

MR STRONG

Good morning ladies and gentlemen. We need to follow the proper procedures for this meeting but I'll attempt not to make it over formal but there are steps which are important in terms of this Class Meeting of these preference shares holders. So first of all I'd like to welcome everyone to the Class Meeting of holders of these preference shares issued on 4 June, 2002, otherwise known as RPS1 by Insurance Australia Group Limited. As it's past the appointed time for this meeting I've been advised by the Returning Officer that a quorum is present and I'd like to formally declare the meeting open.

The Constitution provides that a quorum for a Class Meeting is constituted by at least two persons who between them, hold or represent, one third of the issue shares of the Class. My name is James Strong, I'm the Chairman of Directors of Insurance Australia Group Limited and in accordance with the company's Constitution I'm the Chairman of this meeting.

First of all I'd like to tell you of apologies. Apologies have been received from some directors of IAG, John Astbury, Geoff Cousins, Neil Hamilton, Dominique Fisher and Anne Keating. I would like to point out that Mr Rowan Ross, who's in the front here, is also a member of the board of IAG as well.

Now in terms of this meeting I'd like to deal first of all with the formalities associated with the Notice of Meeting. The Notice

convening this meeting, all explanatory notes have been sent to all RPS1 holders with the dividend statements. I propose to proceed on the basis that the notice is taken as having been read to the meeting. If anyone has any objection to me proceeding on that basis, please raise your hand and I'll consider whether to ask the Group Company Secretary, Anne O'Driscoll, who's on my right to read the Notice to the Meeting. Everyone is happy to take that, thank you very much. So we will take that Notice of Meeting as read.

Moving to the business of this meeting, there is only one item of business before the meeting this morning as set out in the Notice of Meeting which, you've received. There has been no notice of other business relevantly or duly given by RPS1 holders pursuant to the Corporations Act. So as a result of that we would not consent to other business being put to the meeting as it would be unfair to other RPS1 holders who are not present at today's meeting which the company considers and votes on items of business other than those which have been sent to you and notified as business for this meeting.

Another formality is that we will not go through the procedure to call a proposer and seconder for the resolution. In the Notice of Meeting I think many of you know that this is now becoming general practice and although it has been practised in the past, it's not required by law and is unnecessary. I'd like to explain the way

in which the discussion and poll will be conducted before proceeding to the item of special business as set out in the Notice of Meeting.

I'd like to deal firstly with speaking at the meeting. I just might indicate that Anne Keating has joined as another director of IAG.

Thanks very much, Anne.

In accordance with provisions of the Corporations Act, I'll ensure that all RPS1 holders have a reasonable opportunity to ask questions about it and make comments on the resolution before the vote takes place. All questions should be put to or through me as Chairman. I'll ask speakers to confine their questions to the particular resolution that is before the meeting and to make their points succinctly. I will allow questions to be taken in turn from the microphone stationed before you and ask the Group Company Secretary to explain the procedures that we'll follow for you. Thanks.

MS O'DRISCOLL

Thanks, Chairman. As you can see there's a microphone here stationed at the front of the meeting room, anyone wishing to speak should (indistinct) advise that the floor is open for questions, move to the microphone and take their turn in the queue. I remind everyone here that only RPS holders, corporate representatives and proxy holders for absent RPS1 holders are entitled to speak in the business before the meeting, so when you move to the microphone please show your admission of voting card to the attendant who will

establish that you are entitled to speak. Please note, that if you had appointed a proxy to vote for you at the meeting but you've now attended in person as well, your proxy's authority to speak and vote for you is suspended while you are present at the meeting. The Chairman will take questions from the microphone in turn and when you are next in the queue the attendant here will introduce you. I should also mention that today's proceedings are being recorded and being Webcast on the company's Website.

MR STRONG

Thanks very much, Anne. A question came to the proposal for the conduct of discussion and polls, the poll and the resolution before the meeting will be opened prior to discussion and it will not be closed until the end of the meeting. The meeting will then move to discussion and voting on the resolution. The Group Company Secretary will give directions as to the completion of the voting papers after discussions on the resolution have concluded. However, once the polls have opened any shareholder who wishes to vote and leave the meeting early may drop their voting papers in the collection box at the door on their way out.

The poll on the resolution will close after all voting papers have been collected. I will not be asking for a show of hands but direct that we move straight to a poll for the resolution. I believe this is the fairest way to proceed as those shareholders here today are a small number of the RPS1 holders on the Company Register. In

addition each RPS1 carries the right to vote at this Class Meeting in a poll reflects the voting entitlements more fully as a result of that. For the benefit of the Returning Officer I now formally direct that the poll be conducted in the manner that I've just described. Proxy results, I consider that it is appropriate that RPS1 holders know the state of the proxies on the resolution following the discussion of the resolution but before RPS1 holders are asked to complete their voting papers. The Returning Officer, Mr Russell Mailler, has given me a written report as to the results of the proxy voting instructions received for this item of business and I have to accept his, I have accepted his recommendation as to the admission and rejection of proxies made and make rulings accordingly. However agenda permutations which potentially arise from the proxy votes received and because there may be RPS1 holders in the audience who have revoked their previous proxy and are now voting in person, as Anne mentioned earlier, these results are preliminary only.

