



Suncorp General Insurance Investor Day

21 May 2010



Patrick Snowball

Group Chief Executive Officer



Agenda



9:30am	Introduction & Overview	Patrick Snowball
9:50am	Chief Financial Officer	John Nesbitt
10:00am	Personal Insurance	Mark Milliner
10:30am	Morning Tea	
11:00am	Commercial Insurance	Anthony Day
11:30pm	New Zealand	Roger Bell
11:45pm	Conclusion	Patrick Snowball
12:00pm	Questions	
1:00pm	Lunch	

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Focus for today



3% improvement in underlying GI margins by 2011/12

Five key projects to deliver one view of pricing, claims, finances, customers and people

\$235m in annual benefits for project costs of \$120m by 2012/13

One PI team delivering portfolio growth and using scale in pricing and claims

CI and Vero NZ business focused on growth

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Credibility, Confidence, Culture



Recap of the journey to date:

- **Phase 1:** Getting to know the business (Sept 09 to Oct 09)
- **Phase 2:** Laying the foundations of our strategy (Nov 09 to Feb 10)
- **Phase 3:** Setting direction for our five operating divisions (Mar 10 →)

IMMEDIATE NEEDS

- ✓ **Stabilise** the business
- ✓ **Strengthen** balance sheet and capital
- ✓ **Appoint** new executive team

CHALLENGES

- Restore **credibility**
- Rebuild **confidence**
- Change the **culture**

ONE COMPANY, MANY BRANDS

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The Suncorp Group business model



GROUP

Capital and ratings benefits

ONE

- view of customers
- financial process
- view of employees

Shared Group services

UNIQUE BUSINESSES

General Insurer

- Leading operations in both Australia and New Zealand
- Scale and iconic brands
- End-to-end control of brands, pricing, manufacturing and distribution

Personal Insurance

Commercial Insurance

Vero NZ

Regional Bank

- Regional Bank with HQ in QLD
- Leader of 2nd tier banking sector
- Rating uplift from Suncorp Group

Niche Life Insurer

- Niche national life insurance business
- Independent
- Strong IFA Channel

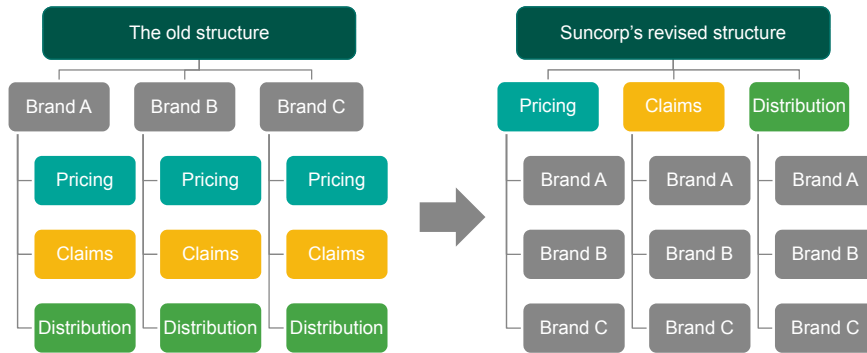
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General Insurance functional model



Many brands, many companies

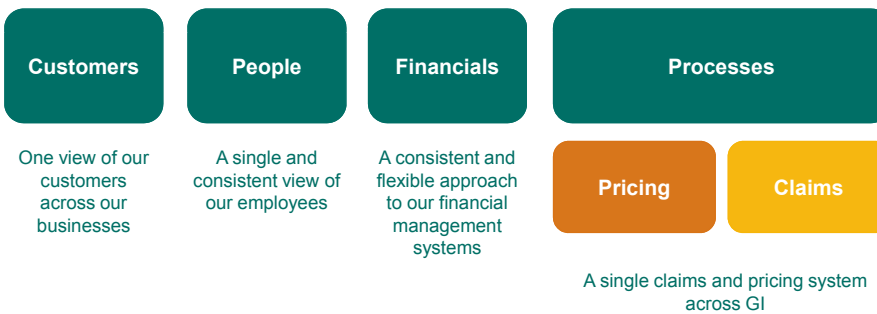
One company, many brands



Strategic Building Blocks



A single view of...

