

SECURITY TRADING POLICY

OVERVIEW OF THE POLICY

Statement of Purpose and Coverage

Directors and employees of IAG and its subsidiaries are encouraged to be long term holders of IAG securities. Directors, employees and contractors need to exercise care however when dealing in these securities as they are more likely to possess confidential information about IAG which could give them an advantage as compared with other IAG security holders in forming judgements about the performance of IAG's securities.

This policy exists to ensure that ALL employees, contractors and directors (including their "associates") of IAG and its subsidiaries are aware of their responsibilities when they are in possession of price sensitive information. The policy also sets out a protocol for dealing in IAG securities by designated persons.

The purpose of this policy is to:

- Assist IAG employees, contractors and directors to avoid conduct known as "insider trading";
- Protect IAG against damage to its reputation where it has been alleged that directors, senior officers or others may have been trading in IAG securities when in possession of price sensitive information about IAG's securities; and
- Help IAG meet its obligations under corporations law and listing authority rules.

Policy Summary/ Statement

Directors, employees and contractors must not trade in IAG securities when in possession of price sensitive information. Furthermore, they must not give this information to any other person who is likely to use it for deciding whether to trade in IAG securities or to pass information onto others for this same purpose.

Exemptions from this policy

The framework applies to all majority-owned IAG businesses.

This policy does not apply to:

- Trading in a managed securities portfolio where the designated person is not in a position to influence a choice of the portfolio;
- Trading under IAG's Dividend Reinvestment Plan where the designated person has made a standing instruction to reinvest dividends, subject to the conditions outlined in section 3 below; and
- Designated persons who are issued IAG securities or exercise their rights to acquire IAG securities under an IAG director or employee share plan provided that once IAG securities are issued or transferred to designated persons, they only trade the relevant IAG securities in accordance with this policy.

List of Topics

1. Key Principles
2. Definitions
3. Requirements for designated persons
4. Acknowledgment, notification of trading and trading approvals
5. Roles and Responsibilities

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1. Key Principles

No directors, employees and contractors or their associates may trade in, or get someone else (including fellow employees whose role within IAG is to trade shares and securities), to trade in (i) IAG securities while in possession of price sensitive information relating to IAG or (ii) securities of other entities while in possession of price sensitive information relating to these other entities.

2. Definitions

Associate/s: a person over whom a director, employee or contractor has or is deemed to have investment control or influence. Examples include spouses, partners, family members, their nominee (including an investment manager managing funds on their behalf), a trust of which they are a trustee or member, a person in partnership with them and a company of which they or their family control.

Board: means the Board of Insurance Australia Group Limited.

Designated persons: are persons and their associates who because of their position regularly come into possession of price sensitive information and who have been designated by the Head of Group Risk & Compliance. The following groups and/or individuals are designated persons:

- Directors of IAG and its subsidiaries;
- Group Executives and their direct reports;
- EA's/PA's of Group Executives and their direct reports;
- All members of the IAG "M&A Community" plus any individual requested to work on due diligence and/or M&A transactions until advised otherwise;
- All members of IAG Group Secretariat;
- All employees who receive the IAG Monthly Performance Report;

- Employees in IAG CFO Group Finance who prepare or who have access to group-level management and financial reports; and
- Employees in IAG Asset Management that are designated by the Chief Investment Officer from time to time.

If you are in any doubt as to whether you are a designated employee please contact the Head of Group Risk & Compliance.

Directors: a non executive or executive director of Insurance Australia Group Limited and/or its subsidiaries.

Contractor: is a person who has a fixed term contract with the IAG group of companies.

IAG: means Insurance Australia Group Limited

IAG Securities: include ordinary shares as well as other securities issued by IAG (such as Reset Preference Shares and Subordinated Notes) or its subsidiaries (such as the reset exchangeable securities issued by IAG Finance (New Zealand) Limited), financial products issued or created over IAG's Securities by third parties (such as share warrants or derivatives), or associated products which operate to limit the economic risk in holding IAG's Securities.

