6 September 2011

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

Dear Sir/Madam,

INSURANCE AUSTRALIA GROUP LIMITED ("IAG")

Notice of Annual General Meeting 2011

Please find attached IAG’s 2011 Notice of Annual General Meeting and Voting Form.

Mailing of the above documents to shareholders commenced today. Copies of these documents will be available at IAG’s website www.iag.com.au.

Yours sincerely

Chris Bertuch
Group General Counsel & Company Secretary
THE NOTICE OF MEETING

ANNUAL GENERAL MEETING 2011

Insurance Australia Group Limited ABN 60 090 739 923
IAG’S 2011 ANNUAL GENERAL MEETING WILL BE HELD ON WEDNESDAY 26 OCTOBER 2011 FROM 10.00AM AT THE WESLEY CONFERENCE CENTRE, 220 PITT STREET, SYDNEY. IT WILL BE WEBCAST AT WWW.IAG.COM.AU/SHAREHOLDER/AGM.

TRAIN
The closest train station is Town Hall (all suburban lines). For information about train times, please call 131 500.

BUS
Some State Transit buses stop along George Street outside the Queen Victoria Building. For more information about bus routes and timetables, please call 131 500.

MONORAIL
The closest monorail station is Galeries Victoria (Pitt Street, Sydney).

PARKING
The closest parking station is Secure Parking situated beneath the Piccadilly Shopping Centre; entry is via 137 Castlereagh Street, Sydney. Rates vary from $62 for 2–3 hours and $75 for 3+ hours.

INFORMATION ABOUT IAG
You can read about IAG’s performance for the 2011 financial year in its summary annual review and detailed annual report, which are available by contacting our share registry or by visiting www.iag.com.au.

FURTHER INFORMATION
If you would like any further information regarding the AGM, please contact the company’s share registry on 1300 360 688 if calling from within Australia or +61 (0) 3 9415 4210 from outside Australia, or visit the IAG website at www.iag.com.au/shareholder/agm.
LETTER FROM THE CHAIRMAN

DEAR SHAREHOLDER

I am pleased to invite you to attend the 2011 Annual General Meeting (AGM) of Insurance Australia Group Limited ("IAG" or the "Company").

The AGM will be held at the Wesley Conference Centre, 220 Pitt Street, Sydney on Wednesday 26 October 2011, commencing at 10.00am. A map with directions to the venue can be found on the inside front cover of this booklet. The AGM will be webcast live and may be viewed at www.iag.com.au/shareholder/agm. An archive of the webcast will be made available on the site shortly after the AGM.

The following pages contain details on the items of business that you have the opportunity to vote on at the AGM, as well as explanatory notes and voting procedures.

At this year’s AGM, you will have the opportunity to vote on:
- the re-election of two directors, myself and Mr Philip Twyman. We were elected directors by shareholders in 2008. We are retiring by rotation in accordance with the Company’s constitution and we are offering ourselves for re-election;
- the election of Mr Peter Bush as a director. Mr Bush was appointed as a director by the board of IAG on 7 December 2010;
- the election of another director. Mr Richard Talbot wishes to stand for election as a director;
- the Company’s right to undertake a selective buy-back of the Reset Preference Shares (ASX Code: IAGPA (RPS)) which were issued on 4 June 2002 if the Board determines to exchange part or all of the Reset Preference Shares in this manner, at the next reset date in June 2012; and
- the adoption of the remuneration report as required by the Corporations Act 2001, as set out on pages 19 – 35 of the 2011 annual report.

If you are unable to attend the AGM in person, you may vote directly or appoint a proxy to act on your behalf. You may register voting instructions electronically at www.investorvote.com.au or complete and return the enclosed voting form using the pre-addressed envelope provided.

A shareholder who is entitled to vote at the AGM may also submit written questions to the Company or the Company’s external auditor in advance of the AGM. Questions should be about the business of the Company or the content of the 2011 annual report. A shareholder question form is enclosed for your convenience and this form can be returned in the pre-addressed envelope provided with your voting form. You can also submit questions online at www.investorvote.com.au

Alternatively you may lodge both your voting form and shareholder question form by fax to +61 (0)3 9473 2555 or hand deliver both forms to our share registry.

I look forward to seeing you at the AGM.

Yours sincerely

BRIAN SCHWARTZ
CHAIRMAN

ITEMS OF BUSINESS

WHAT YOU WILL BE VOTING ON

RECEIPT OF FINANCIAL STATEMENTS AND REPORTS
To receive and consider the Company’s financial statements and reports for the financial year ended 30 June 2011.

ELECTION OF DIRECTORS

RESOLUTION 1
To re-elect as a director Brian Schwartz who retires by rotation in accordance with the Company’s constitution, and being eligible, offers himself for re-election.

RESOLUTION 2
To re-elect as a director Philip Twyman who retires by rotation in accordance with the Company’s constitution, and being eligible, offers himself for re-election.