These preliminary results of the proxies to resolution will be displayed on the screen immediately following the discussion of the resolution and before RPS1 holders are asked to fill in the relevant parts of their voting papers. In the formalities of the results of the polls, once the polls have been closed and the counting completed, a report on the results will be announced to the Australian Stock Exchange, placed on the company's Website and placed in the foyer of the NRMA Insurance city branch at 74-76 King Street, Sydney

and at the company's registered office by Tuesday, the 3rd of February, tomorrow in other words.

Shareholders obviously may come and go from the meeting provided they show their admission voting card to be permitted to re-enter the meeting room. The admission voting cards are the yellow, red or blue cards that you've been provided with this morning.

I now direct that the polls be open on Resolution 1 and move to the item of business before the meeting, and that is Resolution 1 Special Business Changes to RPS1 Terms of Issue. So that's the actual resolution displayed behind me. Resolution 1 is set out in the Notice of Meeting and as indicated on the screen this resolution relates to the approval of proposed changes to the RPS1 terms of issue.

Resolution 1 is a special resolution and must be passed by at least a 75 per cent majority of the votes that are to be passed by holders of RPS1, voting in person or by proxy. Resolution 1 is proposed as a special resolution to approve amendments to the RPS1 terms of issue in order to align these terms with the terms of issue of recent preference shares issued on 20 June, 2003, otherwise known as RPS2. Information about this resolution is set out in the explanatory notes of the Notice of Meeting and copies are available in the foyer from the shareholder information desk. A full copy of the RPS1 Prospectus was distributed to shareholders in June 2002,

is also available on the company's Website and may be obtained from the same shareholder desk in the foyer.

The directors of IAG recommend that RPS1 holders vote in favour of the resolution. So we now move to anyone who wants to speak to the resolution that's before this special meeting. Okay, no discussion. We believe that everything is very fully and completely set out for the holders to evaluate. If there are no speakers here I consider the discussion on this resolution has concluded.

Accordingly, I turn next to the preliminary results of the proxy instructions received in relation to Resolution 1 before directing the completion of voting papers on the resolution. Please see the screen behind me for a summary of the proxy results for Resolution 1. I now invite the Group Company Secretary to give instructions to RPS 1 holders regarding the completion of voting papers on Resolution 1. Anne.

MS O'DRISCOLL

Thank you, Mr Chairman. If you are voting shareholder, corporate representative or a proxy holder you will have been handed a yellow admission voting card such as the one I'm holding up. This card contains provisions for voting on the one resolution to be put to the holders today. You are reminded that if you appointed a proxy to vote for you at this meeting but you have attended in person as well, your proxy's authority to speak and vote for you is suspended while your are at the meeting. If you are a proxy voter for an

absent RPS1 holder, you will also have been handed a yellow proxy voting card. In order to activate the directed proxies assigned to you, you must mark your voting card in order to activate the opener under directed proxy votes you must mark the relevant box next to the resolution to indicate whether you are voting for, against or abstaining on the resolution. If the only shares you hold in Insurance Australia Group Limited are ordinary shares, the recent preference shares issued in June 2003, the RPS2, you do not have voting rights at this meeting and you have been handed a red non-voting shareholder admission card. This red card is not a voting card. If you are not a shareholder and you do not hold a proxy for a RPS1 holder you have been handed a blue visitor admission card, it's also not a voting card. If anyone needs any assistance or has any questions the Returning Officer's staff here, the microphone attendant or the Returning Officer who is sitting just behind her, will be able to assist you with any questions. The Returning Officer, as noted earlier Mr Russell Mailler, of ASX Perpetual Registrars has been appointed and is responsible for ensuring the validity of today's count. Now, the shareholders who are present and voting in person, corporate representative and proxy holders, please complete your yellow voting cards in respect of Resolution 1 and then we shall arrange for those to be collected. And as it's only one resolution we should be able to move forward quickly to organise

for those to be collected and the ballot box is about to come around to the shareholders.

MR STRONG

Thanks for that, Anne. That concludes the item of business before the meeting. The Returning Officer's staff will now circulate the collection boxes, which they've just done, collecting those. Obviously everyone has taken care to make sure that they have completed all parts and as you know the voting papers must be placed in the collection box to be affected. So that having been done the business of the meeting is now completed. As I mentioned, please ensure that the voting papers have gone to the Returning Officer's staff. I direct that following the collection of those papers, the voting papers and the proxy holder voting papers which have been lodged at today's meeting be counted as expeditiously as possible. As outlined earlier the results will be provided to the ASX as soon as available, placed on our company Website and posed at our registered office and in our NRMA Insurance city branch, 74-76 King Street by tomorrow.

I now direct that the poll on Resolution 1 is now formally closed.

As there is only one resolution before the meeting I'd like to declare this meeting closed with the exception of counting proxies and the announcement of the results of the poll. Now, having done that on behalf of the Board of Directors of the company I'd like to take this opportunity to thank shareholders who did attend today's meeting

and I'd also like to thank our staff for what I think were very clear and specific papers that were circulated for the benefit of holders. So with those comments I now declare this meeting closed. Thank you very much.

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