Insider trading: occurs when a person that possesses price sensitive information:

- Trades in IAG securities; or
- Encourages or procures someone else to trade in IAG securities; or
- Communicates or tips inside information to another person who is likely to trade in IAG's securities in circumstances where the insider ought reasonably to know that the information is not generally available to others outside the company

NRSC: IAG Nomination, Remuneration & Sustainability Committee

Persons designated by the NRSC: are persons and their associates who because of their position regularly come into possession of price sensitive information and who have been designated by the NRSC. These persons include:

- IAG Directors and Company Secretary;
- IAG Group Executives; and
- Other senior managers as determined by the NRSC from time to time.

Price sensitive information: is, generally speaking, non-public information that would reasonably be expected to have a material or significant affect on the price or value of IAG's securities or would likely influence an investment decision in relation to IAG securities. Examples of price sensitive information include the following:

- Consideration by IAG of a major acquisition or disposal of an asset/s;
- Material changes in IAG's actual or forecast financial condition or business performance;
- A change in executive management or to the composition of the IAG Board;
- A proposed dividend or change in IAG's dividend policy; and
- A proposed share issue, return of capital or other significant capital transaction.

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3. Minimum requirements for designated persons

Designated persons

Designated persons of IAG who are not in possession of price sensitive information may only trade in IAG Securities during certain share trading windows. Some designated persons (Directors of IAG, group executives and selected senior managers) require a clearance from the IAG Nomination, Remuneration & Sustainability Committee (NRSC) before trading in IAG securities.

All other IAG employees, subsidiary company directors and contractors may trade at any time, subject to them not engaging in insider trading.

Insider trading is a criminal offence. If IAG employees, directors, contractors or others have or have access to price sensitive information which has not been disclosed to the market and misuse it by trading or passing it on to unauthorised people, serious penalties may apply to the company and the individual involved in the contravention, including substantial fines and liability to compensate third parties for loss suffered.

Share trading windows

Trading in IAG securities by designated persons is restricted to the trading windows below. **Each window is a four week period commencing on the date which is two trading days after the following events:**

- The half year results announcement;
- The final results announcement;
- The annual general meeting.

The IAG Board at its discretion may designate additional share trading windows (e.g. in a period of enhanced disclosure).

Trading during these periods is, of course, subject at all times to the prohibition on insider trading outlined above.

Persons designated by the NRSC

Persons designated by the NRSC may only trade in IAG Securities (including in circumstances of financial hardship) after they have received prior written consent from the NRSC and complied with any conditions on trading in IAG Securities that this committee imposes.

No speculative trading in IAG Securities

Designated persons and persons designated by the NRSC must not engage in short-term or speculative trading in IAG securities.

Transactions that limit economic risk of unvested entitlements to IAG securities

Unvested entitlements to IAG Securities

Designated persons and persons designated by the NRSC may not enter into transactions or arrangements that operate to limit the economic risk of unvested entitlements (such as Performance Award Rights and Deferred Award Rights) to IAG securities

Vested entitlements to IAG Securities

Persons designated by the NRSC must notify the NRSC before entering into transactions in associated products which operate to limit the economic risk of their vested security holdings in the Company,

Dividend Reinvestment Plan

Designated persons and persons designated by the NRSC may only elect to participate in dividend reinvestment plans or change their election during a trading window.

Financial hardship

Persons restricted by this policy from trading will be allowed to trade in circumstances of demonstrated financial hardship, in circumstances where the Head of Group Risk & Compliance is of the view that there is no reason to believe that the person is insider trading.

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4. Acknowledgment, notification of trading and trading approvals

Acknowledgement

Designated persons and persons designated by the NRSC are required to sign a 'Share Protocol Acknowledgement'. The Head of Group Risk & Compliance will arrange to send a copy of this form to the relevant designated person for completion and return.

