



FINANCIAL SERVICES

General Insurance Industry Survey

September 2008

INSURANCE

9 September 2008

Introduction

We are pleased to publish the 22nd General Insurance Industry Survey.

The survey includes the financial results of general insurers that represent the majority of the Australian market. The results of reinsurers have been excluded in this analysis. This year's survey also includes, for the first time, CommInsure, Genworth Financial, RAC Insurance and Westpac. The information has been compiled from financial and disclosure statements and includes information from the prior year. In certain instances data obtained from other publicly available information has been supplemented with information obtained directly from insurers. These contributions are, as always, gratefully acknowledged.

Performance overview

The six months to December 2007 were characterised by severe weather events, a downturn in investment markets following the sub-prime crisis and credit crunch, as well as continued premium rate pressure, particularly in commercial lines. These trends prevailed throughout the six months to 30 June 2008, and were exacerbated by more severe weather events, volatile investment markets and widening credit spreads. That said, there is clear evidence of increases in personal lines rates (home and motor) and that certain commercial rates are starting to harden.

The culmination of these factors resulted in an overall profit after tax for the insurers surveyed of \$3,215 million, 20% lower than last year's overall profit after tax of \$4,005 million. The overall profit was significantly impacted by the results of Suncorp, IAG, QBE and Zurich.

Underwriting surplus decreased 31% to \$1,996 million (2007: \$2,906 million) whilst market volatility and widening credit spreads impacted investment performance with investment earnings reducing 9% to \$2,767 million (2007: \$3,050 million). The ongoing deterioration in investment performance is evidenced by the additional unrealised losses of \$450 million reported for the three insurers with December year ends and who provided half-year results to 30 June 2008.

Whilst there has been no single event of the scale and severity of last year's Queen's Birthday Weekend storms, with an estimated industry cost of \$1,480 million, continued high frequency has seen the more significant weather events cost the industry in excess of \$1,154 million (before reinsurance and tax) in the current year. Consequently, the key profitability measures for the industry are all lower with return on average total assets at 3.4% (2007: 4.5%) and return on equity 15.7% (2007: 20.1%).

Gross written premium, however, rose 10% to \$33,620 million (2007: \$30,536 million), supported by both business acquisitions and increases in personal lines premiums as a consequence of the increase in claims costs from severe weather events.

This year has been challenging for the industry, with the majority of insurers showing reduced performance and results compared to the prior year.

In relation to the major listed insurers, IAG has announced a refined corporate strategy with a restructure of its Australian business and the proposed sale of certain UK assets. QBE reached agreement on eight acquisitions during the 2008 calendar year, including the recently announced acquisition of the Australian mortgage insurer PMI, whilst Suncorp continues to manage the integration of the Promina acquisition.

As noted in our 31 December 2007 half-year update, the days of supporting results from reserve releases flowing from the benefits of tort law reform, appear to have largely run their course. In this regard the major insurers reported significantly lower reserve releases than in 2007, and foreshadowed even lower reserve releases in the coming year.

Rigour and discipline

In the current environment insurers are applying renewed focus on rigour and discipline around pricing, cost control and operational efficiency. The three largest insurers have responded to the tough market conditions. To this end Suncorp disclosed that it is in the process of reviewing all discretionary spending whilst, at the same time, placing renewed focus on cost management and improving its competitiveness through the removal of duplication and the leveraging of technology.

