	9 September 2015
Payment date	7 October 2015
Annual general meeting	21 October 2015
Half year end	31 December 2015
Half year results and dividend announcement	18 February 2016*
Interim dividend for ordinary shares	
Record date	2 March 2016*
Payment date	30 March 2016*
2016 financial year end	30 June 2016
Full year results and dividend announcement	19 August 2016*

* Please note: dates are subject to change. Any changes will be published via a notice to the Australian Securities Exchange (ASX)

2015 annual general meeting

IAG's 2015 annual general meeting will be held on Wednesday, 21 October 2015, at the City Recital Hall, Angel Place, Sydney, commencing at 10.00am. Details of the meeting, including information about how to vote, will be contained in our notice of meeting, which will be mailed to shareholders, and available online at www.iag.com.au, from Monday, 7 September 2015.

2015 annual report suite

This annual review contains a summary of the 2015 financial year performance of Insurance Australia Group Limited (IAG, or the Group). Unless otherwise indicated, references to 2015, 2014 and 2013 in graphs and copy throughout this review refer to IAG's financial years ending 30 June 2015, 2014 and 2013 respectively. All figures are in Australian dollars unless otherwise stated.

Information about IAG's 2015 financial performance is available online in the 2015 reporting centre on our website (www.iag.com.au). Scan the QR code on the inside back cover to go straight to IAG's website for financial updates, investor reports, ASX announcements, key dates and a comprehensive shareholder centre.

More detailed information is contained in IAG's 2015 annual report, including full statutory accounts, and the Directors' and remuneration reports for the 2015 financial year. This year, the corporate governance report is available online. To have a copy of the annual review or annual report mailed to you, contact IAG's Share Registry using the contact details on the next page.

Scope and assurance of sustainability reporting

Page 2 and pages 12 – 15 of this review provide an outline of our shared value strategy and performance during the year ended 30 June 2015.

These pages contain quantitative and qualitative information for IAG's controlled operations in Australia, New Zealand, Thailand, Vietnam and our Singapore office. We developed the shared value content in line with the Global Reporting Initiative's (GRI) G4 Principles for Defining Report Content, and this report contains General and Standard Disclosures from the GRI Sustainability Reporting Guidelines, including the Financial Services Sector Disclosures.

In 2015, we engaged independent assurance provider Ernst & Young to assure selected Customer, Community, Workforce and Environment indicators (sustainability indicators) as presented online in the Data Summary.

Selected sustainability indicators have also been presented in this annual review. The sustainability indicators were assured to a limited level in accordance with the *ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information* standard.

The shared value content of this annual review was also reviewed against the GRI's Principles for Defining Report Content. Results of the assurance can be found in the assurance statement provided by Ernst & Young. A complete Data Summary and Glossary of Terms which describes the scope of sustainability data included in our content, GRI Content Index and assurance statement is available in the Shared Value area of our website (www.iag.com.au).

Shareholder information

Share Registry

Computershare Investor
Services Pty Limited
GPO Box 4709, Melbourne VIC 3001
Australia

Hand deliveries:
Level 4, 60 Carrington Street
Sydney NSW 2000
Australia

Telephone:
(within Australia) 1300 360 688 or
(outside Australia) +61 (0)3 9415 4210

Other:
Facsimile (general) +61 (0)3 9473 2470
Email iag@computershare.com.au

Registered Office

Insurance Australia Group Limited

Level 26, 388 George Street
Sydney NSW 2000 Australia

Telephone +61 (0)2 9292 9222
Facsimile +61 (0)2 9292 8072

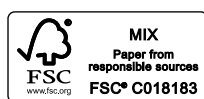
Email investor.relations@iag.com.au
Website www.iag.com.au

Online information

To view other information about IAG and to manage your shareholding online, visit www.iag.com.au. You can also register to receive email news alerts when IAG makes important announcements.



All information about IAG's 2015 financial performance is available online at www.iag.com.au/reportingcentre/2015/index.html, or scan this QR code to go straight to IAG's website, for financial updates, investor reports, ASX announcements, key dates and a comprehensive shareholder centre.



This report is printed on Pacesetter Laser Pro, a paper that is manufactured elemental chlorine free (ECF) from FSC® Mix certified fibre by an ISO 14001 certified mill.

Glossary

APRA is the Australian Prudential Regulation Authority.

Credit spread is the difference between the average yield to maturity of the portfolio of non-government securities and the average yield to maturity of the liability profile, valued using Commonwealth Government of Australia yields.

Gross written premium (GWP) is the total amount of insurance premiums that we receive from customers.

Insurance margin represents our insurance profit as a percentage of our net earned premium.

Insurance profit is our underwriting result plus the investment income on assets backing our technical reserves.

Life and General Insurance Capital (LAGIC) is APRA's revised regulatory capital regime, which came into effect from 1 January 2013.

Long tail classes of insurance are those such as CTP and workers' compensation where the average period is generally greater than 12 months between the time when earned premiums are collected and final settlement of claims occurs.

Net earned premium (NEP) is gross earned premium less reinsurance expense.

Net profit after tax is our net result, after allowing for income taxes and the share of profit owing to non-controlling interests.

Prescribed Capital Amount (PCA) is as defined by APRA under its LAGIC regime.

Risks in force refers to the subject matter that an insurance policy or contract protects (eg number of vehicles, houses, employees). An insurance policy may cover one risk or many risks, depending on the terms of the policy. Risks in force is a measure of the total number of risks covered by an insurance company at a point in time.

Shareholders' funds is the investment portfolio of assets we hold in excess of the amount backing technical reserves; it represents shareholders' equity not used in day-to-day operations.

Short tail classes of insurance (such as motor, home and small-to-medium enterprise commercial) are those with an average period generally less than 12 months between the time when premiums are earned and final settlement of claims occurs.

Technical reserves are the investments we hold to back the outstanding claims liability and unearned premium, net of recoveries and premium debtors.

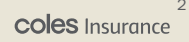
Underlying margin is defined by IAG as the reported insurance margin adjusted for net natural peril claim costs less related allowance for the period; reserve releases in excess of 1% of NEP; and credit spread movements.



Australia



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New Zealand



Asia



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100% owned unless indicated

1 IAG's short tail personal insurance products are distributed in Victoria under the RACV brand, via a distribution relationship and underwriting joint venture with RACV. These products are distributed by RACV and manufactured by Insurance Manufacturers of Australia Pty Limited (IMA), which is 70% owned by IAG and 30% by RACV.

2 IAG owns 100% of WFI Insurance Ltd (WFI), the underwriter of general insurance products under the Coles Insurance brand. These products are distributed by Coles under an Authorised Representative Agreement with WFI.

3 IAG holds a 98.6% beneficial interest in Safety Insurance, based in Thailand, which trades under the Safety and NZI brands.

4 IAG owns 49% of the general insurance arm of Malaysian-based AmBank Group, AmGeneral Holdings Berhad (AmGeneral), which trades under the AmAssurance and Kurnia brands.

5 IAG owns 26% of SBI General Insurance Company, a joint venture with State Bank of India.

6 IAG owns 20% of Bohai Property Insurance Company Ltd, based in China.

7 IAG owns 63.17% of AAA Assurance Corporation, based in Vietnam.

8 IAG owns 80% of PT Asuransi Parolamas, based in Indonesia.

All ownership percentages are as at 30 June 2015.