Insurance Australia
Group Limited
ABN 60 090 739 923
388 George Street
Sydney NSW 2000
Telephone 02 9292 9222
Facsimile: 02 9292 8072
iag.com.au

15 December 2003

Ms Pam Ross
Manager, Company Announcements Office
Australian Stock Exchange Limited
Level 4, Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

IAG
Insurance
Australia
Group

Dear Ms Ross

INSURANCE AUSTRALIA GROUP LIMITED ('IAG')
RPS 1 (IAGPA) CLASS MEETING

The attached notice of a class meeting and the related proxy form are being mailed to holders of IAG's first issue of reset preference shares – quoted as IAGPA – today.

As noted therein, the class meeting will be held at 388 George Street on Monday, 2 February 2004.

Yours sincerely

Anne O'Driscoll

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

Attachment: 5 pages

NOTICE OF MEETING

Notice of 2004 Class Meeting of holders of Reset Preference Shares issued on 4 June 2002 (RPS1) and Explanatory Notes

Insurance Australia Group Limited ABN 60 090 739 923

Holders of RPS1 are advised that a Class Meeting (**Meeting**) of holders of RPS1 in Insurance Australia Group Limited (**the Company**) will be held on:

Monday 2 February 2004 at 10.00 am at Level 11, 388 George Street, Sydney.

A Letter from the Chairman

Dear Shareholder

Enclosed with this letter you will find a:

- Notice of Meeting;
- Explanatory Notes;
- Proxy Form; and a
- Self addressed, prepaid envelope.

The documents relate to a Class Meeting of the holders of Reset Preference Shares issued on 4 June 2002 (**RPS1**). This meeting has been called so that holders of RPS1 can consider, and if thought fit, approve amendments to the Terms of Issue of RPS1. The purpose of these amendments is to align these Terms of Issue with the Terms of Issue of reset preference shares issued on 20 June 2003. The details of the proposed amendments are set out in the Explanatory Notes to the Notice of Meeting.

The Australian Prudential Regulation Authority (**APRA**) has advised the Company that it has no objection to the proposed amendments.

I would encourage you to read these documents carefully and, if you are unable to attend the meeting in person, complete and lodge your proxy form within the specified time period.

Should you require any further information, please telephone ASX Perpetual Registrars Limited on 1300 360 688.

Yours sincerely

James Strong

James Strong
Chairman

NOTICE OF CLASS MEETING

of holders of Reset Preference Shares issued on 4 June 2002 (RPS1)

Insurance Australia Group Limited ABN 60 090 739 923

BUSINESS

Changes to RPS1 Terms of Issue

1. To consider and, if thought fit, pass the following resolution as a special resolution:

"That the Terms of Issue of the class of reset preference shares issued by the Company on 4 June 2002 be amended as set out in the table included in the Explanatory Notes to the Notice of Meeting."

NOTES

(a) Proxies

A shareholder who is entitled to attend and cast a vote at the Meeting has a right to appoint a proxy to attend and vote instead of the shareholder. The proxy need not be a shareholder. Shareholders are entitled to appoint up to two persons (whether shareholders or not) as proxies, to attend the Meeting and vote. If you wish to appoint two proxies, please obtain a second proxy form by telephoning 1300 360 688. Both forms should be completed and signed, indicating the nominated number or percentage of your voting rights on each form (together being no more than 100% of your total shareholding). Please return both proxy forms together. If you appoint two proxies and do not specify the number or percentage of voting rights each proxy may exercise, each proxy may exercise half the voting rights. Any revocation of a proxy must be in writing and received prior to this Meeting. Shareholders appointing a proxy to vote on their behalf are encouraged to direct the proxy to vote "For", "Against" or "Abstain" on the motion, rather than providing an open proxy.

Signing Instructions

- *If the shareholder is an* ***individual*** *the proxy form must be signed by the shareholder (for joint shareholders either can sign) or by his/her/their joint authorised attorney(s).*
- *If the shareholder is a* ***corporation***, *the proxy form should be signed:*
  - *Under the common seal of the company by two directors, or a director and a secretary; or*
  - *by two directors, or a director and a secretary; or*
  - *in the case of a proprietary company that has a sole director who is also the sole company secretary, by that director; or*
  - *in the case of a proprietary company that has a sole director and no secretary, by that director; or*
  - *under the hand of a duly authorised officer or attorney.*
- *If the proxy form is signed under* ***Power of Attorney***, *the attorney states that no notice or revocation of the power has been received. If the Power of Attorney or other authority (if any) has not been previously noted by the Share Registrar it must be sent with the proxy form in the same manner and by the same deadline as set out below under "Lodgement Details". A certified copy of the Power of Attorney is acceptable.*
- *If you require further information on how to complete the proxy form, telephone* ***ASX Perpetual Registrars Limited on 1300 360 688***.