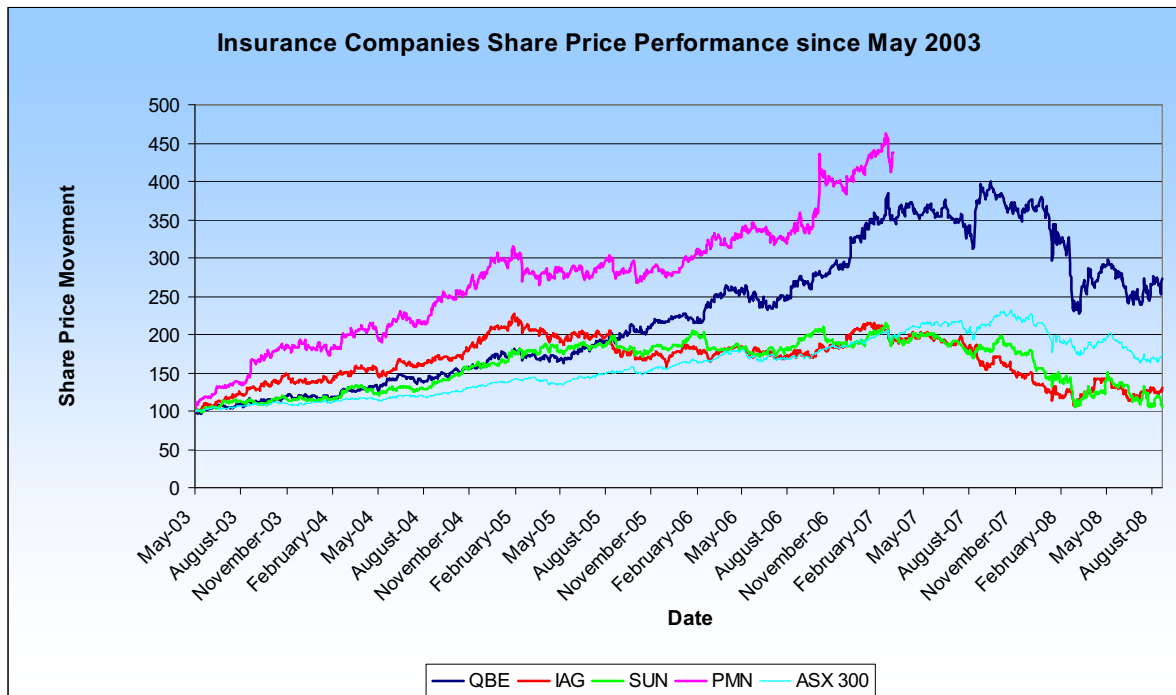
IAG's restructuring is focussed on "getting the fundamentals right", as well as improving discipline and focus on cost control.

QBE reiterated that its focus remains on retaining quality customers and maintaining profitability, stating that the Group is prepared to write new business only at prices that meet target profitability requirements.

The overriding theme for general insurers in the current challenging environment is therefore rigour and discipline: around pricing, retention strategies for profitable customers, renewed attention to commercial pricing and a sustained drive towards operational efficiency and effectiveness.

Share price performance

The graph below depicts the share price performance of the three major listed Australian general insurers, IAG, QBE and Suncorp for the period from May 2003 to August 2008. It also shows the ASX 300 for the same period and includes the share price performance of Promina until Suncorp acquired it in March 2007.



In the six months to 31 December 2007, the ASX 300 closed relatively close to where it began the period. However, the financial year to 30 June 2008 saw the market overall, as measured by the ASX 300, finish circa 17% lower. The broader Australian market was impacted by the credit crisis, concerns over corporate earnings and growth prospects, corporate collapses, weaker offshore markets and generally negative sentiment and outlook. The Financials and Consumer Discretionary sectors bore the brunt of the falls. As noted in our half-year update, this is in sharp contrast to the position in 2004/05 when insurance stocks outperformed the index.

In the year to 30 June 2008 the QBE share price fell 28%, IAG 39% and Suncorp 35%. The challenge now for listed insurers is to demonstrate that rates are hardening, expenses are being managed, capital and investment returns actively managed and derisked, and that volatility is curtailed as much as possible.

Issues facing the industry

Severe weather events

The impact of severe weather events on the industry in Australia and New Zealand continued to be significant, albeit with part of the cost borne by reinsurers. Whilst the financial performance of the year to 30 June 2007 was heavily influenced by one significant event, the Queen's Birthday Weekend storms in June 2007, the year to 30 June 2008 saw a number of severe events¹:

Event	Location	Month / Year	Estimated industry cost before reinsurance and tax (\$m)
Severe storms	North Island, NZ	July 2007	54
Severe storms	Lismore, NSW	October 2007	130
Severe hailstorms	Western Sydney, NSW	December 2007	409
Earthquake	Gisborne, NZ	December 2007	46
Flood storm	Emerald, QLD	January 2008	104
Flood storm	Northern Rivers, NSW	January 2008	15
Flood storm	Mackay, QLD	February 2008	342
Wind storm	SA, TAS and VIC	April 2008	54
Total			1,154

In addition to the severe weather related events noted above, generally wetter weather conditions - particularly on the East coast of Australia - resulted in increased attritional losses. The flow on effect of these losses, such as supply and labour shortages, added to inflationary pressures on repair costs, and ultimately, increased claims costs.

Insurers such as IAG and Suncorp have lowered their maximum event retentions with the aim of reducing volatility arising from severe weather events.