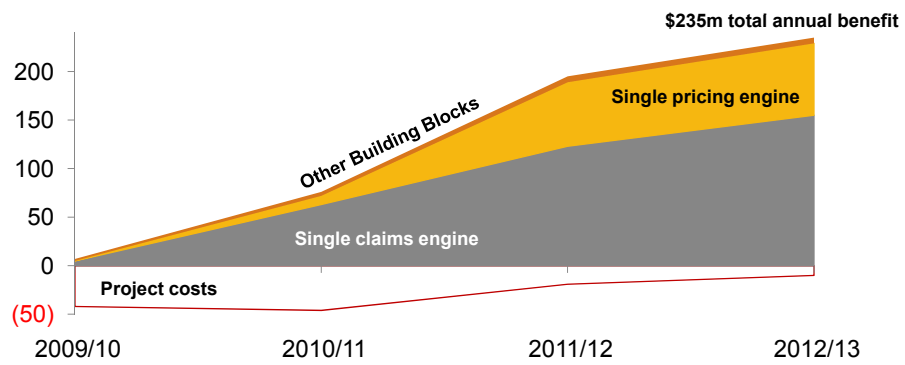


KEY PROJECTS ARE UNDERWAY

Building Blocks financials



Building Blocks deliver annualised benefits of \$235m for project costs of \$120m



CONTRIBUTES TO AT LEAST 3% IMPROVEMENT IN UNDERLYING GI MARGINS BY 2011/12

John Nesbitt

Group Chief Financial Officer



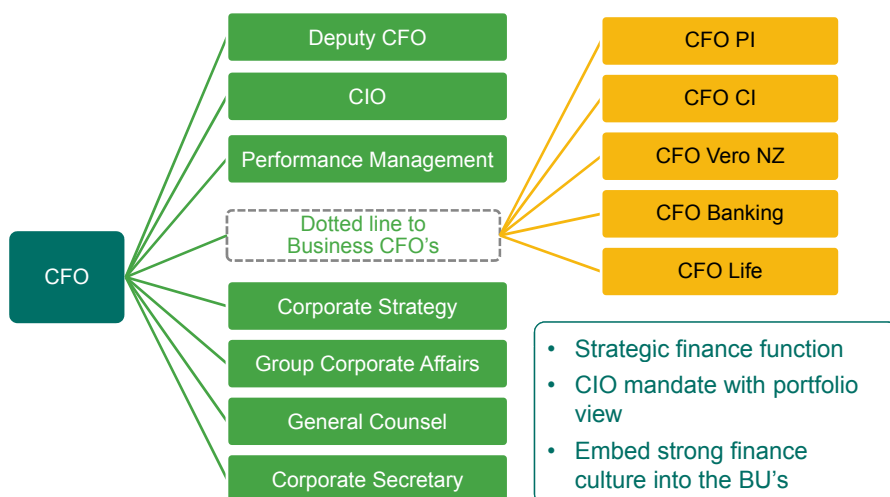
Initial observations



- Focus on the future
- Turnaround opportunity
- Energetic, passionate Executive Team
- Structural simplification
- Strong capital position
- Building Blocks for improved shareholder returns

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Reshaping finance



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Key focus for the near term



1. Capital

- Transparency improved
- Review targets
- NOHC

2. Reinsurance

- Around \$190m of capacity remaining in the aggregate program for 2009/10
- 2010/11 negotiations underway

3. Non-strategic assets

- Motor club JV valuations completed by early June 2010

4. Single finance system

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Mark Milliner

Chief Executive Officer, Personal Insurance



The journey we are taking

Growth Cost Leadership Margin



PI's strategy will be delivered by one team focused on margin improvement through cost leadership and the management of a portfolio of aligned brands

Cost Leadership

Cost leadership that delivers margin improvement:

One Team, Many Brands

- One team aligned to a single strategy
- Selectively growing our portfolio of brands

One Pricing Approach

- Leverage sophisticated pricing capabilities by moving to one single pricing engine and simplifying pricing processes

One Claims Model

- Leverage our scale to drive industry leading cost control and service

Margin

Contribute to an improvement of at least 3% in the underlying margin across GI by 2011/12

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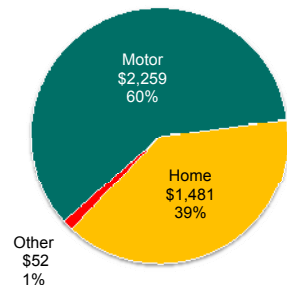
Business recap

Growth Cost Leadership Margin

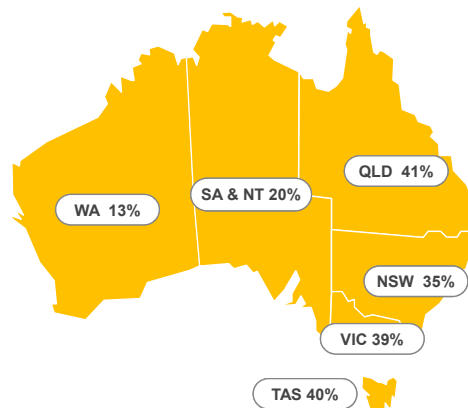


The focus is on home & motor insurance¹ ...

