

Results Briefing - Half Year 2010

27th August 2010

Nick Kirk CEO

calliden
group

Disclaimer

The information contained in this presentation provides only a general overview. To the extent that the presentation contains forward looking statements, Calliden considers that the expectations reflected in these statements are reasonable. The statements are subject to known and unknown risk factors associated with the financial service industry which could cause actual results or trends to differ materially.

The information is not intended to be taken as advice regarding any individual situation and should not be relied upon as such. Investors should seek appropriate professional advice in relation to their own objectives, financial situation and needs.

Conference call – dial in details

Friday 27th August at 8.30am (Australian Eastern Time)

Please note that to participate in this conference call you will need a touchtone phone

Dial in Numbers:

Australia	1800 701 269
New Zealand	0800 446 041
Singapore	800 6162 236
Japan	0053 1250 068
Hong Kong	800 968 831
United Kingdom	0808 234 7860
United States of America	1866 242 1388

- Approximately 10 minutes before the scheduled time, please dial the relevant number above.
- You will be greeted by an Operator and asked for your **CONFIRMATION CODE – 92606130.**
- You will then be placed in Listen Only (mute) mode with hold music until the conference is due to commence.
- At the start of the conference your line will be taken off hold music and you will be placed back in Listen Only mode.
- Should you wish to ask a question or make a comment please dial ***1** (star one) to register your questions.
- Should you wish to cancel your question at any time then please dial ***2** (star two).
- Please note that all questions will be answered at the conclusion of the presentation.
- If you are disconnected during the call then please redial your conference Dial In number.
- At any time during the call please dial ***0** (star zero) for operator assistance.

Should you have any queries in regards to the above information then please contact Katherine Formosa (katherine.formosa@calliden.com.au / + 61 2 9551 1102)

First half year 2010

Headlines

- **\$6.5m profit vs \$2.4m 1st half year 2009**
 - sale of our 50% shareholding in SUA \$1.1m
 - change in liability adequacy test \$1.2m
 - increased income tax benefit \$0.8m
 - improved investment returns \$0.6m
 - total catastrophe costs in first half \$5.6m
- **5% growth in gross written premium**
 - 15% growth in net earned premium
 - slow new business in 2nd quarter
- **2nd major systems conversion completed**
- **Successful legal proceedings**

First half year 2010

Financial Results

	1st HY 2008	2nd HY 2008	1st HY 2009	2nd HY 2009	1st HY 2010	HY09- HY10 % change
Gross Written Premium	\$97.6m	\$102.4m	\$ 104.4m	\$113.5m	\$109.4m	5%
Net Earned Premium	\$53.7m	\$ 52.1m	\$ 48.3m	\$ 52.7m	\$ 55.7m	15%
Profit / (Loss)	\$ 3.6m	\$ 5.5m	\$ 2.4m	(\$ 2.8m)	\$ 6.5m	170%
Total Assets	\$ 402m	\$ 394m	\$ 414m	\$ 432m	\$ 425m	3%
Shareholders Equity	\$ 98m	\$ 103m	\$ 103m	\$ 100m	\$ 104m	1%

First half year 2010

Insurer ratios (excluding statutory charges)

	31 Dec 2008	31 Dec 2009	30 June 2010	<i>From statutory accounts</i>		
	31 Dec 2008	31 Dec 2009	30 June 2010	31 Dec 2008	31 Dec 2009	30 June 2010
Gross Claims Ratio	60%	93%	84%	55%	85%	76%
Net Claims Ratio	62%	66%	65%	55%	55%	53%
Net Acquisition Ratio	39%	37%	33%	46%	47%	45%
Combined Operating Ratio	101%	103%	98%	101%	102%	98%
Insurance Margin	7%	2%	8%	6%	1.5%	8%

First half year 2010

Balance Sheet

\$Ms	31 Dec 2008	31 Dec 2009	30 June 2010
Assets			
Cash & Investments	\$ 142	\$ 128	\$124
Other assets	\$ 208	\$ 254	\$251
Intangibles	\$ 44	\$ 50	\$ 50
	\$ 394	\$ 432	\$425
Liabilities			
Insurance provisions	\$ 231	\$ 277	\$273
Borrowings	\$ 25	\$ 25	\$ 25*
Other Liabilities	\$ 35	\$ 30	\$ 23
	\$ 291	\$ 332	\$ 321
Total Equity	\$ 103	\$ 100	\$ 104

First half year 2010

1st Quarter Hail and Storms

	Calliden		Industry	
	No. of Claims	Current Loss Estimate Gross	No. of claims	Current Loss Estimate
Melbourne – 6 March	1,782	\$13.2m	134,554	\$1,033m
Perth – 22 March	1,044	\$8.8m	165,262	\$1,077m

- Calliden's reinsurance programme reduces the net cost of claims to \$4m (\$2m per event).

