



QBE Insurance Group Limited

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Australia

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4 March 2011

The Manager
Company Announcements
ASX Limited
Level 6, Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

2011 Annual General Meeting

Pursuant to ASX Listing Rule 3.17, attached for the market's information is the Notice of Meeting together with a sample proxy form and a 'Lodge Your Questions' form which is being mailed to our shareholders today.

The date for mailing Annual Reports to shareholders who have requested a hard copy will be Monday, 7 March 2011.

QBE's Annual General Meeting is on Tuesday, 5 April 2011 from 10:00am at the City Recital Hall in Angel Place (near the corner of Martin Place and Pitt Street), Sydney.

Yours faithfully

A handwritten signature in dark ink that reads 'D Ramsay'.

Duncan Ramsay
Company Secretary

Enc.



QBE INSURANCE GROUP

Notice of 2011
Annual General
Meeting



**Notice is hereby given that the
2011 Annual General Meeting (AGM)
of shareholders of QBE Insurance Group
Limited (the Company) will be held on:**

**Tuesday, 5 April 2011
from 10:00 am Sydney time at:**

**City Recital Hall, Angel Place
Sydney, NSW, Australia**

QBE Insurance Group

Dear Shareholder

On behalf of the Board of Directors, I have pleasure in inviting you to attend the Annual General Meeting of QBE Insurance Group Limited on Tuesday, 5 April 2011. This year the AGM will be held at City Recital Hall in Angel Place (near the corner of Martin Place and Pitt Street), at the earlier time of 10:00am.

Your Notice of Meeting and Proxy Form are enclosed and a copy of the 2010 Annual Report may be viewed on our website at www.qbe.com. Shareholders who have elected to receive communications electronically will receive an email link to the report. If you requested a printed copy of the report, this will be sent to you in a separate mailing.

If you are able to attend the meeting, would you please bring the proxy form with you as the bar coding on this form will make the registration process easier for you.

If you are unable to attend, I encourage you to vote either by using the enclosed proxy form or lodging your vote on-line at www.linkmarketservices.com.au.

A person intending to vote on shares held in the name of the company must bring an authority from the company, signed by the company in favour of the person attending.

This year we are inviting shareholders who are unable to attend the meeting to submit questions and you will find a form for this purpose enclosed with this mailing. You may also lodge your questions on-line at www.linkmarketservices.com.au. We will endeavour to address as many questions as possible at the meeting.

I hope you will be able to join us.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Belinda Hutchinson', followed by a period.

Belinda Hutchinson AM
Chairman

Agenda

Webcast

A live audio webcast of the AGM will be available at www.qbe.com.

Agenda

1. **To receive and consider** the annual financial report and the reports of the directors and of the auditors of the Company for the year ended 31 December 2010.

2. **To adopt the remuneration report**

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

That the remuneration report of the Company for the financial year ended 31 December 2010 be adopted.

Note: In accordance with section 250R(3) of the *Corporations Act*, the vote on this resolution 2 will be advisory only and will not bind the directors or the Company.

3. **To approve the grant of conditional rights over the Company's ordinary shares under the 2010 QBE Incentive Scheme and 2010 Long Term Incentive plan to the Chief Executive Officer**

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

That approval be given for the purposes of ASX Listing Rule 10.14 and for all other purposes to the grant to the Chief Executive Officer, Mr FM O'Halloran of conditional rights over a maximum of 107,951 ordinary shares in the Company and either the issue or transfer of ordinary shares in the Company on satisfaction of and subject to the conditions attached to the conditional rights under the Company's 2010 QBE Incentive Scheme and 2010 Long Term Incentive plan.

4. **To approve the issue or transfer of the Company's shares under the QBE Incentive Scheme and Long Term Incentive plan until 30 June 2014**

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

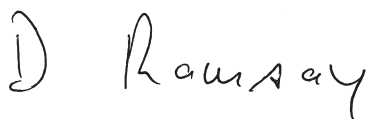
That approval be given up to and including 30 June 2014 for the purposes of sections 200B and 200E of the *Corporations Act* and for all other purposes to the giving of benefits, comprising the issue or transfer of ordinary shares in the Company or an equivalent cash payment in lieu, under either the QBE Incentive Scheme or Long Term Incentive plan in circumstances of death, genuine retirement, redundancy or total and permanent disability, as provided for under the terms of the QBE Incentive Scheme and the Long Term Incentive plan as amended, to any current or future participant retiring from a managerial or executive office in the Company or its related bodies corporate.