Successfully responding to, and dealing with, severe weather events remains a community wide responsibility, requiring appropriate action from the Government and affected individuals as well as insurers to ensure that economic and particularly social impacts are contained.

The severe weather events during 2007/08 were, of course, not contained to Australia and New Zealand. Recent analysis by Munich Re² highlighted that there were some 400 natural catastrophes in the first half of 2008, making it one of the deadliest periods in history. The earthquake in the Chinese province of Sichuan, the cyclone in Myanmar, and other natural catastrophes between January 2008 and June 2008 killed more than 150,000 people. It is remarkable that the death toll in this

¹ Insurance Council of Australia - Historical Catastrophe Data List / Insurance Council of New Zealand / KPMG estimates

² First-half 2008 Natural Catastrophe Update, 8 July 2008, Munich Re America and the Insurance Information Institute

period was higher than that in any full year period since 2004, the year of the tsunami in South Asia. These events led to overall losses in the order of US\$50 billion (A\$60 billion), with approximately US\$13 billion (A\$16 billion) of it insured.

The largest number of events ever recorded in one year was 960 in calendar year 2007. Natural catastrophes in that year led to overall losses of US\$82 billion (A\$100 billion), of which the insurance industry bore around US\$30 billion (A\$36 billion).

The 2008 year is continuing the long-term trend towards a greater number and severity of natural events. This has clear implications for the global and Australian general insurance industry and for customers, not least of which is the impact on premium rates. The extent to which this pattern may be influenced by climate change adds further complexity to the response insurers might take.

Sub-prime crisis and the credit crunch

Australian general insurers' results were adversely impacted by the fallout from the sub-prime crisis and resulting credit crunch. Yet the impact was primarily as a result of the overall fall in investment markets and widening credit spreads rather than direct exposure to sub-prime debt products, debt funding issues or sub-prime Directors' and Officers' (D&O) and Errors and Omissions (E&O) claims.

Total investment revenue for the industry fell 9% to \$2,767 million. The major listed insurers provided insight into this area in their recent market releases. IAG announced a \$122 million impact from widening credit spreads on their fixed interest investments, whilst QBE's results for the half-year were affected by lower US interest rates, substantially lower equity returns and the impact of the stronger Australian dollar. Suncorp also noted the negative impact global volatility had on its investments in equities and listed property.

Whilst many insurers will be able to hold their fixed interest investments to maturity, and so reverse unrealised losses over their duration, the depressed investment returns continue to highlight the need for profitable underwriting through appropriate pricing for risk to ensure adequate returns.

Still, the Australian Prudential Regulation Authority's (APRA's) Half-Yearly General Insurance Bulletin³ highlights the industry's overall strong position despite the pressure from global financial markets and natural events. The publication notes that only 7.8% of industry investments were in equities and that there were no material exposures to sub-prime mortgages or other impaired asset classes. APRA stated that the industry maintained a strong solvency position at 2.04 times the minimum capital required compared to a figure of 2.08 times a year earlier.

In our 31 December 2007 half-year update we noted the potential for D&O and E&O claims to emerge (globally) from litigation resulting from sub-prime related issues. The ratings agency Fitch⁴ estimated that claims could amount to US\$4 billion and that this may be substantially higher should further exposure arise from credit risk problems resulting from, but not directly related to, sub-prime. Although it would appear that more litigation is on the horizon, the reality is that it will be some time until the industry knows the full extent of its potential insured losses.

³ APRA Half-Yearly General Insurance Bulletin: December 2007 (issued on 7 August 2008)

⁴ IQ: Insider Quarterly Summer 2008 edition, page 63

Regulatory change

APRA has both proposed and finalised a range of regulatory changes in the financial year to 30 June 2008. In summary these include:

- New authorisation requirements for direct offshore foreign insurers (DOFIs) which came into effect on 1 July 2008. A number of insurers, previously operating as DOFIs, have applied to be licensed with APRA;
- A consultation package that sets out draft prudential requirements for the use of internal models by general insurers for determining minimum capital requirements; and
- The final response to industry on the refinements to the general insurance prudential framework. Key changes include:
 - Foreign reinsurance recoverables: Applying a risk-based scale to the recognition of foreign reinsurance recoverables based on reinsurer credit ratings. The changes are effective 1 January 2009 and apply to new reinsurance arrangements, whilst existing arrangements are 'grandfathered'.
 - Investment capital factors for listed equities and unlisted equities / direct property: The capital factors for these classes of investments increased to 16% and 20% respectively from 1 July 2008. APRA has also announced that it will consider further changes to the capital required to be held for equity and property investment risks as part of a wider project on the recalibration of the minimum capital requirement calculations to be undertaken in 2009.

