

10 March 2009

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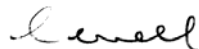
Dear Sir/Madam,

INSURANCE AUSTRALIA GROUP LIMITED ('IAG')

**Presentation by IAG CEO at
Citi - Australia and New Zealand Investment Conference**

Please find attached presentation by IAG's Chief Executive Officer, Michael Wilkins, to the Citi – Australia and New Zealand Investment Conference in London on 9 March 2009.

Yours sincerely



Glenn Revell
Company Secretary

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Australia and New Zealand Investment Conference

Michael Wilkins

Managing Director & Chief Executive Officer

London, 9 March 2009

ABN 60 090 739 923



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All amounts are presented in Australian dollars unless otherwise stated.

1H09 refers to the six months ended 31 December 2008, and FY09 refers to the financial year ending 30 June 2009.

REFINED CORPORATE STRATEGY

OUR TARGETS

- Top quartile Total Shareholder Return (TSR)
- ROE > 1.5x WACC

OUR STRATEGY

- Deliver superior performance by actively managing our portfolio, exiting businesses that do not fit our intent or return hurdles, and driving operational performance and execution in those that do

OUR STRATEGIC PRIORITIES

- Improve our performance in Australia and New Zealand
- Pursue selective international growth options
- Devolved model with Corporate Office as portfolio manager
- Driving operational performance and execution

DELIVERING ON OUR PROMISES

Priority	Status
Move to a simpler operating model by end of September 2008	✓
Deliver \$130m in annual before tax run rate savings in Australia	✓
Appoint CEO of Australia Direct	✓
Pursue select opportunities in Asia	✓
Scale back operations in the UK	✓
Exit from Lloyd's syndicate 4455 ('Alba') and underwriting agency	✓

1H09 FINANCIAL PERFORMANCE

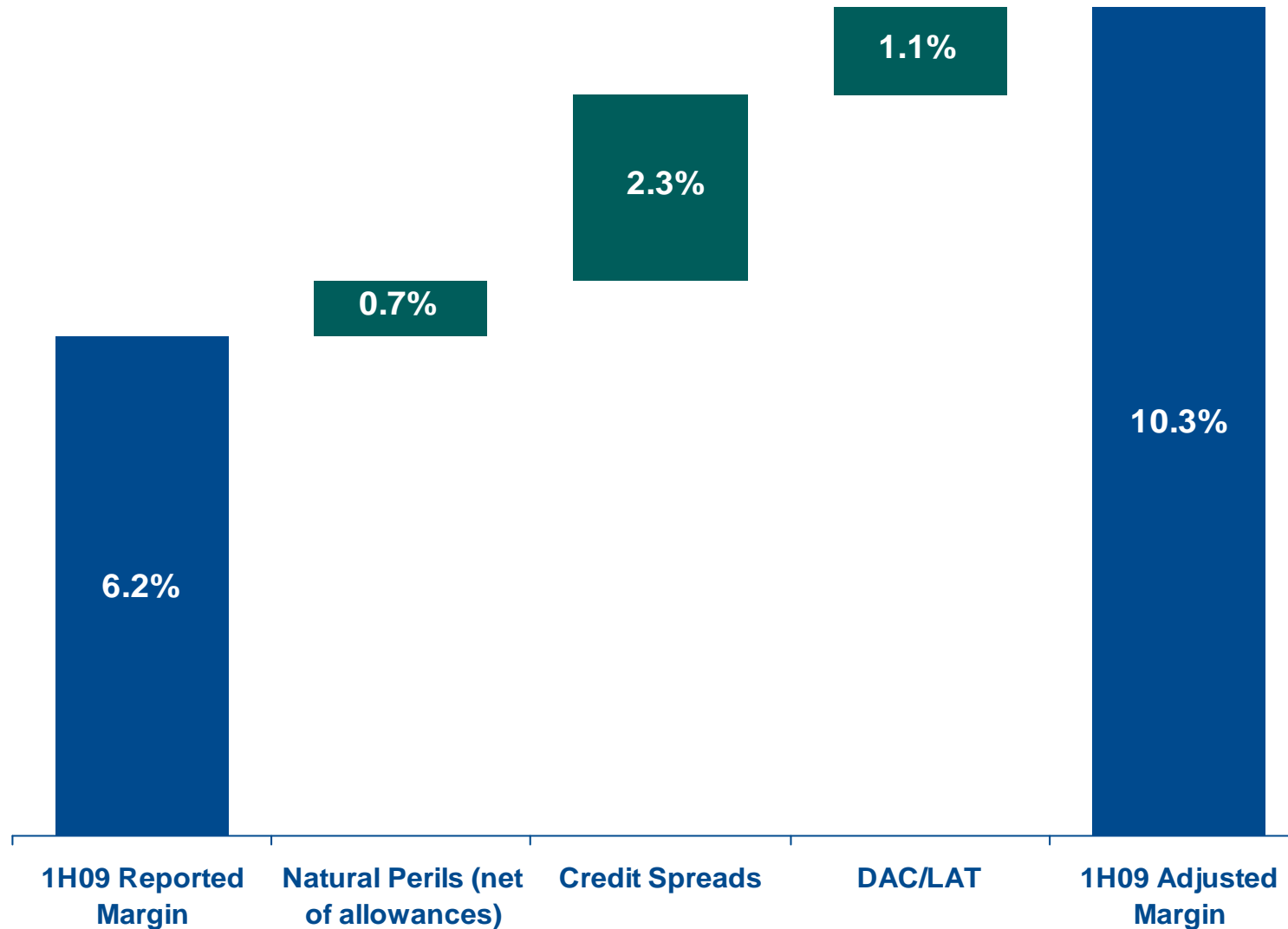
Sound progress made during a year of rebuilding

