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

12 October 2012

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

Dear Sir/Madam,

QBE North America Investor and Analyst Day presentation – 12 October 2012

Please find attached a copy of a presentation from QBE North America to be delivered today in New York.

Yours faithfully

D Ramsay

Duncan Ramsay
Company Secretary

Encl.

QBE INSURANCE GROUP

QBE North America

Investor and analyst day presentation
October 12, 2012

All amounts in US dollars unless otherwise stated

Agenda

- **Introduction and North American Overview**
  - John Rumpler – President & Chief Executive Officer, QBE North America
- **QBE FIRST**
  - CD Davies – Chief Executive Officer, QBE FIRST
  - Matt Freeman – Mortgage & Lender Services Executive, QBE FIRST
- **NAU/Crop**
  - Greg Deal – President & Chief Executive Officer, NAU Country Insurance
  - Jim Korin – Chief Operating Officer, NAU Country Insurance
- **Intermediary Distribution**
  - Mike Scala – President, Intermediary Distribution
  - Tony Cid – Head of Regional Business
  - Doug Bennett – Head of Program Business
  - Mark Leverick – Head of Major Brokers Business
- **Group Reinsurance Management (including Equator Re)**
  - Jim Fiore – Head of Group Reinsurance
- **QBENA Risk Management**
  - John Langione – Chief Risk Officer, QBE North America
- **Closing Q&A**
  - John Rumpler – Chief Executive Officer, QBE North America
  - Chris Fish – Chief Financial Officer, QBE North America
  - John Langione – Chief Risk Officer, QBE North America

Agenda

- **North America – Introduction and Overview**
- QBE FIRST
- NAU/Crop
- Intermediary Distribution
- Group Reinsurance Management (including Equator Re)
- QBENA Risk Management
- Closing Q&A

North America

John Rumpler - President & CEO, QBE North America

North America: market position

- Latin America, with 2012 forecast premium of $1.2BN, operates as a stand-alone division of the QBE Group in 2012
- 2012 forecast gross written premium of US$6.6BN
- Represents roughly 1.5% of the US non-life insurance market
- US focus currently on specialist and SME sectors targeting selected commercial, personal and agricultural risks, including
  - QBE has approximately 15% of the US multi-peril crop market
  - QBE provides service and underwriting facilities to US banks, writing $1.7BN of premium mainly on householder insurance covers
  - Over $420M of inwards reinsurance business focused on regional insurance markets
- Key strategy remains achieving wide geographic and product diversification that balances the portfolio across commercial and specialty lines

North America: historical overview

1991	1993	1997	2001	2005	2006	2007	2008	2009	2010	2011

US Representative Office set-up

American Royal Re (Reinsurance) acquired and Specialty Insurance business units created

Farmers Union Insurance and QBE Agri business added

Winterthur US acquired: Regional business unit formed

Praetorian Financial Group and North Pointe Insurance acquired

Sterling National is acquired

US Agencies is formed with MGA acquisitions

NAU acquired

Balboa portfolio acquired

Ren Re US business acquired

North America: current / historical financials

		Year ended 31 December					
		1H12	**1H11**	**FY11**	**FY10**	**FY09**	**FY08**
Gross written premium	US$M	3,228	3,144	7,529	4,606	3,648	3,417
Net earned premium	US$M	1,609	1,572	4,018	2,555	2,211	2,332
Combined operating ratio	%	94.3	88.3	90.6	89.1	89.0	93.9
Insurance profit	US$M	129	264	440	356	326	271
Insurance margin	%	8.0	16.8	11.0	13.9	14.7	11.6

4 year average *(2008- 2011)*

GWP growth (CAGR)	%	21.8
COR	%	90.6
Insurance Margin	%	12.5

NEP/COR/IP is after internal reinsurance

North America: distribution and product mix

2012 Forecast GWP US $6.6BN

Reinsurance

US$420M
(6%)

Intermediary

US$1.300BN
(20%)

Program

US$1.550BN
(23%)

Crop

US$1.630BN
(25%)

QBE FIRST

US$1.700BN
(26%)

North America: market conditions and FY12 outlook

- 2012 represents a year to focus on consolidation following recent acquisitions
- Rate increases in 2012 overall expected to be greater than 6%, exceeding those achieved in 2011
- Current assessment of the impact of drought conditions on QBE's crop business expected to result in a business-specific COR of 99% to 102% on estimated NEP of $1.2BN
- Economic recovery and housing market stability slower than expected
- Moderate price reductions in the lender-placed business are expected as consultations with regulators are on-going
- Benefits expected from on-going integration of QBE FIRST and improved underwriting performance across program and intermediary businesses

North America: key expense initiatives

- Target improvement in underwriting profit of $120M over next 3 years in claims and operating costs
  - Regional Insurance Claims – four operations consolidated into one
  - Program Insurance Claims – aligned with distribution streams and enhancing claims handling practices
  - Functional centers of expertise implemented
  - Single, web-based framework for claims cost leakage measurement implemented across North America to identify and action cost savings
  - TeleClaim Center fully operational following consolidation
- Continued consolidation of IT infrastructure to be completed in 2012/3
- Investment in increased straight through processing capabilities for all personal and SME commercial lines over 2011 to 2014 to increase speed to market and operational efficiency

North America: looking ahead

Opportunities

- Deliver synergies from acquired businesses
- Leverage business relationship with financial institutions
- Continue to capitalize on market hardening and additional possible rate increases above those achieved in 1H12 in personal and commercial lines
- Improvement initiatives in program and intermediary portfolios

Focus

- Implement broad systems, data and process enhancement initiatives
- Monitor the impact of worst drought conditions in 50 years
- On-going management of regulatory environment and relationships
- Progress the exit of transition, service agreement with Bank of America in 2013

Agenda

- Introduction and North American Overview
- **QBE FIRST**
- NAU/Crop
- Intermediary Distribution
- Group Reinsurance Management (including Equator Re)
- QBENA Risk Management
- Closing Q&A

QBE FIRST

CD Davies – Chief Executive Officer, QBE FIRST

Matt Freeman – Mortgage & Lender Services Executive, QBE FIRST

QBE FIRST (2012 Forecast GWP $1.7 BN)

Two primary business segments

Mortgage & Lender Services (87% of GWP)

- Provides home and auto insurance tracking and property tax solutions to mortgage servicing clients and other financial institutions
- Value added services:
  - Insurance tracking solutions
  - Real estate tax tracking and disbursement
  - Insurance recovery services
- Insurance products include:
  - Lender placed hazard, flood, wind and REO
  - Collateral protection insurance
  - GAP

Consumer & Affiliated Agencies (13% of GWP)

- Provides voluntary insurance products distributed primarily through financial institutions, homebuilders and other key partners
- Value added services:
  - Proprietary technology facilitates homebuilder client retention
  - Combined home and auto insurance on a national platform for financial institutions
- Insurance products include:
  - Homeowners insurance
  - Personal auto insurance
  - Renters insurance

