

# WE'RE LISTENING...

**A SUMMARY OF WHAT YOU'VE SAID  
YOU EXPECT FROM OUR BUSINESS.**

**SUMMARY OF RESULTS – COMMUNITY ISSUES AND PRIORITIES SURVEY 2004**

Insurance Australia Group Limited ABN 60 090 739 923

[www.iag.com.au](http://www.iag.com.au)



# THANK YOU

During 2004 Insurance Australia Group (IAG), invited key community leaders to participate in a survey about social issues facing the community and the role of insurance in addressing these issues.

As part of the survey process, we committed to reporting back the key findings.

This report:

- summarises the survey results;
- outlines IAG's current community initiatives; and
- explains how we'll use the information to drive what we do in the future.

Community groups, peak bodies, shareholders, legislators, business partners, non-government organisations (NGOs) and public agencies were invited to participate in the survey. On behalf of IAG I thank all of you who took the time to respond.

IAG is the largest general insurance group in Australia and New Zealand, providing personal and commercial insurance under respected brands NRMA Insurance, CGU, SGIC, SGIO, Swann Insurance, NZI and State Insurance.

There is no doubt paying claims is a big part of what we do. But we believe our responsibility to our customers, business partners, community partners, shareholders and our own people is broader than that.

We have a responsibility to share our knowledge with people to help them lead safer lives – at home, on the road and at work. We believe this makes good sense. It can reduce the chance of a hardship occurring in the first place and can help us keep premiums affordable.

The responses to this survey are helping us better understand what the community thinks are the attributes of excellence for an insurance company. They will also help us review our community-focused initiatives to ensure we are addressing the issues that are most critical.

I invite you to read this report and trust that the information provided will enhance your knowledge of IAG's activities in the community.



A handwritten signature in black ink, which appears to read "Michael Hawker". The signature is fluid and cursive, written over a light blue background.

**Michael Hawker**  
CEO, Insurance Australia Group

## CONTENTS

**2**

Thank you

**3**

Overview

**4**

Challenges facing the community

**6**

Excellence in an insurance company

**8**

Important insurance issues

**10**

About the respondents

**11**

Would you like to know more?

## OVERVIEW OF RESULTS

**Almost 80% of survey respondents said working to secure safer roads, homes and workplaces for Australians is the most important challenge facing their community.**

**71% of respondents highlighted reducing crime as a high priority for their community.**

**According to respondents the most important attributes for an insurance company committed to excellence are:**

- **Promptly paying all legitimate insurance claims;**
- **Providing quality products and services at a fair price;**
- **Being highly ethical in its business practices; and**
- **Being open and honest in communication.**

**According to respondents the most important activity for an insurance company is sharing information with the community about risks at home, on the road and at work.**

**The IAG initiatives of which Australian community leaders are most aware include:**

- **Our advocacy for and sharing information about safer homes, roads and workplaces;**
- **Our research into the safest and most environmentally friendly cars and sustainable building materials.**

At IAG we believe insurance is ultimately a community product, helping people reduce the financial hardship of certain unexpected losses. This is a responsibility we take seriously so we focus on delivering value in the following four areas:

### **PAYING CLAIMS**

We need to ensure there is no misalignment between what we pay our customers when they claim and what they perceived we would pay when they initially took out the policy.

### **REDUCING RISK**

We use our knowledge to help reduce the likelihood of a claim occurring in the first place. We concentrate on reducing environmental risks, crime, road accidents and workplace injury.



### **UNDERSTANDING AND PRICING RISK**

We price our products before we know their cost. So it's important we are expert in assessing and pricing risk accurately and fairly.

### **MANAGING COSTS**

Our operating costs are factored in the price of a premium, so we must be as efficient as possible. We are responsibly using our scale to keep our costs per policy down.

# THIS IS WHAT YOU SAID

## CHALLENGES FACING YOUR COMMUNITY

Respondents were asked to provide a priority rating of 20 community issues and indicate what role IAG should play in addressing those issues. The highest priority in this category was assigned to working to secure safer roads, homes and workplaces for Australians (78%).

