



Dividend Reinvestment Plan

Dividend Reinvestment Plan Booklet

Insurance Australia Group Limited
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**Dividend Reinvestment
Plan Booklet**

Contents

Features of the Dividend Reinvestment Plan	2
Questions and Answers	4
Rules of the Dividend Reinvestment Plan	8
Glossary	26
Corporate Directory	29

This is an important document.

If you have any doubts as to what you should do, please consult your stockbroker, accountant or other professional adviser.

If you have any questions in relation to the Dividend Reinvestment Plan after reading this booklet, please call the Share Registry on 1300 360 688.

Features of the Dividend Reinvestment Plan

Defined words and expressions used in this booklet are capitalised. Please see the Glossary for their meanings.

Under Insurance Australia Group Limited (IAG)'s Dividend Reinvestment Plan (DRP), you can choose to reinvest your Dividends in the company to acquire additional Shares.

The DRP provides a convenient and cost effective way to increase your investment in Australasia's largest general insurance group.

- Participation is entirely voluntary and you can choose to reinvest all, part or none of your Dividend in the DRP
- You can choose to have less than your full shareholding participating in the DRP (Partial Participation)
- You do not have to appoint a broker and you will not pay fees, brokerage or other transaction costs for Shares Allocated to you under the DRP
- You can choose to join, withdraw, or vary your participation in the DRP at any time, however, your DRP Election Form must be received by 5pm Sydney (Australia) time on the next Dividend Record Date to be active for the next Dividend
- Shares Allocated under the DRP will rank equally with existing Shares
- DRP Statements outlining the Dividend calculation and the details of your participation will be despatched on the Payment Date.

Questions and Answers

1 How do I participate in the DRP?

Participation in the DRP is entirely voluntary. You can choose to participate by completing the enclosed DRP Election Form and returning it in the enclosed reply paid envelope. Additional forms can be downloaded from www.iag.com.au/drp or you can contact the Share Registry on 1300 360 688 to request a DRP Election Form.

2 Who is eligible to participate in the DRP?

IAG ordinary shareholders who have a registered address in Australia, are eligible to participate in the DRP, unless they are U.S. persons or hold Shares on behalf of another person who resides outside Australia. Shareholders in other jurisdictions may also be eligible in some circumstances. Please see the Rules in this booklet for further information about eligibility.

3 How is the Issue Price calculated?

The Issue Price is based on an Average Market Price of Shares calculated during a set Pricing Period. The Pricing Period for DRP Shares will be determined by the Directors for each Dividend Payment Date, however, it will be at least five Trading Days. The Issue Price will be rounded to four decimal places (or such other number of decimal places as the Directors may determine).

4 Do all my Shares have to participate in the DRP?

You can choose to have less than your full shareholding participating in the DRP (Partial Participation). If you choose Partial Participation, you will need to complete a Direct Credit Form so as to receive a direct credit for the portion of your Shares not participating in the DRP. If you do not complete and return a Direct Credit Form, your Dividend for the portion of Shares not participating in the DRP will be held for you in an account that does not earn interest, until we receive your completed Direct Credit Form.

5 Is there a minimum or maximum participation level?

IAG has the discretion to introduce a minimum or maximum participation level and vary any minimum or maximum participation level.

6 How many Shares will I receive?

The number of DRP Shares you receive will be calculated by multiplying the number of Participating Shares you hold at the Dividend Record Date by the relevant Dividend, deducting any withholding tax (if applicable), adding any carried forward residual cash balance (if applicable), and then dividing this amount by the Issue Price. The calculation will be rounded down to the nearest whole number of Shares.

7 How will I know how many Shares I have received under the DRP?

All participants in the DRP will be sent a statement after each Allocation of DRP Shares. This statement will include:

- the number of Participating Shares you held at the Dividend Record Date
- the Dividend Payment calculation (including withholding tax deductions, if applicable)
- the Issue Price of the DRP Shares
- the number of DRP Shares issued to you and the amount of any residual balance (if applicable).

If you are a partial Participant you will also receive your direct credit payment advice with this statement.

8 How will my DRP Shares be treated for the subsequent dividend payments?

If you choose to participate fully in the DRP, all Shares held by you at each Dividend Record Date will be treated as participating in the DRP (Participating Shares), including any previously acquired DRP Shares or other Shares. If you choose Partial Participation, only the number of Shares you have specified will be Participating Shares. The number of Shares that will be treated as participating in the DRP may be limited if IAG elects to introduce a minimum or maximum participation.