12 Months to Dec 09 GWP (\$m)



... with a strong market share in each State²



1: Other relates to Travel insurance and Deposit Power - Covermore is excluded from figures given the termination of the partnership in July 2009
2: Roy Morgan market share (December 2009) - Suncorp share excluding JVs

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One team

Growth

Cost
Leadership

Margin



We are one team aligned to a single strategy

Where have we been?

- Brand aligned structure
- Individual brands focused on driving their respective strategies

What are we doing?

- Implementing a functional structure
- Having one team unified around a single strategy
- Aligning cultures
- Creating centres of excellence around claims, distribution, product, pricing and other service functions

What is the impact?

- Full control of the end to end value chain
- Strong linkages to customers
- Healthy staff engagement
- Reduced turnover

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Portfolio of aligned brands

Growth

Cost
Leadership

Margin



Personal Insurance has a portfolio of well known and trusted brands

Where have we been?

- Brands independently managed

What are we doing?

- Managing brands as a portfolio
- Preserving the core elements of each brand
- Strengthening key brands

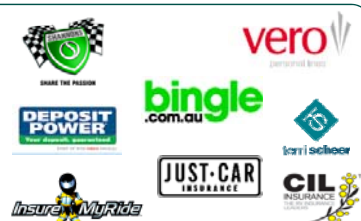
What is the impact?

- Reduced cannibalisation
- Ability to compete effectively against
 - Large competitors and
 - New entrants

Mass Market Brands



Niche Brands



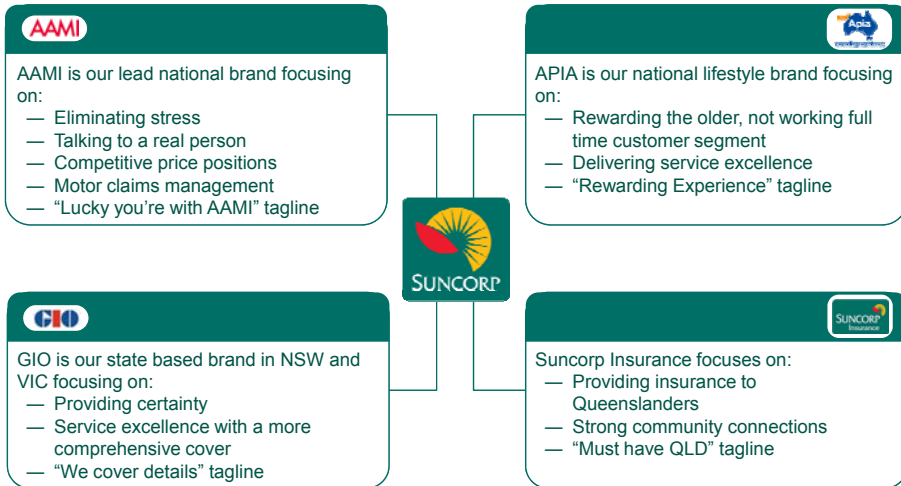
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Portfolio of many brands

Growth Cost Leadership Margin



Our brands deliver differentiated and valued offerings and we will continue to preserve the core elements of each brand

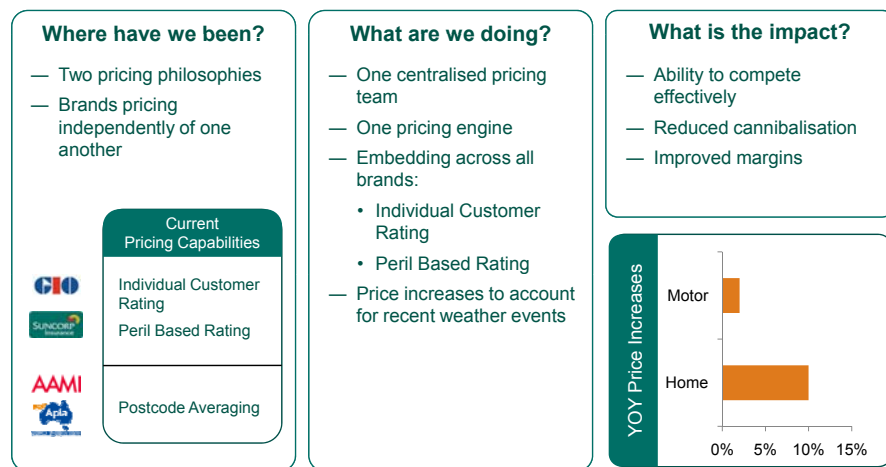


One pricing approach

Growth Cost Leadership Margin



Simplifying pricing processes and moving to a single pricing engine will enable us to build sophisticated pricing capabilities across all brands



One claims model

Growth Cost Leadership Margin



Leveraging Personal Insurance's scale in claims across the Group will drive industry leading cost control and service

Where have we been?