RESOLUTION 3
To elect as a director Peter Bush.

RESOLUTION 4
To elect as a director Richard Talbot.

The chairman and the other directors intend to vote open proxies given to them ‘against’ the election of Richard Talbot and ‘for’ the election of Messrs Schwartz, Twyman and Bush.

The Board determined in August 2008 that the size of the Board would be set at eight directors effective from 1 September 2008. There are four candidates standing for three board positions. Only three candidates may be elected. In order to be re-elected or elected a candidate must receive more votes validly cast in favour of their election than against. If all candidates receive such a majority, the three candidates receiving the most votes in favour of their election will be elected as directors. Votes against the candidates will be disregarded for this part of the count.

SELECTIVE BUY-BACK OF RESET PREFERENCE SHARES ISSUED ON 4 JUNE 2002
RESOLUTION 5
To consider and if thought fit, to pass the following resolution as a special resolution:

“That the members approve the conduct and terms of a selective buy-back of up to 100% of the Reset Preference Shares issued on 4 June 2002 – ASX Code: IAGPA (RPS) at the discretion of the directors in accordance with the RPS Terms of Issue at any time within 12 months after the date of this resolution.”

While holders of reset preference shares (RPS) have voting rights on buy-back resolutions, the Company will disregard votes cast in favour of Resolution 5 by or on behalf of RPS holders or their associates.

ADOPTION OF REMUNERATION REPORT RESOLUTION 6
To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That the Company’s remuneration report for the financial year ended 30 June 2011 be adopted.”

This resolution is advisory only and does not bind the Company or the directors.

The directors will consider the outcome of the vote and comments made by shareholders on the remuneration report at the meeting when reviewing the Company’s remuneration policies.

If 25% or more of votes that are cast are voted against the adoption of the remuneration report at two consecutive AGMs, shareholders will be required to vote at the second of those AGMs on a resolution (a “spill resolution”) that another meeting be held within 90 days at which all of the Company’s directors (other than the Managing Director and CEO) must stand for re-election.
ABOUT VOTING

HOW TO VOTE

A. VOTING OPTIONS

DIRECT
A direct vote will enable shareholders to vote on resolutions considered at the AGM by lodging their votes with the Company prior to the AGM. Direct voting will enable shareholders to exercise their voting rights without the need for the shareholder to attend the AGM or appoint a proxy.

If you choose to vote by direct vote, you are encouraged to complete the voting directions for Item 6 (Remuneration Report) on the voting form, by marking either “For”, “Against” or “Abstain” for each of those items of business. You must mark either “For”, “Against” or “Abstain” for each item of business in the voting form for a valid direct vote to be recorded on that item.

Please note that a shareholder who has cast a direct vote may attend the AGM; however, their attendance cancels the direct vote unless the shareholder instructs the Company or the share registry otherwise.

PROXY
A shareholder who is entitled to attend and cast a vote at the AGM has a right to appoint a proxy to attend and vote instead of the shareholder. The proxy need not be a shareholder of the Company and may be a corporation (and any corporation so appointed may then nominate an individual to exercise its powers at meetings). A shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes which each proxy may exercise. Each proxy may exercise half of the shareholder’s votes.

If a shareholder appoints the chairman of the AGM or another director as proxy and does not direct the chairman of the AGM or director how to vote on an item of business, the chairman of the AGM or director will vote proxies for holders entitled to vote in favour of each of the proposed resolutions set out in the Notice of Meeting, except for Item 4 (Election of Richard Talbot) and Item 6 (Remuneration Report).

Any undirected proxies held by the chairman of the meeting will be voted against Item 4 (Election of Richard Talbot).

PROXIES ON ITEM 6 (RENUMERATION REPORT)
Any undirected proxies held by the chairman of the meeting will not be voted in respect of Item 6 (Remuneration Report).

If you appoint as your proxy the chairman of the meeting, he will only vote your proxy on Item 6 if you direct him how to vote.

- by marking the last box in Step 1 on the voting form, in which case the Chairman will vote “For” the resolution on your behalf, or otherwise
- marking either “For”, “Against” or “Abstain” in Step 2 Item 6.

If you appoint as your proxy any other director of the Company, any other of its key management personnel or any of their closely related parties (as that term is defined in the Corporations Act 2001, which includes certain of their family members, dependents and companies they control) and you do not direct that person how to vote, that person will not vote your proxy on that item of business.

HOW TO VOTE DIRECTLY OR BY PROXY
To be valid, voting forms, proxies or electronic voting instructions must be received by the Company’s share registry, Computershare Investor Services Pty Limited, in Sydney before 10.00am on Monday 24 October 2011 (Voting Deadline).