9 What occurs when there is a residual balance?

Generally, when there is a residual balance following the calculation of the Issue Price and the number of DRP Shares you receive, it will be carried forward and added to your next Dividend Payment entitlement. However, in some circumstances it may be paid to a registered charity or paid to you with your next Dividend Payment. Please see Rule 7.4 for further information about the residual balance.

The effects of participating in the DRP under a number of scenarios are illustrated below. These scenarios assume that no withholding tax has been deducted.

	Shareholder A FULL Participation	Shareholder B PARTIAL Participation	Shareholder C DOES NOT Participate
Shares held as at Dividend Record Date	1,000	1,000	1,000
Dividend per Share	\$0.12	\$0.12	\$0.12
Total Dividend	\$120.00	\$120.00	\$120.00
Participating Shares	1,000	150	0
Dividend on Participating Shares	\$120.00	\$18.00	N/A
Issue Price of DRP Shares	\$6.2948	\$6.2948	N/A
DRP Shares Allocated	19	2	N/A
Cost of DRP Shares Allocated	\$119.60	\$12.59	N/A
Residual balance in DRP account ⁽¹⁾	\$0.40	\$5.41	N/A
Cash balance of total Dividend – paid by direct credit	\$0.00	\$102.00	\$120.00
Total shareholding after this Dividend ⁽²⁾	1,019	1,002	1,000
Participating Shares for the next Dividend ⁽²⁾	1,019	150	0

Note: (1) Residual balances are generally carried forward to next Dividend Payment Date – see Rule 7.4 for further details

(2) Excludes any Share transactions after Dividend Record Date

10 What if I have more than one IAG shareholding?

You will need to complete a separate DRP Election Form for each of your shareholdings. For example, you may have issuer sponsored holdings and CHESS holdings. To make it easier to manage your shareholdings, you may want to combine your shareholdings. Please contact the Share Registry for more information.

11 What will happen if I combine my separate shareholdings?

If you decide to combine your holdings, for instance by converting your issuer sponsored holding to your CHESS holding (or vice versa) your participation in the DRP may be

affected by the conversion of your holdings. You should contact the Share Registry to ensure the appropriate DRP election continues to be applied.

12 Can the DRP be changed or terminated?

IAG may vary the Rules or suspend or terminate the DRP at any time. If this occurs, IAG will make a public announcement and information will be available on www.iag.com.au

13 How do I change my DRP participation?

You can change your participation or withdraw from the DRP by either:

- downloading a DRP Election Form from www.iag.com.au/drp; or
- contacting the Share Registry on 1300 360 688 to request a DRP Election Form,

completing it and sending it to the Share Registry.

Your DRP Election Form must be received by 5pm Sydney (Australia) time on the next Dividend Record Date to be active for the next Dividend.

14 Can I sell my DRP shares?

Shares acquired through the DRP can be sold at any time after Allocation and quotation.

15 What happens if I sell Shares close to the time of the Dividend Record Date?

If you sell Shares between a Dividend Record Date and Dividend Payment Date, your Dividend Payment in respect of Participating Shares will still be reinvested in the DRP. However, if you sell Shares before the Dividend Record Date, you will not receive Shares under the DRP or any other payment on the Dividend Payment Date in respect of those Shares that you have sold.

16 What is the taxation treatment?

Dividends reinvested into Shares are usually treated as cash dividends for Australian tax purposes. IAG cannot advise on the taxation implications of participating in the DRP. If you have any questions regarding taxation implications, please consult your stockbroker, accountant or professional adviser.

Rules of the Dividend Reinvestment Plan

Rule	Table of Contents	Page
1	Commencement of DRP	9
2	Eligibility and participation	9
3	Degrees of participation	11
4	Minimum and maximum participation	13
5	Acceptance of applications	14
6	Significance of applying	15
7	Reinvestment of Dividends	16
8	Issue or transfer of Shares	18
9	Despatch of DRP statements	19
10	Variation or termination of Participant's participation	20
11	Variation, suspension, recommencement and termination of the DRP	21
12	Administration of the DRP	23
13	Costs to Participants	24
14	Taxation	24
15	Governing Law	24
16	Additional Information	24
17	Interpretation	25
	Glossary	26

Defined words and expressions used in this booklet are capitalised. See the Glossary for their meanings.

1 Commencement of DRP

The DRP and these Rules will commence operation on such date as the Directors determine.

