

15 May 2002

IMPORTANT INFORMATION

INSURANCE AUSTRALIA GROUP LIMITED (IAG) (FORMERLY NRMA INSURANCE GROUP LIMITED)

Dear shareholders

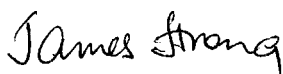
Re National Exchange Pty Limited Offer to purchase IAG Shares

It has recently been brought to IAG's attention that a company called National Exchange Pty Limited has been making selective offers direct to IAG shareholders to buy shares in IAG. We are now also aware that some shareholders have accepted National Exchange Pty Limited's offers.

There are several points I would like to bring to your attention in respect of National Exchange Pty Limited's offers.

1. IAG is not involved in these offers and in no way authorises or supports the offers.
2. National Exchange Pty Limited, or its agents, takes the personal information used to send these offers from the public register required to be kept by IAG under the Corporations Act. This information is not provided by IAG to National Exchange Pty Limited.
3. Any shareholder receiving such an offer should carefully consider the terms of the offer as the offer price may not reflect the market value of the shares you hold. This means that it is likely you could sell your shares for a greater price, for example by selling the shares in the IAG Share Buy-back the documents for which are included in this mailing. Alternatively, it is likely you could also obtain a higher price for your IAG shares by selling on market.
4. The closing price of IAG shares as at 14 May 2002 was \$3.37 per share. We understand that some IAG shareholders have accepted National Exchange Pty Limited's offer to buy their shares for \$2.00 each. That means that these shareholders have sold their IAG shares for \$1.37 per share **LESS** than the market price at close of business on the stock exchange as at 14 May 2002. Any saving on brokerage costs by accepting the National Exchange Pty Limited offer, compared with a sale through a broker also needs to be considered. No brokerage costs are payable if you choose to sell your shares through the Buy-back now being offered by IAG.
5. I urge all shareholders who receive such an unsolicited offer to buy their IAG shares to seek independent advice before accepting the offer. You can obtain more information from the Australian Securities and Investment Commission by accessing its website at www.asic.gov.au Alternatively, you can contact the IAG share register hotline on 1300 666 635 for information about the National Exchange Pty Limited offer.

Not all shareholders may receive the National Exchange Pty Limited offer and therefore this may not be an issue that will concern you. However, if you do receive such an offer, it is in your own interests to consider the offer price and compare this to the prevailing market price, which can be obtained from most daily Australian newspapers, and the Buy-Back offer included in this mailing.



James Strong
Chairman

