Insurance Australia Group Limited
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IAG
Insurance Australia Group

3 May 2007

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')
RESET PREFERENCE SHARES ('RPS') (ASX Code: IAGPA)

IAG advises that the 26 April 2007 closing date for the receipt of RPS Holder Exchange Notices has passed.

IAG intends to undertake a process to facilitate the resale of RPS that are subject to Exchange Notices received. Macquarie Equity Capital Markets Limited has been appointed to manage the resale process. The value of RPS to be resold is approximately $122 million.

IAG reserves the right to convert or redeem any RPS that are not resold.

IAG also wishes to inform Holders that applied for additional RPS through the Top-up Facility that it is anticipated that their applications will be satisfied in full on 15 June 2007.

In accordance with the terms of RPS, Holders will be informed of the method of Exchange that will apply to their RPS on or by 16 May 2007.

Yours sincerely

Glenn Revell
Group Company Secretary

For further information please contact:

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