

8 July 2004

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



Dear Sir/Madam

**INSURANCE AUSTRALIA GROUP LIMITED ('IAG')
VARIATION TO DIVIDEND REINVESTMENT PLAN RULES**

On 22 June 2004, pursuant to clauses 11.1(a) and 11.2 of the IAG Dividend Reinvestment Plan Rules ('DRP Rules'), the Directors of IAG resolved to make the following variations to the DRP Rules:

Rule 7.3 (f) – Add "(any fraction of a cent will be disregarded)" after the words "dollar amount".

Rule 7.6 – Delete the words "rounded down to the nearest cent" and replace it with the words "rounded to four decimal places (or such other number of decimal places as the Directors may determine)".

Glossary – Definition of Issue Price - Delete the words "rounded down to the nearest cent" and replace it with the words "rounded to four decimal places (or such other number of decimal places as the Directors may determine)".

These variations will take effect on and from 15 September 2004.

Yours sincerely

A handwritten signature in black ink that reads 'Anne O'Driscoll'.

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



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