

25 March 2013

Manager, Company Announcements Office ASX 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 THE DIVIDEND REINVESTMENT PLAN

IAG advises that ordinary shares to be allocated under the Company's Dividend Reinvestment Plan (DRP) will be priced at \$5.6689 per share for the dividend payable on 3 April 2013.

The price has been determined in accordance with the rules of the DRP and based on a daily volume weighted average price for the ten trading days from 11 March 2013 to 22 March 2013 inclusive, excluding trades which were not considered to reflect normal supply and demand.

Participating shareholders will be mailed a notice of their new shareholding on 3 April 2013.

Yours sincerely

Chris Bertuch

Group General Counsel & Company Secretary