- Four claims systems
- Different processes and capabilities across brands
- Specialist repair technology and techniques utilised in the Suncorp Insurance and AAMI brands

What are we doing?

- One claims team
- One claims system (Guidewire)
- One claims process
- Utilising repairers employing specialist repair technology and techniques across all brands
- Pooling of purchasing across GI

What is the impact?

- Utilising best practices in claims
- Improved customer service
- Improved margins
- More efficient response to catastrophic events

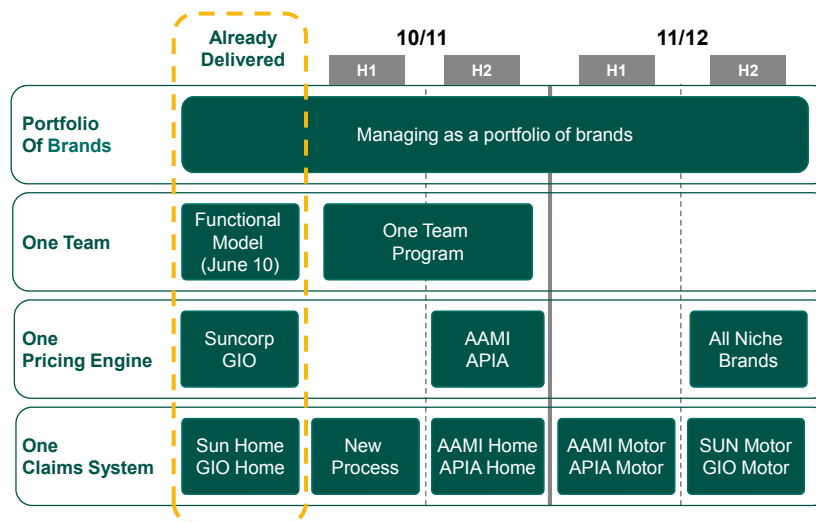
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Program of work

Growth Cost Leadership Margin



The momentum in the program of work is strong to ensure delivery

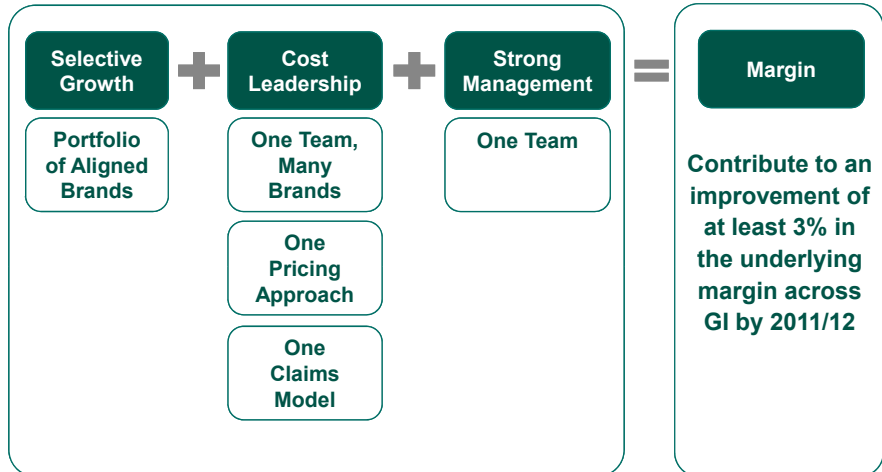


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The journey we are taking



PI's strategy will be delivered by one team focused on margin improvement through cost leadership and the management of a portfolio of aligned brands



Anthony Day

Chief Executive Officer Commercial Insurance



Our strategy



CI's emphasis is on growth, while improving underlying performance

GROWTH

CI will build market profile through:

- SME – significant opportunity; currently underweight
- Corporate and Specialty – higher margins enables targeted growth
- Statutory – targeted growth focusing on optimising return on capital

COST LEADERSHIP

We will achieve this by leveraging our scale and our role as part of the Suncorp Group

- Scale & Brands
- Collaboration with other divisions, particularly PI

MARGIN

Our actions will contribute to

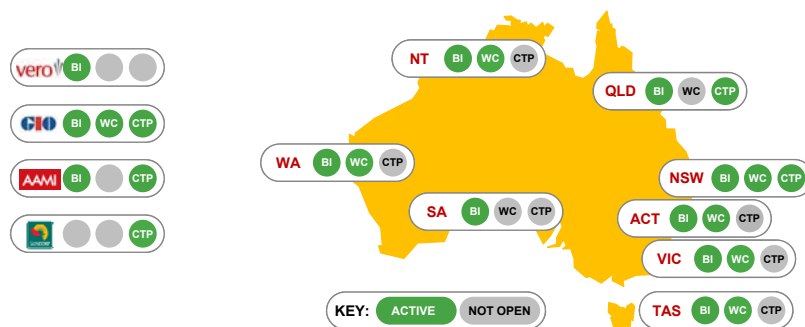
- Market share growth of ~3% over three years
- ~3% improvement in underlying margin across GI by 2011/12

