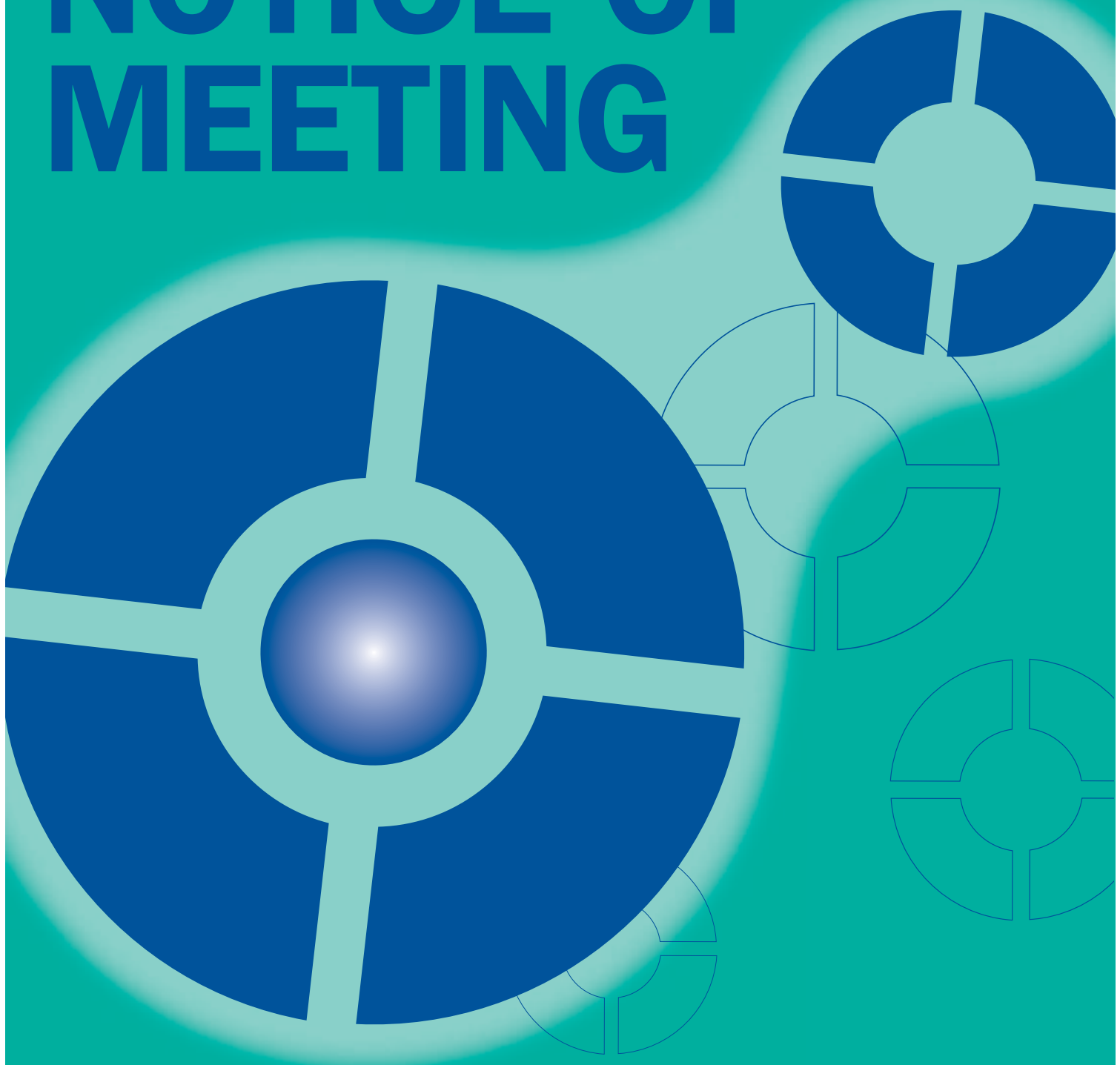


2006

NOTICE OF MEETING



Notice of Annual General Meeting 2006
and Explanatory Notes
Insurance Australia Group Limited
ABN 60 090 739 923

VENUE LOCATION

PUBLIC TRANSPORT & PARKING INFORMATION

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 Galleries 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 \$46.00 for 2-3 hours and \$56.00 for 3+ hours.



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LETTER FROM THE CHAIRMAN

13 September 2006

Dear Shareholder

I am pleased to invite you to the 2006 Annual General Meeting of Insurance Australia Group Limited (IAG).