First half year 2010

Catastrophe experience – seasonality

Quarter	Calliden Actual Net Incurred	Industry Data Net Incurred	Calliden 2010 Expectation
Q1	31%	38%	35%
Q2	23%	15%	15%
Q3	0%	6%	5%
Q4	47%	40%	45%

- Calliden expectation \$5m-\$7m in net cat claims for the full year
- Calliden within annual expectation but \$0.5m - \$1.5m over first half range
- Reinstatement premiums \$800k - over our annual allowance by \$300k
- Claims handling expense \$600k - over our annual allowance by \$200k

**modelled over 20 years using industry data and Calliden current aggregates*

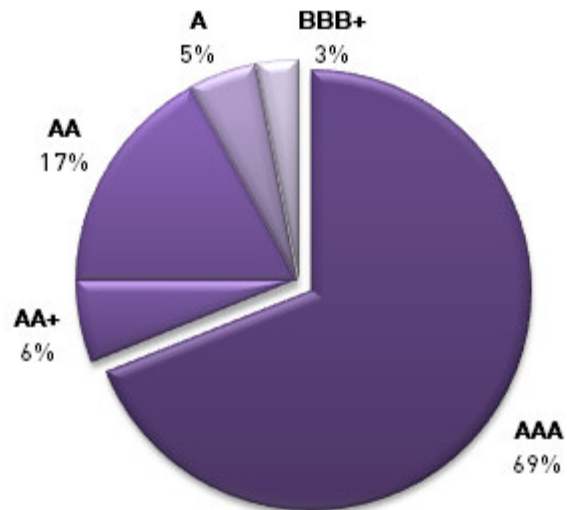
First half year 2010

Investment income

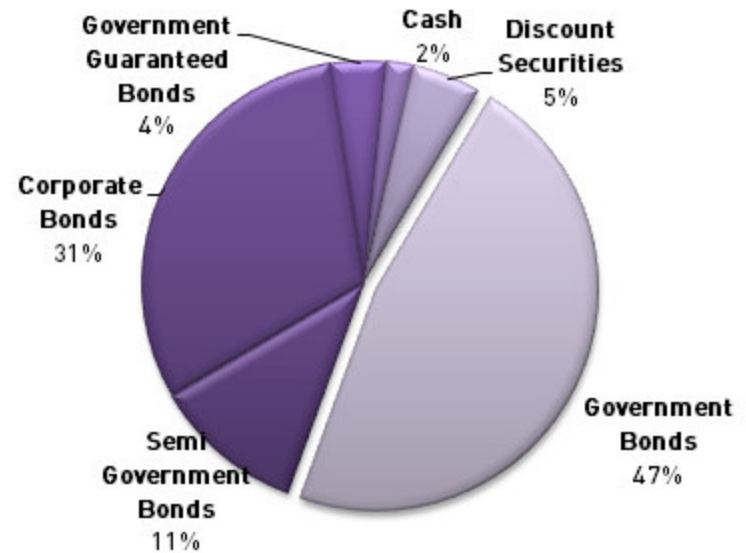
	2008			2009			2010	
	HY1 \$000's return	HY2 \$000's return	Annual Return	HY1 \$000's return	HY2 \$000's return	Annual Return	HY1 \$000's return	Annualised Return
Investment Income	3,406	9,081	9.0%	2,209	3,842	5%	4,770	8.0%
JV Investment Income*	803	755	28.8%	1004	585	56%	1,885 ⁽¹⁾	127%

* Includes dividends from JV's
 (1) Includes sale of SUA

Investment Portfolio – by rating 30.06.10



Investment Portfolio – by asset 30.06.10



First half year 2010

Sale of our 50% shareholding in SUA

- joint venture formed in 2006
- \$1.1m profit realised on sale of our 50%
- Calliden remain the underwriter