Lodgement Details

*To be valid for the purposes of voting at the Meeting, all proxy forms must be received by the Company's Share Registrar, ASX Perpetual Registrars Limited, at Level 8, 580 George Street, Sydney, NSW, 2000, before 10.00 am on Saturday 31 January 2004 (**Proxy Deadline**).*

Proxy forms may be submitted in any one of the following ways:

(i) By post in the reply paid envelope provided. Please allow sufficient time so that it reaches ASX Perpetual Registrars Limited by the Proxy Deadline;

(ii) By facsimile to ASX Perpetual Registrars Limited on (02) 8280 7646. Any proxy form sent by facsimile must be received by the Proxy Deadline; or

(iii) By hand delivery to ASX Perpetual Registrars Limited, Level 8, 580 George Street, Sydney NSW 2000.

(b) Corporate representatives

Any corporate shareholder wishing to appoint a person to act as its representative at the Meeting may do so by providing that person with:

(i) A letter or certificate authorising him or her as the company's representative, executed in accordance with the company's constitution; or

(ii) A copy of the resolution appointing the representative, certified by a secretary or director of the corporate shareholder.

(c) Shareholders eligible to vote

As determined by the Board of Directors, only persons who hold RPS1 as at the Proxy Deadline will be eligible to vote at the Meeting.

Dated at Sydney on 4 December 2003
By order of the Board of Directors.

Anne O'Driscoll

Anne O'Driscoll
Group Company Secretary

IAG
Insurance
Australia
Group

2004 Class Meeting (**Meeting**) of holders of
Reset Preference Shares issued on 4 June 2002 (**RPS1**)

EXPLANATORY NOTES

Insurance Australia Group Limited ABN 60 090 739 923

These notes explain the resolution set out in the Notice of Meeting for the Company's 2004 Meeting of RPS1 holders and should be read in conjunction with the Notice.

BUSINESS

Resolution 1: Changes to RPS1 Terms of Issue

Resolve, as a special resolution, that the Terms of Issue of the class of reset preference shares issued by the Company on 4 June 2002 be amended as set out in the table included in the Explanatory Notes to the Notice of Meeting.

Purpose of Resolution 1

Resolution 1 has been proposed so that shareholders may consider and, if thought fit, approve amendments to the RPS1 Terms of Issue, in order to align these Terms with the Terms of Issue of reset preference shares issued on 20 June 2003 (**RPS2**).

The Board's intention is that the two classes of reset preference shares would be issued with similar rights and conditions attached. Accordingly, the Terms of Issue of RPS1 and RPS2 are substantially the same. However, there are several terms of RPS2 that, although worded similarly to the equivalent terms of RPS1, are more appropriate as they better account for the situation in which there is more than one class of preference shares on issue.

To ensure that RPS1 and RPS2 are treated consistently where appropriate, approval is now sought to amend the RPS1 Terms of Issue so that these Terms will more closely align with the provisions of the RPS2 Terms of Issue. Minor drafting changes are also suggested to the RPS1 Terms of Issue for clarity.

An explanation of the proposed specific and substantive changes to be made to the Terms of Issue of RPS1 is provided in the table on page 4.