Securities dealing report

Designated persons and persons designated by the NRSC who trade in IAG Securities (at any time) in their own name or by their associates or controlled entities must complete a 'Securities Dealing Report'.

This Report must be completed and returned to the Head of Group Risk & Compliance within five working days of buying or selling IAG securities.

If you wish to elect or change your election to participate in the Dividend Reinvestment Plan, this Report must be completed and returned to the Head of Group Risk & Compliance within five working days of the election or change of election.

NRSC notification

Persons designated by the NRSC who wish to trade in or hedge their entitlements to vested IAG securities must first complete an 'NRSC Notification'.

The NRSC Notification is to be returned to Group Secretariat who will arrange for this form to be sent to two members of the NRSC for their consideration and, if considered appropriate, consent to the proposed trade. At least five business days should be allowed for NRSC consent to be obtained once the NRSC Notification is received by Group Secretariat.

The NRSC may not consent to the proposed dealing at a particular time and/or impose conditions or restrictions on the proposed dealing. In exercising its powers, the NRSC is required to act reasonably and not to unduly restrict the rights of persons to manage their financial affairs.

In the event that NRSC consents to an individual's request to trade in IAG securities, the individual is not absolved from deciding whether it is appropriate to trade in IAG's securities considering the prohibitions on trading when in possession of price sensitive information.

5. Roles and Responsibilities

NRSC: The NRSC has the responsibility for reviewing this policy and recommending approval of amendments of the policy from time to time.

The NRSC has also delegated responsibility to designating certain directors, group executives and other senior managers as requiring the prior written consent of the NRSC before the relevant person may trade in IAG securities.

IAG Board: The IAG Board of Directors has the responsibility for approving this policy.

IAG's Head of Group Risk & Compliance: has responsibility to maintain appropriate records to give effect to this policy, including the designated persons database, 'Share Protocol Acknowledgement', the 'Securities Dealing Report' and 'NRSC Notification'.

IAG Group Secretariat: has the responsibility to obtain NRSC consent before persons designated by the NRSC may trade in or hedge their entitlements to vested IAG securities.

COMPLIANCE MONITORING AND BREACH CONSEQUENCES

Monitoring of compliance with this policy

All IAG managers are delegated to inform IAG Group Risk & Compliance of any potential policy breaches.

The Head of Group Risk & Compliance is to monitor the updating and completion of records including the designated persons' database, 'Share Protocol Acknowledgement' and the 'Securities Dealing Report' and 'NRSC Notification' to ensure compliance is met.

Actions flowing from breaches of this policy

When there is evidence of a breach of this policy, IAG will conduct an investigation to determine the circumstances and extent of the breach. IAG takes insider trading very seriously, with breaches by its employees likely to result in disciplinary action. IAG also has an obligation to bring insider trading to the attention of the relevant authorities.

Impact of breaches of this policy

Disciplinary action may result from breaching this Policy. This could be verbal or written warnings, or, in some instances dismissal. The disciplinary action will be based on the circumstances and factors such as severity of the breach, if done knowingly and deliberately, the intent, number of breaches, and, if a repeat breach.

RELATED POLICIES AND DOCUMENTS

Policies and other documents

- Code of Ethics
- Market Disclosure Policy
- Terms and conditions of employment contracts
- Terms and conditions of non executive directors' letters of appointment

AUTHORISATION, OWNERSHIP AND DOCUMENT CONTROL

Owner

- IAG Head of Group Risk & Compliance; and
- IAG Group Company Secretary

Approver and Date

IAG Board of Directors. 27 June 2007

Effective Date for Version 3.0

27 June 2007

REVIEW HISTORY

Date of Review	Action Taken	New Version	Date Approved	New Effective Date
14/10/02	Inception of policy			
07/11/05	NRSC Amendments			

FURTHER INFORMATION

Contact

For further information and any questions in relation to this policy, please contact any of the following:

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