2 Eligibility and participation

- 2.1 Only Eligible Shareholders may participate in the DRP.
- 2.2 Subject to Rules 2.3 and 2.6, an Eligible Shareholder is, in respect of a particular Dividend Payment Date:
 - (a) a person who, at the relevant Dividend Record Date was recorded in IAG's share register as having an address in Australia, unless that person holds Shares on behalf of another person who resides outside Australia and who would not, if named on the register, be an Eligible Shareholder under Rule 2.2(b); or
 - (b) any other registered holder of Shares at the relevant Dividend Record Date that has satisfied the Directors that:
 - (i) the offer and issue or transfer of Shares under the DRP is lawful and practicable in the jurisdiction in which they reside; and
 - (ii) that person does not hold Shares on behalf of another person who resides outside that jurisdiction and who would not, if named on the register, be an Eligible Shareholder.
- 2.3 Notwithstanding any other terms of the DRP, "Eligible Shareholder" does not include any "U.S. person" (as defined in Regulation S under the U.S. Securities Act of 1933), nor the estate of any deceased person where IAG has been notified of the estate.

- 2.4 Participation in the DRP by Eligible Shareholders:
- (a) is optional and voluntary;
 - (b) is not transferable; and
 - (c) may be varied or terminated at any time as set out in Rule 10.
- 2.5 To apply to participate in the DRP, Eligible Shareholders must complete, sign and lodge with the Share Registry a DRP Election Form in accordance with these Rules and the instructions on the DRP Election Form. However:
- (a) IAG may accept written applications from Eligible Shareholders for participation in the DRP which are not in the form of a DRP Election Form if IAG decides that the instructions are clear and sufficient. Such written instruction, if acceptable to IAG, will be deemed to be a DRP Election Form for the purpose of these Rules; and
 - (b) IAG may allow Eligible Shareholders to lodge DRP Election Forms electronically, either through IAG's website or that of an authorised third party. The availability (if any) of such a facility will be referred to on IAG's website and announced to ASX. Any DRP Election Forms so lodged must comply with the applicable terms and conditions of the facility.
- 2.6 IAG may determine that a Shareholder is not an Eligible Shareholder within the terms of these Rules. Such a determination will be final. In making this determination, IAG may consider, among other things, whether a Shareholder obtained any necessary approvals or advices to enable that Shareholder to participate in the DRP in the jurisdiction in which that Shareholder resides.
- 2.7 If an Eligible Shareholder has more than one holding of Shares and wishes to participate in the DRP with respect to one or more such holding, a DRP Election Form must be lodged with respect to each separate shareholding.
- 2.8 If Shares are jointly held by two or more Eligible Shareholders, all joint holders of such Shares must sign a single DRP Election Form for it to be valid. If one or more of the joint holders of the Shares is not an Eligible Shareholder, none of the joint holders can apply to participate in the DRP with respect to the Shares jointly held.
- 2.9 IAG may refuse to accept a DRP Election Form and may suspend or withdraw Shares from participation in the DRP if it considers that the participation of those Shares might lead to:
- (a) foreign persons or associates of foreign persons acquiring a significant interest or an aggregate significant interest in IAG for the purposes of the foreign takeovers legislation; or
 - (b) an unacceptable shareholding situation arising for the purposes of the Financial Sector (Shareholdings) Act 1998.
- ### 3 Degrees of participation
- #### ***Electing Full Participation or Partial Participation***
- 3.1 An Eligible Shareholder who wishes to participate in the DRP must elect on the DRP Election Form the degree to which the Shareholder wishes to participate in the DRP.
- 3.2 The degree of participation that an Eligible Shareholder may elect is either:
- (a) Full Participation - for all of the Participant's shareholding from time to time - see Rule 3.4 and Rule 4; or
 - (b) Partial Participation - for a specific number of Shares nominated by the Participant - see Rules 3.5 and 3.6 and Rule 4.
- 3.3 Signed and otherwise complete DRP Election Forms received by IAG which do not indicate the degree of participation in the DRP which an Eligible Shareholder wishes to elect, including by:
- (a) electing Partial Participation without specifying the number of Participating Shares;

- (b) signing the DRP Election Form but not electing Full Participation or Partial Participation; or
- (c) electing both Full Participation and Partial Participation,

will, without further notice to the relevant Eligible Shareholder, be deemed to be an election of Full Participation. This Rule does not limit Rule 5 and Rule 6.

Consequences of electing Full Participation

- 3.4 Subject to Rule 4.2, if a Participant has elected Full Participation for a holding of Shares, all of that shareholding from time to time will be Participating Shares. This means that all Shares acquired by that Participant that are added to that holding (including any DRP Shares issued to the Participant) will be designated Participating Shares, subject to:
- (a) the ASTC Settlement Rules;
 - (b) any subsequent disposals of Shares;
 - (c) any changes to that Participant's DRP election; and
 - (d) any maximum limit on Participating Shares that may be set by IAG from time to time.