The meeting will be held at the Wesley Conference Centre, 220 Pitt Street, Sydney on Wednesday, 15 November 2006, commencing at 10.00am. A map with directions to the venue can be found on the inside cover of this booklet. The meeting will also be webcast live and may be viewed at www.iag.com.au/agm2006. An archive of the webcast will be made available on the site shortly after the meeting.

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

At this year's meeting, you will be asked to vote on the re-election of two Directors – Neil Hamilton and myself. Neil and I are retiring by rotation in accordance with the Company's Constitution and are offering ourselves for re-election.

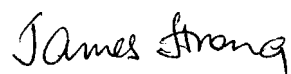
You will also be asked to adopt IAG's 'Remuneration Report' as required by the Corporations Act. IAG's 'Remuneration Report' is set out on pages 45 to 59 of the 2006 Annual Report.

If you are unable to attend the meeting in person, please complete and mail the enclosed proxy form using the enclosed reply-paid envelope. Alternatively, you may register your proxy appointment and voting instructions electronically over the internet at www.iag.com.au/agm2006 or by fax.

Your Directors (with neither Neil nor I participating in the vote on our re-election) believe these resolutions are in the best interests of IAG and its shareholders. If you have any questions about the items of business, please feel free to contact IAG's Share Registry on 1300 360 688.

I look forward to seeing as many of you as possible at the meeting.

Yours sincerely



James Strong
Chairman

NOTICE OF ANNUAL GENERAL MEETING

Insurance Australia Group Limited ABN 60 090 739 923

Shareholders are advised that the 2006 Annual General Meeting ('AGM') of Insurance Australia Group Limited ('the Company') will be held on Wednesday 15 November 2006 at 10.00 a.m. at the Wesley Theatre, Wesley Conference Centre, 220 Pitt Street, Sydney.

ITEMS OF BUSINESS

ELECTION OF DIRECTORS

1. Mr Neil Hamilton, a Director retiring by rotation in accordance with the Company's Constitution, being eligible, offers himself for re-election.
2. Mr James Strong, a Director retiring by rotation in accordance with the Company's Constitution, being eligible, offers himself for re-election.

REMUNERATION REPORT

3. 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 2006 be adopted."

RECEIPT OF FINANCIAL STATEMENTS AND REPORTS

4. To receive and discuss the Company's financial statements and reports for the financial year ended 30 June 2006.

NOTES

(a) Resolutions 1 and 2

To be successfully elected or re-elected as a Director, a candidate must receive more votes 'For' than 'Against'.

(b) Proxies

A shareholder who is entitled to attend and cast a vote at the meeting 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 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes which each proxy is appointed to exercise. If the proxy appointments do not specify the proportion or number of the shareholder's votes that each proxy may exercise, each proxy may exercise half of the shareholder's votes.

Shareholders appointing a proxy to vote on their behalf are encouraged to utilise their capacity to direct the proxy to vote for or

against each item of business, rather than providing open proxies.

If a shareholder appoints the Chairman of the Meeting as proxy and does not direct the Chairman how to vote on an item of business, the Chairman will vote in favour of each of the proposed resolutions set out in the Notice of Meeting.

To be valid, Proxy Forms must be received by the Company's Share Registrar, Computershare Investor Services Pty Limited, before 10.00am on Monday 13 November 2006 (Proxy Deadline).

Proxy forms may be submitted in one of the following ways:

- (i) by post in the reply paid envelope provided. Please allow sufficient time so that it reaches Computershare Investor Services Pty Limited by the Proxy Deadline;
- (ii) online at www.iag.com.au/agm2006. You will need your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) which is shown in the top right corner of the Proxy Form;
- (iii) by facsimile to Computershare Investor Services Pty Limited on (02) 8235 8220; or
- (iv) by hand delivery to Computershare Investor Services Pty Limited, Level 2, 60 Carrington Street, Sydney, NSW 2000.

(c) Corporate representatives

Any corporate shareholder wishing to appoint a person to act as its representative at the meeting may do so by providing that person with:

- (i) a letter or certificate authorising him or her as the company's representative, executed in accordance with the company's constitution; or
- (ii) a copy of the resolution appointing the representative, certified by a secretary or director of the corporate shareholder.

(d) Power of Attorney

If a shareholder has appointed an attorney to attend and vote at the meeting, or if the proxy is signed by an attorney, the

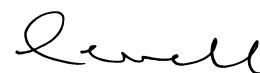
power of attorney (or a certified copy of the power of attorney) must be received by the Company's Share Registrar, Computershare Investor Services Pty Limited by the Proxy Deadline, unless this document has been previously lodged with the Company's Share Registrar for notation.

Powers of Attorney may be submitted by post or by hand delivery to Level 2, 60 Carrington Street, Sydney, NSW 2000.