5. **To re-elect a director**

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

That Mr CLA Irby, who retires by rotation in accordance with clause 76 of the Company's constitution, be re-elected as a director of the Company.

By order of the Board



Duncan Ramsay
Company Secretary
Sydney, 23 February 2011

Determination of the entitlement to attend and vote

For the purposes of the meeting, shares will be taken to be held by the persons who are registered as members as at 7.00pm Sydney time on Friday, 1 April 2011. This means that if you are not the registered member at that time, you will not be entitled to vote in respect of that share.

Appointment of Proxy

If you wish to appoint a proxy, the Company requests that shareholders send the completed proxy form (and any proxy appointment authority) to its share registry, Link Market Services Limited, so that it is received no later than 10.00am Sydney time on Sunday 3 April 2011.

To do this, you may:

1. use the enclosed reply paid envelope;
2. fax to (61 2) 9287 0309;
3. mail to Locked Bag A14, Sydney South NSW 1235 Australia;
4. deliver in person to Level 12, 680 George Street, Sydney; or
5. lodge online at Link Market Services' website, www.linkmarketservices.com.au. To use this facility, you will need your holder identification number **(HIN)** or security holder reference number **(SRN)**.

Notes on the Appointment of Proxy

In accordance with Sections 249L(1)(d) and 249X of the *Corporations Act*, shareholders are notified that:

- (i) a member who is entitled to attend and cast a vote at the meeting may appoint a proxy to attend and vote for the member;
- (ii) the appointment may specify the proportion or number of votes that the proxy may exercise;
- (iii) a member who is entitled to cast two or more votes at the meeting may appoint two proxies and may specify the proportion or number of votes each proxy is entitled to exercise. If you appoint two proxies and the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes; and
- (iv) a proxy may be an individual or a body corporate and need not be a member.

A proxy is not revoked by the member attending and taking part in the meeting unless the member actually votes at the meeting on the resolution for which the proxy is intended to be used. Subject to the foregoing sentence, a proxy may vote as the proxy thinks fit on any motion or resolution in respect of which no manner of voting is indicated in the instrument of appointment. The Chairman intends to vote all valid undirected proxies which he receives in favour of each resolution.

Shareholders who appoint a proxy should consider how they wish to direct the proxy to vote, that is, whether the shareholder wishes the proxy to vote "for" or "against", or abstain from voting, on each resolution, or whether to leave the decision to the appointed proxy after discussion at the meeting.

If you attend the Annual General Meeting and do not send your proxy form to Link Market Services Limited, please bring it with you as it will assist in identifying you on entry or in voting. However, please note that you cannot lodge your proxy form at the Annual General Meeting.

Voting

Every resolution arising at the Annual General Meeting will be decided in the first instance by a show of hands. A poll may be demanded in accordance with the Company's constitution.

On a show of hands, every shareholder who is present in person or by proxy, representative or attorney, will have one vote. Upon a poll, every shareholder who is present in person or by proxy, representative or attorney, will have one vote for each share held by that person. The proxy has the same rights as the member to speak at the meeting, to vote (but only to the extent allowed by the appointment) and join in a demand for a poll. Where a member appoints two proxies, then neither proxy shall have the right to vote on a show of hands.

Where more than one joint holder votes, the vote of the holder whose name appears first in the register of members shall be accepted to the exclusion of the others whether the vote is given in person or by proxy, representative or attorney.

Explanatory notes

RESOLUTION 2 – adoption of the remuneration report

The Company's remuneration report for the financial year ended 31 December 2010 is set out on pages 65 to 88 of the Company's 2010 Annual Report (**Remuneration Report**).

Section 250R(2) of the *Corporations Act* requires the Company to put a resolution to the Annual General Meeting for adoption of the Remuneration Report. As noted above, the vote on the resolution will be advisory only and will not bind the directors or the Company. However, the Board will take into consideration the outcome of voting on this resolution when assessing the remuneration policy for directors and senior executives in the future.

During this item of business, members will be given a reasonable opportunity to ask questions and make comments about the remuneration report.