Voting forms may be submitted in one of the following ways:
- online at www.investorvote.com.au. You will need information shown on your voting form to register your vote online;
- by post in the pre-addressed envelope provided. Please allow sufficient time so that it reaches Computershare Investor Services Pty Limited by the Voting Deadline;
- by facsimile to Computershare Investor Services Pty Limited on +61 (0)3 9473 2555; or
- by hand delivery to Computershare Investor Services Pty Limited, Level 4, 60 Carrington Street, Sydney, NSW 2000.*

Intermediaries with access to Intermediary Online through Computershare Investor Services Pty Limited should lodge their votes through www.intermediaryonline.com

B. CORPORATE REPRESENTATIVES
Any corporate shareholder wishing to appoint a person to act as its representative at the AGM may do so by providing that person with:
- a letter or certificate authorising him or her as the company’s representative, executed in accordance with the company’s constitution; or
- a copy of the resolution appointing the representative, certified by a secretary or director of the corporate shareholder.

C. POWER OF ATTORNEY
If a shareholder has appointed an attorney to attend and vote at the AGM, or if the voting form is signed by an attorney, the power of attorney (or a certified copy of the power of attorney) must be received by the Company’s share registry, Computershare Investor Services Pty Limited, by the Voting Deadline, unless this document has been previously lodged with the Company’s share registry for notation.

Powers of attorney may be submitted by post or by hand delivery to Computershare Investor Services Pty Limited, Level 4, 60 Carrington Street, Sydney, NSW 2000.*

D. SHAREHOLDERS ELIGIBLE TO VOTE
As determined by the board of directors of IAG (Board), only persons who hold ordinary shares in the Company as at 7.00pm (Sydney time) on Monday, 24 October 2011 will be eligible to vote at the AGM.

Holders of the reset preference shares (RPS) are eligible to vote on Resolution 5 only. However please note the voting exclusion application to RPS holders and their associates in the Explanatory Notes on Resolution 5.

Dated at Sydney on 25 August 2011.

By order of the board of directors.

CHRIS BERTUCH
GROUP GENERAL COUNSEL & COMPANY SECRETARY

* Hand delivery of voting forms, proxies or powers of attorney to any other Computershare Investor Services or IAG office should allow sufficient time for delivery to the Computershare Investor Services or IAG office in Sydney by the Voting Deadline.
The following notes explain the items of business to be considered at IAG’s 2011 AGM. The notes are set out in the order of the items in the Notice of Meeting and should be read with the notice.

RECEIPT OF FINANCIAL STATEMENTS AND REPORTS

The financial results for the year ended 30 June 2011 are set out in the annual report sent to those shareholders who elected to receive it by post or email. The annual report is available online at www.iag.com.au/results.

ELECTION OF DIRECTORS

RESOLUTIONS 1, 2, 3 AND 4

Background Information

The Australian Securities Exchange (ASX) Listing Rules require the Company to hold an election of directors each year. The Constitution of the Company requires one third of eligible directors to retire from office at each AGM.

Brian Schwartz and Philip Twyman retire by rotation in accordance with the Company’s Constitution and offer themselves for re-election at this year’s AGM.

What do the directors recommend?

The other directors recommend that you vote in favour of the resolution. Who is standing for re-election?

RESOLUTION 1

Brian Schwartz AM, FCA

Brian Schwartz was appointed as a director of IAG in January 2005 and became chairman in August 2010. He is a member of the IAG Audit, Risk Management & Compliance Committee.

Brian is the deputy chairman of Brambles Limited and chairman of Insurance Manufacturers of Australia Pty Limited, a general insurance underwriting joint venture with RACV Ltd from 26 August 2010.

Brian is a non-executive director of Brambles Limited and the deputy chairman of Westfield Group Limited. He was the chief executive of Investec Bank (Australia) Ltd from 2005 to 2009. Previously he was with Ernst & Young Australia from 1979 to 2004, becoming its chief executive in 1998. He was a member of Ernst & Young’s global board and managing partner of the Oceania region.

Brian is the deputy chairman of the board of Football Federation Australia Limited. He was appointed a Member of the Order of Australia in 2004 for his services to business and the community. He was previously a member of the Federal Government's Australian Multicultural Advisory Council and in 2001 was named Leading CEO for the Advancement of Women by the Equal Opportunity for Women in the Workplace Agency.

Peter Bush was appointed as a director in December 2010, and offers himself for election at this year’s AGM.

Richard Talbot, who is not currently a director, offers himself for election at this year’s AGM.

What do the directors recommend?

The other directors recommend that you vote in favour of the resolution.

RESOLUTION 2

Philip Twyman BSc, MBA, FAICD

Philip Twyman was appointed as a director of IAG in July 2008. He is chairman of the IAG Audit, Risk Management & Compliance Committee.

Philip was formerly group executive director of Aviva plc, one of the world’s largest insurance groups, based in London. He has also been chairman of Morley Fund Management and chief financial officer of General Accident plc, Aviva plc and AMP Group.

Overall, Philip has had over 20 years of both board and executive level general insurance experience.