The impact of the above changes has seen:

- Certain insurers reassessing their holdings of equities and property investments;
- Consideration given to the domicile of reinsurance programme participants; and
- Revised risk appetite and reduced target minimum capital requirement multiples given the increased capital charges.

APRA has stated that it is not expecting insurers to respond to these changes with increases in their levels of capital. The industry is already well capitalised, with aggregate industry capital more than double APRA's current minimum requirements. As such the proposals are seen by APRA as important enhancements to the prudential framework for general insurers, to reflect better the risks to which insurers and their policyholders are exposed.

In addition, APRA intends that its prudential standard for the supervision of consolidated general insurance groups will be released in the fourth quarter of 2008 and will become effective on 1 January 2009. This is in line with a global drive among regulators to develop risk based prudential frameworks for conglomerates that maintain common principles.

Market outlook

There is strong evidence that the Australian economy is slowing.

From an insurer's perspective this can have wide-ranging consequences including: increases in D&O claims as a result of corporate collapses, a reduction in volume of workers' compensation premiums following reduced payrolls, and ongoing low investment returns.

Most leading insurers have stated over the past six months that premiums will have to rise in the face of higher claims costs and recent storm frequency experience. Personal lines (home and motor) rate increases are evident and expected to continue. The intense level of competition in the commercial insurance market is keeping premiums lower than would otherwise be the case. There is evidence of gradual rate increases across certain commercial classes. However, it seems, whilst a number of insurers are talking tough, achieving significant increases in commercial rates, has proven more difficult.

The benefits of tort law reform appear to have largely run their course and we expect to see lower reserve releases in the foreseeable future. In addition, the volatility and uncertainty of investment markets and fluctuating credit spreads, here and overseas, will continue to test the general insurance market. Inflationary pressures will not only impact claims costs, but higher petrol prices may have a flow on effect to the volume of motor vehicle claims as fewer cars on the road may translate to fewer accidents and, in the longer term, fewer cars insured.

Underinsurance and non-insurance remain an issue especially when combined with the ongoing debate on flood insurance in its many guises. The primary obstacle to achieving greater market availability of residential flood cover, for the majority of households, is the ability for insurers to map, understand and price the risk.

Insurers now at least have a common definition of inland flood which will assist policyholders in knowing what is covered – if anything.

Conclusions

Overall, a tough and mixed year for insurers, providing significant challenges and pressures which are unlikely to be alleviated in the short term. The industry still has strong foundations. It faces a challenge to return to the levels of profitability shown in the years following tort reform and the collapse of HIH. Some may argue that the strong performance post HIH was the anomaly rather than the current performance.

The overriding theme for general insurers in this environment remains rigour and discipline: around pricing, retention strategies for profitable customers, renewed attention to commercial pricing and a sustained drive towards operational efficiency and effectiveness.



Reactions

**GLOBAL
AWARDS**

2008

KPMG

Winner of
Reactions Magazine's
Best Accounting
Firm of the Year
2007 and 2008

Footnotes – for accompanying spreadsheet

- 1 Information was extracted from published annual reports (at a consolidated level, where applicable) and disclosure statements or obtained directly from insurers.
- 2 Only figures relating to general insurance operations have been included. Reinsurers have not been included.
- 3 The 2008 survey includes insurers with annual gross earned premium greater than \$200 million in the current year. Premium revenue reflects worldwide figures for Australian based entities, and Australian figures for entities with overseas holding companies.

Certain other registered general insurers would have met the criteria for inclusion in the survey but for various reasons have not been included. Accordingly, those insurers have not been listed in the survey.