The Board recommends that shareholders vote in favour of this resolution.

RESOLUTION 3 – approval of the grant of conditional rights over the Company's ordinary shares under the 2010 QBE Incentive Scheme and 2010 Long Term Incentive to the Chief Executive Officer

(a) Background

The Non-executive Directors (NEDs), with Mr FM O'Halloran not present, review Mr O'Halloran's remuneration package annually.

Mr O'Halloran's 2010 package is based on the Company's executive remuneration structure and is made up of:

- (i) **fixed remuneration** (base salary, superannuation and benefits such as car parking) of A\$2,157,436;
- (ii) **QBE Incentive Scheme (QIS)** an at-risk reward under the QIS made up of a short term incentive in cash and a deferred equity award (DEA) in the form of conditional rights to fully paid QBE ordinary shares; and
- (iii) **Long Term Incentive plan (LTI)** an at-risk reward under the LTI comprising conditional rights to fully paid QBE ordinary shares.

Paragraphs (i) and (ii) are similar to previous years; paragraph (iii) is new.

In summary, each of the components of the Company's executive remuneration structure is:

QIS – cash award

The QIS cash award is a performance-based incentive delivered in the form of an annual cash payment for a performance measurement period of 12 months. The award is designed to motivate and reward executives when annual return on equity (ROE) or similar targets relating to the previous financial year's performance is achieved or exceeded (see Table 2 on the next page).

QIS – deferred equity award

The QIS deferred equity award provides executives with the opportunity to acquire equity in the form of conditional rights to fully paid QBE ordinary shares without payment.

Executives are awarded a deferred equity grant subject to two hurdles. The first hurdle is if a cash award, described above, is earned for the previous financial year. A tenure hurdle is also attached to deferred equity awards, which normally means that shares will only vest if the individual has remained in service throughout the three or five year vesting period.

The maximum deferred equity award is based on an amount which is the lesser of 80% of the cash award earned in the financial year or 100% of fixed remuneration as at 31 December in the financial year prior to the year in which the cash award is paid.

The maximum deferred equity award is used as the basis of calculating the number of conditional rights as follows:

- conditional rights to the value of 50% of the deferred equity award, normally converted to shares after three years; and
- conditional rights to the value of 50% of the deferred equity award, normally converted to shares after five years.

In 2009, the Company introduced clawback provisions in circumstances where the ROE generating the share award has subsequently been found to be materially overstated.

Explanatory notes

Long Term Incentive plan (LTI)

The LTI comprises an award of conditional rights to fully paid QBE ordinary shares without payment, subject to a five year tenure hurdle, with vesting contingent upon the achievement of two future performance hurdles as follows:

- 50% of the award allocation is contingent on the Company's average diluted earnings per share increasing by at least a compound 7.5% per annum over the five year vesting period; and
- 50% of the award allocation is contingent on the Company's average ROE and combined operating ratio being in the top 10% of the top 50 largest global insurers and reinsurers as measured by net earned premium for the five year vesting period.

The diluted earnings per share and ROE are calculated on a statutory basis (not the company's seven year spread basis of accounting, which spreads the realised and unrealised gains on equities and investment properties evenly over seven years).

For more detail on the Company's executive remuneration structure, please refer to the Remuneration Report set out on pages 65 to 88 of the Company's 2010 Annual Report.

The Board believes the QIS and LTI are an effective incentive for performance as shown by QBE's results over the period from 2006 to 2010:

- QBE's underwriting profit increased by a compound annual average 14% per annum;
- QBE's NPAT increased by a compound annual average 9% per annum;
- diluted EPS increased by a compound annual 4% per annum; and
- dividends per share increased by a compound annual average of 13% per annum.

Based on the structure outlined above, Table 1 below shows a summary of Mr O'Halloran's 2010 fixed remuneration and proposed at-risk reward opportunities.

Table 1

FIXED REMUNERATION (FR) @ 31 DECEMBER 2010	AT RISK REWARD (2010)			
	QIS – CASH AWARD		QIS – DEA	LTI GRANT
A\$2,157,436	47.30%	A\$1,020,467	80% of QIS cash award or 100% of FR (whichever is lesser) A\$816,374	50% A\$1,078,718
Total Reward Mix (2010)				
43%	20%	16%	21%	

The NEDs have determined (with Mr O'Halloran not present) that Mr O'Halloran be granted a cash award for 2010 and, subject to shareholder approval, deferred equity by way of conditional rights under the Company's 2010 DEA and LTI. The DEA and LTI proposed grant date is 5 April 2011 (Grant Date).