Financial performance	1H08	2H08	1H09
Gross written premium	\$3,851m	\$3,942m	\$3,922m
Insurance profit	\$190m	\$202m	\$227m
Insurance margin	5.1%	5.6%	6.2%
Profit/(loss) attributable to IAG shareholders	\$110m	\$(371)m	\$4m
ROE	4.7%	(16.5)%	0.2%
Reported EPS	6.1cps	(20.1)cps	0.2cps
Cash EPS	9.6cps	0.2cps	5.7cps
DPS	13.5cps	9.0cps	4.0cps

- GWP growth of 1.8% (underlying GWP growth of 3.9%)
- Improved insurance result of \$227m, representing an insurance margin of 6.2%
- Reduced net profit after tax, reflecting loss on sale of non-core UK mass market distribution operations and investment loss on shareholders' funds due to poor equity market conditions

1H09 INSURANCE MARGIN

Adjusted for material external impacts



SEGMENT RESULTS

Insurance Profit	1H08 A\$m	2H08 A\$m	1H09 A\$m
Australia Direct	106	210	194
Australia Intermediated (CGU)	133	1	(7)
New Zealand	(2)	14	(17)
United Kingdom retained business	6	47	77
United Kingdom discontinued business	(40)	(54)	(23)
Asia	(6)	(5)	9
External reinsurance	(7)	(11)	(6)
Total insurance profit	190	202	227

AUSTRALIA DIRECT

Strong GWP growth and improved insurance margin

AUSTRALIA DIRECT FINANCIAL PERFORMANCE	1H08 A\$m	2H08 A\$m	1H09 A\$m
Gross written premium	1,516	1,580	1,650
Insurance profit/(loss)	106	210	194
Insurance Ratios			
Loss ratio	77.3%	70.5%	88.7%
Expense ratio	22.2%	23.3%	21.5%
Commission ratio	2.6%	1.8%	2.2%
Administration ratio	19.6%	21.5%	19.3%
Combined ratio	99.5%	93.8%	110.2%
Insurance margin	7.2%	14.2%	12.6%

Key points

- GWP growth of 8.8%
 - Rate increases across the portfolio
 - Modest volume gains
 - Brand relaunch and product initiatives showing promising early signs
- Insurance margin improved to 12.6%
 - Expense savings initiatives
 - Reduced claims from natural perils
 - Lower reserve releases
 - Adverse impact from credit spreads