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Business overview – geographies



CI offers business insurance nationally and participates in all open regulatory schemes for CTP and WC

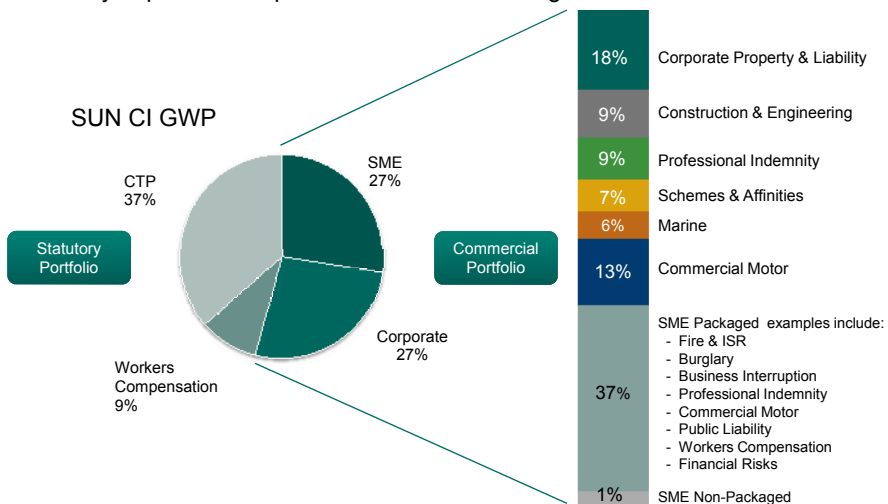


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Business overview – products



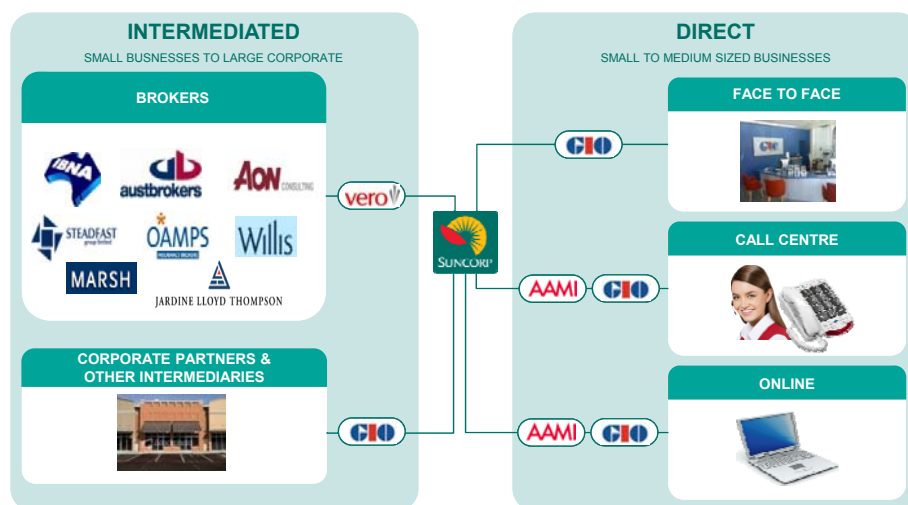
Portfolio management is also key for successful commercial insurers given the diversity of products required across customer segments



Business overview – customers



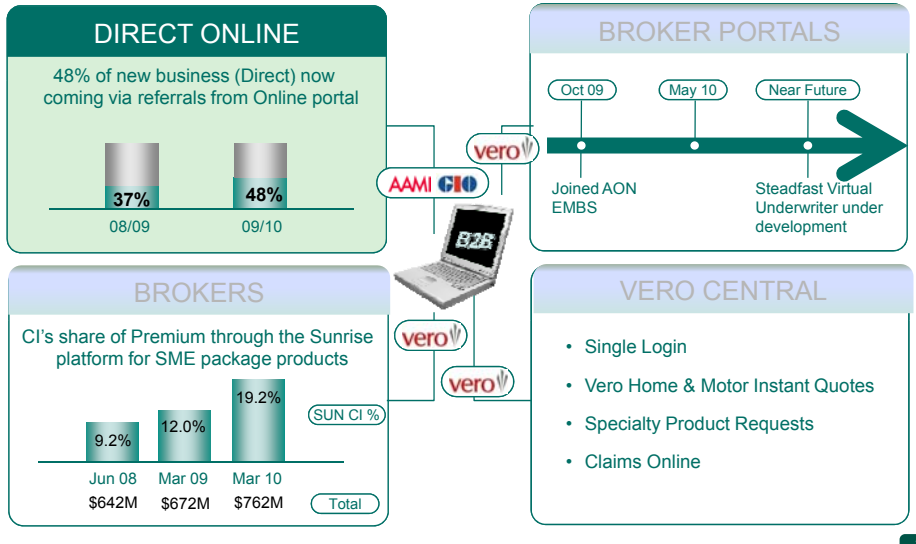
Suncorp's geographic presence is complemented by our market's broadest range of distribution channels in commercial classes