Strictly speaking, ASX Listing Rule 10.14 only applies to issues of shares to Mr O'Halloran, not transfers of QBE shares which are acquired on market for him. Nevertheless, the Directors believe good corporate governance means shareholders should be able to vote on Mr O'Halloran's DEA and LTI entitlements irrespective of whether the relevant QBE shares are either issued or transferred to him.

(b) QIS – Cash Award

Mr O'Halloran's cash award (and proposed DEA) follow the achievement of the performance hurdle in Table 2 below. Mr O'Halloran, on a basis consistent with other executives, is entitled to participate in the DEA only when a cash award is earned after the performance hurdle has been achieved. The hurdle was a range of ROE targets for the 2010 financial year on the Company's seven year spread basis of accounting.

Table 2

	FINANCIAL TARGET ROE %
Minimum	14
Maximum	21
Achieved	15.9

The ROE was derived from budgets approved by NEDs prior to commencement of the 2010 financial year. ROE is calculated on opening group shareholders' funds adjusted for dividends, foreign exchange movement on shareholders' funds held in overseas subsidiaries and increases in capital.

The seven year spread basis of accounting includes more than one year's investment performance through its averaging process.

Explanatory notes

(c) QIS – Deferred Equity Award

The NEDs have determined that Mr O'Halloran should, subject to shareholder approval, be allocated a deferred equity award of conditional rights over a maximum of 48,022 QBE ordinary shares under the DEA in two equal tranches of up to 24,011 ordinary shares in each tranche on the Grant Date.

The share price at which the number of shares over which the conditional rights are proposed to be granted under the DEA will be the greater of (Grant Price):

- (a) the weighted average price of the Company's ordinary shares traded on the Australian Securities Exchange (ASX) during the five trading days from 28 February 2011 (being the announcement date of the Company's 2010 results to the ASX); or
- (b) A\$17.00.

On 23 February 2011, the closing share price was A\$18.29.

Accordingly, it is proposed, subject to shareholder approval, that Mr O'Halloran be granted under the DEA conditional rights to that number of ordinary shares at no cost equal to 80% of his QIS cash award divided by the Grant Price.

The 2010 Annual Report refers to an indicative share price of A\$18.00 in terms of Mr O'Halloran's DEA. Applying this share price, the initial value of the maximum number of conditional rights of 48,022 for the DEA under this formula is A\$864,396.

On satisfaction of and subject to the conditions attached to the conditional rights under the DEA, the Company will either issue or transfer an equal number of ordinary shares to Mr O'Halloran, normally on the third and fifth anniversaries of the Grant Date.

Consistent with the DEA terms for other participants:

- (a) at the time of issue or transfer of the shares under the conditional rights, further shares will be issued or transferred to Mr O'Halloran to reflect any dividends paid on the Company's ordinary shares since the date of grant of the conditional rights as if those shares and any dividends had been subject to the Company's bonus share plan (Notional Dividends);
- (b) no moneys are payable by Mr O'Halloran on either the issue or transfer of shares under the conditional rights; and
- (c) the shares under the conditional rights will be either issued or transferred if Mr O'Halloran remains in the Company's service throughout the periods of three and five years (as the case may be) from the Grant Date and is not serving under a notice of termination or subject to disciplinary proceedings on the date of either issue or transfer.

The DEA terms provide an exception to this tenure hurdle in the case of death, genuine retirement, incapacity due to total and permanent disablement or redundancy. If such an exception applies, fifty per cent of the shares may be either issued or transferred early on leaving service at the NEDs' discretion (for example, to fund any tax owing). Alternatively a cash equivalent may be paid at the discretion of the NEDs. The remaining fifty per cent is subject to the original three or five year vesting date.

The DEA terms also provide that should a change in control occur, the holder of a conditional right may require the conversion of the conditional right to QBE ordinary shares during the time declared for such conversion by the Directors. The DEA terms define "change in control" as when an unconditional takeover offer for QBE has been made in accordance with the *Corporations Act*.