Consequences of electing Partial Participation

- 3.5 If a Participant has elected Partial Participation for a holding of Shares, the number of Participating Shares will remain that specified by the Participant on the DRP Election Form and will not increase, irrespective of whether the Participant subsequently acquires additional Shares (including any DRP Shares issued to the Participant).
- 3.6 If a Participant who has elected Partial Participation holds, at any Dividend Record Date, fewer Shares than the number of Participating Shares specified by that Participant on its DRP Election Form, then all of that Participant's holding of Shares will be designated Participating Shares for the purposes only of the Dividend to which the relevant Dividend Record Date relates.

4 Minimum and maximum participation

- 4.1 Notwithstanding any other terms of the DRP, IAG may, whether in respect of a particular Dividend or as a continuing term of participation in the DRP, set a minimum or a maximum number of Participating Shares per Eligible Shareholder.
- 4.2 To the extent that a DRP Election Form specifies a number of Participating Shares in excess of a maximum limit set under Rule 4.1 (including by electing Full Participation where the number of Participating Shares would exceed that limit), for so long as that limit applies:
- (a) that limit will be deemed to be the number of Participating Shares for the purposes of Rule 7 and Rule 9.1; and
 - (b) any Shares specified in a DRP Election Form as Participating Shares in excess of that limit (including by electing Full Participation where the number of Participating Shares would exceed that limit) will be deemed to be Non-Participating Shares, and any Dividend payable in respect of those Shares will be paid by direct credit. If you do not complete and return a Direct Credit Form, your Dividend for the portion of Shares not participating in the DRP will be held for you in an account that does not earn interest, until we receive your completed Direct Credit Form.
- 4.3 Where a maximum limit is set under Rule 4.1, IAG may waive the limit on the number of Participating Shares at any time for any Eligible Shareholder who holds Shares as a trustee or nominee for a number of beneficial owners (who are also Eligible Shareholders), provided that:
- such trustee or nominee will not at any time participate in the DRP on behalf of any single beneficial owner in excess of the maximum limit set under Rule 4.1; and
 - Rule 4.2 will apply as if each such beneficial owner is the registered Shareholder.

5 Acceptance of applications

- 5.1 Subject to Rule 5.3, an Eligible Shareholder's participation in the DRP will commence from the first Dividend Record Date following receipt by IAG's Share Registry of the Eligible Shareholder's DRP Election Form and will continue for so long as the DRP Election Form is effective under Rule 5.2.
- 5.2 Subject to Rules 2.2 and 5.3, a DRP Election Form submitted in accordance with Rule 2.5 is effective:
- (a) from the date the DRP Election Form is received by the Share Registry;
 - (b) in respect of a Dividend, only if it is received by 5pm Sydney (Australia) time on the next Dividend Record Date;
 - (c) until:
 - (i) the Participant varies or terminates its participation in the DRP pursuant to these Rules; or
 - (ii) suspension of the DRP for four or more consecutive Dividend Payment Dates; or
 - (iii) termination of the DRP; or
 - (iv) the Participant ceases to be an Eligible Shareholder. The form will become effective again if and at such time as the Shareholder recommences to be an Eligible Shareholder; and
 - (d) upon and from recommencement of the DRP, following a suspension of less than four consecutive Dividend Payment Dates.
- 5.3 IAG may:
- (a) accept or refuse a DRP Election Form which is not properly completed or signed; or
 - (b) correct any error in, or omission from, a DRP Election Form, prior to acceptance under Rule 5.3(a).
- 5.4 IAG will record, with respect to each Participant:
- (a) the name and address of the Participant (being the name and address in the company's register of members, from time to time); and

- (b) the number of Participating Shares held by the Participant from time to time, and IAG's records will be conclusive evidence of the matters so recorded.

6 Significance of applying

- 6.1 By applying to participate in the DRP in accordance with Rule 2.5, an applicant:
- (a) warrants to IAG that it is an Eligible Shareholder (see Rule 2.2);
 - (b) authorises IAG (and its officers or agents) to correct any error in, or omission from, its DRP Election Form;
 - (c) acknowledges that IAG may at any time irrevocably determine that the applicant's DRP Election Form is valid, in accordance with these Rules, even if the DRP Election Form is incomplete, contains errors or is otherwise defective;
 - (d) acknowledges that IAG may refuse any DRP Election Form;
 - (e) consents to the establishment of a DRP account on its behalf;
 - (f) consents to any residual positive balance produced by the calculation in Rule 7.3 remaining in its DRP account rather than being paid by direct credit or as otherwise determined by the Directors;
 - (g) agrees to the appointment of a trustee nominated by IAG as the Participant's agent to acquire Shares on market, where IAG decides to Allocate DRP Shares to Participants by transferring existing Shares in accordance with Rules 8.1 and 8.2;
 - (h) consents to the donation of the residual positive balance in its DRP account to one or more registered charities, in the circumstances set out in Rule 7.4(c);
 - (i) acknowledges that IAG may arrange for the DRP to be fully or partially underwritten in respect of any one or more Dividend Payment Dates;
 - (j) acknowledges that neither IAG nor the Share Registry has provided the applicant with investment advice or financial product advice and that neither has any

obligation to provide this advice, concerning its decision to apply to participate in the DRP; and