QBE FIRST - Strategic Distribution

One of the largest U.S. distributors of insurance products through financial institutions

Mortgage & Lender Services

Direct

- Conducts business with the servicing divisions of some of the largest U.S. financial institutions as well as non-bank, specialty mortgage servicers

Indirect

- Distributes products to small and mid-sized financial institutions, primarily through managing general agents and other intermediaries

Consumer & Affiliated Agencies

Direct

- QBEF has longstanding relationships with 18 of the top 25 U.S. homebuilders (of which 14 are preferred distribution relationships)
- Distribution of renters insurance through the top 4 multiple dwelling unit management companies in the U.S., representing over 17 million apartment units

Indirect

- Mortgage origination and bank agency distribution with two of the largest U.S. financial institutions (~50% of new U.S. mortgage origination market)

QBE FIRST

Lender Placed Hazard Insurance - Process

1 **Home Purchase**

- Most individuals borrow money to purchase a home
- Loan documents require insurance coverage on the property at all times
- Proof of insurance coverage required at loan closing

2 **Lenders can:**

1. Retain Loan on Balance Sheet
2. Sell to Secondary Market

3 How do investors protect their interest?

How do investors know which loans do or do not have insurance?

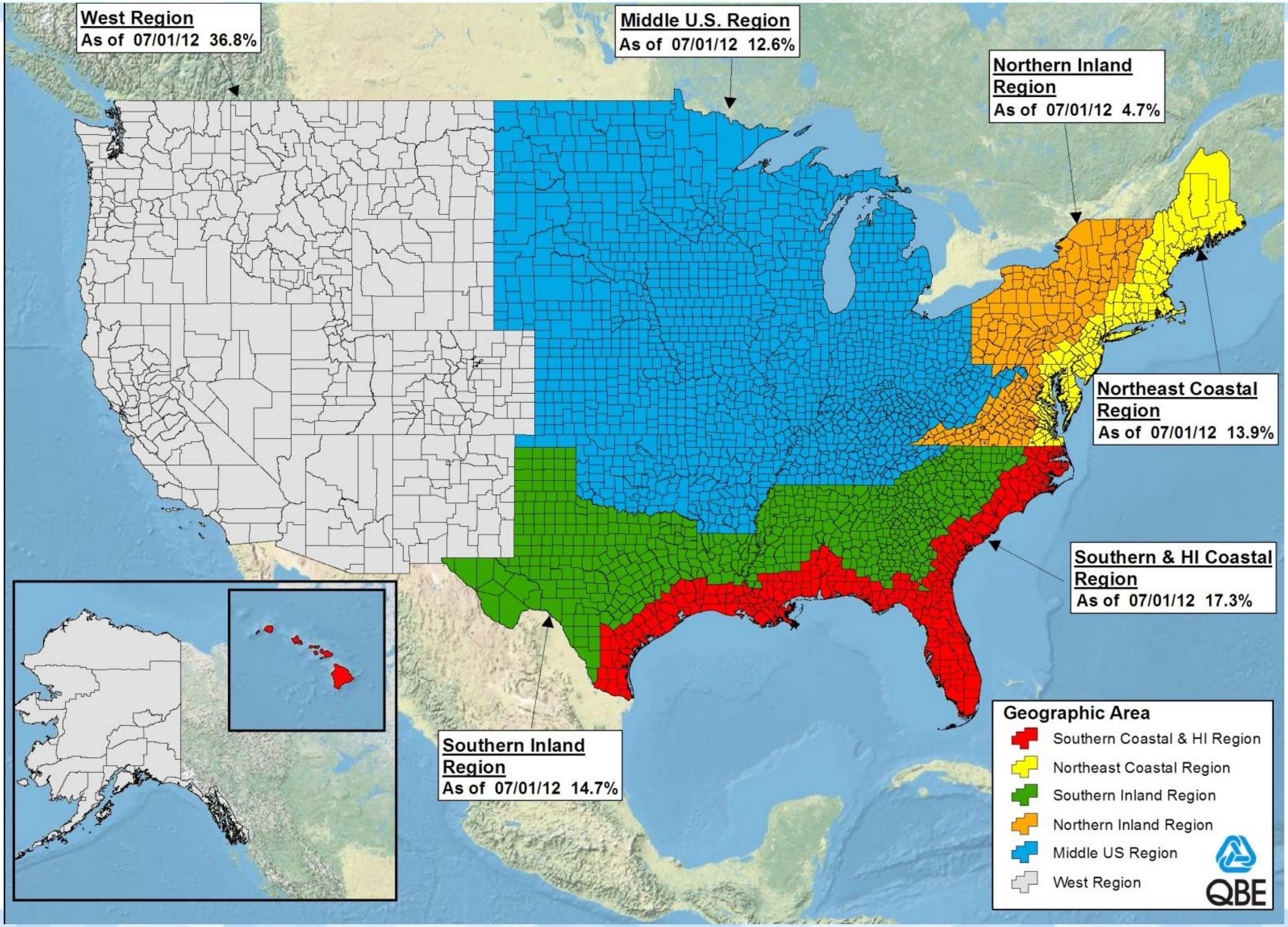
4 U.S. mortgage servicers are **required** to obtain insurance over the mortgages they service on behalf of their investors. In addition, mortgage servicers will retain insurance for safety/soundness purposes for mortgages they "hold-for-investment".

5 QBEF has a sophisticated loan tracking engine and process to determine if the mortgages have insurance or not

6 If there is a lapse in a borrowers homeowners insurance coverage, QBEF will place a QBE lender-placed insurance coverage

Payment of lender-placed insurance is advanced by the financial institution (minimal credit risk to QBEF)

QBE FIRST
Geographic spread by total insured value



- Data as of July 2012
- Includes business generated by QBE FIRST and written with QBE carriers

QBE FIRST

Mortgage & Lender Services

- **Strong market position**
  - Estimated 33% market share (based on loans serviced)
- **Breadth of offering**:
  - Home and auto insurance tracking
  - Real estate tax services
- **Leading edge technology**
  - Complex IT systems support tracking and customer care operations
- **Experienced management team**
  - Best of breed from Balboa and Sterling National
- **Above return on equity targets**
  - Historical above average returns through the cycle for net service income and underwriting profit

QBE FIRST
Consumer & Affiliated Agencies

- **Attractive economics in a competitive industry**
  - Homebuilder channel offers attractive risk (new homes, creditworthy policyholders, pride of ownership)
  - Product is sold on a timing advantaged and convenience basis, not price
  - Loss ratios on homebuilder book are significantly below industry averages
  - Good spread of risk, with no direct Florida exposure
- **Strong history with U.S. homebuilders**
  - Experienced and highly-respected management team
  - 85% of top 25 homebuilding market and has an average relationship of over 10 years
- **Favorable macroeconomic outlook**
  - U.S. housing starts expected to increase 23% in 2012 and 20% in 2013[1]