- 4 All figures for the current year and prior year are reported under AIFRS and in Australian dollars, unless noted otherwise.
- 5 All the results reported in the 2008 survey were for a 12-month period with the exception of Allianz, QBE, RACQ Insurance and Westpac Insurance at 30 June 2008 which represent a period of six months only. The figures for Allianz, RACQ Insurance and Westpac Insurance for this period are unaudited.
- 6 Net earned premium represents gross written premium less outwards reinsurance and an adjustment to reflect unearned premium liabilities.
- 7 Net claims incurred are discounted.
- 8 Underwriting expenses include net commission, acquisition and other underwriting expenses (including any deferred acquisition cost write-downs).
- 9 Underwriting surplus / deficit is net earned premium less net claims incurred and underwriting expenses.
- 10 Profit / (loss) after tax is before adjustment for outside equity interests.
- 11 The results for CommInsure represent the results of Commonwealth Insure Limited.
- 12 RAC Insurance was a joint venture between The Royal Automobile Club of WA ('RACWA') and Vero Insurance Limited ('VIL') until 6 August 2008 when VIL sold its 50 per cent share to RACWA.
- 13 RACQ Insurance is a joint venture between The Royal Automobile Club of Queensland Limited and GIO Insurance Investment Holdings A Limited (each holding 50 per cent of the issued and fully paid shares of the company).
- 14 Suncorp Insurance Group results include the combined results of the Suncorp Group general insurers and the former Promina Group general insurers for all periods in this survey. The tax expense for the combined Suncorp Insurance Group has been estimated based on an effective rate of 28 per cent, as the actual figure is not publicly available.
- 15 The results for Wesfarmers Insurance Division were provided by the insurer and are audited.
- 16 The results for Westpac Insurance include the combined results of Westpac General Insurance Limited and Westpac Lenders Mortgage Insurance Limited.

- 17 Included within 'other revenue' for Zurich Australian Insurance is an amount of \$505 million being profit on sale of the controlled entity – Zurich Australia Limited to its ultimate Australian controlling entity Zurich Financial Services Australia Limited.
- 18 Total figures for 2006/07 include the full year results of those insurers with years ended on 31 December 2006, 30 June 2007 and 30 September 2006. Total figures for 2007/08 include the full year results of those insurers with years ended on 31 December 2007, 30 June 2008 and 30 September 2007.
- 19 Unearned premium provisions are shown gross of deferred acquisition costs.
- 20 Total investments exclude investments in associates and joint ventures, cash and owner occupied investment property.
- 21 Loss ratio measures net claims incurred as a percentage of net earned premium.
- 22 Expense ratio measures underwriting expenses (including commissions) as a percentage of net earned premium.
- 23 Combined ratio measures net claims incurred plus underwriting expenses as a percentage of net earned premium.
- 24 For the purposes of the ratio analysis, average total assets and average net assets have been calculated as the simple average of the opening and closing total assets/net assets of each insurer.
- 25 Results for the half year periods for Allianz, QBE and RACQ have been annualised for the calculation of 'profit / (loss) / average net assets'.
- 26 Tier 1 and tier 2 capital and the Capital Adequacy multiple are calculated under APRA's General Prudential Standards. The Capital Adequacy multiple for those groups which have a non-operating holding company are by necessity estimated as APRA has not yet issued prudential standards for calculating capital Adequacy requirements for such companies.
- 27 Tier 1 and tier 2 capital and the Capital Adequacy multiple for Allianz Australia Group reflect the position of Allianz Australia Insurance Limited only. Tier 1 and tier 2 capital and Capital Adequacy multiple for Suncorp Insurance Group are shown separately for 2007 for Suncorp Metway Insurance Limited and for Vero Insurance Limited. Tier 1 and 2 capital and Capital Adequacy for Westpac Insurance Group and shown separately for Westpac General Insurance Limited and Westpac Lenders Mortgage Insurance Limited.
- 28 The probability of sufficiency ('POS') measures the likelihood that the amount set aside for outstanding claims will be adequate to meet the actual out-turn of claims experience.
- 29 The 12-month share price high/low/average has been selected for the period 1 August 2006/07 to 31 July 2007/08 based on information from Bloomberg.
- 30 Dividend per share represents the interim plus final dividend of those insurers with a financial year ended on 30 June 2008, and the interim dividend only for those insurers with a financial year ending on 31 December 2008.
- 31 Basic earnings per share represents profit / (loss) after tax divided by the weighted average number of ordinary shares.
- 32 Diluted earnings per share represents profit / (loss) after tax divided by the weighted average number of ordinary shares adjusted for the dilutive effect of instruments giving rise to potential additional ordinary shares e.g. share options / equity issued at a discount to the market.