- (k) unconditionally agrees to the Rules and agrees not to do any act or thing which would be contrary to the spirit, intention or purpose of the DRP,

in each case, at all times until termination of the DRP or of the Participant's participation in the DRP.

7 Reinvestment of Dividends

7.1 Subject to Rule 7.2 and Rule 10, each Dividend which is payable to a Participant in respect of Participating Shares will be applied by IAG on the Participant's behalf to acquire or subscribe for DRP Shares.

7.2 Any portion of a Participant's Dividend Payment on Participating Shares:

- (a) which is deductible by IAG as withholding tax; or
- (b) which IAG is entitled or required to withhold or deduct for any reason from the Dividend payable to that Participant,

will not be applied to acquire or subscribe for DRP Shares.

DRP account

7.3 A DRP account for each Participant will be established and maintained by IAG. Subject to Rule 10, for each Dividend, IAG will, with respect to each Participant:

- (a) determine the Dividend Payment with respect to the Participating Shares;
- (b) determine any amount to be withheld or deducted under Rule 7.2;
- (c) credit the amount in paragraph (a) and debit any amount in paragraph (b) to the Participant's DRP account. Such payment into that account constitutes payment of the Dividend on those Participating Shares;
- (d) determine the number of DRP Shares which can be acquired under the DRP by dividing the amount in the Participant's DRP account by the Issue Price and rounding down to the nearest whole number of Shares;

- (e) on behalf of and in the name of the Participant, subscribe for or purchase the number of DRP Shares determined under paragraph (d) and debit the aggregate Issue Price for those DRP Shares against the balance in the Participant's DRP account; and

- (f) where the calculation under paragraph (d), before rounding, produces a fractional number of DRP Shares, record the remainder as a dollar amount (any fraction of a cent will be disregarded) as a residual balance in the Participant's DRP account.

7.4 Any residual balance recorded in a Participant's DRP account as a result of Rule 7.3(f) will remain in the Participant's DRP account until:

- (a) unless paragraphs (b) or (c) apply, the next Dividend Payment Date, when it will be aggregated with any further amounts credited to the DRP account in respect of the next Dividend; or
- (b) unless paragraph (c) applies, the next Dividend Payment Date on which a Dividend has been declared, when it will be paid to the Participant along with, and (where practicable) by the same means as, the Participant's Dividend, if the DRP has been:

- (i) terminated by IAG pursuant to these Rules; or
- (ii) suspended by IAG pursuant to these Rules and remains suspended for four or more consecutive Dividend Payment Dates; or

- (c) if the Participant has ceased to participate in the DRP in accordance with Rules 10.2(a), (b) or (d), after the last Dividend to be paid in that financial year, at which time the Participant will be taken to have directed IAG to donate the amount on behalf of the Participant to one or more registered charities, as nominated by IAG from time to time. Participants will not be issued with a receipt in connection with such a donation.

7.5 No interest will accrue to a Participant in respect of residual positive balances recorded in a Participant's DRP account.

Issue Price, Average Market Price and Discount

- 7.6 The Issue Price per Share for a particular Dividend is the Average Market Price, less such Discount, if any, as the Directors may determine, rounded to four decimal places (or such other number decimal places as the Directors may determine).
- 7.7 The Issue Price and any Discount determined by the Directors in respect of this DRP for a particular Dividend Payment Date may differ from the Issue Price and any Discount determined by the Directors in respect of this DRP for any other particular Dividend Payment Date.
- 7.8 The Discount for DRP Shares Allocated on a particular Dividend Payment Date:
- (a) may be nil; and
 - (b) may be varied by announcement on IAG's website and to ASX at any time, but any such variation will not apply to Dividends already announced.

