QBE Insurance Group Limited
ABN 28 008 485 014
Head Office
82 Pitt Street
SYDNEY NSW 2000
Australia
Postal Address
Box 82 GPO SYDNEY 2001
Telephone: +61 (2) 9375 4444
Facsimile: +61 (2) 9231 6104
DX 10171, Sydney Stock Exchange

28 February 2012

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

Dear Sir/Madam

QBE announces Group Chief Executive Officer succession

Please find attached an announcement for release to the market.

Yours faithfully,

D Ramsay

Duncan Ramsay
Company Secretary

Encl.

MARKET RELEASE

28 February 2012

QBE Insurance Group announces Group Chief Executive Officer succession

QBE's Chairman, Belinda Hutchinson, today announced that after 14 years as the Group Chief Executive of QBE Insurance Group, Frank O'Halloran will be retiring on 17 August 2012 allowing for a six month handover to John Neal, who is currently the CEO of QBE's Global Underwriting Operations. John will also join the QBE Board.

Belinda Hutchinson said, "The detailed succession planning for the Group Chief Executive role has been underway for over two years, including a rigorous internal and external candidate review process. The Board is particularly grateful for Frank's continuing strong leadership of QBE through the global financial crisis, through 2011 with its record level of natural catastrophes, and in working with the Board to enable a smooth transition for his succession.

"Since taking on the role of Group Chief Executive in 1998, Frank has been the architect of QBE's international expansion and has grown premiums from around US$1.5 billion per annum to US$18 billion. QBE now employs over 16,000 people in 52 countries and is one of the top 20 global insurance and reinsurance companies. This transformation has been achieved while consistently recording underwriting results that place QBE among the very best in our industry with strong returns for shareholders over the period.

"Frank's contribution to the business has been immense including developing and embedding the "can do" OPENUP QBE culture throughout its global operations. His knowledge, experience and leadership have been of enormous value to QBE and the industry, as was demonstrated in 2010 when he was inducted into the International Insurance Hall of Fame by his global peers.

"Frank is keen to continue working with QBE, and we are pleased that he has agreed to return as a non-executive director shortly before the 2013 Annual General Meeting. We believe his continued involvement on the Board will be welcomed by investors.

"John Neal is a very experienced and capable insurance executive with strong underwriting skills. Prior to joining QBE, John was the CEO and the lead shareholder of Ensign, a highly profitable Lloyds' specialist commercial motor insurer. Following eight successful years in QBE's European Operations, most notably in the roles of Chief Underwriting Officer and Chief Operating Officer, John moved to head office in Sydney in 2011 to manage our global underwriting operations, working closely with Frank and the Group Executive. As CEO Global Underwriting Operations, John has introduced a series of global forums designed to maximise synergies across our divisional businesses, and driving both strong underwriting discipline as well as operational and cost efficiencies. The Board continues to be impressed by John's excellent leadership capabilities."

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Commenting on his decision to retire as Group Chief Executive, Frank O'Halloran said, “QBE has been a large part of my life for 35 years. I love this company and the people who make it. One of my priorities over the last couple of years has been to assist the Board in identifying and mentoring the best possible candidate to take on the Group Chief Executive role when my time came to retire.

“I first met John Neal in August 2000 and was extremely impressed with his abilities. In 2003, we were fortunate to be able to buy that business. I have every confidence in John’s ability to further strengthen and grow our global operations and enhance QBE’s unique culture, and I am absolutely delighted that he will be QBE’s next Group Chief Executive.”

Commenting on his appointment, John Neal said “I have worked closely with the Group Executive team over the last year and am honoured to follow Frank as Group CEO and to build on the strong legacy he has created for QBE. Frank and I will work together over the next six months as I transition into my new role.”

For further information, please contact:

Investor Relations
Tel: +61 2 9375 4636
investor.relations@qbe.com

QBE Insurance Group Limited
ABN 28 008 485 014
82 Pitt Street
SYDNEY NSW 2000
Australia

Media Enquiries
Francine McMullen
Group Head Corporate Communications
Tel: +61 (0) 412 223 485

David Symons
Tel: +61 (0) 410 559 184
mediaenquiries@qbe.com

www.qbe.com

QBE Insurance Group Limited is listed on the Australian Securities Exchange, is recognised as one of the top 20 global insurance and reinsurance companies as measured by net earned premium and has operations in 52 countries.

Biographical details for John Neal

John Neal has over 25 years experience in the insurance industry, including eight years at QBE Insurance Group. Since January 2011 he has been Chief Executive Officer Global Underwriting Operations.

John joined QBE in 2003 through the acquisition of Ensign, a Lloyd's Managing Agent of which he was Chief Executive and lead shareholder. At the time of the sale to QBE, Ensign was the leading brand in the specialist field of Commercial Motor insurance in the UK, with CORs of better than 80% and ROEs in excess of 20% over a number of years. Under John's leadership, the business had grown from a base of £13m gross written premium to around £250m at the time of acquisition.