What do the directors recommend?

The other directors recommend that you vote in favour of the resolution.

RESOLUTION 3

Peter Bush BA, FAMI

Peter Bush was appointed as a director of IAG in December 2010. He is a member of the IAG Audit, Risk Management & Compliance Committee.

Peter has extensive experience in marketing, brands and consumer behaviour gained through a career spanning more than 30 years in the fast moving consumer goods and retail industries. He was McDonald’s Australia Limited’s Managing Director & CEO and President for Pacific, Middle East and Africa (2005–2010) and Chief Operating Officer (2002–2005). Previously he held senior roles with Arnott’s Biscuits Limited, Pioneer International Limited (Ampol/Caltex), Samuel Taylor (Reckitt & Coleman plc), and Johnson & Johnson Australia; and was Chief Executive Officer of AGB McNair and Schwarzkopf Australia & New Zealand.

Peter is a non-executive director of Pacific Brands Limited, and Nine Entertainment Holdings Pty Ltd, and previously served on the boards of McDonald’s Australia Limited, Lion Nathan Limited, Miranda Wines Pty Limited (now McGuigan Wines) and Frucor Beverages Group Limited (now Danone).

What do the directors recommend?

The other directors recommend that you vote in favour of the resolution.

RESOLUTION 4

Richard Talbot

Richard Talbot has nominated for election as director and has supplied the following statement:

“I am a former Director of NRMA Insurance Limited who stood opposed to the 2000 split-up of the NRMA & demutualisation of NRMA Insurance

In 2000 an Information Memorandum sent to 2 million members promoting the demutualisation of NRMA Insurance stated on page 15:

Who is standing for election?

RESOLUTION 3

Peter Bush BA, FAMI

Peter Bush was appointed as a director of IAG in December 2010. He is a member of the IAG Audit, Risk Management & Compliance Committee.

Peter has extensive experience in marketing, brands and consumer behaviour gained through a career spanning more than 30 years in the fast moving consumer goods and retail industries. He was McDonald’s Australia Limited’s Managing Director & CEO and President for Pacific, Middle East and Africa (2005–2010) and Chief Operating Officer (2002–2005). Previously he held senior roles with Arnott’s Biscuits Limited, Pioneer International Limited (Ampol/Caltex), Samuel Taylor (Reckitt & Coleman plc), and Johnson & Johnson Australia; and was Chief Executive Officer of AGB McNair and Schwarzkopf Australia & New Zealand.

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What do the directors recommend?

The other directors recommend that you vote in favour of the resolution.

RESOLUTION 4

Richard Talbot

Richard Talbot has nominated for election as director and has supplied the following statement:

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Who is standing for election?

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Peter is a non-executive director of Pacific Brands Limited, and Nine Entertainment Holdings Pty Ltd, and previously served on the boards of McDonald’s Australia Limited, Lion Nathan Limited, Miranda Wines Pty Limited (now McGuigan Wines) and Frucor Beverages Group Limited (now Danone).

What do the directors recommend?

The other directors recommend that you vote in favour of the resolution.

RESOLUTION 4

Richard Talbot

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“I am a former Director of NRMA Insurance Limited who stood opposed to the 2000 split-up of the NRMA & demutualisation of NRMA Insurance

In 2000 an Information Memorandum sent to 2 million members promoting the demutualisation of NRMA Insurance stated on page 15:


SECTION 1. AN OUTLINE OF THE PROPOSAL

Reasons why Members may decide to vote for the proposal

- Claims management principles will not change as a consequence of the Proposal

- Policymakers’ security and reasonable expectations will be adequately protected

The rights of Insurance Members as policymakers (including policy features and benefits) will not change

- Insurance premium rates will not increase as a consequence of the Proposal

These undertakings are elaborated on later in the 137 page document which was approved by the Supreme Court of NSW.

NRMA Insurance has declined to pay certain policymakers claims not specifically covered for flood damage caused by the recent Queensland storms yet in 1998 NRMA Insurance paid out the Wollongong flood claims as well as claims of the Coffs Harbour flood before that.

Helping people in need by paying such claims would be better for the Company’s goodwill and business standing than spending millions on football team sponsorships, excessive executive salaries and advertising.”

What do the directors recommend?

Each director believes, for the reasons set out below, that it is not in the best interests of shareholders that Richard Talbot be elected and recommends that shareholders vote against this resolution.

The Board’s policy is to ensure that the Board comprises directors who collectively have the relevant experience, knowledge and skills required for the Company taking into account its current size, market position, complexity and strategic focus, and assist in maintaining the independence of the Board. In reviewing its composition and requirements for director succession, the Board is also mindful of the corporate governance practices and requirements for directors of general insurance companies.

Having regard to this, each director believes that Richard Talbot does not have the experience, knowledge and skills required to be a director of an Australian public listed general insurance company such as IAG.