(e) Shareholders eligible to vote

As determined by the Board of Directors, only persons who hold ordinary shares in the Company as at the Proxy Deadline will be eligible to vote at the meeting.

Dated at Sydney on 13 September 2006
By order of the Board of Directors.



Glenn Revell
Group Company Secretary

EXPLANATORY NOTES

The following notes explain the items of business to be discussed at IAG's 2006 AGM. The notes are set out in the order of the items in the Notice of Meeting and should be read with the Notice.

ITEMS OF BUSINESS

ITEMS 1-2: ELECTION OF DIRECTORS

Background Information

Mr Neil Hamilton and Mr James Strong retire by rotation in accordance with the Company's Constitution. Each of these directors offers themselves for re-election.

Who is standing for re-election?

1. Mr Neil Hamilton

Mr Neil Hamilton, aged 54, was appointed as a Director of IAG in June 2000 and as a Director of Insurance Australia Limited (formerly NRMA Insurance Limited) in 1999. He is a member of the IAG Risk Management & Compliance Committee.

Mr Hamilton is the Chairman of IRESS Market Technology Limited and Integrated Group Limited. He was formerly the Chairman of Western Power Corporation.

Directorships of other listed companies held in past 3 years

Integrated Group Limited – since 2 August 1999; IRESS Market Technology Limited – since 15 September 2000; Chieftain Securities Limited – from 12 June 1992 to 19 November 2004; and Sons of Gwalia Ltd – from 19 January 2004 to 28 January 2005.

What do the Directors recommend?

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

2. Mr James Strong

Mr James Strong, aged 62, was appointed Chairman of IAG in August 2001. He is Chairman of the IAG Nomination, Remuneration & Sustainability Committee.

Mr Strong is Chairman of Woolworths Limited, Rip Curl Group Pty Limited and the Australia Council for the Arts. He is also a Director of the Australian Grand Prix Corporation, Dorna Sports SL and has been appointed a Director of Qantas Airways Limited.

Mr Strong was Chief Executive and Managing Director of Qantas Airways Limited from 1993 to 2001. Previous positions he has held include Group Chief Executive of DB Group Limited in New Zealand, National Managing Partner and later Chairman of law firm Corrs Chambers Westgarth, Chief Executive of Trans Australian Airlines (later Australian Airlines) and Executive Director of the Australian Mining Industry Council.

Mr Strong has been admitted as a barrister and/or solicitor in various state jurisdictions in Australia.

In 2006 Mr Strong was made an Officer of the Order of Australia.

Directorships of other listed companies held in past 3 years

Woolworths Limited - since 10 March 2000; IAG Finance (New Zealand) Limited - since 9 November 2004; and Qantas Airways Limited – since 1 July 2006.

What do the Directors recommend?

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

ITEM 3: REMUNERATION REPORT

The Corporations Act 2001 requires listed companies to provide enhanced disclosures of director and executive remuneration in their Annual Reports. These disclosures are set out in the 'Remuneration Report' on pages 45 to 59 of the Company's 2006 Annual Report.

The Company is required to propose to its shareholders at its Annual General Meeting a non-binding advisory resolution on the Remuneration Report prepared by the Directors, and to allow questions and comments on this Remuneration Report by shareholders.

What do the Directors recommend?

The Directors recommend that you vote in favour of the resolution.

ITEM 4: RECEIPT OF FINANCIAL STATEMENTS

The financial results for the year ended 30 June 2006 are set out in the Annual Report sent to those shareholders who elected to receive it by post or online at www.iag.com.au/fy06

Why are the financial statements being presented to shareholders?

In accordance with the Corporations Act 2001, shareholders will be given a reasonable opportunity at the AGM to ask questions and make comments on the financial statements and reports and on the business operations and management of the Company.

During discussion of this item, the Company's auditor will be present and will answer qualifying questions.

Written Questions for the Auditor

If you would like to submit a written question to the Company's auditor, please post your question in the reply paid envelope provided or fax to (02) 8235 8220.

Written questions must relate to the content of the auditor's report to be considered at the AGM or the conduct of the audit. A list of qualifying questions received will be made available at the AGM.

Please note that all questions must be received at least five business days before the AGM, that is, by no later than Wednesday, 8 November 2006.

As stated above, the auditor will also be present at the AGM.

AGM Webcast

The AGM will be webcast at www.iag.com.au/agm2006

FURTHER INFORMATION

If you would like any further information regarding the Annual General Meeting, please contact the Company's Share Registry on 1300 360 688 or visit our website www.iag.com.au/agm2006