EXPLANATORY NOTES continued

Clause No	Amendment	Comments
2.2 (d)	Insert "or unless APRA indicates that it has no objection" after the words "clause 2.3".	This amendment is proposed for strict consistency with the disclosure in the RPS1 prospectus and for drafting consistency with RPS2 Terms of Issue. This change is for drafting clarity only, and does not alter the operation of the Terms of Issue.
2.9 (b)	Delete "a" and insert "or share capital ranking equally with or in priority to RPS" after the word "RPS".	This amendment is proposed so that the RPS1 terms do not unduly restrict other equally ranking securities, which were not contemplated at the time of issue of the RPS1.
3.7 (a)	Insert "dividend, distribution or" after the words "Ordinary Shares no longer carry that". Insert ", cum distribution" after the words "Business days on which those shares have been quoted cum dividend".	These amendments are mere drafting points and do not change the effect of the text. They are also consistent with RPS2 Terms of Issue.
9	Delete definition of "Business Day" and insert the words "Business Day means a business day as defined in the ASX Listing Rules."	This amendment is proposed to avoid practical problems where ASX has declared a weekday not to be a business day notwithstanding that banks are open in Sydney. The proposed new definition is also used in RPS2 Terms of Issue.
9	Amend definition of "DRP" by inserting "in which Holders are eligible to participate," after the words "as may be amended from time to time)".	This amendment is proposed to clarify this definition. It does not change the operation of the Terms of Issue, nor does it affect the terms of the Company's existing dividend reinvestment plan for ordinary shareholders.
9	Delete definition of "Group" and replace with "Group means the Company and its controlled entities."	This amendment is proposed to take account of changes in the preferred language for accounting purposes, for describing the Group.
9	Amend definition of "VWAP" by inserting the words "the closing phase and" after the words "crossings during" and inserting the words "or any overnight crossings" after the words "of options over Ordinary Shares".	This amendment is proposed to take account of the VWAP definition used for RPS2, which was amended to clarify the definition (rather than change it).

A copy of the draft amended form of RPS1 Terms of Issue will be available, free of charge, on the Company's website at *www.iag.com.au/RPS1*, or by calling ASX Perpetual Registrars Limited on 1300 360 688.

Recommendation

The Directors recommend that RPS1 holders vote in favour of adopting the proposed amendments to the RPS1 Terms of Issue.

Insurance Australia Group Limited
ABN 60 090 739 923

All Share Registry communications to:
C/- ASX Perpetual Registrars Limited
Level 8, 580 George Street, Sydney, NSW, 2000
Locked Bag A3050, Sydney South, NSW, 1232
Telephone: 1300 360 688
Facsimile: (02) 8280 7646
ASX Code: IAGPA
Email: registrars@asxperpetual.com.au
Website: www.iag.com.au

APPOINTMENT OF PROXY

If you propose to attend and vote at the Class Meeting, please bring this form with you. This will assist in registering your attendance.

I/We being a holder of Reset Preference Shares of Insurance Australia Group Limited issued on 4 June 2002 **(RPS1)** and entitled to attend and vote hereby appoint

A the **Chairman of the Class Meeting (mark box)** ☐ **OR** write here the name of the person (excluding the registered securityholder) you are appointing if this person **is someone other** than the Chairman of the Class Meeting

or, failing the person named, or if no person is named, the Chairman of the Class Meeting, as my/our proxy to act generally on my/our behalf and to vote in accordance with the following instructions (or, if no directions have been given, as the proxy sees fit) at the Class Meeting of Holders of RPS1 to be held at 10.00am on Monday 2 February 2004 and at any adjournment of that Class Meeting. Where more than one proxy is to be appointed, or where voting intentions cannot be adequately expressed using this form, an additional Proxy Form is available on request from the Share Registry. Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Class Meeting.

Should you desire to direct your proxy how to vote on the resolution please insert X in the appropriate box below.

	For	Against	Abstain*
1. Changes to RPS1 Terms of Issue	☐	☐	☐

* If you mark the Abstain box, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

B SIGNATURE OF SECURITYHOLDERS - THIS MUST BE COMPLETED

Securityholder 1 (Individual)	Joint Securityholder 2 (Individual)	Joint Securityholder 3 (Individual)
Sole Director and Sole Company Secretary	Director/Company Secretary (Delete one)	Director

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. By signing this form, the securityholder's attorney states that they are not aware of any notice of revocation of their power. If executed by a company, the form must be executed in accordance with the securityholder's constitution and the Corporations Act 2001 (Cwlth).

C LODGEMENT DETAILS

- For your vote to be counted, the duly completed proxy form must be received by the Company's Share Registrar, ASX Perpetual Registrars Limited, by 10.00am on Saturday 31 January 2004. You can return the proxy form (and any Power of Attorney referred to above):
  - in the reply paid envelope provided; or
  - by facsimile to the Share Registrar, ASX Perpetual Registrars Limited, on (02) 8280 7646; or
  - by hand delivery to ASX Perpetual Registrars Limited, Level 8, 580 George Street, Sydney NSW 2000.
- See the Notice of Class Meeting for more detailed instructions as to completion and lodgement of this proxy form or telephone 1300 360 688 for assistance.