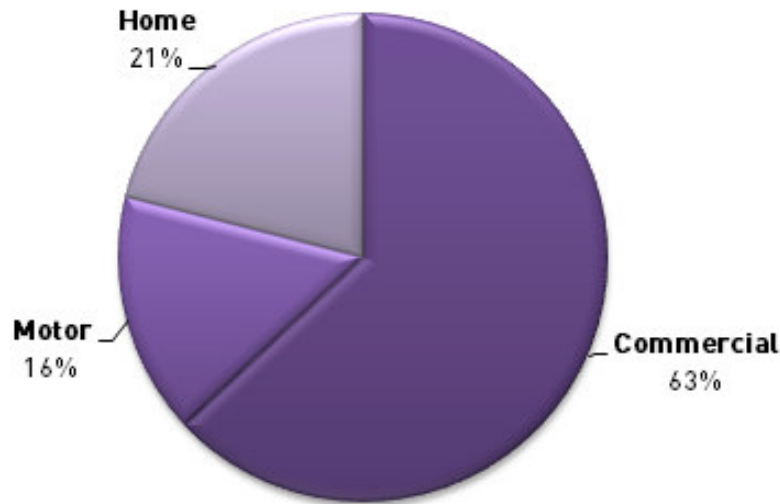
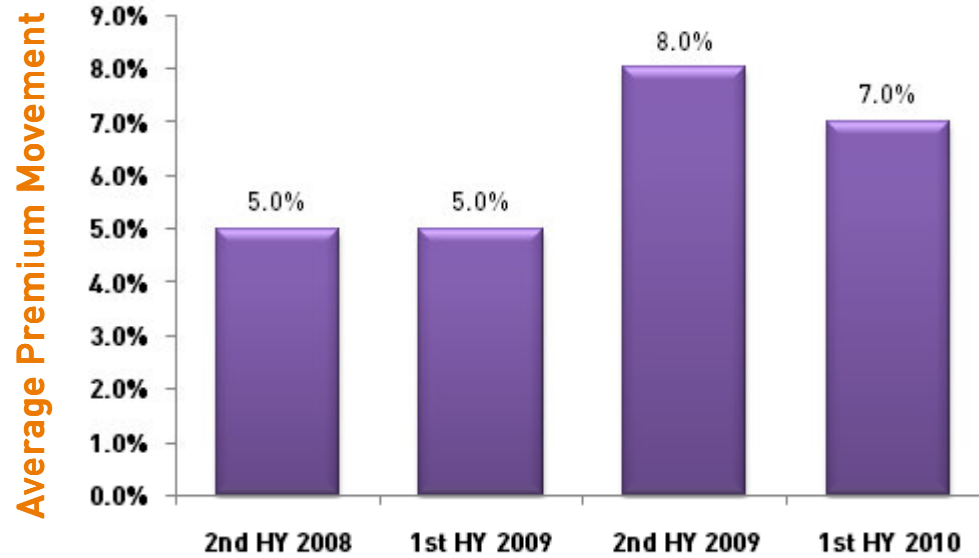
First half year 2010

Liability Adequacy Test (LAT)

- LAT assessment amended from two portfolios to one
- year end 2009 provision of (\$1.4m) reversed
- first half year 2010 provision of (\$0.2m)
- profit impact \$1.2m