[1] NAHB Housing Economics – 8/2012 Forecast

QBE FIRST

Legal and Regulatory Update

- Core LPI product anticipated to be completely transitioned to admitted paper in all states by year-end
- Working with Government Sponsored Enterprises (e.g. Fannie Mae) on potential mortgage servicing guideline changes
- Regular interaction with state insurance regulatory community regarding rates and business practices
- Increasing activity with federal regulatory agencies regarding consumer disclosures (e.g. Consumer Financial Protection Bureau)
- Litigation activity being managed constructively

QBE FIRST
Integration Update

- Conversion from Balboa to QBE paper predominantly completed as of June 1, 2012
- Transition and exit program from Bank of America shared services is on schedule
- Expected efficiencies from the integration of shared services as well as from consolidation of tracking operations and related systems in 2013 and 2014
- No major client losses as result of transition

QBE FIRST

Q & A

Agenda

- Introduction and North American Overview
- QBE FIRST
- **NAU/Crop**
- Intermediary Distribution
- Group Reinsurance Management (including Equator Re)
- QBENA Risk Management
- Closing Q&A

NAU/Crop

Greg Deal – President & Chief Executive Officer, NAU Country Insurance

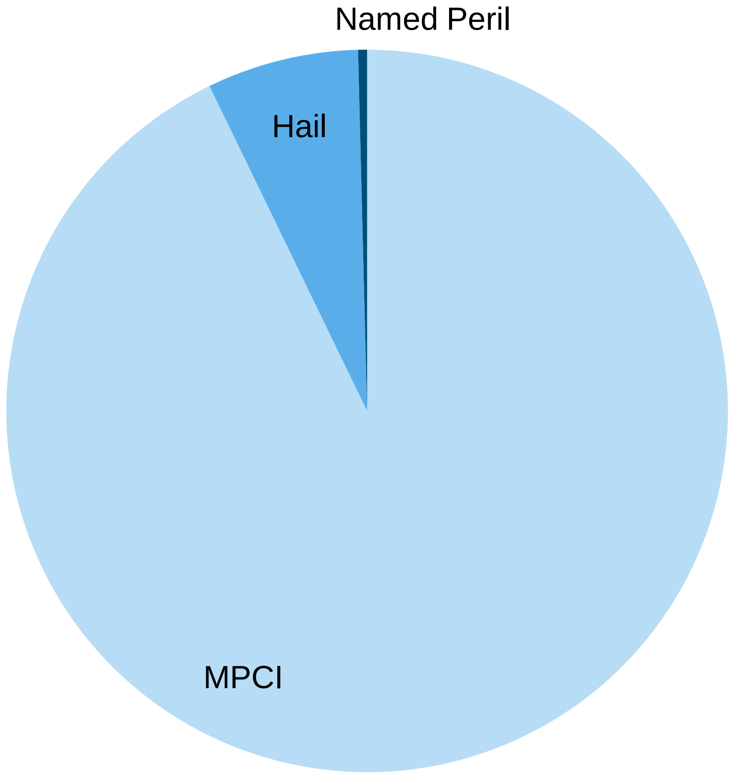
Jim Korin – Chief Operating Officer, NAU Country Insurance

Crop insurance (2012 GWP $1.63 BN)

- NAU is the third largest underwriter and manager of multi peril crop insurance (MPCI) in the U.S. with an approximate 15% share
- MPCI is a U.S. government sponsored program to assist farmers with insurance of crops
- NAU writes business covering 84 different crops, spanning 52 million acres for 93,000 policies
- The head office of NAU is in Ramsey, Minnesota. There are 11 other branch and regional offices throughout the Midwest and California. Soon to open a 12th in North Carolina
- NAU's infrastructure is well developed with more than 570 employees, established and proven distribution, robust and mature administration and IT systems and a qualified and experienced team of insurance professionals

Crop insurance business mix

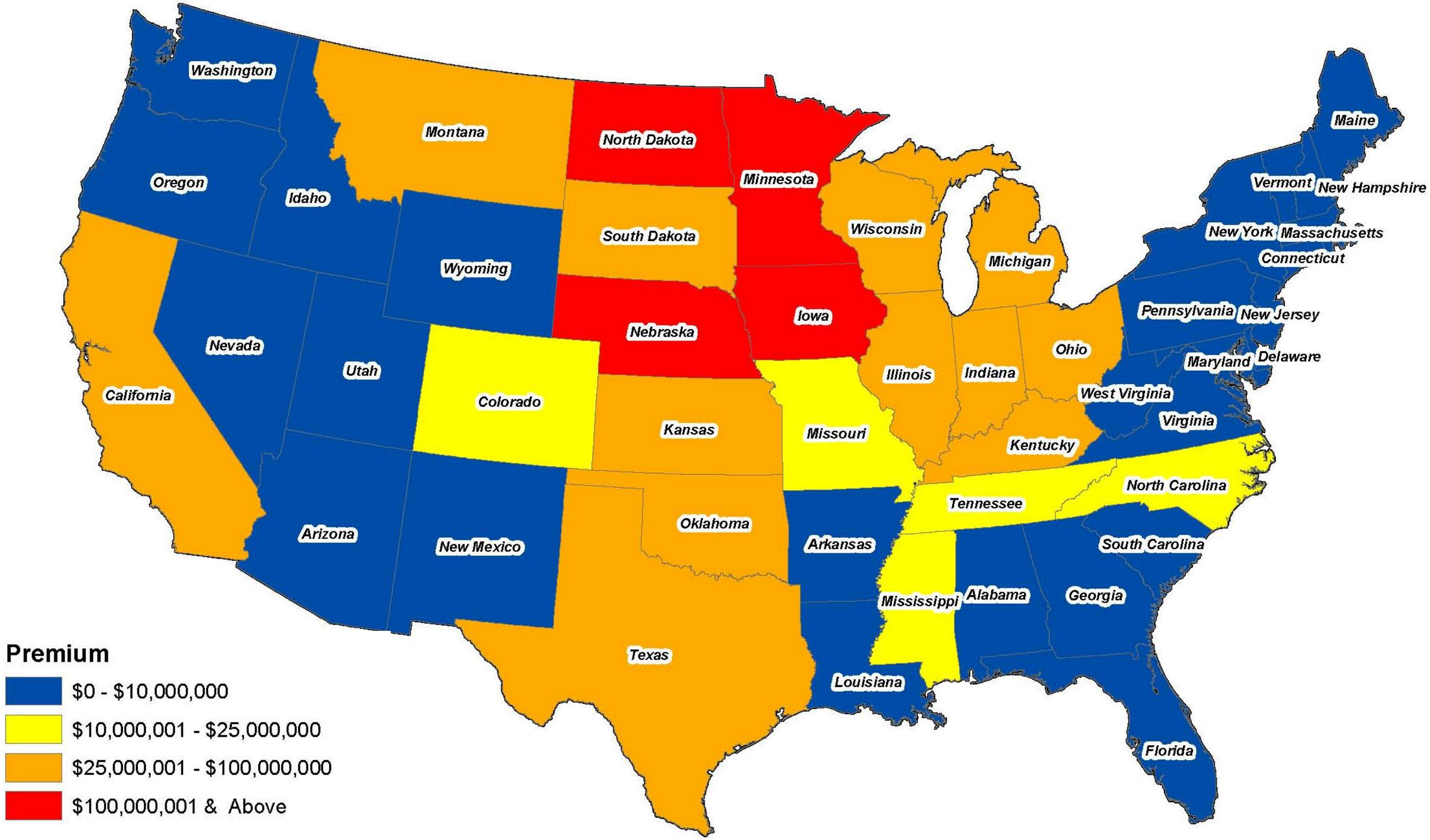
Crop 2012 Forecast GWP by Line of Business
100% = $1,630M