Outlook

- Further price increases
- Ongoing roll out of “Unworry” campaign
- Continued focus on expenses and claims costs
- Impact from Victorian fires

AUSTRALIA INTERMEDIATED

Rebuilding process progressing well

AUSTRALIA INTERMEDIATED FINANCIAL PERFORMANCE	1H08 A\$m	2H08 A\$m	1H09 A\$m
Gross written premium	1,167	1,231	1,159
Insurance profit/(loss)	133	1	(7)
Profit/ (loss) from fee based business	32	1	15
Total Divisional Results	165	2	8
Insurance Ratios			
Loss ratio	57.5%	67.5%	87.3%
Expense ratio	36.4%	38.8%	39.9%
Commission ratio	14.9%	16.9%	17.2%
Administration ratio	21.5%	21.9%	22.7%
Combined ratio	93.9%	106.3%	127.2%
Insurance margin	11.8%	0.1%	(0.6%)

Key points

- GWP down 0.7%
 - Average rate increases of 6%
 - Improved underwriting discipline – volume ceded where price inadequate
- Significant reduction in insurance margin
 - Positive underlying claims cost and margin trends reflect strategic initiatives
 - Lower reserve releases, as expected
 - \$50m DAC impairment

Outlook

- Encouraging signs around rate increases
- Ongoing rigorous focus on risk selection, pricing, claims cost and expense management
- Impact from Victorian fires

NEW ZEALAND

Disappointing first half result

NEW ZEALAND FINANCIAL PERFORMANCE	1H08 A\$m	2H08 A\$m	1H09 A\$m
Gross written premium	483	491	482
Insurance profit/(loss)	(2)	14	(17)
Profit/(loss) from fee based business	-	-	1
Total Divisional Result	(2)	14	(16)
Insurance Ratios			
Loss ratio	70.7%	66.4%	74.3%
Expense ratio	31.9%	32.9%	34.4%
Commission ratio	10.3%	11.5%	12.6%
Administration ratio	21.6%	21.4%	21.8%
Combined ratio	102.6%	99.3%	108.7%
Insurance margin	(0.4%)	3.2%	(3.9%)

Key points

- GWP flat
 - Local currency GWP up 4.7%
 - Rate rises in most classes and channels
 - NZI retention rates improving
 - State brand relaunch showing promising signs
- Negative insurance margin
 - First half storms above full year allowance
 - Increased frequency of large losses

Outlook

- Flow-through effect of rate increases
- Focus on underwriting discipline and tighter cost management
- Difficult economic environment

UNITED KINGDOM – RETAINED BUSINESS

Equity Red Star continues to perform well

UK RETAINED BUSINESS FINANCIAL PERFORMANCE	1H08 A\$m	2H08 A\$m	1H09 A\$m
Gross written premium	417	389	389
Insurance profit/(loss)	6	47	77
Profit/ (loss) from fee based business	(1)	2	(2)
Share of profit/ (loss) from associates	(2)	(1)	-
Total Divisional Result	3	48	75
Insurance Ratios			
Loss ratio	75.9%	62.1%	63.9%
Expense ratio	33.5%	27.8%	29.9%
Commission ratio	15.5%	13.5%	14.7%
Administration ratio	18.0%	14.3%	15.2%
Combined ratio	109.4%	89.9%	93.8%
Insurance margin	1.5%	12.2%	20.2%

Key points

- GWP down 6.7%
 - Local currency GWP down 2.2%
 - Volume ceded in line with ongoing exit from private motor market
- Improved insurance margin
 - Underlying insurance margin of 13.4% when adjusting for reserve releases (\$26m)
 - Reduced exposure to poorly performing mass private motor market
 - Lower natural peril costs (UK floods in 1H08)

Outlook

- Continued rate rises
- Ongoing underwriting and cost disciplines
- Difficult economic environment

