



QBE Insurance Group Limited
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17 May 2012

Ms S Yong
ASX Compliance Pty Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Ms Yong

Re: Appendix 3Y – change of Director's Interest Notice

I refer to your letter of 15 May 2012.

As QBE takes its disclosure obligations seriously, we regret this breach.

The breach was due to an oversight in relation to the vesting of unlisted conditional rights, the grant of which were referred to in the 2008 annual report (page 58) and our Appendix 3Y lodged on 9 April 2009.

We also note the vesting was satisfied by QBE buying existing shares on market.

Hence this is very different to a fresh issue of new shares without prior disclosure.

In terms of your questions, using your numbering:

1. It was an administrative error. There was no fault by Mr O'Halloran.
2. We have written arrangements with our Directors, including a share trading policy last updated March 2012. The Directors are aware of their obligations to notify us based on similar prior notices.
3. The current arrangements with Directors are adequate. We need to be more careful in future with our internal procedures. We have complied with ASX Listing Rule 3.19A.2 many times. Unfortunately we did not do so here.

Yours sincerely

A handwritten signature in blue ink that reads "D Ramsay".

Duncan Ramsay
General Counsel & Company Secretary



15 May 2012

Duncan Ramsay
General Counsel and Company Secretary
QBE Insurance Group Limited
GPO Box 82
Sydney NSW 2001

By email

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Dear Duncan

**QBE Insurance Group Limited (the "Company")
Appendix 3Y – Change of Director's Interest Notice**

We refer to the following:

1. The Appendix 3Y lodged by the Company with ASX Limited ("ASX") on 5 April 2012 for Mr Francis Michael O'Halloran (the "Appendix 3Y"); and
2. Listing rule 3.19A.2 which requires an entity to tell ASX the following:

A change to a notifiable interest of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust). The entity must complete Appendix 3Y and give it to ASX no more than 5 business days after the change occurs.

3. Listing rule 3.19B which states as follows:

An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the entity all the information required by the entity to give ASX completed Appendices 3X, 3Y and 3Z within the time period allowed by listing rule 3.19.A. The entity must enforce the arrangements with the director.

4. The Companies Update dated 27 June 2008, reminding listed entities of their obligation to notify ASX within 5 business days of the notifiable interests in securities held by each director and outlining the action that ASX would take in relation to breaches of listings rules 3.19A and 3.19B.

The Appendix 3Y indicates that the changes in the director's notifiable interests occurred on 5th March 2012. It appears that the Appendix 3Y should have been lodged with ASX in respect of these changes by 13th March 2012. Consequently, the Company may be in breach of listing rules 3.19A and/or 3.19B.

Please note that ASX is required to record details of breaches of the listing rules by listed companies for its reporting requirements.

ASX reminds the Company of its contract with ASX to comply with the listing rules. In the circumstances ASX considers that it is appropriate that the Company make necessary arrangements to ensure there is not a reoccurrence of a breach of the listing rules.

Having regard to listing rules 3.19A and 3.19B and Guidance Note 22: "Director Disclosure of Interests and Transactions in Securities - Obligations of Listed Entities", we ask that you answer each of the following questions:

1. Please explain why the Appendix 3Y was lodged late.
2. What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?
3. If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B?

Your response should be sent to me by a return e-mail or by facsimile on facsimile number **(02) 9241 7620**. It should not be sent to the Company Announcements Office.

A response is requested as soon as possible and, in any event, **not later than close of business (Sydney time) on Friday, 18 May 2012**.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a form suitable for release and must separately address each of the questions asked. If you have any queries or concerns, please contact me immediately

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Yours sincerely

[Sent electronically without signature]

Stephanie Yong
Senior Adviser, Listings (Sydney)