



17 February 2005

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')
SPECULATION RE ASIAN EXPANSION

Following media speculation concerning IAG's Asian expansion plans, IAG confirms that it has no update to provide to the market on this topic.

IAG has made it clear through a number of previous market communications that Asia is a focus for potential acquisitions to provide additional earnings growth for the medium to long term. IAG has been researching possible opportunities offshore for a number of years now and, as part of that research, has spoken to many general insurers in Asia, including China Pacific Insurance Company ('CPIC'). However, we have no update to our plans and nothing to announce.

IAG is aware of its continuous disclosure obligations and will update the market should anything change.

Yours sincerely

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