UNITED KINGDOM – DIVESTED BUSINESS

Loss-making non-core businesses divested

UK DISCONTINUED BUSINESS FINANCIAL PERFORMANCE	1H08 A\$m	2H08 A\$m	1H09 A\$m
Gross written premium	168	151	143
Insurance profit/(loss)	(40)	(54)	(23)
Profit/ (loss) from fee based business	(1)	(1)	(3)
Total Divisional Result	(41)	(55)	(26)
Insurance Ratios			
Loss ratio	106.8%	116.7%	102.6%
Expense ratio	23.5%	23.5%	19.1%
Combined ratio	130.2%	140.2%	121.7%
Insurance margin	(24.7%)	(40.9%)	(20.0%)

Key points

- GWP down 14.9%
 - Local currency GWP down 10.2%
 - Loss of volume due to substantial rate increases
- Negative margin of 20%
 - Ceased underwriting poorly performing business
- Divestment of mass market business completed in early February 2009

ASIA

Medium to long term strategy on track

ASIA FINANCIAL PERFORMANCE	1H08 A\$m	2H08 A\$m	1H09 A\$m
Gross written premium	89	85	92
Insurance profit/(loss)	(6)	(5)	9
Profit/ (loss) from fee based business	(2)	(2)	(1)
Share of profit/ (loss) from associates	3	(3)	3
Total Divisional Result	(5)	(10)	11
Insurance Ratios			
Loss ratio	62.0%	68.7%	60.0%
Expense ratio	46.5%	43.3%	36.0%
Commission ratio	19.7%	19.4%	20.0%
Administration ratio	26.8%	23.9%	16.0%
Combined ratio	108.5%	112.0%	96.0%
Insurance margin	(8.5%)	(7.5%)	12.0%

Key points

- GWP growth of 3.4%
 - Local currency GWP up 2.5%
 - Economic conditions impacting growth
- Improved insurance margin
 - Tight cost control
 - Improved claims expense
 - Includes \$8m DAC benefit

Outlook

- SBI JV in India on track to commence trading in late 2009
- Finalise MAA general insurance acquisition in Malaysia

REINSURANCE PROTECTIONS

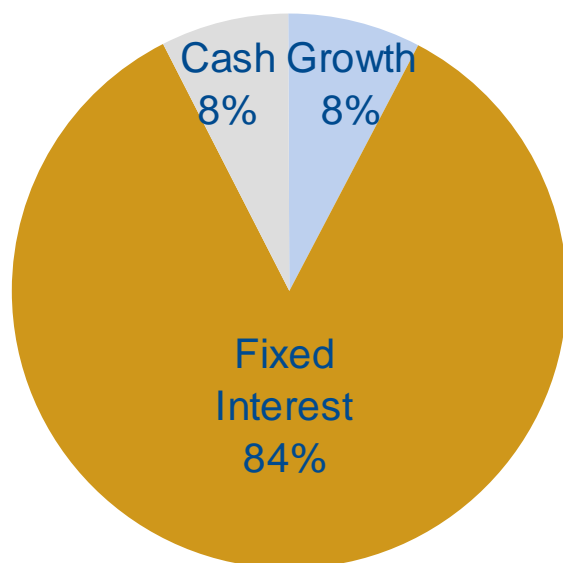
Reducing earnings volatility

- **The upper limit of the Group's catastrophe programme remains at \$4bn**
- **Maximum event retentions (MER):**
 - For a first event: \$126m in Australia; \$105m in NZ; \$53m in UK
 - Claims cost from Victorian fires expected to reach MER
 - For a second event: \$75m in Australia; \$66m in NZ; \$50m in UK
 - For a third event: \$50m in Australia; \$50m in NZ; \$50m in UK
- **Aggregate cover for multiple events was renewed at 1 January 2009:**
 - Provides \$150m of reinsurance cover for qualifying losses in excess of \$150m
 - Qualifying losses include events larger than \$15m and up to a maximum of \$50m for each event
- **Renewal at 1 January 2009 with similar counterparties to previous year**