On joining QBE, John was immediately appointed to the Board of QBE's European Operations, spending the next seven years in a range of senior management roles in Europe before taking on his current Sydney-based position in January 2011. John's responsibilities in Europe included a period as Chief Operating Officer for the wholesale, retail and reinsurance aspects of the combined European Operations business, followed by two years as Chief Underwriting Officer for Europe.

In his time at QBE, John has established a reputation for his capacity to act as a catalyst for change. He has led a number of business transformation initiatives, including implementing a bespoke "Product and Distribution model" which allowed QBE to focus on retaining its deep technical expertise in underwriting whilst creating new access to customer distribution channels in UK and Europe and maintaining a high level of profitability.

Together with QBE's European CEO, John led the unification of a number of brands - including Limit, Minibus Plus and Iron Trades - under the QBE brand across Europe and the UK. In addition, they integrated an office network of 15 country general managers across Europe under one management team and operating model. During his 7 years with QBE's European Operations, those operations produced an insurance profit of GBP 2.23 billion and an average return on allocated capital of 26.6%.

In 2009, John sponsored a major programme of change to transform European Operations' support services including IT, operations and claims into an efficient, effective and scalable solution.

Subsequent to being appointed CEO Global Underwriting Operations, with responsibility for the underwriting operations within all of QBE's divisions, John sought to maximise the benefits of QBE's Divisional expertise through better coordination on a Group-wide basis. Central to these efforts was the creation of a number of global Forums with responsibility for progressing global business development initiatives in the areas of underwriting, operations and IT, risk, reinsurance and HR.

John is 47 and lives in Sydney with his wife Helen. He has two children. He is a keen supporter of cricket, football and rugby union.

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QBE Insurance Group Limited
Summary of key terms and conditions of employment of Mr John Neal

1. Appointment

Mr John Neal is appointed to the position of Group Chief Executive Officer and Executive Director of the Group Board.

2. Term

This is a permanent full-time appointment effective 17 August 2012 on an ongoing basis with no fixed term.

3. Responsibilities and Authorities

Mr Neal's duties are those expected of the Group CEO, reporting to the Group Board of Directors. Mr Neal will manage the Group under delegated authority as approved by the board annually.

4. Remuneration

Mr Neal's remuneration will be as follows:

i Fixed Remuneration

Mr Neal's fixed remuneration includes a cash salary, salary sacrifice benefits and any associated fringe benefit tax cost, and superannuation totalling A$2.1 million per annum. This will be reviewed annually by the Group Board Remuneration Committee with external independent advice.

ii At-Risk Reward

QBE Incentive Scheme (QIS)

Mr Neal will be eligible for a discretionary annual incentive award under the terms of the QBE Incentive Scheme (QIS). This at-risk reward will consist of two elements: a cash award and a deferred equity award. A cash award is delivered annually for meeting return on equity targets. The maximum cash award is 135% of fixed remuneration.

The deferred equity award of conditional rights to QBE shares will be split equally and is subject to a 3 and 5 year tenure hurdle respectively. The maximum award is based upon the lesser of either 80% of the cash incentive or 100% of fixed remuneration.

Any awards made under the QIS are subject to approval by the Group Board Remuneration Committee and QBE's results.

iii Long Term Incentive (LTI) scheme

Mr Neal will be eligible for an annual long term incentive (LTI) award equal to 50% of his fixed remuneration which is subject to achieving two future performance hurdles over five years.

LTI grants are made in March of each year. Further details on QBE's at-risk reward schemes are available in the 2011 Annual Report.

iv Performance Incentive on appointment

Mr Neal will be allocated 90,000 conditional rights in QBE shares. Vesting is subject to ROE performance hurdles as well as Mr Neal's remaining in employment 3 years from the date of his appointment to the role of Group CEO. If either the threshold ROE targets are not obtained or Mr Neal's employment terminates for any reason before the third anniversary of his appointment, the conditional rights will lapse.

5. Termination

Mr Neal may resign at any time on giving 12 months' notice and QBE may terminate Mr Neal's employment on 12 months' notice. QBE will pay all remuneration due to Mr Neal during the notice period and any statutory entitlements owing to Mr Neal on termination of his employment. Other remuneration, including deferred equity awards or LTI not vested, may be paid or retained at the Board's discretion. Payments and benefits will be subject to any shareholder approvals that may be required by law.

In the event of termination due to death or diminution in area of responsibility, Mr Neal will be eligible for pro-rata award under the QIS terms and part of the LTI through staged vesting.

On termination of Mr Neal's employment by QBE for any reason other than on grounds justifying summary dismissal, diminution of responsibility, death or disability, Mr Neal will receive payment for past service with the QBE Group. This payment will be calculated on the basis of three week's base cash salary for each completed year of service, capped at 12 months' base cash salary. If Mr Neal terminates his employment of his own accord, he will not be entitled to this payment.

If Mr Neal's employment is terminated on grounds justifying summary dismissal, only accrued fixed remuneration and statutory entitlements would be paid.

6. Restraint of Trade

Mr Neal is restrained from competing with QBE and from soliciting employees, customers and suppliers for a 12 month period, from the earlier of the start of a notice period or post employment.

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