

30 March 2006

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



Dear Sir/Madam

**INSURANCE AUSTRALIA GROUP LIMITED ('IAG')
COMPLETES TENDER OFFER FOR THAILAND'S SAFETY INSURANCE**

IAG announces that its Thai investment holding company, NHCT Limited, has successfully completed its tender offer for shares in Thailand's Safety Insurance Public Company Limited (Safety Insurance). As a result, NHCT Limited has acquired approximately 98% of Safety Insurance.

IAG which, through NHCT Limited, has held an interest in Safety Insurance since October 1998, will continue to work with Safety Insurance's existing management team and board to further grow and improve the business, bringing to the partnership its core capabilities of technical and underwriting expertise in motor insurance, pricing, distribution and risk management.

The acquisition of Safety Insurance is another step towards building a portfolio of assets in Asia, ensuring IAG will be a key player in some of the fastest growing insurance markets in the world. IAG also owns another Thai insurer, IAG Thailand (formerly RSA Thailand and currently trading as NZI Thailand).

About Safety Insurance

Safety Insurance, which has been listed on the Stock Exchange of Thailand since 1977, is Thailand's 7th largest general insurer and 6th largest motor insurer and currently generates approximately A\$100m in GWP per annum. Providing predominantly motor insurance, as well as fire, marine and other general insurance, Safety Insurance distributes its products through insurance agents and brokers, as well as selling direct to customers.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Anne O'Driscoll', written in a cursive style.

Anne O'Driscoll
**Group Company Secretary &
Head of Investor Relations**

Media inquiries: Emma Foster +61 2 9292 8929 or +61 411 013 170