Efficient and easy access to customers



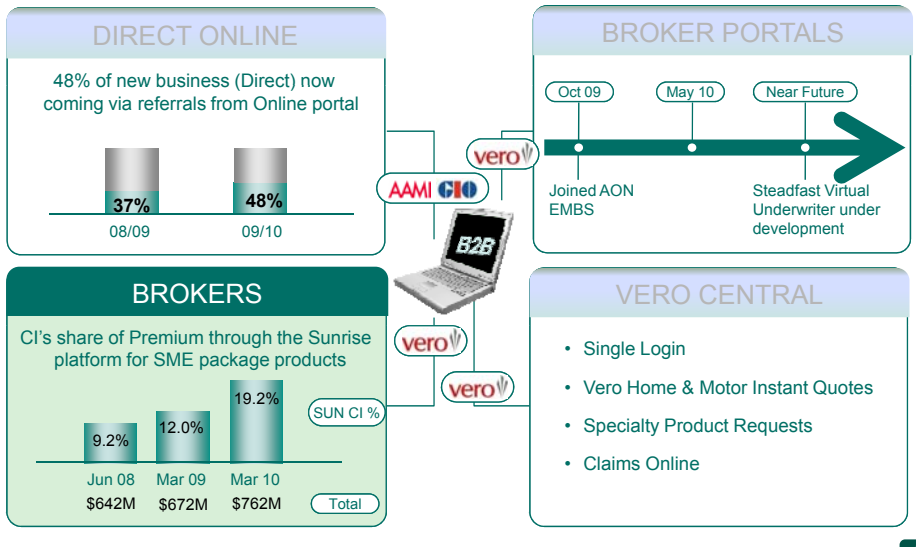
A key enabler of our growth strategy is B2B technology



Efficient and easy access to customers



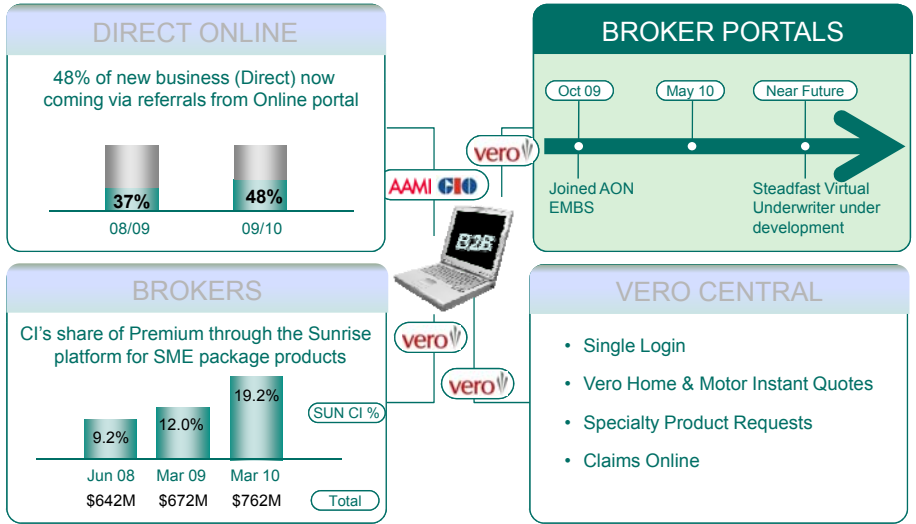
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Efficient and easy access to customers