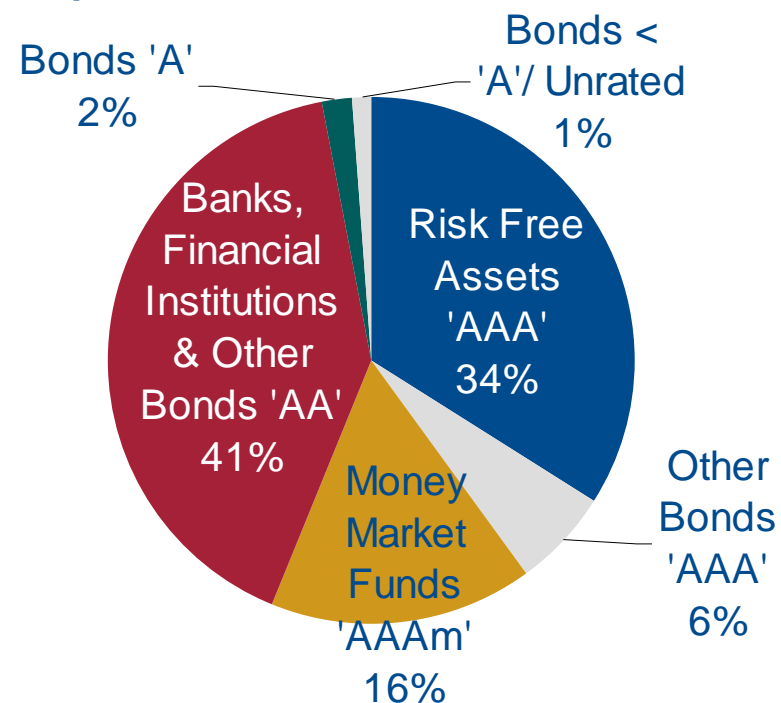
INVESTMENTS

Mix stable and high credit quality maintained

Group Investment Asset Exposure - \$10.6bn



Group Fixed Interest and Cash - \$9.8bn



- Total portfolio value of \$10.6bn
- Asset mix remains conservative – reduced equity exposure in shareholders' funds
- 97% of fixed interest and cash rated 'AA' or better
- All credit assets performing and meeting interest/ principal repayment obligations

BALANCE SHEET

Remains strong

Capital Mix	1H08 A\$m	2H08 A\$m	1H09 A\$m	1H09 Proforma ⁽¹⁾
Shareholder equity	4,920	4,351	4,135	4,735
Intangibles and goodwill	(2,941)	(2,460)	(2,353)	(2,353)
Tangible shareholder equity	1,979	1,891	1,782	2,382
Interest bearing liabilities	1,723	1,401	1,360	1,121
Total tangible capitalisation	3,702	3,292	3,142	3,503
Debt to total tangible capitalisation	46.5%	42.6%	43.3%	32.0%