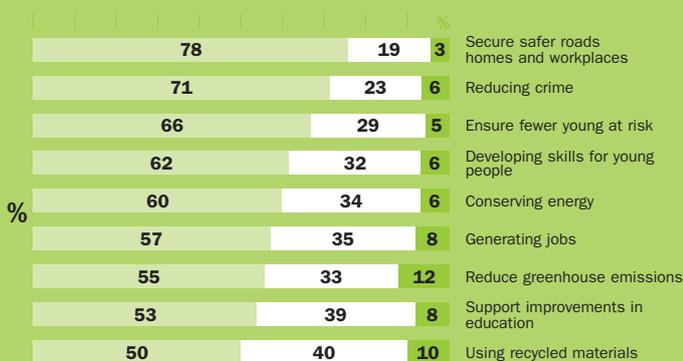
Other community issues of high priority include reducing crime (71%) and working to make sure there are fewer young people at risk (66%).

When asked what kind of role IAG should play in addressing these issues, nearly 40% of respondents said that IAG should take the lead in working to secure safer roads, homes and workplaces for Australians.

Just under one-third of respondents said IAG should take the lead on reducing greenhouse gas emissions (30%) and opinion leaders also see a significant role for IAG in addressing issues including reducing crime, working to make sure there are fewer young people at risk and developing the skills of young people.

### COMMUNITY PRIORITIES

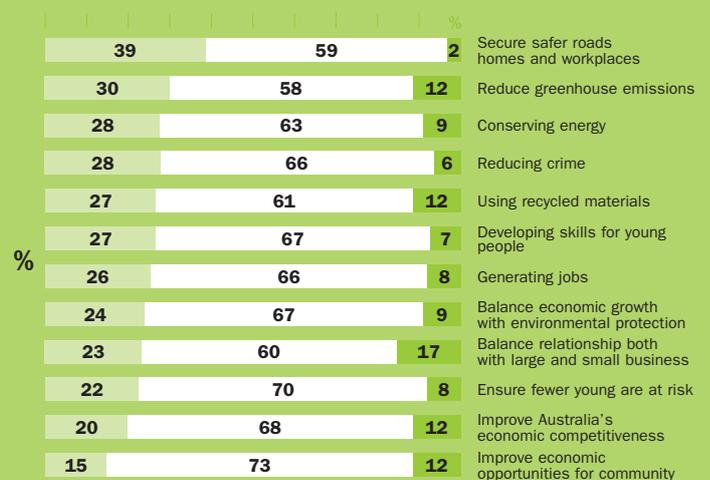
Challenges facing IAG and the community:



■ Low Priority  
■ Medium Priority  
■ High Priority

### COMMUNITY INVOLVEMENT

IAG's involvement in the community:



■ No involvement  
■ Participate with others  
■ Take the lead

# THIS IS WHAT WE'RE DOING

## CHALLENGES FACING YOUR COMMUNITY

We believe we can play a lead role in reducing risk in the community. That's why at IAG, through our brands NRMA Insurance, CGU, SGIC and SGIO we run public education programs and invest in risk reduction initiatives that target safety. We coordinate crime prevention programs in areas that need it most and fund grass roots risk reduction projects that benefit people at a local level. This is not only good news for the community as it can help people avoid unnecessary hardships, but also makes sense for IAG as fewer risks lead to fewer claims.

### ROAD SAFETY

Motor vehicle accidents are a major cause of trauma to the community, so we work closely with state and local government bodies to find ways of reducing accident rates at dangerous intersections across Australia. For example, we publish the worst crash sites each year with the aim of driving improvements at these locations.

This initiative has made a significant difference at a number of intersections including the 'Five Ways' at Miranda in Sydney's South. Once a dangerous roundabout with over 260 crashes per year (NRMA Insurance 2001 claims data) the Miranda 'Five Ways' is now controlled by traffic lights. As a result only a couple of accidents are reported each month.

