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iag.com.au

IAG
Insurance
Australia
Group

4 April 2005

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')

PRICING OF SHARES TO BE ALLOCATED UNDER DIVIDEND REINVESTMENT PLAN

IAG is pleased to advise that ordinary shares to be allocated under the company's Dividend Reinvestment Plan (DRP) will be priced at $6.2948 per share for the 2005 interim dividend.

The DRP price was based on an average market price for the eight trading days from 21 March 2005 to 1 April 2005 inclusive.

Under the DRP, approximately 7.9 million ordinary shares will be allocated to participating shareholders on 18 April 2005, at the same time as interim dividend payments are made. Shares to be allocated to participating shareholders are being purchased on market.

Participating shareholders will be mailed a notice of their new shareholding on 18 April 2005.

Yours sincerely

Glenn Revell
Company Secretary

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