⁽¹⁾ Incorporates capital management initiatives announced 18 February 2009

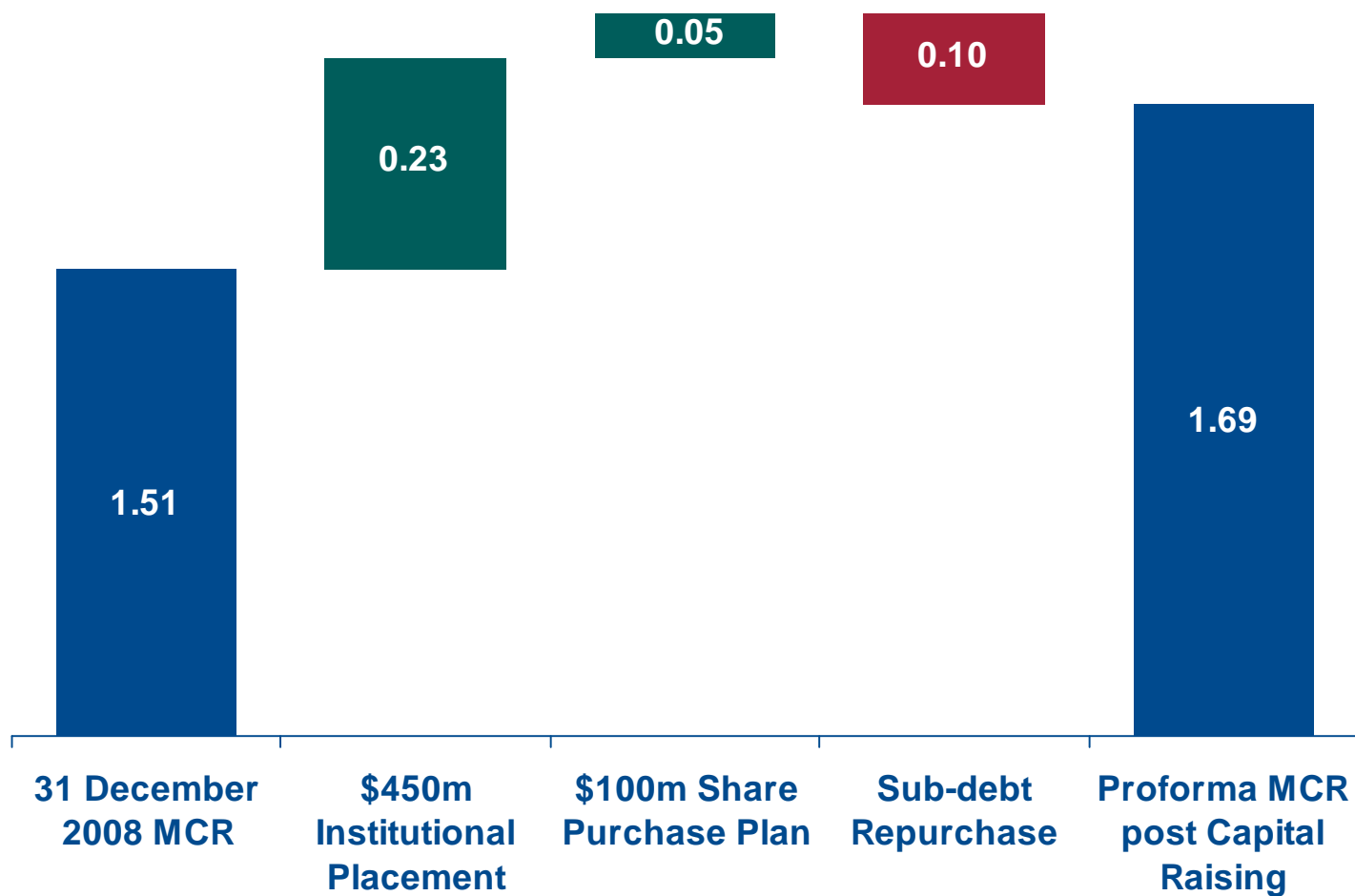


As at 31 December 2008

- Aiming to have debt to total tangible capitalisation in the range of 30–40% in the near term
- No debt maturing in calendar 2009
- ‘AA’ category financial strength ratings for key wholly owned insurers reaffirmed by S&P