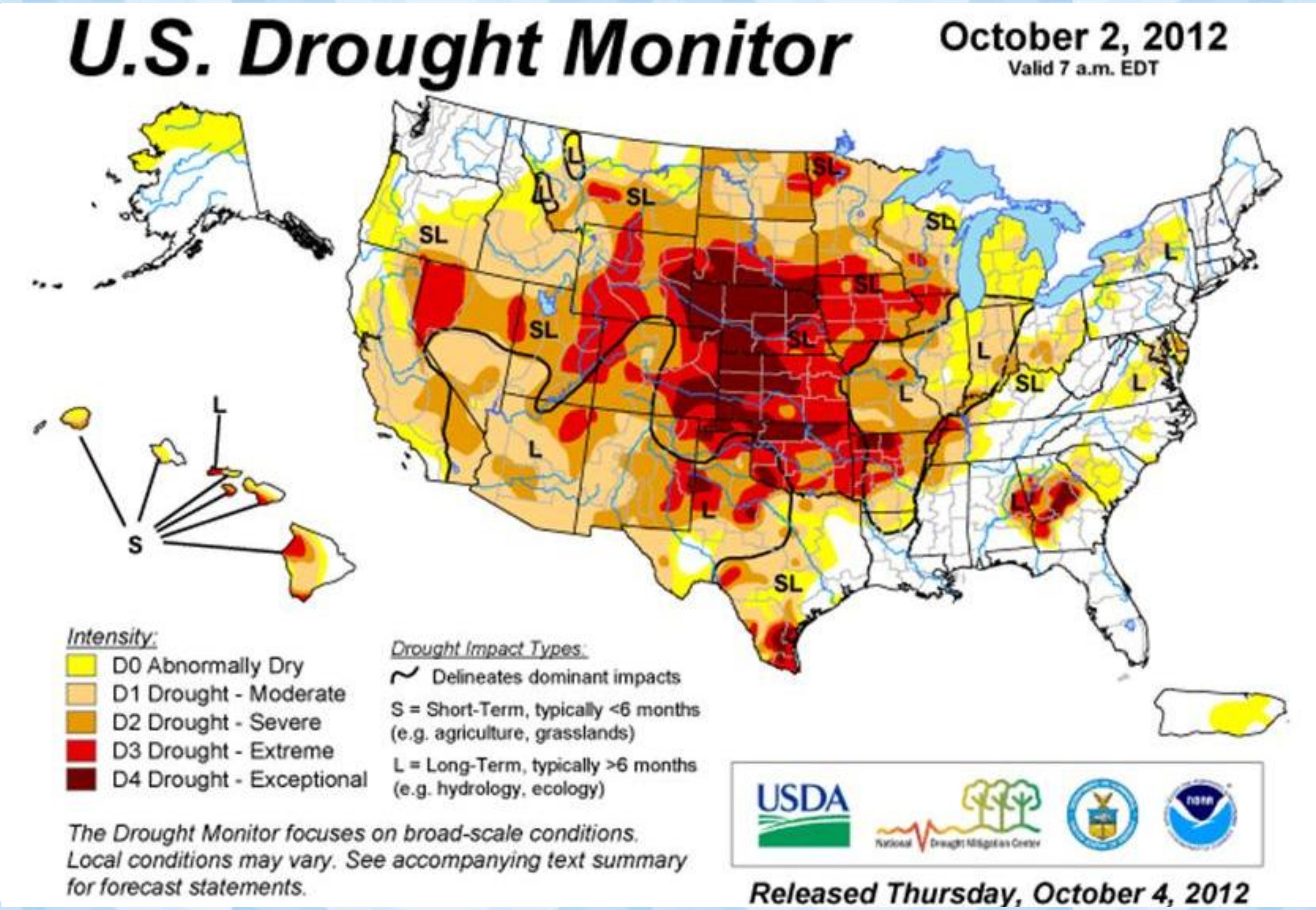
Multi peril crop insurance retention review

- Government sets the rates
- Government protection
  1. Assigned risk allows us to cede poor policies/crops/counties to the government
  2. Balance is retained in commercial fund with stop loss protection
  3. Government takes all exposures over 500% loss ratio in any state
- Current drought conditions could result in significant gross losses, despite government protection
- However, purchase of stop loss in commercial markets manages our maximum probable exposures to a net combined ratio around 102%

US crop insurance geographic premium mix, 2012



US drought monitor (as of October 4, 2012)



Source: http://droughtmonitor.unl.edu, Anthony Artusa NOAA/NWS/NCEP/CPC

QBE's crop insurance strengths

- Industry leading insurance technology platform: policy quoting, processing/underwriting, claims
- Dedicated seasoned underwriting and loss adjustment teams to service crop business
- Clearly defined strategy focusing our resources on targeted business opportunities
- Executive staff long term experience in the crop insurance industry
- Experience with Treaty and Excess Loss programs
- Strength of government catastrophic reinsurance protection (maximum loss by state is capped)

NAU leaders in technology

NAU's proprietary software, developed on an Oracle data base, is the backbone of our operations and key to our profitability and strong agency relationships

NAU possess the most advanced technology for reporting and production gathering:

- Automated policy quoting and processing
- Programmed edits to avoid errors in underwriting
- Satellite imagery to better understand risks of flooding and other natural disasters and ease of reporting
- Proprietary database with loss histories of thousands of farms

The NAU automation system is compromised of four separate modules:

eASYquote

Facilitates communication between agent and farmer when determining coverages and costs for complex MPCI policies

eASYwriterPRO

Allows NAU agents to process policies, reports and changes in a timely and accurate manner via the Internet

eASYmapping

Produces maps of insureds' crop exposure to facilitate more convenient planting and claims filing

eASYjusterPRO

First MPCI writer to roll out an online loss adjusting tool to improve the handling of MPCI and Crop/Hail claims