The shares represented by the conditional rights under the DEA will be available in three and five years respectively from the Grant Date, on any of the four exceptions above applying to Mr O'Halloran or on any change of control, whichever is earlier (assuming he is not otherwise serving out his termination notice period or is subject to disciplinary proceedings).

The benefit, in the case of shares either issued or transferred under the conditional rights for the DEA, will be the market value of the shares as at the date of either their issue or transfer to Mr O'Halloran.

The conditional rights under the DEA over the Company's ordinary shares will be granted shortly after shareholder approval and in any event no later than three years after the date of the meeting.

Explanatory notes

(d) Long Term Incentive plan (LTI)

The NEDs have also determined that Mr O'Halloran should, subject to shareholder approval, be granted further deferred equity rewards through the LTI.

Subject to shareholder approval, the first award will be granted in April 2011 and, subject to achievement of future performance hurdles, as described on page 6, will vest in April 2016.

The LTI's in performance hurdles determine the number of conditional rights which could vest in March 2016, as shown in Table 3 below:

Table 3

LTI AWARD AS A % OF FIXED REMUNERATION			LTI AWARD – CONDITIONAL RIGHTS	
DILUTED EPS HURDLE %	ROE AND COMBINED OPERATING RATIO HURDLE %	MAXIMUM AWARD %	MAXIMUM AWARD A\$	INDICATIVE NO. OF SHARES
25.0%	25.0%	50%	1,078,718	59,929 ⁽¹⁾

(1) For indicative purposes, a share price of A\$18.00 has been used above.

Consistent with the DEA terms, the LTI terms for Mr O'Halloran (and other participants) provide for Notional Dividends, the same four exceptions to the DEA tenure hurdle and conversion rights on a change of control.

(e) General

There are no other directors and no other associates of directors who are presently entitled to participate in either the QIS or LTI. No other directors or other associates of directors have received either shares or conditional rights under either the QIS or LTI. Details of any securities issued under either the QIS or LTI will be published in each annual report of the Company relating to a period in which the securities have been issued and that approval for the issue of securities was obtained under ASX Listing Rule 10.14. Any additional persons who fall within ASX Listing Rule 10.14 who become entitled to participate in either the QIS or LTI after this resolution is approved and who are not named in this notice of meeting will not participate until approval is obtained under ASX Listing Rule 10.14.

The full terms and conditions of the 2010 QIS and LTI for Mr O'Halloran are contained in a QIS guide and LTI guide which are available for inspection by shareholders at the Company's shareholder services department in Sydney. A copy of either guide will be sent to any shareholder free of charge upon request.

(f) Voting

The Company will disregard any votes cast on Resolution 3 by directors and their associates except those who are ineligible to participate in any employee incentive scheme of the Company, including the QIS and LTI. Mr O'Halloran and his associates do not intend to vote on this resolution.

However, the Company need not disregard a vote if:

1. it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
2. it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

The Board (excluding Mr O'Halloran who has a personal interest) recommends that shareholders vote in favour of this resolution. None of the directors (excluding Mr O'Halloran who has a personal interest) have any interest in the outcome of the proposed resolution except to secure the services of Mr O'Halloran on a continuing basis.

Explanatory notes

RESOLUTION 4 – approval of issue or transfer of the Company's shares under the QBE Incentive Scheme and Long Term Incentive plan until 30 June 2014

(a) Background

A similar resolution was passed at the 2006 AGM.

The Company has since 2001 had in place an equity plan for senior executives (originally called the Senior Executive Equity Scheme, then the Long Term Incentive Scheme, then the Deferred Compensation Plan and now part of QBE Incentive Scheme or QIS since 1 January 2010). Initially it provided for the grant of conditional rights to and options over ordinary shares in the Company to executives who have achieved certain performance criteria. In 2004, the scheme was changed to increase the retention period for exercising options from 3 to 5 years for 2004 and subsequent years. The Company again revised the scheme for 2006 to only provide for personal recourse loans and reduce the option multiplier from 4 to 3 for 2006 and subsequent years. In 2009, options ceased to be available under the scheme for 2009 and subsequent years. In addition, in 2009 the Company introduced clawback provisions in circumstances where the return on equity (ROE) generating the share award has subsequently been found to be materially overstated.