8 Issue or transfer of Shares

- 8.1 In the operation of the DRP for any Dividend Payment Date, IAG may, in its discretion, either issue new Shares or cause existing Shares to be acquired in the market for transfer to Participants, or a combination of both options, to satisfy IAG's obligations under these Rules.
- 8.2 If IAG determines to cause the transfer of Shares to Participants, the Shares may be acquired in the market in such manner as IAG considers appropriate.
- 8.3 All newly issued DRP Shares will, from the date of Allocation, rank equally in all respects with existing Shares and will participate in all Dividends subsequently declared.
- 8.4 DRP Shares will be Allocated within the time required by ASX.
- 8.5 DRP Shares will be registered on the share register on which the Participant already holds Shares or if the Participant holds Shares on more than one share register, on the share register which IAG determines.

- 8.6 IAG will make application promptly after each Allocation of newly issued DRP Shares for quotation of those Shares on ASX.

9 Despatch of DRP statements

- 9.1 As soon as practicable after each Allocation of DRP Shares, IAG will send to each Participant to whom DRP Shares have been Allocated a statement setting out:
- (a) the number of the Participant's Participating Shares at the relevant Dividend Record Date;
 - (b) the Dividend Payment in respect of that Participant's Participating Shares;
 - (c) if applicable, the amount of withholding tax or other amount under Rule 7.3(b) which has been deducted from the Dividend Payment on the Participant's Participating Shares;
 - (d) the number of DRP Shares Allocated to that Participant and the date of Allocation of those DRP Shares;
 - (e) the Issue Price of each DRP Share Allocated to the Participant;
 - (f) the remainder of the Dividend Payment on the Participant's Participating Shares not applied towards DRP Shares (if any) and retained in the Participant's DRP account;
 - (g) the franked amount (if any) of the Dividend Payment and the franking credit (if any) attaching to the Dividend;
 - (h) subject to any Share transactions in which the Participant may have engaged after the Dividend Record Date, the total number of Participating Shares (including the DRP Shares) which the Participant holds after the Allocation of DRP Shares;
 - (i) the total number of Shares which the Participant holds after the Allocation of DRP Shares; and
 - (j) any other matters required by law to be included in a statement confirming a transaction.

10 Variation or termination of Participant's participation

10.1 Subject to Rules 4 and 5.3, a Participant may:

- (a) vary its participation from Full Participation to Partial Participation or from Partial Participation to Full Participation;
- (b) maintain its Partial Participation but increase or decrease the number of its Participating Shares; or
- (c) terminate its participation in the DRP,

by submitting a DRP Election Form in accordance with Rule 2.5 specifying the variation or termination respectively. Participants can obtain a DRP Election Form for this purpose by downloading it from **www.iag.com.au/drp** or by contacting the Share Registry.

10.2 A Participant is taken to have terminated its participation in the DRP:

- (a) on receipt by the Share Registry of a DRP Election Form in accordance with Rule 10.1(c);
- (b) on the first Dividend Record Date following registration of a transfer of all of the Participant's Participating Shares;
- (c) on termination of the DRP by IAG pursuant to these Rules;
- (d) on receipt by IAG of notice of the death, bankruptcy or liquidation of the Participant, except where the Participant was a joint holder and any remaining holder or joint holders are Eligible Shareholders; or
- (e) on the Participant ceasing to be an Eligible Shareholder.

10.3 When a Participant disposes of part of its holding of Shares, and does not notify IAG otherwise, the Shares disposed of will, to the extent possible:

- (a) first, reduce the number of any Non-Participating Shares which the Participant holds (if any); and
- (b) secondly, reduce the number of any Participating Shares which the Participant holds (if any).

11 Variation, suspension, recommencement and termination of the DRP

11.1 The DRP may be:

- (a) varied (including by variation of the Rules);
 - (b) suspended;
 - (c) recommenced; or
 - (d) terminated,
- by IAG at any time.

11.2 A variation, suspension, recommencement or termination of the DRP will take effect:

- (a) on such date as the Directors determine; and
- (b) in the case of a suspension, until such time as the Directors resolve either to recommence or terminate the DRP.

11.3 Any variation, suspension, recommencement or termination of the DRP will not give rise to any liability on the part of, or right of action against, IAG nor its Directors, officers, employees, representatives or agents.

Variation

11.4 If the DRP or the Rules are varied, a Participant continues to participate under the DRP and Rules in their varied form unless the Participant terminates its participation in the DRP by submitting a DRP Election Form in accordance with Rules 2.5 and 10.1.

Suspension

11.5 If the DRP is suspended, Participants' elections as to participation in the DRP will cease to be effective and all Shares will be deemed to be Non-Participating Shares for the purpose of any Dividend declared while the DRP is suspended. If the DRP remains suspended for four or more consecutive Dividend Payment Dates, then any DRP Election Form previously lodged by each Participant will be deemed void.