NAU regulations

1. Federal government oversight
   - Approval process is rigorous
   - Daily review of policy and claim data filings
   - Monthly accounting reports
   - Stringent claims review process
     1. 200k reviews
     2. 500k reviews
     3. Data missing
     4. Standard overall review process
   - National Financial Review (3 year cycle)
   - National Operations Review (3 year cycle)
   - Other ongoing review
2. State Regulatory Review

NAU/Crop

Q & A

Agenda

- Introduction and North American Overview
- QBE FIRST
- NAU/Crop
- **Intermediary Distribution**
- Group Reinsurance Management (including Equator Re)
- QBENA Risk Management
- Closing Q&A

Intermediary distribution

Mike Scala – President, Intermediary Distribution

Tony Cid – Head of Regional Business

Doug Bennett – Head of Program Business

Mark Leverick – Head of Major Brokers Business

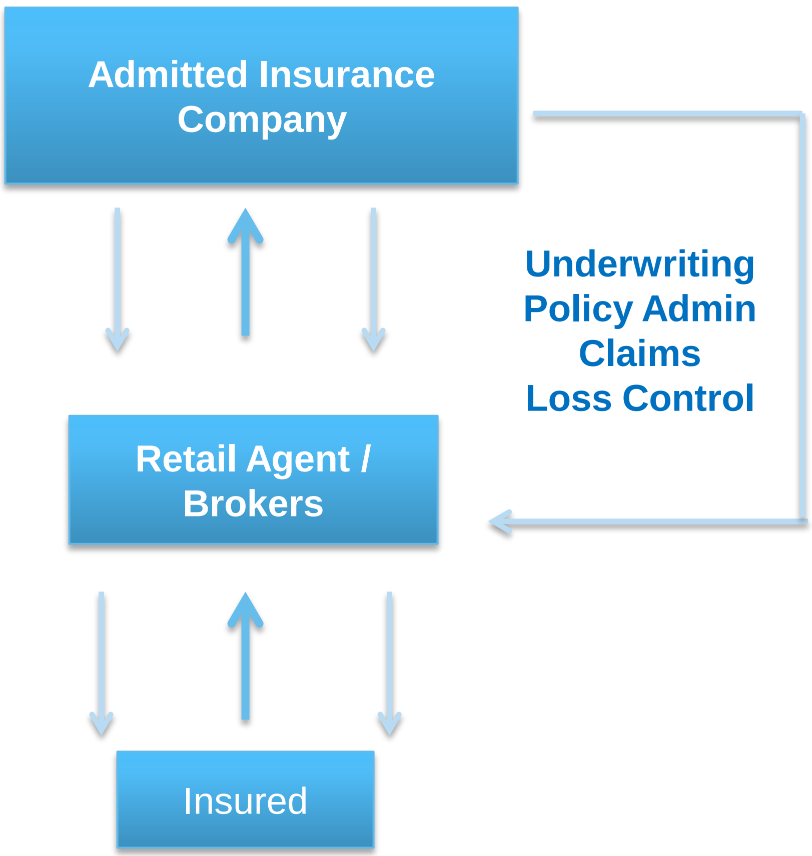
US insurance market conditions

- Generally strong H1 underwriting results - significantly reduced Cats YOY
- Pricing strengthened between 4-5% on average - Property leading the increases (+6% in July)*
- Prior year reserve releases for the overall market continue but slowing down
- Investment yields continue to challenge the industry
- No major entrants or exits from the US market

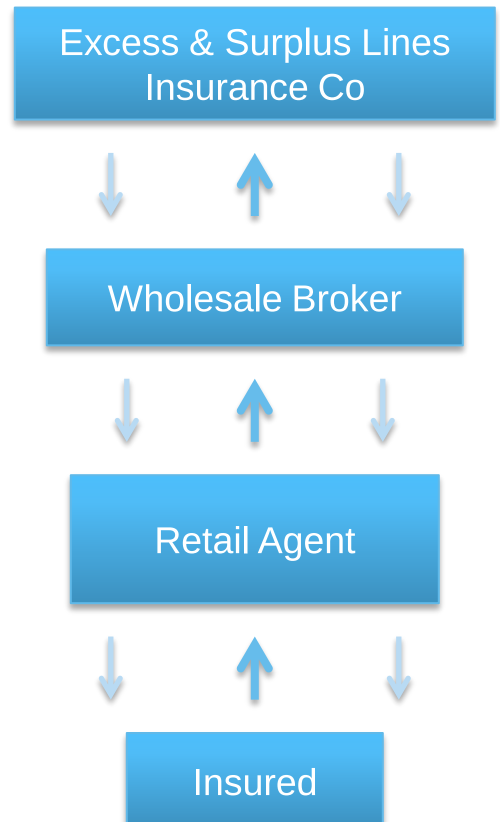
*Source: Market Scout P&C Rate Barometer Aug '12