**Results and Analysis:
General Insurers 2007/08 ¹**

Insurance operations (alphabetical) ^{2,4}	Period ⁵	Premium revenue					Technical account					Operating result							
		Gross written premium \$m	Gross earned premium \$m	Reinsurance expense \$m	Net earned premium ⁶ \$m	Gross claims incurred \$m	Reinsurance and other recoveries income \$m	Net claims incurred ⁷ \$m	Underwriting expenses ⁸ \$m	Underwriting surplus / (deficit) ⁹ \$m	Dividends, interest and rent \$m	Changes in net market value (unrealised) \$m	Changes in net market value (realised) \$m	Total investment revenue \$m	Other expenses \$m	Other revenue \$m	Profit/(loss) before tax \$m	Tax expense \$m	Profit/(loss) after tax ¹⁰ \$m
ACE Insurance	Year to 31 December 2007	460	457	287	180	281	169	92	67	21	24	0	13	6	0	28	12	16	199
	Year to 31 December 2006	471	468	288	170	132	85	47	63	60	25	(5)	17	5	0	72	15	57	234
Allianz Australia Group	Half year to 30 June 2008	1,228	1,215	204	1,011	923	199	724	238	49	166	30	102	90	116	177	53	124	1,278
	Year to 31 December 2007	2,521	2,435	390	2,035	1,875	467	1,408	525	102	333	(61)	284	171	237	452	136	316	1,299
	Year to 31 December 2006	2,423	2,394	404	1,990	1,515	236	1,279	499	212	314	3	242	172	221	503	152	351	1,216
Chubb Insurance Company	Year to 31 December 2007	283	280	39	241	149	13	136	88	17	41	(20)	20	1	0	36	11	25	173
	Year to 31 December 2006	275	282	37	245	181	43	138	84	23	35	(16)	17	1	0	39	12	27	169
Comminsure ¹¹	Year to 30 June 2008	275	227	27	200	156	6	150	83	(33)	10	0	10	6	3	(26)	(8)	(18)	153
	Year to 30 June 2007	205	197	24	173	101	3	98	65	10	9	(1)	8	10	3	11	3	8	107
Genworth Financial	Year to 31 December 2007	548	374	54	320	161	1	160	23	137	167	(38)	129	71	3	198	58	140	1,020
	Year to 31 December 2006	490	388	49	339	134	2	132	21	186	94	(15)	76	8	229	59	59	170	847
Insurance Australia Group	Year to 30 June 2008	7,793	7,785	470	7,295	5,593	438	5,155	2,124	16	635	(209)	455	1,142	535	(136)	90	(226)	4,097
	Year to 30 June 2007	7,381	7,207	464	6,743	5,345	871	4,474	1,862	407	562	165	724	672	449	906	279	629	4,213
QBE Insurance Group	Half year to 30 June 2008	6,603	5,958	850	5,108	3,258	468	5,709	1,591	737	542	(337)	513	159	14	1,095	235	860	6,045
	Year to 31 December 2007	12,436	12,384	2,151	10,230	6,651	1,098	5,653	3,219	1,438	1,026	78	1,384	302	29	2,543	619	1,384	3,693
	Year to 31 December 2006	10,372	10,089	1,911	8,158	5,528	977	4,351	2,407	1,200	767	166	979	191	24	2,012	519	1,463	4,642
RAC Insurance ¹²	Year to 31 December 2007	227	218	8	210	176	30	146	28	36	10	1	11	23	0	24	7	17	118
	Year to 31 December 2006	209	206	7	199	152	26	126	25	48	10	2	12	22	0	38	11	27	108
RACQ Insurance ¹³	Half year to 30 June 2008	233	226	17	209	209	44	165	48	(4)	22	(19)	(4)	0	0	(8)	(2)	(6)	235
	Year to 31 December 2007	430	437	30	377	343	66	277	91	39	43	5	41	4	0	116	22	54	216
	Year to 31 December 2006	422	407	30	377	302	75	227	82	68	38	11	49	4	0	113	35	80	204
Suncorp Insurance Group ¹⁴	Year to 30 June 2008	6,430	6,307	441	5,866	5,090	1,069	4,081	1,633	132	641	(81)	223	132	64	307	86	221	3,263
	Year to 30 June 2007	6,246	6,133	410	5,723	4,745	1,086	3,049	1,366	478	360	172	754	95	86	1,223	342	681	3,204
Westlanners Insurance Division ¹⁵	Year to 30 June 2008	1,328	1,256	309	947	814	194	650	308	19	62	0	62	308	330	103	27	76	750
	Year to 30 June 2007	1,191	1,139	295	844	693	166	527	268	49	48	0	48	212	223	108	35	73	641
Westpac Insurance ¹⁶	Half year to 31 March 2008	ND	109	19	90	50	2	48	16	26	8	0	6	0	3	37	11	26	307
	Year to 30 September 2007	ND	234	30	204	96	3	83	50	71	16	0	19	0	3	93	28	65	282
	Year to 30 September 2006	ND	205	23	182	76	1	75	46	61	17	0	17	0	2	80	24	56	247
Zurich Australian Insurance ¹⁷	Year to 31 December 2007	899	853	146	707	638	183	455	271	(19)	157	(41)	116	0	520	617	22	595	473
	Year to 31 December 2006	851	859	139	700	373	34	339	257	104	123	0	107	0	1	212	59	193	427
Total 2007/08 ¹⁸		33,620	33,204	4,382	28,822	21,993	3,677	18,316	8,510	1,996	3,165	244	2,767	2,166	1,724	4,321	1,106	3,215	17,753
Total 2006/07 ¹⁸		30,536	29,924	4,061	25,843	19,277	3,615	15,862	7,275	2,906	2,802	38	3,050	1,425	1,017	5,548	1,543	4,005	16,239