First half year 2010

Pricing Environment

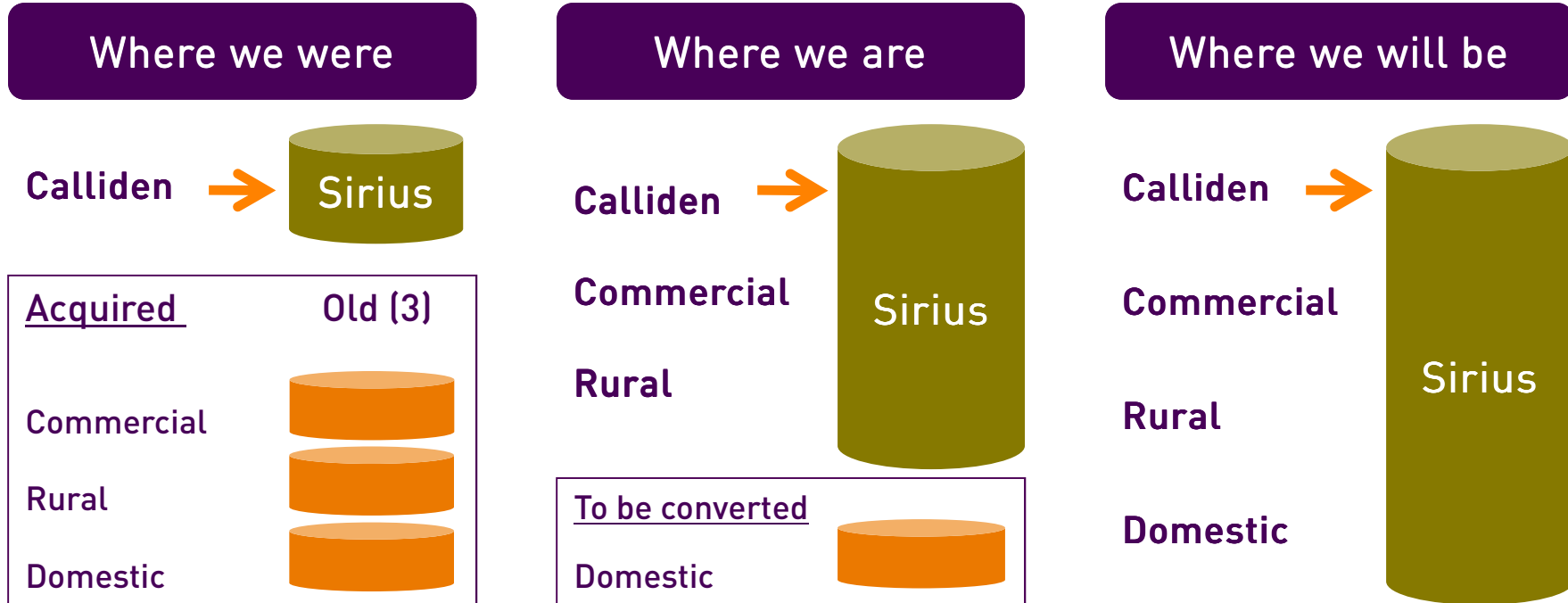


Business Mix by Gross Earned Premium

Overall portfolio growth 5%

First half year 2010

Second IT Conversion Completed, Final on Track

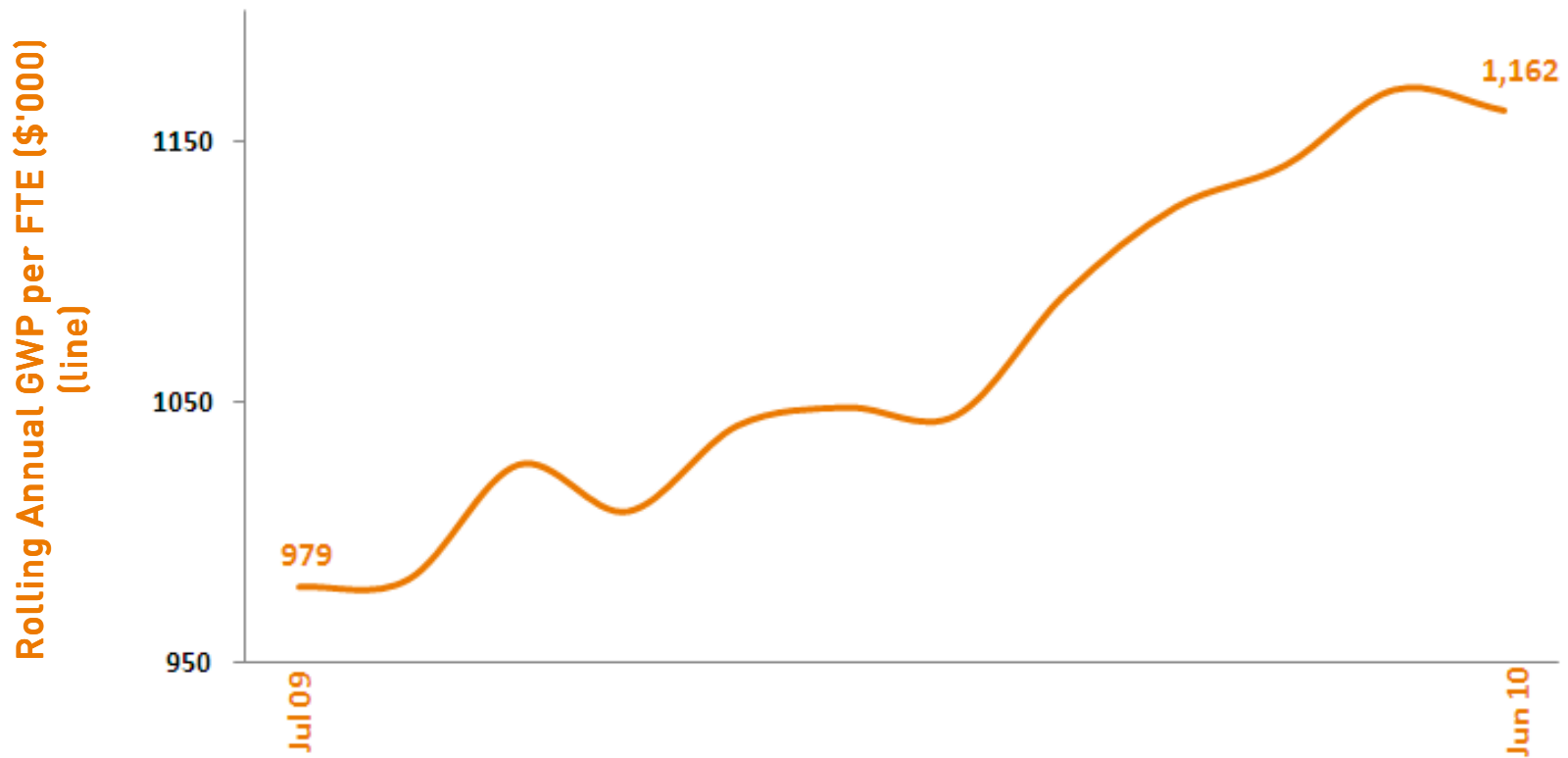


- Improved data and pricing information
- New data warehouse
- Cost reduction from a simpler platform
- Back office savings 2011 and beyond

First half year 2010

Productivity

GWP per Full Time Equivalent Employee (FTE)



First half year 2010

Legal proceedings update

Calliden Group Limited v Australian Unity Limited

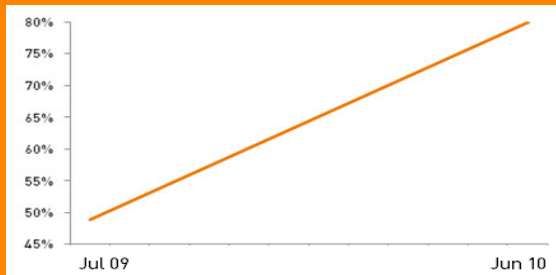
- on 13th April 2010 the Supreme Court of New South Wales found in favour of **Calliden**
 - Australian Unity's actuary's valuations were neither "broadly consistent with prior periods" nor "in accordance with professional standards"
- **Settlement Accounts process has stalled and Calliden Group relisted the case for further directions before the Supreme Court on the 27th August**