Overview of traditional and non-traditional channels

Traditional Channel



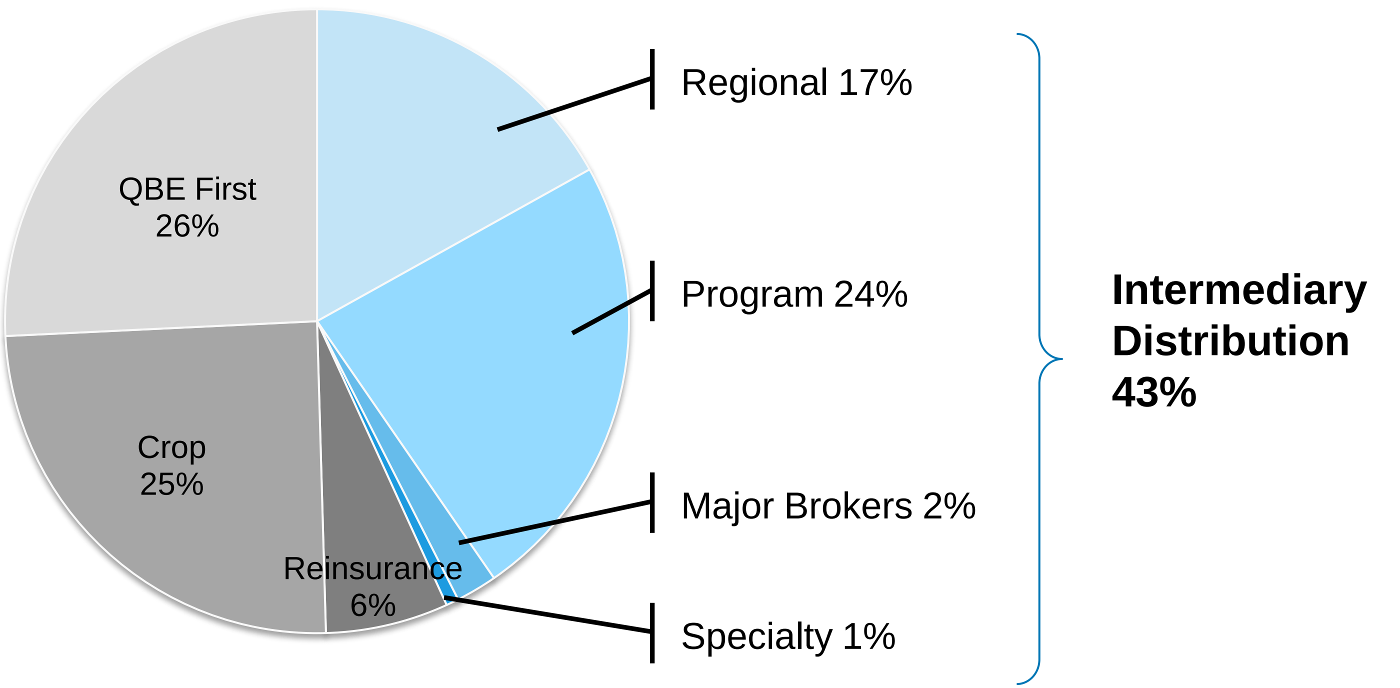
Non-traditional Channel



QBE North America – Intermediary Distribution

Intermediary distribution is expected to contribute 43% of QBE North America's GWP in 2012

QBENA 2012 Forecast GWP by Business Unit
100% = $6,600M



Overview of Intermediary Distribution

Intermediary Distribution comprises 4 distribution channels

Intermediary Distribution

	Regional	Program	Major Brokers	Specialty
Description	Production through Exclusive and Independent Agents	Business largely sourced through Managing General Agents; A&H	Business sourced from Major Brokers	Lines include Trade Credit, Aviation, Professional Indemnity

Key Intermediary Distribution initiatives

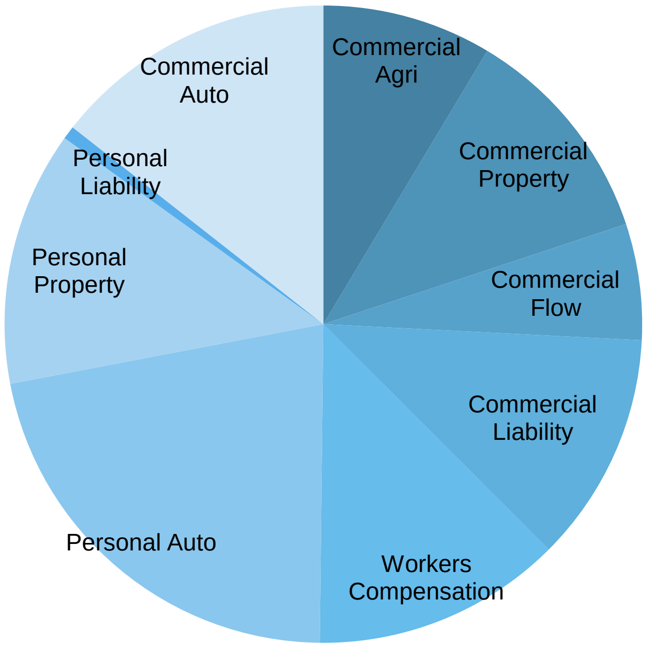
Key initiatives being undertaken within Intermediary Distribution include

- Rebranding of legacy brands to one QBE (former Winterthur and Praetorian brands no longer retained)
- Upgrading of technology platform
- Underwriting improvements
- Product rationalization

Regional (2012 Forecast GWP $1.11BN)

- Production through approximately 315 exclusive agents and 1,440 independent agencies
- Licensed in all 50 states and Washington DC
- Balanced book of commercial, personal and agricultural business

Regional 2012 GWP by Line of Business
100% = $1,110M



Regional profitability alignment

Portfolio review of areas with under performing results. Actions taken to improve profitability include termination of unprofitable agents, new pricing goals, mandatory increase of commercial property portfolio and identifying policies with frequent late premium payments

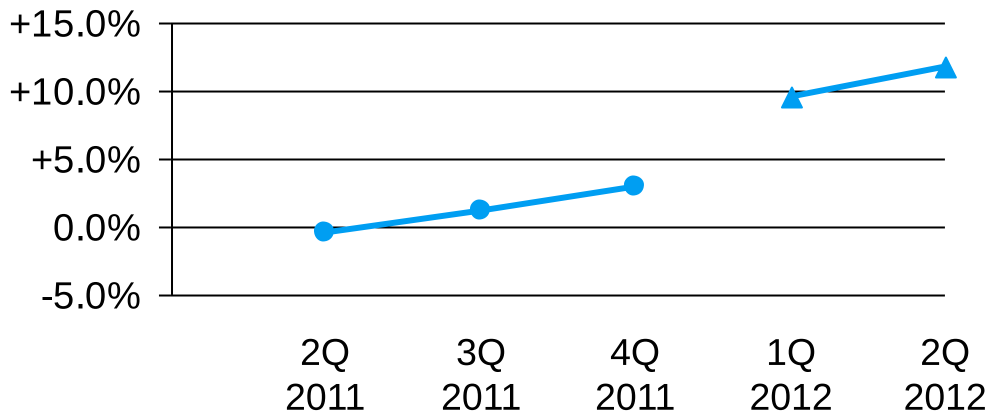
- Agency termination initiative
- Underwriting actions
- Process improvements
- Agency relationship improvements

Regional – pricing trend

Total personal and commercial quarterly rate activity

	2011				2012	
Product	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**
CL	3.3%	3.2%	1.8%	4.1%	3.3%	5.3%
PL	-0.4%	0.7%	4.5%	4.4%	5.1%	6.3%
All	0.8%	1.6%	3.5%	4.3%	4.7%	5.7%

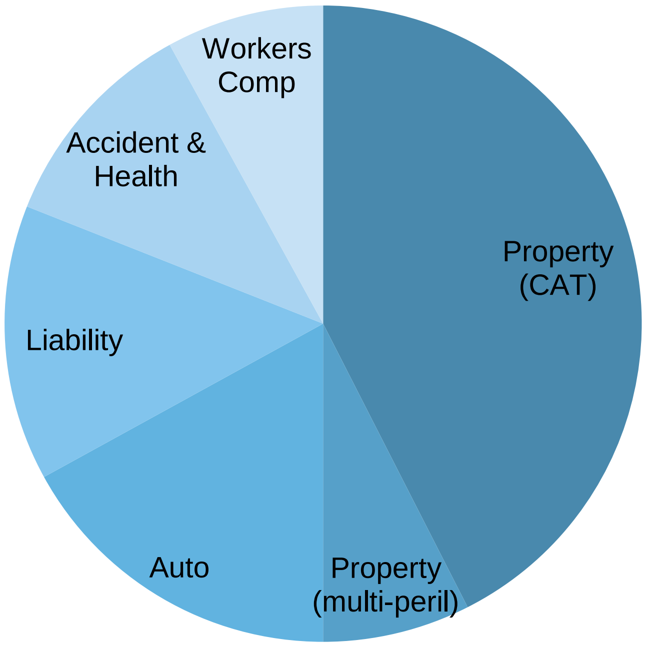
Commercial property rate (cumulative YTD)