Recommencement

11.6 If the DRP is recommenced following a suspension for:

- (a) less than four consecutive Dividend Payment Dates, the Participant's previously suspended DRP Election Form will be reinstated and be valid and effective in accordance with these Rules for the purposes of the recommenced DRP, unless determined otherwise by IAG and notified to Participants in accordance with Rule 11.7; or
- (b) four or more consecutive Dividend Payment Dates, each Participant who wishes to participate in the recommenced DRP must complete and submit a new DRP Election Form, in accordance with Rule 2.5.

Notice

11.7 IAG will give notice of any:

- (a) **termination of the DRP** to Participants at least one month before the effective date of the termination;
- (b) **variation of the DRP or Rules** (other than simply an exercise of a discretion, authority or power under these Rules) to Eligible Shareholders at least one month before the effective date of the variation; and
- (c) **suspension or recommencement of the DRP** to Participants as soon as reasonably practicable before or after the effective date of the suspension or recommencement.

Such notice may be provided in any manner (including, without limitation, by public announcement, advertisements in any newspapers circulating generally in Australia, notice on IAG's website, announcement to ASX or despatched written notices) which IAG considers appropriate to bring the termination, variation, suspension or recommencement to the notice of the Participants or Eligible Shareholders, as the case may be, having regard to the nature of the event for which notice is being given.

11.8 The accidental omission to give notice of termination, variation, suspension or recommencement to any Participant or the non-receipt of any notice by any

Participant will not invalidate the termination, variation, suspension or recommencement of the DRP or any Allocation of Shares under the DRP.

11.9 IAG will announce the Pricing Period and any discount applicable to the DRP for any Dividends payable on a particular Dividend Payment Date at or around the same time it announces the Dividend.

12 Administration of the DRP

12.1 This DRP will be administered by the Directors who are authorised under these Rules, and have the discretion to:

- (a) determine any procedures for administration of the DRP that are consistent with the Rules;
- (b) resolve conclusively all questions of fact or interpretation in connection with the DRP;
- (c) resolve in such manner as they think expedient any difficulties, anomalies or disputes which may arise in connection with, or by reason of, the operation of the DRP, whether generally or in relation to any Participant or any Shares;
- (d) enter into any underwriting arrangements regarding the DRP that they deem appropriate;
- (e) exercise discretions, authorities or powers (including any power to make a choice, decision, determination or resolution) of IAG under these Rules; and
- (f) delegate to any one or more persons, for such period and on such conditions as they may determine, the exercise of any of their discretions, authorities or powers arising under the DRP.

12.2 Any discretion, authority or power (including any power to make a choice, decision, determination or resolution) exercisable by IAG or the Directors under these Rules or by a delegate under Rule 12.1(f):

- (a) is final and binding on the Participants and any other relevant persons; and
- (b) is exercisable in the absolute discretion of IAG or the Directors, as the case may be; and
- (c) may be exercised at any time and from time to time.

12.3 Notwithstanding any other provision of the DRP, the DRP will be conducted, and these DRP Rules will be applied, in accordance with the Corporations Act and the Listing Rules and will have effect to the maximum extent permitted by law.

13 Costs to Participants

No brokerage, commission or other transaction costs will be payable by Participants in respect of the Allocation of DRP Shares pursuant to these Rules.

14 Taxation

Neither IAG nor its Directors, officers, employees, representatives or agents:

- (a) take any responsibility or assume any liability for, or as a consequence of, the tax liabilities of any person in connection with the DRP; or
- (b) represent or warrant that any person will gain any taxation advantage or will not incur a taxation liability or disadvantage as a result of participation in the DRP.

15 Governing Law

The DRP and these Rules are governed by the laws in force in New South Wales and are to be interpreted in accordance with their spirit, intention and purpose.

16 Additional Information

A copy of IAG's most recent Annual Report and financial statements is available to every Eligible Shareholder free of charge from IAG's website www.iag.com.au or on request by contacting the Share Registry. Contact details for the Share Registry are listed in this booklet.

17 Interpretation

In these Rules, unless the contrary intention appears:

- (a) a reference to a Rule is a reference to a Rule in these Rules;
- (b) a reference to this DRP or these Rules includes any variation or replacement of them;
- (c) law means common law, principles of equity, and laws made by an Australian parliament (and laws made by parliament include State, Territory and Commonwealth laws and regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them);
- (d) the singular includes the plural and vice versa;
- (e) the word person includes a firm, a body corporate, an unincorporated association or an authority;
- (f) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including, but not limited to, persons taking by novation) and assigns; and
- (g) headings are inserted for convenience and do not affect the interpretation of the Rules.