### HOME SAFETY

Last year, we launched a new website under our retail brands, NRMA Insurance, SGIC and SGIO, called HomeHelp ([www.homehelp.com.au](http://www.homehelp.com.au)).

The HomeHelp website features a 3D virtual home, that visitors can "walk" through and source hundreds of tips on security, safety and environmental sustainability, room by room. A "green" whitegoods profiler is available online to assist consumers in choosing environmentally friendly appliances, and a comprehensive section on house fires provides simple tips to help people prevent and survive a fire in or around the home.

### COMMUNITY INVESTMENT

IAG, through its retail brands, is currently involved in community partnerships at a national, state and local level with organisations such as St John Ambulance Australia, Kidsafe, Volunteer Rescue Association, Salvation Army Emergency Services, Royal Flying Doctor Service, Conservation Volunteers Australia and CareFlight.

We also provide financial assistance to community groups undertaking projects aimed at improving their local area. More than \$500,000 has been distributed into local initiatives through our Communityhelp grants program over the past two years.

### JUMPSTART AUTOBODY TRAINEESHIPS

Our suppliers in the smash repair industry told us that a shortage of quality trainees was a barrier to their continued success. So IAG invested \$7.4 million into a Jumpstart Autobody Traineeship and Scholarship program, encouraging high school students to begin a career in the smash repair industry. The program will create 400 job opportunities for young Australians over four years.

### WORKPLACE SAFETY

As a leading private sector provider of workers' compensation services in Australia and New Zealand, we recognise the onus is on us to use our expertise to develop innovative safety practices within our own organisation. Our goal is simple – to ensure no employee at IAG suffers an accident in any of our workplaces.

IAG has undertaken a number of initiatives to achieve this goal, including:

- The development of 'besafe', an in-house program designed to encourage our people to be active in keeping our workplaces healthy, safe and clean;
- Staff training in areas of injury prevention, treatment and rehabilitation (more than 1,300 employees have undertaken St John's First Aid Training Course since December 2003).

### CLIMATE CHANGE

At IAG we employ a full-time atmospheric scientist who helps us understand the devastating effects of severe weather so that this information can be incorporated into our products and underwriting. We were also involved in establishing the Australian Climate Change Group with the World Wildlife Fund (WWF) and in July 2004, released research on the affects of climate change in Australia with strategies to address the need for action.



### CRIME PREVENTION

In 2004, NRMA Insurance launched a mobile crime prevention van as part of a crime prevention program that involves NSW Police and local communities in Shellharbour, Dubbo and South Sydney. Police, Volunteers in Policing as well as NRMA Insurance staff are involved in coordinating the van with Police providing on the spot advice to local residents on how to reduce the risk of crime in their own lives. This project is being considered for extension in other parts of Australia.

# THIS IS WHAT YOU SAID

## EXCELLENCE IN AN INSURANCE COMPANY

Understanding the community's expectations in regard to the behaviour of an insurance company is critical to IAG's continued success.

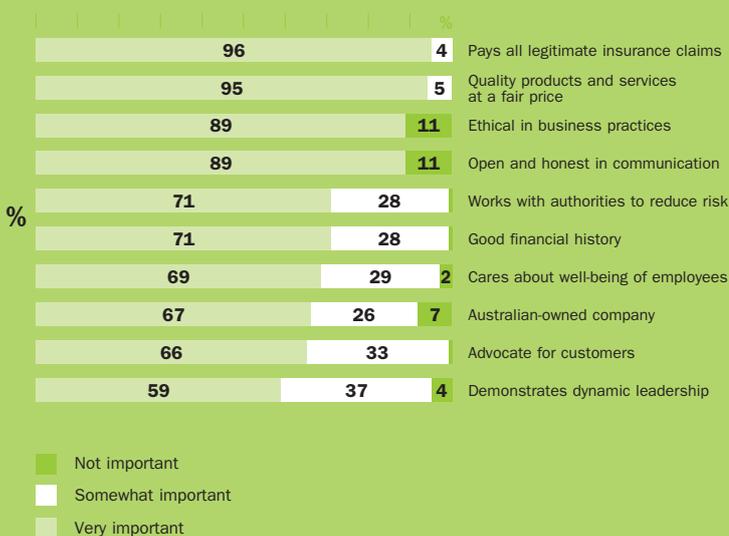
Opinion leaders were asked to rate the importance of 14 attributes for an excellent insurance company. The list of attributes related to, among other things, quality products, payment practices, ethics, leadership, and financial performance.