In forming its view, the Board took into consideration the removal of Richard Talbot as a director of National Roads and Motorists’ Association Limited (NRMA) in 2006, and the reasons put forward by the then Board in recommendation of his removal from that position, which reasons were set out in the NRMA 2006 notice of annual general meeting (a copy of which can be found at www.iag.com.au/shareholder/agm).

In addition, the Board notes that in 2007, NRMA members approved amendments to its constitution, the effect of which was to disqualify Richard Talbot from standing for election as a director (of NRMA) until the 2014 board election and from being appointed by the Board (of NRMA) as a director to fill a vacancy until 4 November 2011.

**RESOLUTION 5**

Selective buy-back of Reset Preference Shares issued on 4 June 2002

Unless otherwise defined, capitalised terms used in this section have the same meaning as those terms in the RPS Terms of Issue as set out in the RPS Prospectus dated 6 May 2002 (Prospectus) (as amended). The Prospectus is available from the Registered Office of the Company or may be viewed and downloaded at www.iag.com.au/shareholder/offers.

**BACKGROUND**

On 4 June 2002, IAG issued 3.5 million RPS with a face value of $100 each. Under the RPS Terms of Issue:

(a) Company Exchange: IAG may elect to Exchange some or all of the RPS on a Reset Date, or on an earlier or later date in respect of all of RPS following the occurrence of a Tax Event, Regulatory Event or certain takeovers or schemes of arrangement (see clause 3.3 of the Terms of Issue); and/or

(b) Holder Exchange: a holder may elect to Exchange some or all of their RPS on a Reset Date, or on an earlier or later date in respect of all of their RPS, following the occurrence of a Trigger Event (see clause 3.2 of the Terms of Issue).

The next Reset Date is 15 June 2012.

On Exchange, IAG may:

(a) convert RPS into Ordinary Shares (as described in clauses 3.5 and 3.6 of the Terms of Issue); or

(b) redeem, buy-back or cancel RPS for their Face Value subject to prior approval by APRA; or

(c) in the case of a Holder Exchange, procure a third party to purchase the RPS from holders for their Face Value.

**Summary of the buy-back terms**

If the directors choose to Exchange RPS by way of a buy-back, the buy-back would be a selective share buy-back involving the purchase by the Company of some or all of RPS on issue (3.5 million) and the cancellation of those shares (Buy-back).

Under the RPS Terms of Issue, each RPS holder has effectively agreed to accept any Buy-back offer for their RPS if IAG elects to Exchange RPS in that manner.

Under the RPS Terms of Issue, RPS can only be bought back by the Company at their Face Value of $100 per share. While RPS have from time to time traded at values above or below their Face Value, under the RPS Terms of Issue the RPS Buy-back price on Exchange is fixed.

Why are we seeking shareholder approval?


Shareholders are being asked to approve the Buy-back so that IAG has more flexibility as to the method of Exchange of RPS without the requirement of having to call an extraordinary general meeting subsequent to the AGM to obtain approval for the Buy-back. Shareholders are advised that no decision has yet been made to Exchange RPS and it is not yet known whether (or the extent to which) RPS holders may seek to Exchange RPS.

The Board will only make a decision to Exchange RPS, or to choose particular methods of Exchange, where it considers it to be in the best interests of IAG. This may depend, among other things, on conditions in the capital markets and changes in prudential regulation.

The approval would only be given for a Buy-back of RPS effected within 12 months after the resolution is passed.

**What are the potential advantages and disadvantages of the Buy-back?**

If the Buy-back is approved, IAG would have the flexibility to Exchange RPS by way of a Buy-back subject to APRA’s prior approval, and in accordance with the RPS Terms of Issue and if the directors decide that it is in the best interests of IAG to do so.

The Buy-back price is the same as the amount for which RPS could be redeemed, and the same price IAG could seek to procure third parties to purchase RPS subject to a Holder Exchange Notice. A redemption of RPS may only be funded out of profits or the proceeds of a fresh issue of shares conducted for that purpose, however, there is greater flexibility regarding the source of funds for a Buy-back (see below). In addition, IAG may not be able to procure third parties to purchase RPS.

More generally IAG is committed to maintaining an efficient capital structure. The practical ability to use a Buy-back as a method of Exchange under the RPS Terms of Issue would provide greater capital management flexibility.

Tax and accounting treatment for the Company and shareholders of redemptions and Buy-backs may vary, and the greater flexibility would permit the directors to consider these factors, among others, in making a decision.

A potential disadvantage of the proposed Buy-back is that following a Buy-back the Company would have a reduced capital base. However, the directors would consider the adequacy of the reduced capital base having regard to the Company’s present and anticipated future needs, in making any decision to select this method of Exchange. In addition, the directors could not conduct the Buy-back in circumstances where it materially prejudiced the Company’s ability to pay its creditors, or where they did not believe it was in the best interests of the company as a whole.

