

1 November 2012

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

Dear Sir/Madam

**CONVERTIBLE PREFERENCE SHARES (CPS) – DIVIDEND RATE**

Insurance Australia Group Limited (IAG) today announced the Dividend Rate in respect of the CPS for the semi-annual period ending 30 April 2013, calculated as follows:

Bank Bill Rate (180 Day Bank Bill Rate as at 1 November 2012)	3.1300 % pa
Plus: Margin	<u>4.0000 % pa</u>
	7.1300 % pa
Multiplied by 1 – Tax Rate	0.70
Cash Dividend Rate	4.9910% pa
Dividend Payment per CPS	\$2.4750

The Dividend Payment of \$2.4750 is expected to be fully franked and will be paid in respect of each CPS on 1 May 2013 with a Record Date of 23 April 2013, subject to the satisfaction of the dividend payment tests set out in clause 2.3 of the CPS Terms.

Under the CPS Terms all calculations of dividend payments will be rounded to four decimal places. For the purposes of making any payment in respect of a CPS Holder's aggregate holding of CPS, fractions of cents will be disregarded.

Yours sincerely



Chris Bertuch  
**Group General Counsel & Company Secretary**

Insurance Australia  
Group Limited  
ABN 60 090 739 923

388 George Street  
Sydney NSW 2000  
Australia

T +61 (0)2 9292 9222  
[www.iag.com.au](http://www.iag.com.au)