The current scheme or QIS DEA has 512 participants. It is described in the explanatory notes to Resolution 3 above together with the remuneration report and note 31 to the financial statements in the 2010 annual report. There are slight variations in the terms of QIS depending upon the area in which a participant works to reflect local conditions, for example, the hurdle to achieve a QIS-cash award, which forms the basis on which any deferred equity award (DEA) is calculated.

Also since 1 January 2010, the Company has in place as an extra at-risk reward the Long Term Incentive plan (LTI) for the Group Executive comprising thirteen group head office and group operations executives (fourteen from 2011). They are also participants in the DEA. The LTI is described in the explanatory notes to Resolution 3 together with the remuneration report and note 31 to the financial statements in the 2010 annual report.

Shareholder approval is sought for a limited period up to and including 30 June 2014 (rather than in perpetuity). The date of 30 June 2014 is slightly more than three years away and has been selected for certainty as the closest half year end to the expected 2014 AGM date, which is most likely sometime in April. If appropriate, shareholders will be asked to pass a similar resolution in 2014.

The *Corporations Act* in Australia (the Act) limits the maximum termination amounts which a corporation can pay on retirement to persons who hold a "managerial or executive office" (as defined in the Act). Shareholder approval is sought so that share benefits or any equivalent cash payment in lieu (Benefits) to these persons under either the QIS or LTI do not count towards such maximum termination amounts to the extent the Benefits involve death, genuine retirement, redundancy or total and permanent disability (as described above in the explanatory notes to Resolution 3). In these four circumstances, the Board may provide the Benefits earlier than the usual three or five year vesting periods. The most likely example is genuine retirement.

(b) Summary of the restrictions

Under section 200B of the Act, a corporation can only give a person who holds a "managerial or executive office" (as defined in the Act) a "benefit" (widely defined in the Act) in connection with their retirement from that office or position of employment in the corporation or a "related body corporate" (again as defined in the Act) if it is approved by shareholders or one of the limited exemptions apply. In 2009, the Act was amended in particular to reduce the maximum termination amount without shareholder approval to average annual base salary over the last three years, to increase the time period to which the Act applied to the last three years before retirement and to define "benefit" to include early vesting.

The Act defines retirement broadly to include loss of office, resignation and death.

Section 200B applies to a large number of executive directors given the number of companies in the QBE Group, including all key management personnel (all persons whose package is required to be disclosed in the remuneration report) who are not a director of a QBE Group company.

It is possible the four circumstances mentioned above may result in a Benefit to QIS and LTI participants who hold a "managerial or executive office" to which an exemption from section 200B may not apply and which together with other remuneration may exceed the maximum termination amount without shareholder approval.

Explanatory notes

(c) Reasons to give approval

Shareholder approval will allow QBE, where appropriate, to fulfil its DEA obligations under the QIS and also under the LTI. Share benefits align senior executives with shareholders. Directors believe granting approval is better for shareholders than for example increasing cash awards in future in lieu of share benefits.

Shareholder approval also assists QBE to retain, motivate and attract key employees, including for QBE's numerous businesses in markets with remuneration practices different to Australia's.

The share benefits under the QIS and LTI are consistent with such benefits as have been available since 2001. They have been disclosed in previous annual reports and notices of meetings. The Board continues to believe such benefits are suitable for QBE.

In general, the four circumstances above are beyond a senior executive's influence and do not involve poor performance.

The Directors consider it good corporate governance and prudent for the Company to seek shareholder approval for any Benefit which a QIS and LTI participant may receive under the QIS and LTI in the event of the four circumstances mentioned above.

Shareholders of other listed companies in Australia have approved resolutions like Resolution 4.

(d) Value of Benefit

The value of any Benefit cannot be ascertained at the present time. The Benefit will be the market value of the shares issued or transferred to the participant on leaving service (or any equivalent cash payment in lieu). Apart from the future share price being unknown, the participant's length of service, number of conditional rights granted each year, employee and QBE performance factors used for bonus calculations, level of cash awarded and amount of other remuneration are matters which will or are likely to affect the value of the Benefit.

For comparison, as at 17 February 2011, 494 senior executives held conditional rights over 5.4 million unissued shares and options over 8.4 million unissued shares in the Company which were granted under the terms of QIS or its predecessors and LTI. The Company's issued capital was 1,052 billion. During 2010, there were 512 QIS DEA participants and 13 LTI participants out of 14,670 employees.