**The financial effect of the Buy-back scheme on IAG**

As of 31 July 2011, the cost of the Buy-back of all RPS would be $350 million. The Buy-back price would not be franked. However, Dividends accrued on RPS prior to the Exchange Date are paid on the Exchange Date and would usually be franked.

The directors would not conduct the Buy-back unless they are satisfied that the Buy-back will have no material adverse impact on the Company’s financial or regulatory capital position and no material prejudice to the Company’s ability to pay its creditors.
EXPLANATORY NOTES

Source of funds for the Buy-back
The funds for the Buy-back may be provided through existing cash reserves or through implementing other funding alternatives. The directors will, at the relevant time, consider the best alternative or combination of alternatives for funding the Buy-back.

Effect of any Buy-back on the control of the Company
Holders of RPS are entitled to vote (together with the holders of ordinary shares in the Company) on the basis of one vote per RPS on a limited number of matters, including any proposal to wind-up the Company or any proposal to vary the rights attaching to RPS. The total number of votes capable of being exercised by the holders of RPS in those limited circumstances would be 3.5 million or approximately 0.17% of the Company’s total issued share capital as of 31 July 2011.

Other relevant information
There is no other information known to any of the directors of the Company which may reasonably be expected to influence the shareholders of the Company in deciding whether or not to vote in favour of the resolution to approve the Buy-back which the Company has not previously disclosed to its shareholders.

Voting exclusion statement
While holders of RPS have voting rights on Buy-back resolutions, the Company will disregard votes cast in favour of Item 5 by RPS holders and their associates (as required by the Corporations Act 2001).

However, the Company need not disregard a vote if it is cast by:
- RPS holders or their associates as a proxy for a person who is entitled to vote and if the vote is cast in accordance with the directions on the voting form; or
- the person chairing the meeting as proxy for a person who is entitled to vote and is cast in accordance with a direction on the voting form to vote as the proxy decides.

What do the Directors recommend?
Save for the RPS holders and their associates who, under the Corporations Act, may not vote in favour of the resolution, the Directors recommend that you vote in favour of the resolution.

RESOLUTION 6
ADOPTION OF THE REMUNERATION REPORT
The Corporations Act 2001 (section 250R) requires listed companies to provide enhanced disclosures of director and executive remuneration in their annual report. These disclosures are set out in the remuneration report on pages 19 – 35 of the 2011 annual report which has been sent or made available to shareholders who have requested to receive a copy. The 2011 annual report is also available from the Company’s website at www.iag.com.au/results.

The resolution is advisory only and does not bind the Company or its directors. The Board will consider the outcome of the vote and comments made by shareholders on the remuneration report at the meeting when reviewing the Company’s remuneration policies. If 25% or more of those votes that are cast are voted against the adoption of the remuneration report at two consecutive AGMs, shareholders will be required to vote at the second of those AGMs on a resolution (a “spill resolution”) that another meeting be held within 90 days at which all of the Company’s directors (other than the Managing Director and CEO) must stand for re-election. The Company encourages all shareholders to cast their votes on Item 6 (Remuneration Report).

Any undirected proxies held by the chairman of the meeting, other directors or other key management personnel or any of their closely related parties (as that term is defined in the Corporations Act 2001, which includes certain of their family members, dependents and companies they control) will not be voted in respect of Item 6 (Remuneration Report). The voting form provides for directing the chairman of the meeting how to vote, both at Step 1 or alternatively Step 2 Item 6.

If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote on Item 6 (Remuneration Report) by marking either “For”, “Against” or “Abstain” on the Voting Form for that item of business.

REMUNERATION OVERVIEW
This overview provides a snapshot of our remuneration objectives and structure, and the key actions we have taken during the year. It should be read in conjunction with the remuneration report on pages 19 – 35 of the 2011 annual report.

The Board committee which oversees IAG’s remuneration practices – the Nomination, Remuneration & Sustainability Committee (NRSC) – remains mindful of the executive remuneration issues under debate and review in the broader community.

The NRSC endeavours to ensure that IAG’s remuneration policies balance the IAG Group’s (Group) performance objectives with community and shareholder expectations. While stability in the remuneration structure is important, the NRSC actively considers where modifications can be made to better align interests and drive performance. Where these opportunities are identified the NRSC will recommend changes to the Board.

The Board is confident that IAG’s remuneration policies are in line with governance requirements and continue to support the Group’s financial and strategic goals, which ultimately benefit shareholders, customers, employees and the community.

Executive remuneration structure
At IAG, reward is more than pay and includes elements such as career, development and stimulating work environment. The total remuneration practices have been designed to achieve five key objectives, that:
- motivate employees to achieve superior and sustainable performance and discourage under performance;
- align remuneration with the interests of IAG’s shareholders, by actively focusing on short to long term goals;
- remain market competitive to attract and retain high quality people;
- be clearly understood and valued; and
- encourage constructive behaviours and prudent risk taking that support long term financial soundness.