Glossary

In these Rules and this booklet, the following words and expressions have the meanings indicated unless the contrary intention appears.

Allocation The issue of new Shares to Participants under the DRP or transfer of Shares acquired in the market for the purposes of the DRP to Participants under the DRP, as the case may be. "Allocate" and "Allocated" have a corresponding meaning.

ASTC Settlement Rules The business rules of the securities clearing house of ASX, as in force from time to time.

ASX Australian Stock Exchange Limited.

Average Market Price The average of the daily volume weighted average sale price per Share of Shares sold on ASX during the Pricing Period other than shares which are sold otherwise than in the ordinary course of trading on ASX (including any transaction defined in the ASX Business Rules as "special", crossings prior to the commencement of normal trading, crossings during the closing phase and the after hours adjust phase and any overseas trades or trades pursuant to the exercise of options over Shares, any overnight crossings and any other sales which the Directors consider may not be fairly reflective of natural supply and demand).

Business Day A day other than a Saturday, Sunday or public holiday in New South Wales.

Corporations Act Corporations Act 2001 (Cth), including any waivers of, modifications to, or other form of relief from, provisions of the Corporations Act, applicable to the DRP from time to time.

Direct Credit Form The form notifying IAG of a Shareholder's account details to facilitate payment by direct credit.

Directors The directors of IAG acting either as a board or a duly appointed committee of the board.

Discount The discount, if any, expressed as a percentage, to the Average Market Price, determined by the Directors to be applied in calculation of the Issue Price in respect of the DRP for Dividends payable on a particular Dividend Payment Date.

Dividend Any dividend per Share announced and payable by IAG.

Dividend Payment In relation to each Shareholder, the Dividend multiplied by the number of Shares held by that

Shareholder, less any withholding tax deductible by IAG or any other amounts IAG is entitled or required to deduct from the Dividend.

Dividend Payment Date The date on which a Dividend is payable, as announced by IAG.

Dividend Record Date The date and time, as determined by the Directors and announced to ASX, at which a person holds or is taken to hold Shares for the purpose of determining the entitlement of Shareholders to Dividends.

DRP IAG's Dividend Reinvestment Plan to which these Rules apply and as varied from time to time.

DRP Election Form The form used by a Participant to apply for, vary or terminate participation in the DRP.

DRP Shares Shares which a Participant acquires under the DRP in lieu of receiving a Dividend Payment by direct credit, either by way of allotment of newly issued Shares or transfer of Shares purchased on a Participant's behalf in the market.

Eligible Shareholder See Rule 2.2.

Full Participation A degree of participation in the DRP under which all of a Participant's Shares from time to time, including Shares subsequently acquired by the Participant, under the DRP or otherwise, will be designated Participating Shares.

IAG Insurance Australia Group Limited ABN 60 090 739 923.

Issue Price In respect of the DRP for a particular Dividend, the Average Market Price, less any applicable Discount, rounded to four decimal places (or such other number of decimal places as the Directors may determine).

Listing Rules The Listing Rules of ASX (including the ASTC Settlement Rules), including any waivers or modifications of the Listing Rules applicable to IAG.

Non-Participating Shares Shares which a Participant has not nominated for participation in the DRP or which have ceased to be Participating Shares.

Partial Participation A degree of participation in the DRP where a Participant specifies the number of its Shares that will be designated as Participating Shares.

Participant In respect of a particular Dividend, an Eligible Shareholder who participates in the DRP. Where an Eligible Shareholder holds more than one holding, the Shareholder is treated as a separate Participant for each holding.

Participating Shares Subject to Rule 4, Shares which a Participant has validly nominated for participation in the DRP.

Pricing Period In respect of a particular Dividend Payment Date, such period as the Directors may determine, being a period of not less than 5 Trading Days commencing on such date as the Directors may determine. The Pricing Period determined by the Directors in respect of Dividends payable on a particular Dividend Payment Date may differ from the Pricing Period determined by the Directors in respect of Dividends payable on any other particular Dividend Payment Date.

Rules These rules of the DRP as varied from time to time.

Shareholder A person registered at a relevant Dividend Record Date as a holder of Shares.

Shares Fully paid ordinary shares in IAG, and any other shares issued by IAG that the Directors decide are eligible for participation in the DRP.

Share Registry Computershare Investor Services Pty Limited or any other share registry that maintains the Share register of IAG.

Trading Day A full day on which the Shares are quoted, and not suspended from quotation or made subject to a trading halt, on ASX, provided that a day on which ASX is closed or on which trading on ASX is suspended is not a Trading Day.

Corporate Directory

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Share Registry

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