

Operating performance



New Zealand.

New Zealand

IAG is the largest general insurer in New Zealand, trading under the State, NZI, AMI and Lumley brands. Our Consumer Division sells products directly to customers under the State, AMI and Lantern brands, and distributes products through IAG's banking partners ASB, Westpac, BNZ and the Co-Operative Bank. The Business Division distributes products through a nationwide network of qualified and experienced brokers under the NZI and Lumley brands.

FY21 performance

New Zealand's local currency gross written premium grew by 2.8% in FY21, to NZ\$2,984 million (FY20: NZ\$2,904 million) as a result of:

- solid premium growth from Business, driven by volume increases in the commercial property, private and commercial motor portfolios, and higher rates across most key portfolios; and
- sound premium growth from Consumer, with increased rates across all key portfolios, and volume growth in the direct commercial motor book, more than offset by a reduction in the personal lines portfolios.

In reported terms, New Zealand recorded FY21 gross written premium growth of 0.9% to \$2,778 million, reflecting a modestly unfavourable foreign exchange translation effect. There were no material COVID-19 impacts in FY21.

New Zealand achieved an insurance profit of \$305 million in FY21, compared to \$330 million in FY20. This translated to a reported insurance margin of 19.0% (FY20: 20.2%).

A lower FY21 underlying margin of 16.4% (FY20: 18.6%) partly reflected a return to a pre-COVID-19 claims environment after FY20, when there was lower claims frequency. There were also impacts from some transitional costs associated with IAG's new operating model and a property consolidation provision.

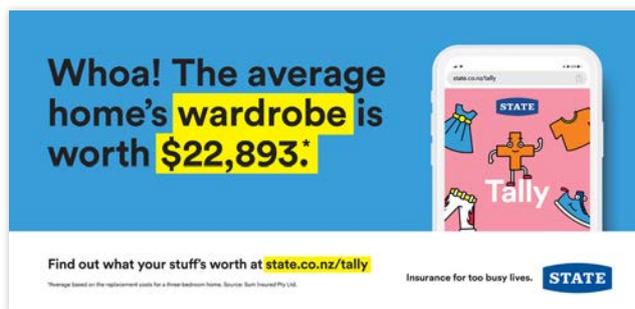
Business

Business represented 44% of New Zealand's gross written premium in FY21, consistent with the prior year, and achieved local currency growth of 3.2%.

Performance was led by the commercial property and construction and engineering portfolios, which achieved strong growth from a combination of increased volume and higher rates. Premium across both the liability and commercial motor portfolios was broadly in line with prior year levels.

Retention rates continued to be strong, with key commercial portfolios in line with or higher than FY20 levels. Overall, new business growth was slightly down on prior year levels.

Business' personal lines gross written premium was stable compared with the prior year, with lower volumes in the home portfolios offsetting volume growth in motor. The division continues to reinforce disciplined underwriting and appropriately price for risk.



Consumer

Consumer represented 56% of New Zealand's gross written premium in FY21 and achieved local currency growth of 2.4%.

Growth was led by the direct (State and AMI) brands, primarily through rate increases across all key personal lines portfolios. There was volume growth in the State motor and AMI homeowner portfolios, offset by softer volumes in other portfolios.

Direct new business levels remained strong, with all personal line portfolios ahead of last year, although Direct retention rates were slightly down on prior year levels.

Gross written premium for personal lines written through bank partners remained broadly in line with FY20. Retention rates remain strong and are in line with prior year levels, and higher rates are offsetting lower new business growth.

Consumer's direct commercial lines portfolio achieved solid gross written premium growth in FY21 largely driven by rate increases across all key portfolios, along with some volume growth in commercial motor.

Customer and digital initiatives

Details of our FY21 customer and digital initiatives are set out in the Delivering our Strategy section on pages 06-07 of this review.

	Gross written premium (\$m)	Insurance profit (\$m)
2021	2,778	305
2020	2,754	330

Detailed information about our New Zealand results is contained in the FY21 Investor Report which is available in the Results & Reports area of our website (www.iag.com.au).