ASX
AUSTRALIAN STOCK EXCHANGE

MARKET RELEASE

21 May 2003

INSURANCE AUSTRALIA GROUP LIMITED – Reset Preference Shares (ASX code: IAGPA)

TRADING HALT

Insurance Australia Group Limited's (the "Company") reset preference shares (ASX code: IAGPA), will be placed in pre-open at the request of the Company, pending the release of an announcement by the Company. Unless ASX decides otherwise, the reset preference shares will remain in pre-open until the earlier of the commencement of normal trading on Friday, 23 May 2003 or when the announcement is released to the market.

Security Code: IAGPA

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21 May 2003

Mr Andrew Black
Manager Companies
Australian Stock Exchange Limited
4th Floor, 20 Bridge Street
Sydney NSW 2000

By fax: 02 9241 7620

IAG
Insurance
Australia
Group

Dear Andrew

INSURANCE AUSTRALIA GROUP LIMITED

REQUEST FOR TRADING HALT ON RESET PREFERENCE SHARES (ASX: IAGPA)

Pursuant to Rule 17.1, Insurance Australia Group Limited ('IAG') requests that ASX grant a trading halt for 21 and 22 May 2003 in respect of its reset preference shares ('RPS1') that trade as IAGPA.

This request is made to allow a bookbuild to be conducted in respect of a proposed issue of up to $200 million of reset preference shares – to be known as RPS2 – which are very similar in nature to the RPS1.

The purpose of the bookbuild is to determine the margin (which is used in calculating the dividend rate) for the RPS2 and it is scheduled to occur on 21 and 22 May 2003. The trading halt for these two days will allow sufficient time for IAG to notify ASX of the dividend rate for the RPS2 before trading of the RPS1 re-commences on 23 May 2003.

We are not aware of any reason why the halt should not be granted.

In its announcements about the proposed issue, IAG is drawing the attention of investors to the fact that the RPS1 are scheduled to trade ex-dividend on 22 May 2003 and, accordingly, when trading recommences after the halt, they will be trading net of the fully franked dividend of $2.8921 per share (equivalent to $4.1316 per share if the holder is eligible for refunds of excess franking credits).

Should you have any queries in respect of this request, please call me on (02) 9292 3169.

Yours sincerely

Anne O'Driscoll

Anne O'Driscoll
Group Company Secretary &
Head of Investor Relations