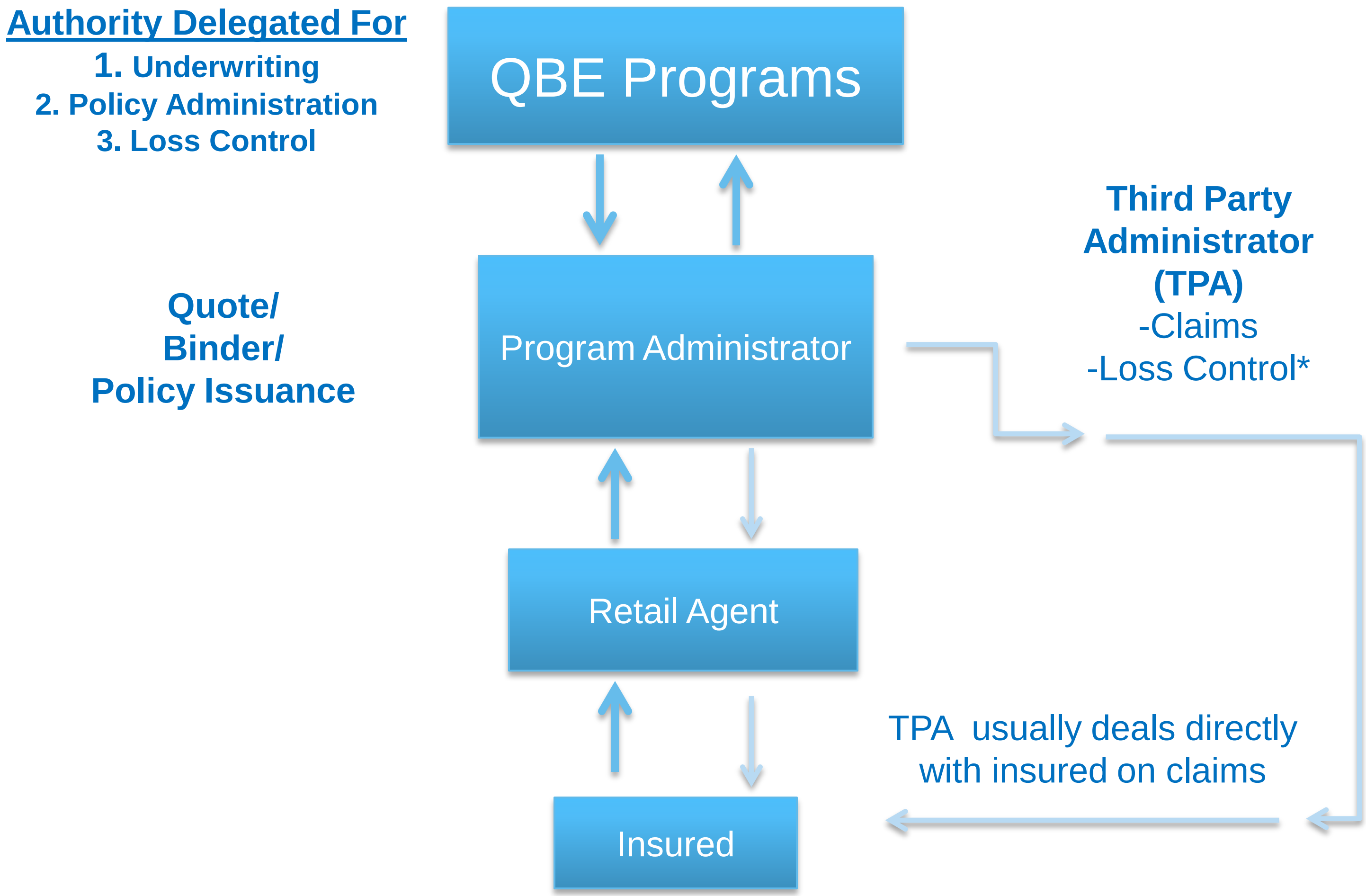
Program (2012 Forecast GWP $1.55BN)

- Diversified portfolio across products and geography
- Disciplined underwriting selection
- Average partnership size of $15M GWP
- Admitted and excess & surplus capability in all 50 states

Program 2012 GWP by Line of Business
100% = $1,550M



QBE Program business channel



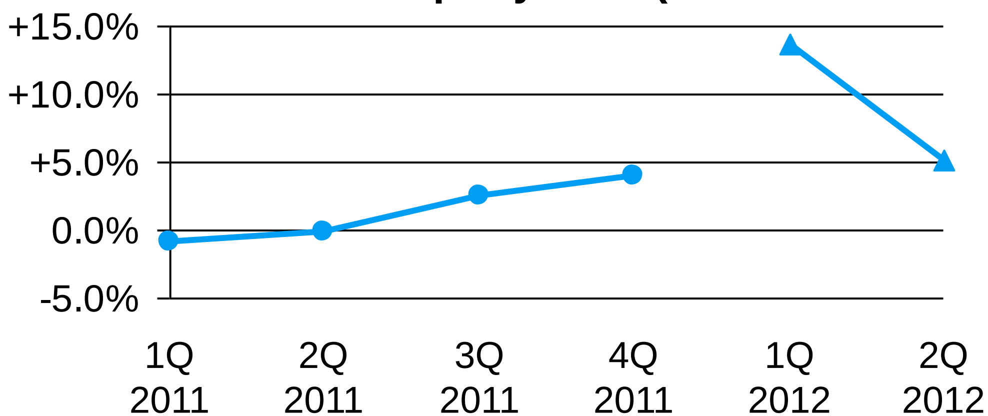
*Loss Control is sometimes also outsourced to TPA

Program – pricing trend

Total personal and commercial quarterly rate activity

	2011				2012	
Product	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**
CL	**0.8%**	**1.7%**	**3.4%**	**4.1%**	**9.7%**	**5.3%**
PL	**2.5%**	**1.5%**	**2.3%**	**4.0%**	**4.1%**	**4.2%**
A&H	**12.8%**	**13.8%**	**13.7%**	**14.0%**	**13.4%**	**10.9%**
All	**0.9%**	**1.7%**	**3.4%**	**4.1%**	**9.5%**	**5.2%**

Commercial Property Rate (Cumulative YTD)



Program – business focus

- Market leader in U.S. with $1.55BN in GWP
- Specialty niche focus in small to middle market arena
- Focus on small to mid-sized commercial customers that are underserved in the marketplace
- Value added products and services
  - customized coverage
  - special distribution model
  - unique claims expertise
  - proprietary rating model
- Distribution through 64 program partners and independent agents

Program – business control framework

- Rigorous due diligence process on all new programs
- Revised contracts on underwriting and claims
- On site audits of all with delegated authority (inc claims TPAs)
- Quarterly actuarial reserve and pricing reviews
- Improved MIS and dashboards