According to respondents those attributes considered 'very important' are:

- Paying all legitimate insurance claims (96%);
- Providing quality products and services at a fair price (95%);
- Being highly ethical in business practices (89%); and
- Being open and honest in communications (89%).

### ASSESSING EXCELLENCE

Expectations of an insurance company:



# THIS IS WHAT WE'RE DOING

## EXCELLENCE IN AN INSURANCE COMPANY

### CLAIMS

*There's a lot more to paying claims than paying claims*

During the 2003/04 financial year, IAG paid out about \$4.2 billion in claims. That's around \$11 million a day. But paying claims is the easy part. The real work is getting customers back on the road or back to work, or replacing their goods as quickly as possible. That's why, at IAG, our insurance policies include features like lifetime guarantees on repairs, new-for-old replacement, and temporary accommodation. It's also why IAG's teleclaims department is open 24-hours a day, seven days a week and why we offer a 24-hour emergency Helpline to many of our customers.

### PRODUCTS AND SERVICES AT A FAIR PRICE

*Seeing risk is one thing, anticipating it is another*

Insurers set premiums before the cost of a claim is known. Take car insurance for example. The price of a premium is set before it's known if the car will be involved in a collision, stolen, broken into or damaged. The challenge for an insurer is to anticipate the potential risk and price accurately and fairly, ensuring our premiums are not overpriced or underpriced. Expertise in managing risk is vital to an insurer's long-term viability. That's why, at IAG, we employ specialists such as industry researchers, atmospheric scientists, underwriters and actuaries, who collect and analyse comprehensive data relating to risk.

### ETHICAL PRACTICES AND OPEN AND HONEST COMMUNICATION

*Protecting our most valuable intangible asset – our reputation*

We want to be recognised for having transparent business practices that are based on respect for our people, suppliers and business partners, the community and the environment. Our core values are honesty, teamwork, meritocracy, transparency and social responsibility.

These values work to positively impact our communication to, and relationships with, our stakeholders.

We actively promote our Code of Conduct to our people through a face-to-face induction process. The Code of Conduct is designed to encourage ethical and appropriate behaviour in all avenues of work.

Following the release of the ASX's Principles of Good Corporate Governance and Best Practice Recommendations in March 2003, we reviewed our corporate governance framework and made some adjustments to our practices in order to meet or exceed ASX recommendations.

### EXAMPLES

*Passing on savings to our customers*

We believe we have a responsibility to ensure the needs of our shareholders and our customers are balanced. The strong financial performance and efficiency gains we've achieved, have allowed us to pass on savings to our customers.

For example:

- CGU recently reduced public liability rates by 10%;
- We have led the industry in compulsory third party (motor 'greenslips') reductions over the past year, and average NSW CTP premiums are now at the same prices they were 10 years ago;
- Average premiums for car insurance in our largest portfolio – NRMA Insurance's NSW motor comprehensive insurance – are now more affordable than they were two years ago when compared with average weekly earnings; and
- NRMA Insurance, SGIO and SGIC recently announced premium reductions for new cars.



### FINE PRINT GETS THE FLICK

We know it can be difficult for our customers to find time to read and understand their insurance policy, so we developed innovative new policy booklets for our customers. Based on extensive customer research, the new policy booklets are designed to simplify and demystify insurance terminology and help customers make informed decisions about insurance cover.

# THIS IS WHAT YOU SAID

## IMPORTANT INSURANCE ISSUES

To help IAG better understand the community's perception of the insurance industry, opinion leaders were asked to indicate what they believe are the most important issues facing an insurance company.