**Results and Analysis:
General Insurers 2007/08 ¹**

Insurance operations (alphabetical) ^{2,4}	Insurance provisions				Total investments ²⁰	Total assets	Increase/ (decrease) in total assets	Increase/ (decrease) in profit / (loss) after tax	Loss ratio ²¹	Expense ratio ²²	Combined ratio ²³	Profit / (loss) after tax / average assets ^{24,25}		Profit / (loss) net assets ^{24,25}	Increase/ (decrease) in gross written premium	Strength/soundness measures		
	Gross outstanding claims provision	Total insurance provisions	Total insurance provisions/ total assets	Net assets								Profit / (loss) after tax / average assets	Profit / (loss) net assets			Capital adequacy multiple ^{26,27}	Tier 1 & tier 2 capital ^{26,27}	POS ²⁸
	\$m	\$m	%	\$m	\$m	%	%	%	%	%	%	%	%	%	%	\$m	%	%
ACE Insurance	479	678	66.3%	174	295	6.7%	-71.9%	51.1%	37.2%	88.3%	1.6%	9.2%	2.5	(2.3%)	191.4	80.0	80.0	
	414	648	66.6%	174	333	(10.0%)	42.5%	27.6%	37.1%	64.7%	5.6%	36.4%	2.7	(4.7%)	200.5	80.0	80.0	
Allianz Australia Group	4,326	5,604	72.4%	1,496	4,772	(12.6%)	^	71.6%	23.5%	95.2%	3.0%	15.5%	1.3	^	1,116.0	75.0	75.0	
	4,374	5,673	64.1%	1,698	5,285	(16.9%)	(10.0%)	69.2%	25.8%	90.0%	3.2%	18.9%	1.3	4.0%	1,116.0	75.0	75.0	
	4,173	5,389	50.6%	1,646	5,434	40.2%	26.4%	64.3%	25.1%	89.3%	3.8%	22.1%	1.7	1.2%	1,338.0	75.0	75.0	
Chubb Insurance Company	462	625	64.8%	282	676	5.5%	(7.4%)	56.4%	38.5%	92.9%	2.7%	9.3%	2.6	2.9%	266.0	75.0	75.0	
	421	590	64.5%	257	589	9.4%	(43.8%)	56.3%	34.3%	90.6%	3.1%	11.1%	2.7	7.1%	283.0	75.0	75.0	
Commisure ¹¹	117	270	73.0%	74	150	36.5%	(325.0%)	75.0%	41.5%	116.5%	(5.6%)	(30.0%)	1.4	^	72.8	75.0	75.0	
	94	201	74.2%	46	45	2.3%	(69.2%)	56.6%	37.6%	94.2%	3.0%	16.2%	1.3	^	52.5	75.0	75.0	
Genworth Financial	176	1,196	48.6%	1,231	2,243	29.2%	(17.6%)	50.0%	7.2%	57.2%	6.1%	13.3%	1.3	11.8%	1,525.7	80.0	80.0	
	132	979	49.2%	871	1,726	25.2%	14.1%	38.9%	6.2%	45.1%	9.5%	21.6%	1.1	38.0%	1,189.1	75.0	75.0	
Insurance Australia Group	7,827	11,924	61.5%	4,351	9,479	(10.4%)	(135.9%)	70.7%	29.1%	89.8%	(1.1%)	(4.9%)	1.6	5.6%	3,041.0	90.0	90.0	