REGULATORY CAPITAL POSITION

MCR multiple increased on a proforma basis



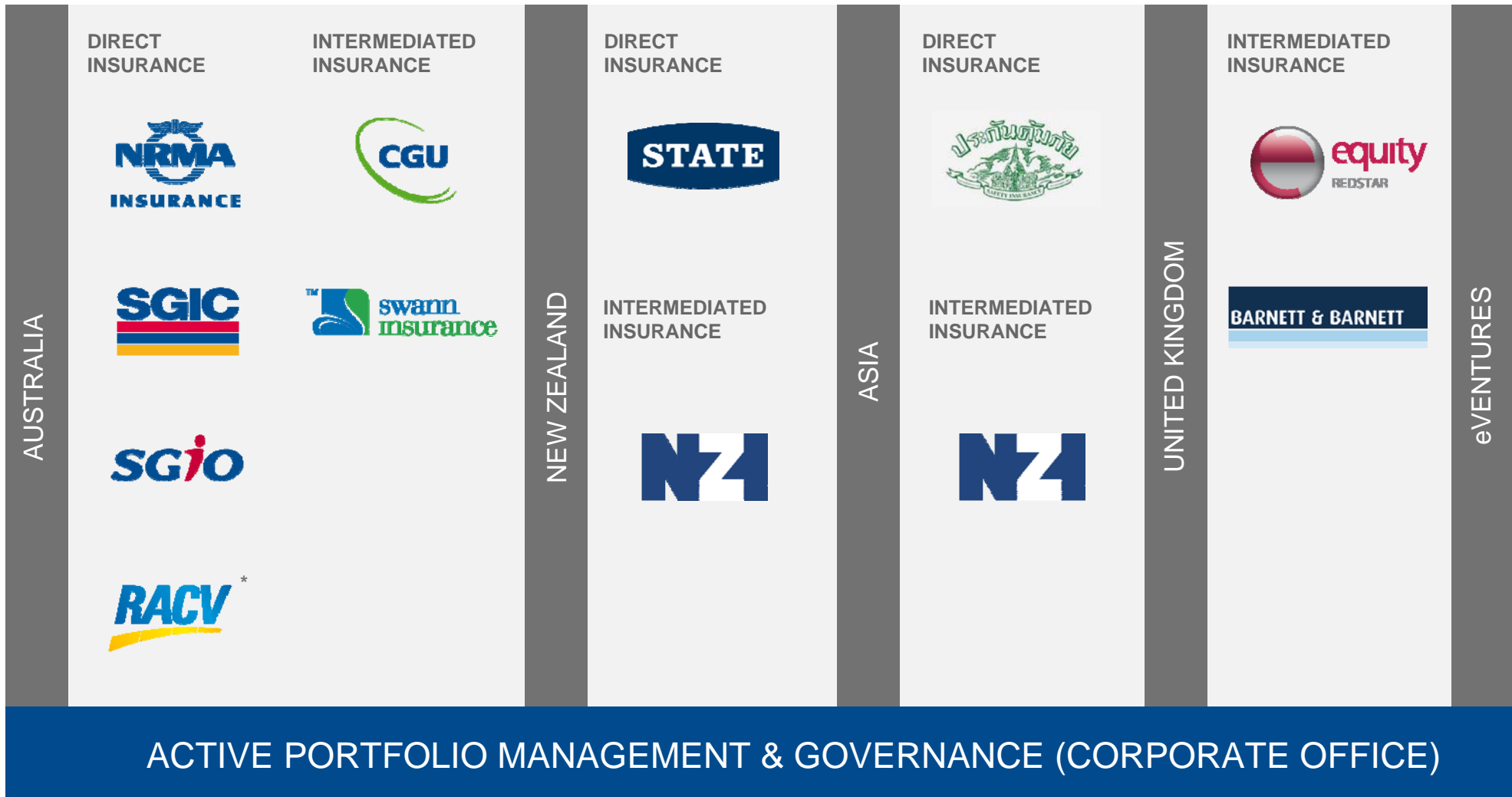
FY09 OUTLOOK

Group gross written premium growth	FY09¹
Group GWP growth - In line with previous guidance	0-2%
Underlying GWP growth - In line with previous guidance	3-5%
Group insurance margin	FY09¹
Previous guidance	10%+
Less : Credit spreads	(1.2%)
DAC impairment	(0.6%)
Natural perils in excess of allowances	(2.1%) ²
Guidance adjusted for identified items	6.1%+
Revised guidance	6%+

1 Subject to no material movement in foreign exchange rates, no catastrophes or large losses beyond \$150m in excess of full year allowances (\$314m), no material changes in investment markets including credit spreads and no further LAT adjustments.

2 Includes maximum event retention of \$126m for Victorian bushfires.

OUR BUSINESS MODEL AND BRANDS



• RACV is via a distribution relationship and underwriting joint venture with RACV Limited