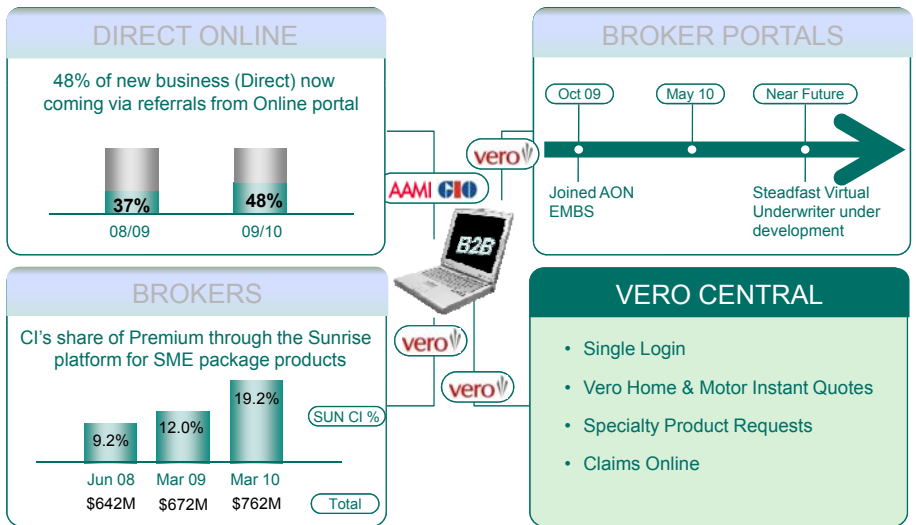
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Efficient and easy access to customers



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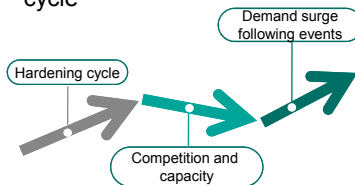


Capability in pricing and risk selection



PRICING EXPECTATIONS

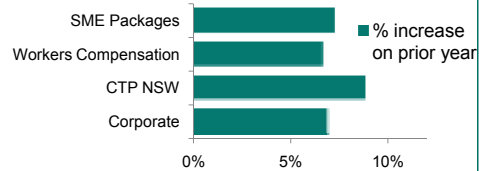
- Matching pricing to insurance cycle



- Expectations on pricing movements

WHAT WE ARE DOING

- Price increases already put through



- Our scale provides advantage:
 - Multiple brands
 - GI Pricing Engine improving speed to market and flexibility across multi-brands
 - Broad technical expertise and capability
- Growth trajectory in SME

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Claims service and cost leadership



COST OF CLAIMS

- Claims – single biggest cost to commercial insurers
 - Gross Incurred Claims (GIC) ~70% of GWP
 - Claims Handling Expense (CHE) ~5% of GWP

NO CLEAR LEADER

- No leader in the claims for Commercial Insurance
- However, claims experience is lead driver of broker and customer advocacy

WHAT WE'RE DOING

- Our scale provides cost advantage
 - Single Claims platform drives simplification and efficiency
 - Claims procurement – working with PI
- Equipping our people to deliver positive claims experience

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Momentum and execution focus

Growth Cost Leadership Margin

	Already Delivered	2011
One Team	Functional Model (March 2010)	Efficiency and role clarity allows greater collaboration across the business
Portfolio Management	Exited Farm; Home Warranty; Aviation; Corporate Agents	Ongoing remediation of underperforming portfolios to focus on profitable growth opportunities
Distribution	Multi-brand Strategy – Vero as Broker brand	Continue brand strategy to maximise growth to each customer segment
B2B Technology	Sunrise; AON EMBS; Vero Central; Market Stalls	Extend ongoing projects, including Steadfast SVU
Pricing	GIPE used for CTP and Commercial Motor	Implement GIPE for SME & continue to generate improvements to pricing capability
Claims	WC ClaimCenter (pilot); ClaimCenter Lite	Complete roll-out of CTP & WC ClaimCenter

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Wrap-up

Growth Cost Leadership Margin

CI's strategy is fully aligned with the Group – our emphasis is on growth, while improving underlying performance

<div style="background-color: #006666; color: white; padding: 10px; margin-bottom: 10px; border-radius: 10px;">Growth</div> <div style="background-color: #006666; color: white; padding: 10px; margin-bottom: 10px; border-radius: 10px;">Cost Leadership</div> <div style="background-color: #006666; color: white; padding: 10px; border-radius: 10px;">Margin</div>	<div style="background-color: #006666; color: white; padding: 5px; text-align: center; border-radius: 5px;">OUR FOCUS AREAS</div> <p>Our focus areas are:</p> <ul style="list-style-type: none"> — Growth in the SME segment — Becoming the market leader in Claims — Realising benefits of Scale — Functional structure reducing duplication — Efficiency from B2B Technology — Capability in pricing and risk selection 	<div style="background-color: #006666; color: white; padding: 5px; text-align: center; border-radius: 5px;">OUR ACTIONS WILL DELIVER</div> <ul style="list-style-type: none"> — Market share growth of ~3% over three years — Contributing to ~3% improvement in underlying margin across GI by 2011/12
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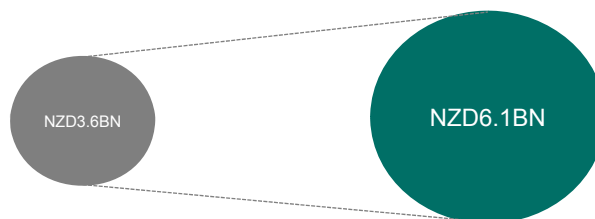
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Roger Bell

Chief Executive Officer Vero New Zealand



The New Zealand insurance market... size is important



- The New Zealand general insurance market represents approximately NZD3.6bn in GWP.
- The competitive environment remains intense.
- A key growth opportunity is the potential privatisation of the Accident Market in New Zealand, which may add up to NZD 2.5bn to the GWP pool.
- In 1999 the New Zealand Government opened up the state monopoly on Worker Compensation insurance . Vero wrote the dominant share of this business insuring 50% of New Zealand employees and made substantial underwriting profits.