	8,562	12,775	59.0%	4,832	10,684	27.5%	(27.0%)	66.4%	27.6%	94.0%	3.3%	13.5%	1.7	14.7%	3,452.0	90.0	90.0	
QBE Insurance Group	17,152	23,197	59.3%	8,874	21,085	(1.2%)	^	54.7%	31.1%	85.8%	4.4%	19.8%	2.4	^	8,671.0	95.1	95.1	
	18,251	23,929	69.5%	8,343	23,623	2.1%	29.5%	51.8%	31.6%	85.9%	5.4%	26.0%	2.4	19.6%	9,571.0	94.0	94.0	
	15,289	19,911	62.7%	6,349	16,915	7.1%	36.0%	55.9%	29.5%	85.3%	4.9%	23.9%	2.4	10.2%	7,306.9	94.6	94.6	
RAC Insurance ¹²	42	160	49.8%	202	161	2.5%	(37.0%)	69.5%	13.3%	82.8%	4.6%	8.2%	3.4	8.6%	82.8	75.0	75.0	
	35	143	39.2%	210	162	(2.8%)	(10.0%)	63.3%	12.0%	75.9%	7.4%	12.9%	4.0	2.9%	102.1	80.0	80.0	
RACQ Insurance ¹³	518	743	78.6%	176	689	1.4%	^	78.9%	23.0%	101.9%	(1.3%)	(6.4%)	1.9	^	223.2	92.5	92.5	
	485	703	76.3%	197	700	1.4%	(32.5%)	68.1%	24.4%	90.1%	6.1%	23.5%	2.1	6.6%	231.8	92.5	92.5	
	442	646	71.1%	227	707	6.6%	48.1%	60.2%	21.8%	82.0%	9.1%	40.1%	2.4	7.9%	276.6	92.5	92.5	
Suncorp Insurance Group ¹⁴	7,010	10,273	61.9%	3,801	16,586	(4.9%)	(74.9%)	69.6%	27.8%	97.4%	2.7%	5.7%	1.8	2.9%	3,184.0	90.0	90.0	
	7,150	10,354	59.4%	3,991	16,876	na	na	63.8%	27.9%	91.6%	^	^	1.7/2.7	^	1,816/1,985	94.0	94.0	
Westlams Insurance Division ¹⁵	727	1,477	42.7%	34	871	2.9%	4.1%	65.5%	32.5%	98.0%	2.2%	253.3%	1.7	11.5%	332.7	85.0	85.0	
	711	1,352	40.2%	28	816	107.7%	(16.9%)	62.4%	31.8%	94.2%	2.9%	231.7%	1.7	15.5%	300.8	85.0	85.0	
Westpac Insurance ¹⁶	63	370	65.1%	225	423	(3.2%)	^	53.3%	17.8%	71.1%	9.0%	11.9%	1.3/2.5	ND	205.4/ 80.6	75.0	75.0	
	57	349	59.9%	211	338	20.3%	16.1%	40.7%	24.5%	66.2%	12.1%	17.0%	1.4/2.3	ND	178.3/ 76.8	85.0	85.0	
	45	232	59.8%	171	323	^	^	41.2%	25.3%	66.9%	^	^	1.4/2.2	ND	147.5/ 63.2	85.0	85.0	
Zurich Australian Insurance ¹⁷	1,371	1,844	70.4%	621	1,458	3.9%	288.9%	64.4%	38.3%	102.7%	23.1%	90.4%	2.1	5.6%	666.6	85.0	85.0	
	1,284	1,661	66.7%	695	1,556	(0.6%)	(28.6%)	48.4%	36.7%	85.1%	6.1%	23.1%	2.5	1.4%	870.7	85.0	85.0	
Total 2007/08 ¹⁸	41,348	59,101	60.7%	21,417	55,215	4.4%	(19.7%)	63.5%	29.5%	93.1%	3.4%	15.7%		10.1%				
Total 2006/07 ¹⁸	36,702	54,961	59.9%	19,495	52,346	30.6%	11.1%	60.6%	28.2%	88.6%	4.5%	20.1%		^				

ND: Not disclosed
^: Calculation not meaningful or available