(e) Amendment

The Directors may, for reasons such as changes in QBE's financial targets and remuneration practice, amend the QIS and LTI. Material changes will be disclosed in future remuneration reports and otherwise. Nevertheless, it is proposed that shareholder approval, if granted, will continue to apply if there is no substantial increase in an employee's benefits under the QIS and LTI.

(f) Voting

The Company will disregard any votes cast on Resolution 4 by any director of the Company and his or her associates except those who are ineligible to participate in QIS.

Similarly, any employees (and their associates) who hold a "managerial or executive office" in the Company or its related bodies corporate and may participate under the DEA and LTI should not vote in favour of Resolution 4 (assuming they wish to take advantage of Resolution 4 if passed).

However, the Company need not disregard a vote if:

- (i) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (ii) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

The Board (excluding Mr O'Halloran who has a personal interest) recommends that shareholders vote in favour of this resolution. None of the directors (excluding Mr O'Halloran who has a personal interest) have any interest in the outcome of the proposed resolution except to secure the services of senior executives on a continuing basis.

Explanatory notes

RESOLUTION 5 – re-election of Mr CLA Irby

Mr Irby is based in London and was appointed an independent non-executive director of the Company in June 2001. He is a member of the investment committee and of the European operations audit committee, having previously been its chairman.

Mr Irby spent 27 years with ING Barings Limited, specialising in corporate finance, advising companies on both hostile and recommended takeover offers and defences, mergers, joint ventures, mandated sales, financial restructurings and flotations, and was a senior UK adviser for that company between 1999 and 2001. He was chairman of Aberdeen Asset Management plc and is a director of Great Portland Estates plc and North Atlantic Smaller Companies Investment Trust plc in the UK. Mr Irby was formerly chairman of the London Investment Bankers' Association corporate finance committee and a member of the UK Panel on Takeovers and Mergers. He is a member of the advisory board of Nardello and Co together with being a trustee and governor of King Edward VII's Hospital, Sister Agnes (a charity), both in London.

Mr Irby is a Fellow of the Institute of Chartered Accountants of England and Wales and is aged 65.

The Board (with Mr Irby not voting) recommends that shareholders vote in favour of this resolution.



QBE Insurance Group Limited

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Sydney 2000 Australia
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www.qbe.com



QBE INSURANCE GROUP LIMITED

ABN 28 008 485 014

LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au

By mail:

QBE Insurance Group Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



By fax: +61 2 9287 0309



All enquiries to: Telephone: (02) 8280 7158 Overseas: +61 2 8280 7158



X99999999999

SHAREHOLDER VOTING FORM

I/We being a member(s) of QBE Insurance Group Limited and entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

the Chairman
of the Meeting
(mark box)☐

OR if you are NOT appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 10:00am on Tuesday, 5 April 2011, at the City Recital Hall, Angel Place Sydney, NSW, Australia and at any adjournment or postponement of the meeting.

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒

STEP 2

VOTING DIRECTIONS

Resolution 2

To adopt the remuneration report

For	Against	Abstain*
☐	☐	☐

Resolution 3

To approve the grant of conditional rights over the Company's ordinary shares under the 2010 QBE Incentive Scheme and 2010 LTIP to the CEO

☐	☐	☐
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Resolution 4

To approve the issue or transfer of the Company's shares under the QBE Incentive scheme and LTIP

☐	☐	☐
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Resolution 5

To re-elect Mr C L A Irby as a director

☐	☐	☐
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* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

IMPORTANT - VOTING EXCLUSIONS

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If the Chairman of the Meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of Item 3 above, please place a mark in this box. By marking this box, you acknowledge that the Chairman of the Meeting may exercise your proxy even though he/she has an interest in the outcome of Item 3 and that votes cast by him/her for Item 3, other than as proxyholder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Item 3 and your votes will not be counted in calculating the required majority if a poll is called on Item 3.

The Chairman of the Meeting intends to vote undirected proxies in favour of Item 3.

STEP 4

SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).