Market share in New Zealand



Suncorp is the second largest General Insurer in New Zealand with a market share of 24%

INTERMEDIATED

vero 

- 20% Share of Total Market
- Number 1 or number 2 in the majority of classes

DIRECT

AA Insurance

- 4% Share of Total Market
- 3rd largest direct player

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Our brand stands for achievement



About us

- Writer of all major classes of business
- 16 consecutive years of Underwriting Profit
- Insurer Of The Year 2002,2003,2004,2006 and 2009
- Top 5 Best Places To Work in each of the last 5 years
- Accredited with World Class Status under Malcolm Baldrige Performance Excellence Criteria after 10 year journey
- 68% majority ownership of AA Insurance the fastest growing direct writer in New Zealand



We collect the awards. But the real winner is you.

vero 

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Delivering our future



- **Optimisation**
 - Build on current momentum
 - Proven ability to deploy
 - Organic achievement
- **Expertise**
 - Stability
 - Bench strength
 - Competence, capability, capacity
- **Distribution**
 - Plan A ... AON, AMP, ANZN, AAI ...brokers, advisers, bank, direct

CONTRIBUTES TO THE 3% UPLIFT IN UNDERLYING ITR FOR THE GROUP

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The accident market... a NZ\$2.5bn opportunity



WORK ACCOUNT

Covers all work related injuries. Funded from levies paid by employers and self employed people

EARNERS' ACCOUNT

Covers non work injuries to earners. Funded from earners levies (paid through PAYE) plus self employed levies based on earnings

MOTOR ACCOUNT

Covers all personal injuries involving motor vehicles on public roads. Funded from petrol excise duty and a levy collected with the vehicle licensing fee

NZ\$750m

NZ\$1,400m

NZ\$350m

Numbers are an approximation using 2009 actuals, known agreed levy increases, and assumed wage roll growth, extrapolated to when it is assumed the scheme would be open to competition

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Suncorp New Zealand



- Contribute to the 3% uplift in underlying ITR for the Group
- This will be achieved organically with no significant additional investment
- If the Accident Market opens up we will be a leading player
- The potential to double the Group's scale and profit footprint in NZ

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Patrick Snowball

Chief Executive Officer



Focus for today



3% improvement in underlying GI margins by 2011/12

Five key projects to deliver one view of pricing, claims, finances, customers and people

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One PI team delivering portfolio growth and using scale in pricing and claims

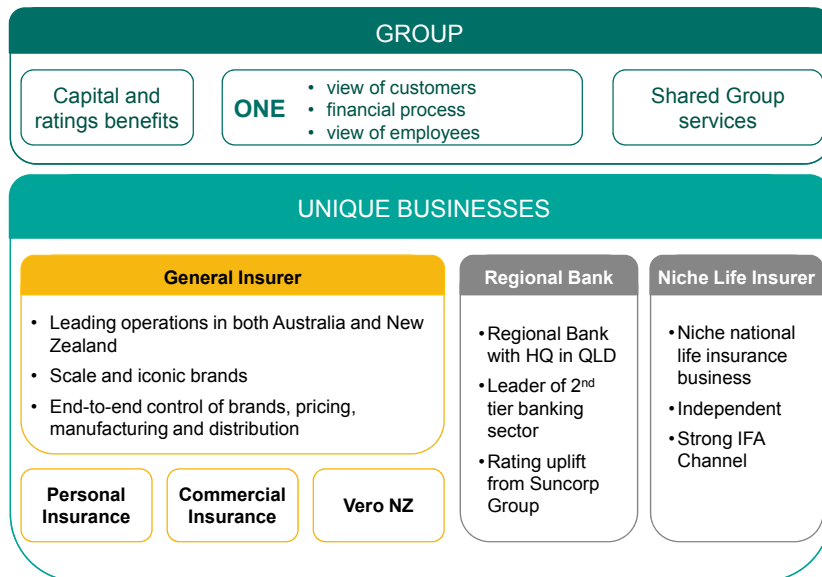
CI and Vero NZ business focused on growth

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Questions?



The Suncorp Group business model



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