Total remuneration outcomes for target performance are positioned at the middle of the market. A higher total remuneration outcome is considered by the Board in cases of exceptional or superior performance aligned with long term financial performance.

Key initiatives in executive remuneration
In response to regulatory changes and shareholder feedback, the NRSC undertook the following initiatives during the year ended 30 June 2011:
- actively monitored the compliance against the APRA standards covering the governance of remuneration to ensure appropriateness of the Group’s remuneration policy;
- met with APRA to discuss good governance and IAG’s approach to remuneration;
- made recommendations to the IAG Board for the remuneration of the Group CEO and the executive team;
- introduced voluntary disclosure of actual remuneration for the executive team to clarify the linkage between performance and reward in the remuneration report;
- updated deferred STI and LTI terms to provide the IAG Board with discretion to adjust rewards downwards to protect the financial soundness of the Group or in circumstances where the IAG Board determines an adjustment is necessary to ensure that an inappropriate reward outcome does not occur; and
- engaged remuneration consultants from PwC to review the executive remuneration strategy in line with market practice and governance requirements.

Shareholders will be given the opportunity to ask questions and to make comments on the Remuneration Report at the AGM.

What do the directors recommend?
The directors recommend that you vote in favour of the resolution. The chairman intends to vote open proxies given to him “For” the adoption of the remuneration report.
100% owned unless indicated. 1 RACV is via a distribution relationship and underwriting joint venture with RACV Limited. 2 RACV has a 30% interest in The Buzz.

3 IAG holds 98% voting rights in Safety Insurance, based in Thailand. 4 IAG owns 49% of the general insurance arm of Malaysian-based AmBank Group, AmG Insurance Berhad, which trades under the AmAssurance brand. 5 IAG has 26% ownership of SBI General Insurance Company, a joint venture with State Bank of India.
2. Appoint a Proxy to Vote on Your Behalf:

I/we hereby appoint

[Name]
or failing the individual or body corporate named, or if no individual or body corporate is named, the

[Chairman of the Meeting]
as my/our proxy to act generally at the meeting on my/our behalf and to vote

in accordance with the following directions (or if no directions have been given, as the proxy sees fit).

Indicate How your Vote will be Cast

Select one option only

STEP 1

PLEASE NOTE:

Leave this box blank if you have selected

the Chairman of the

Meeting. Do not insert

your own name(s).

1. Vote Directly

Record my/our votes
strictly in accordance with
directions in Step 2.

At the Annual General Meeting of Insurance Australia Group Limited (IAG) to be held in the Wesley Theatre, Wesley Conference Centre, 220 Pitt Street, Sydney on Wednesday, 26 October 2011 at 10.00am and at any adjournment of that meeting, I/We being member/s of Insurance Australia Group Limited direct the following:

OR

Signature of Shareholder(s)

This section must be completed.

SIGN

Individual or Shareholder 1

Sole Director and Sole Company Secretary

Contact Name

Contact Telephone

Date

Indicate How your Vote will be Cast

Select one option only

OR

My/Our proxy: [Name]

STEP 2

Items of Business

PLEASE NOTE: If you mark the Abstain box for an item, you are directing your proxy not to vote on your behalf on a poll and your votes will not be counted in computing the required majority.

1. Re-election of Brian Schwartz

2. Re-election of Philip Twyman

3. Election of Peter Bush

4. Election of Richard Talbot

5. Approve selective buy-back of RPS

6. To adopt the Remuneration Report

The Chairman of the Meeting intends to vote undirected proxies in favour of Items 1, 2, 3, 5 & 6 and against Item 4.

To be valid for the 2011 AGM, your voting instructions must be received by 10.00am on Monday 24 October 2011.

SIGN

Signature of Shareholder(s)

This section must be completed.

Individual or Shareholder 1

Sole Director and Sole Company Secretary

Contact Name

Contact Daytime Telephone

Date

For personal use only
How to Vote on Items of Business
All your shares will be voted in accordance with your directions.

Casting Your Vote Directly
Voting 100% of your holding: Mark either the For, Against or Abstain box opposite each item of business. Your vote will be invalid on an item if you do not mark any box OR you mark more than one box for that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the number of shares you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement.

Appointment of Proxy
Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of shares you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of shares for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of shares for each in Step 1 overleaf.

A proxy need not be a shareholder of the Company.

Signing Instructions for Postal Forms
Individual: Where the holding is in one name, the shareholder must sign.

Joint Holding: Where the holding is in more than one name, all of the shareholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

Attending the Meeting
Bring this form to assist registration. If a representative of a corporate shareholder or proxy is to attend the meeting you will need to provide the appropriate “Certificate of Appointment of Corporate Representative” prior to admission. A form of the certificate may be obtained from Computershare or online at www.computershare.com.