QBE PRX102



QBE Insurance Group

Instructions for completion of proxy form

INSTRUCTIONS FOR COMPLETION OF PROXY

Your vote is important. If you do not plan to attend the Meeting, you are encouraged to appoint an individual to attend and vote on your behalf as your proxy. Do this by completing and returning the proxy form. A proxy need not be a shareholder.

Corporate shareholders, please note: an individual intending to vote shares held in the name of a company **MUST** bring an authority from the company signed by the company in favour of the individual attending.

Appointment of a second proxy (optional). If you wish to appoint two proxies, an additional proxy form will be supplied by the share registry on request. If you appoint two proxies, please state the proportion of your voting rights given to the proxy appointed on this form. If no proportion is specified, each proxy will be entitled to exercise half of your voting rights. Please return both proxy forms together.

To complete the proxy form, please follow these steps:

1. Proxy's name (print in full)

Print the full name of the individual/body corporate you wish to appoint as your proxy in the box provided. Please do not put your own name here as shareholders cannot appoint themselves.

If you do not complete the box, the Chairman of the Meeting will be considered to be your proxy.

You can vote your shares by proxy even if you plan to attend the Meeting.

2. Directions to proxy (optional)

You may, if you choose, direct your proxy how to vote on particular items. Do this by marking the For, Against or Abstain box.

If a mark is placed in a box, your total shareholding will be voted in that way unless you appoint a second proxy (see above).

A direction to abstain will be treated as a direction that your proxy not vote on a particular item and your shareholding will not be counted in determining whether the required majority is reached on a poll.

3. Signature

The proxy form must be signed by the shareholder.

- for joint shareholdings, either holder may sign.
- if signed by an attorney, please send a certified copy of the power of attorney to the Company's share registry, Link Market Services Limited for noting, unless already noted. If signed under a power of attorney, the attorney hereby states that no notice of revocation of the power has been received.

4. Send the completed form (and relevant authorities) to Link Market Services Limited so that it is received no later than **10:00am Sydney time on Sunday, 3 April 2011.**

To do this, you may:

- use the enclosed reply paid envelope; or
- fax to +61 2 9287 0309; or
- mail to Locked Bag A14, Sydney South NSW 1235 Australia; or
- deliver in person to Level 12, 680 George Street, Sydney Australia; or
- lodge online at Link's website (www.linkmarketservices.com.au) in accordance with the instructions given there (you will be taken to have signed your proxy form if you lodge it in accordance with the instructions given on the website). You will need your Holder Identification Number (HIN) or Securityholder Reference Number (SRN), which can be found on the reverse of this form in the top right hand corner.

If you require further information on how to complete the proxy form, telephone Link Market Services Limited on +61 2 8280 7158.



QBE

QBE INSURANCE GROUP LIMITED

ABN 28 008 485 014

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SYDNEY NSW 2000 AUSTRALIA
PHONE +61 2 9375 4444
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QBE INSURANCE GROUP LIMITED

ABN 28 008 485 014

LODGE YOUR QUESTIONS



ONLINE >

www.linkmarketservices.com.au



By mail:

QBE Insurance Group Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



By fax: +61 2 9287 0309



All enquiries to: Telephone: (02) 8280 7158 Overseas: +61 2 8280 7158



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AREAS OF INTEREST TO SHAREHOLDERS

Your concerns as Shareholders are important to us. Please use this form to submit any questions about QBE Insurance Group Limited ("the Company") that you would like us to respond to at the Company's 2011 Annual General Meeting. Your questions should relate to matters that are relevant to the business of the meeting, as outlined in the accompanying Notice of Meeting and Explanatory Notes. If your question is for the Company's auditor, it should be relevant to the content of the auditor's report, or the conduct of the audit of the financial report.

This form must be received by the Company's share registrar, Link Market Services Limited, by **Tuesday, 29 March 2011**.

Questions will be collated. During the course of the Annual General Meeting, the Chairman of the Meeting will endeavour to address as many of the more frequently raised Shareholder topics as possible and, where appropriate, will give a representative of the Company's auditor, the opportunity to answer written questions submitted to the auditor. However, there may not be sufficient time available at the meeting to address all topics raised. Please note that individual responses will not be sent to Shareholders.

Question(s)

1. Question is for the ☐ Chairman or ☐ Auditor

2. Question is for the ☐ Chairman or ☐ Auditor

3. Question is for the ☐ Chairman or ☐ Auditor
