

8 October 2014

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

Dear Sir/Madam

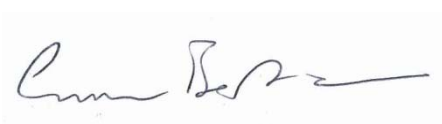
INSURANCE AUSTRALIA GROUP LIMITED ('IAG')

**PRICING OF SHARES TO BE ALLOCATED UNDER
THE DIVIDEND REINVESTMENT PLAN**

IAG advises that ordinary shares to be allocated under the Company's Dividend Reinvestment Plan (DRP) will be priced at \$6.1344 per share for the dividend payable on 8 October 2014.

The price has been determined in accordance with the rules of the DRP and based on a daily volume weighted average price for the fifteen trading days from 15 September 2014 to 3 October 2014 inclusive, excluding trades which were not considered to reflect normal supply and demand.

Yours sincerely



Chris Bertuch
Group General Counsel & Company Secretary

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