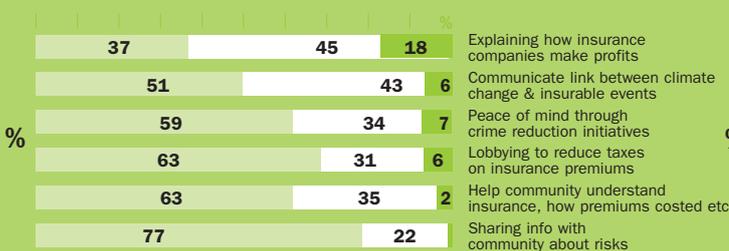
77% of respondents said sharing information with the community about how to minimise risk at home, on the road and at work was a 'very important' activity.

Helping the community understand insurance and how premiums are priced was also rated as a 'very important' activity by 63% of respondents.

Opinion leaders were asked to assess IAG's performance against a list of insurance activities and respondents said IAG's performance was "excellent" or "good" on several of these activities. Many respondents said they did not have enough information to make a judgement.

### IMPORTANT INSURANCE ISSUES

What are the important issues?



■ Not important  
■ Somewhat important  
■ Very important

### IMPORTANT INSURANCE ISSUES

How does IAG perform in these areas?



■ Excellent/Good  
■ Not enough information

# THIS IS WHAT WE'RE DOING

## IMPORTANT INSURANCE ISSUES

As Australia's largest general insurance group, we have an indepth knowledge of the dangers that exist on the road, in the home and at work. We want to spare our customers the grief of being involved in an accident and help them stay safe so we regularly publish our latest research with the aim of increasing public awareness about ways to reduce risk.

### DID YOU KNOW?

- Low speed rear-enders are the most common type of collision on our roads;
- The average cost of repairs for collisions is around \$3,500;
- Friday afternoon peak hour is the worst time of the week for collisions;
- Yellow cars are involved in fewer accidents, and when they're in a smash, the average cost of the collision is lower;
- New model vehicles consistently stop in shorter distances than old cars;
- Car park collisions cost the community \$100 million every year;
- Almost half of all car park collisions occur when drivers are reversing;
- Renters are more at risk of home burglaries than owner-occupiers;
- About 30% of house fires start in the kitchen;
- Most deaths from house fires occur at night when people are asleep;
- People aged 50 and over experience half the amount of break and enters compared to people under 30;
- People with monitored alarms are at less risk of home theft; and
- Collisions account for nearly half of all boat insurance claims.

### WE KNOW THESE THINGS BECAUSE IT'S OUR BUSINESS

At IAG we have a team of researchers and actuaries studying these types of trends, enabling us to accurately price our products and we share this information with the community, so they can adjust their behaviour to avoid these risks.

### INDUSTRY RESEARCH

IAG funds a Technical Research Centre, which carries out testing and research to help consumers make informed choices.

The team at the research centre help to keep the cost of car insurance premiums more affordable by providing constant feedback to the car industry on safety, security and repair cost issues.

We conduct and publish regular research on vehicle theft ratings, head restraint ratings, personal security ratings, vehicle repair costs, reversing visibility, on-road driver visibility, and vehicle security.

The information published by the research centre is available online at [www.nrma.com.au](http://www.nrma.com.au), [www.sgic.com.au](http://www.sgic.com.au) or [www.sgio.com.au](http://www.sgio.com.au) so customers have the latest research at their fingertips.

### PUBLIC POLICY ADVOCACY

IAG advocates the reduction of taxes and charges on insurance premiums, such as stamp duty, and the Fire Services Levy in some States. These charges add significantly to the cost of insurance for individuals, households and small businesses. This in turn can lead to under insurance or lack of insurance. We base our position on published research and independent surveys, and are active in bringing these issues to the attention of Governments.

Recent submissions can be found at [www.iag.com.au](http://www.iag.com.au) under the Results and Reports tab.