First half year 2010

Operational highlights

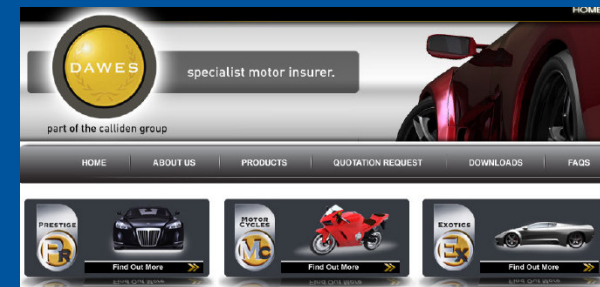
Callibrate Growth

- 67% increase in quotes
- Callibrate incentive program



Dawes

- 42% growth 1st half 2010
- Launch of Dawes Bike



Home Warranty Insurance

- Appointed agent of NSW gov
- One of two insurers in WA & SA
- Phased withdrawal in VIC



QUS

- 290% increase in GWP
- 319% increase in policies



First half year 2010

Summary and Outlook

- **Positive bottom line driven by**
 - **sale of our 50% shareholding in SUA \$1.1m**
 - **change in liability adequacy test \$1.2m**
 - **increased income tax benefit to \$0.8m**
 - **improved investment returns \$0.6m**
 - **catastrophe costs in excess of half year allowance (\$1.5m - \$2.5m)**
- **Pricing out look flattening**
- **Benefits from restructuring and systems implementation to drive more productivity gains in 2011**
- **Continued conservative investment policy**
- **Seasonality of catastrophe experience**

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