Questions: If you have any questions for the company or external auditor please write them on the form supplied and return it with this voting form. Alternatively questions can be lodged online at www.investorvote.com.au

Vote online or view the annual report, 24 hours a day, 7 days a week: www.investorvote.com.au

✓ Cast your vote or appoint a proxy
✓ Access the annual report, including the remuneration report and the annual review
✓ Review and update your shareholding

Lodgement of a Voting Form
This Voting Form (and any Power of Attorney under which it is signed) must be received at an address given below no later than 48 hours before the meeting, as shown on the front of this form. Any Voting Form received after the close off will not be valid for the scheduled meeting.

Documents may be lodged using the pre addressed envelope or:

IN PERSON
Share Registry - Computershare Investor Services Pty Limited, Level 4, 60 Carrington Street, Sydney NSW 2000 Australia

ONLINE
Members may record their voting instructions on IAG’s website at www.iag.com.au. You will need information shown on the front of this voting form to register your vote online.

BY MAIL
Share Registry - Computershare Investor Services Pty Limited, GPO Box 242 Melbourne VIC 3001 Australia

BY FAX
61 3 9473 2555

INTERMEDIARY ONLINE USERS ONLY www.intermediaryonline.com

If you require further information on how to complete the Voting Form, please call Computershare Investor Services Pty Limited on 1300 360 688 or +61 (0) 3 9415 4210 if calling from outside Australia.
2. Appoint a Proxy to Vote on Your Behalf:

I/We hereby appoint

or failing the individual or body corporate named, or if no individual or body corporate is named, the

Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote

in accordance with the following directions (or if no directions have been given, as the proxy sees fit).

Please mark to indicate your directions

RPS Voting Form

Lodge your vote:

Online:

www.investorvote.com.au

For Intermediary Online subscribers only (custodians) www.intermediaryonline.com

Control Number: 123456

STEP 1

Indicate How your Vote will be Cast Select one option only

As a holder of Reset Preference Shares issued 4 June 2002 (RPS) you are eligible to vote on Resolution 5 only, to be put before the Insurance Australia Group Limited (IAG) Annual General Meeting. Only your RPS securities can be voted using this form. If you are also a holder of Ordinary Shares in IAG you will have been sent a separate voting pack.

At the Annual General Meeting of Insurance Australia Group Limited (IAG) to be held in the Wesley Theatre, Wesley Conference Centre, 220 Pitt Street, Sydney on Wednesday, 26 October 2011 at 10.00am and at any adjournment of that meeting, I/We being member/s of Insurance Australia Group Limited direct the following:

1. Vote Directly

☑ Record my/our votes strictly in accordance with directions in Step 2.

☑ Please Note: A Direct Vote will take priority over the appointment of a Proxy. For a valid Direct Vote to be recorded you must mark FOR, AGAINST, or ABSTAIN on each item.

2. Appoint a Proxy to Vote on Your Behalf:

☐ I/We hereby appoint

☐ the Chairman of the Meeting

☐ OR

☐ the individual or body corporate named.

☐ or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit).

STEP 2

Items of Business

☐ Please Note: If you mark the Abstain box for an item, you are directing your proxy not to vote on your behalf on a poll and your votes will not be counted in computing the required majority.

☐ 5 Special Resolution - Approve selective buy-back of RPS

The Chairman of the Meeting intends to abstain from voting any undirected proxies from RPS holders in relation to this item of business. As a holder of RPS which may be bought back if under the selective buy-back, your votes “for” the resolution will be disregarded.

To be valid for the 2011 AGM, your voting instructions must be received by 10.00am on Monday 24 October 2011.

SIGN

Signature of Shareholder(s) This section must be completed.

Individual or Shareholder 1

Shareholder 2

Shareholder 3

Sole Director and Sole Company Secretary

Director

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /
How to Vote on Items of Business

IMPORTANT NOTE IN DETERMINING HOW YOU WILL VOTE: You have a right to vote under the RPS Terms of Issue. However, as the resolution you may vote on relates to a potential buy-back of your RPS, any votes cast by you or on your behalf “for” the resolution will be disregarded. However, any votes cast by you or on your behalf against the resolution will be taken into account and you may also abstain from voting on the resolution.

Casting Your Vote Directly

Voting 100% of your holding: Mark either the For, Against or Abstain box for the item of business. Your vote will be invalid if you do not mark any box OR you mark more than one box for that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the number of shares you wish to vote in the For, Against or Abstain box. The sum of the votes cast must not exceed your voting entitlement.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite the item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on the item of business your vote will be invalid.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of shares you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of shares for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of shares for each in Step 1 overleaf.

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Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

Attending the Meeting

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☑ Cast your vote or appoint a proxy
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BY MAIL Share Registry - Computershare Investor Services Pty Limited, GPO Box 242 Melbourne VIC 3001 Australia

BY FAX 61 3 9473 2555

INTERMEDIARY ONLINE USERS ONLY www.intermediaryonline.com

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