### COMMUNITYHELP GRANTS

During 2004/2005 IAG, through its retail brands awarded 289 Communityhelp Grants, with more than \$1million being injected into grass roots risk reduction programs.

This year a number of fire safety initiatives received funding through the Communityhelp Grant program including a NSW Fire Brigade project aimed at educating NSW Real Estate Agents about their responsibilities in regard to fire alarm testing in rental properties. The program will also provide agents with a simple fire alarm testing tool to ensure smoke alarms are regularly and correctly tested.

# ABOUT THE RESPONDENTS

The IAG Community Issues and Priorities Survey was sent to approximately 2,000 Australians in leadership positions throughout the country.

Those invited to participate in the survey included a broad range of individuals in community, government, business, education, and professional roles.

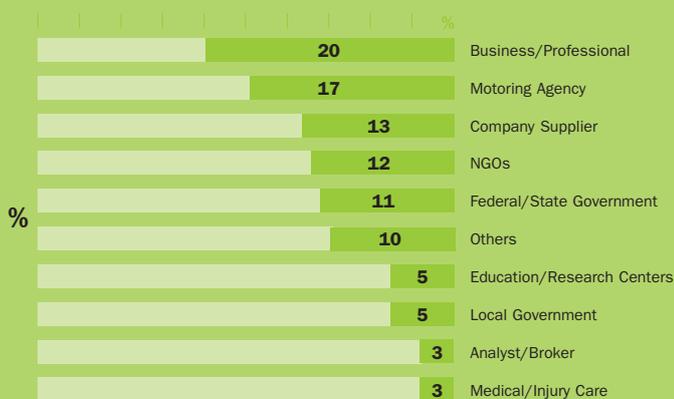
Survey participants were selected by IAG and a total of 302 leaders completed and returned the questionnaire – a response rate of 15%. This is a good response rate for a direct mail questionnaire with approximately 100 questions.

The questionnaire was anonymous, however respondents were asked to identify their professional affiliation.

For analytical purposes, certain categories were grouped together into broader affiliations.

The largest number of responses came from the business/professional group, motoring agencies, suppliers and NGOs.

## SURVEY RESPONDENTS



A sample of IAG customers from around Australia were also invited to submit an opinion on these same issues. That information has been analysed separately and can be made available upon request.

# WOULD YOU LIKE TO KNOW MORE?

The survey was designed to help IAG better understand the attributes of corporate excellence for an insurance company.

The responses are helping us to review our initiatives to ensure we are addressing the issues you believe are most critical.

We welcome any further comments or questions you may have about the information in this report and we are happy to provide you with further information upon request.

Please use the return form below to indicate your preference. We look forward to hearing from you.



**PLEASE RETURN COMPLETED SLIP BY POST OR FAX:**

Insurance Australia Group  
Community & Environment Team  
Level 14, 388 George Street  
Sydney NSW 2000  
or  
FAX 02 9292 8485

Name \_\_\_\_\_  
Title \_\_\_\_\_  
Organisation \_\_\_\_\_  
Address \_\_\_\_\_  
Telephone \_\_\_\_\_  
Email \_\_\_\_\_  
Comments \_\_\_\_\_

If you'd like further information, please indicate your preference below (tick box):

- Send me the latest annual report and interim report
- Send me the latest sustainability report
- Send me (please specify) \_\_\_\_\_

Please note the documents are also available online at [www.iag.com.au](http://www.iag.com.au)

THIS REPORT HAS BEEN PRINTED ON AN AUSTRALIAN-MADE PAPER STOCK CALLED PLANTATION. PLANTATION IS AN ENVIRONMENTALLY RESPONSIBLE PAPER, MANUFACTURED UNDER ENVIRONMENTAL MANAGEMENT SYSTEM ISO 14001. IT CONTAINS 100% RECYCLED FIBRE, INCLUDING 85% RECYCLED PAPER WASTE (A COMBINATION OF POST AND PRE-CONSUMER WASTE) AND 15% COTTON FIBRE, AND IS PROCESS CHLORINE FREE.