Program – competition in the US Program landscape

- To compete at the highest level, carriers need 50 state admitted, 50 state non-admitted, A or better rated paper by AM Best
- Need multi-line products including AL, GL, Package, Property, IM, WC, E&O
- Adequate capacity is needed for Property (minimum $25M Per Risk) and Casualty risks ($5M)
- Main competitors to QBE Programs are Zurich, Chartis, Munich ReAmerica*, Everest National and ACE
- Over 60 carriers compete in the space but few have all the tools that QBE Programs deploys
- Flexible systems a key driver of new opportunities

* Munich Re America exited Wind Exposed Property programs mid-2012

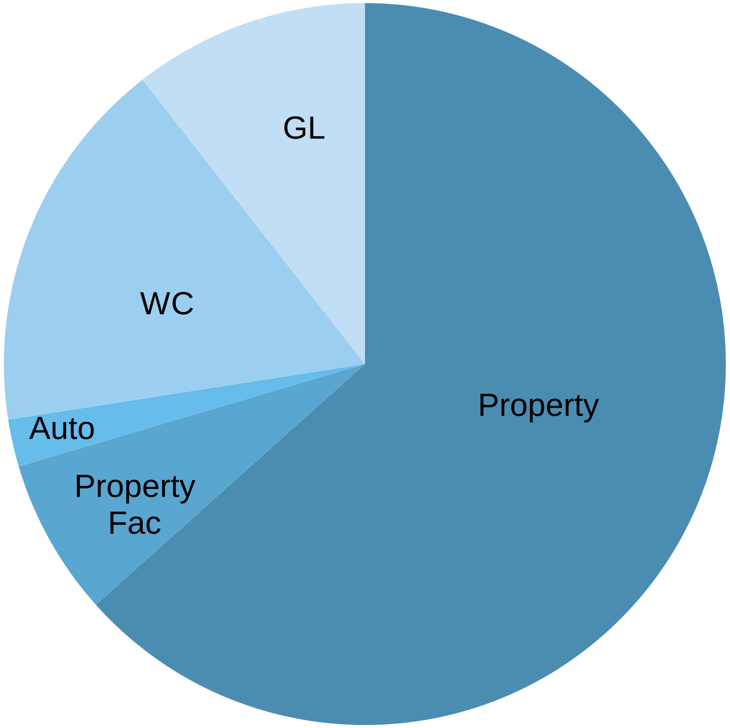
Major brokers (2012 Forecast GWP $140M)

Key developments to date	▪ Unit was established in 3Q 2010 ▪ Unit now over 40 FTEs, covering multiple functions including Underwriting, Sales/Account Management and Operations ▪ Provides coverage on all major lines including Property & Casualty both at primary and excess attachment points
Key priorities	▪ Strengthening and expanding existing broker networks ▪ Recruitment of staff to support profitable growth ▪ Enhancing processes and systems to improve service delivery

Major brokers – premium split

Major Brokers 2012 GWP by Line of Business

100% = $140M



Major brokers – market conditions

LOB	Market conditions	Market Size $BN
Property	Stable to slight firming, up to 5% Increases tailing off in 2H2012	60
Property Fac	Stable to gentle firming	0.95
Auto liability - primary	Rates firming 5% - 10%	18.5
WC - primary	Rating stable with modest increases	44
GL - primary & excess	Primary & excess rates overall generally flat	31

Specialty (2012 Forecast GWP ~$50M)

Aviation

- General aviation insurance focusing on workers' compensation, airports, and private, corporate and commercial aircraft (except for military and major airlines)
- Established in 2011, future growth to be driven by development of new products, expansion into new states, exploiting synergies with other channels

Trade Credit

- Targets business enterprises and financial institutions, both local and global with sophisticated credit departments
- Part of a global platform, North American expansion to driven by new products, including new comprehensive policy, and entry into new markets

Professional Indemnity

- Provides Professional Liability insurance for a variety of classes including lawyers, tech, cyber, A&E

Intermediary Distribution – appendix

Appendix

Definitions (1/2)

Retail Agents

A “retailer” is typically an independent business person who represents multiple insurance carriers to consumers who need insurance on their homes, cars or business

- Note: There are some agents called Captive Agents that only represent one company such as State Farm or Allstate
- Some insurance companies sell directly to the public such as GEICO, Progressive, and USAA, often through on-line platforms

Wholesale Agents

For difficult, harder to place risks, retailers sometimes have to place business through a “wholesaler”. Wholesalers typically represent surplus lines insurance companies for these tougher, specialty classes of business

Definitions (2/2)

Third Party Administrators

Claims are often outsourced by insurance companies to TPAs who have special knowledge and experience in handling certain kinds of losses (trucking, contracting, public entities). Sometimes TPAs offer loss control services as well

Program Administrators

Sometimes referred to as MGAs or Program Managers, Program Administrators have underwriting authority delegated to them for unique classes of insurance. They also do the rating, quoting, and policy issuance on behalf of the carrier and often perform loss control functions for their clients

These are the customers of QBE Program

MGAs

Under strict definitions, to be considered an MGA, the entity must perform certain functions on behalf of the carrier including underwriting and claims, though occasionally the term is used interchangeably with Program Administrators and Program Managers. A Managing General Agency is actually a very narrow segment of the industry. Their premium writings must be greater than 5% of the insurance company's surplus

Intermediary Distribution

Q & A

Agenda

- Introduction and North American Overview
- QBE FIRST
- NAU/Crop
- Intermediary Distribution
- **Group Reinsurance Management (including Equator Re)**
- QBENA Risk Management
- Closing Q&A

Group Reinsurance Management

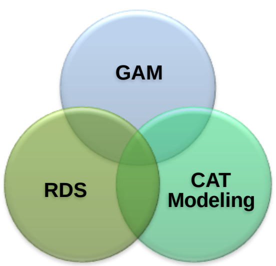
Jim Fiore – Head of Group Reinsurance

QBE Group – reinsurance buying strategies

QBE's Reinsurance program protects QBE's balance sheet, increases underwriting capacity, and enhances profitability.

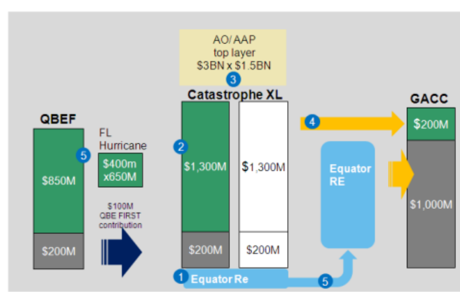
QBE's Reinsurance team pursues three main activities:

Aggregate Management and CAT Modeling	Managing Reinsurance Covers	Risk Pooling



Group Aggregate Management Committee (GAMC) evaluates and monitors aggregate management

Group Ceded Re



Equator Re

Maximum Event Retention (MER)

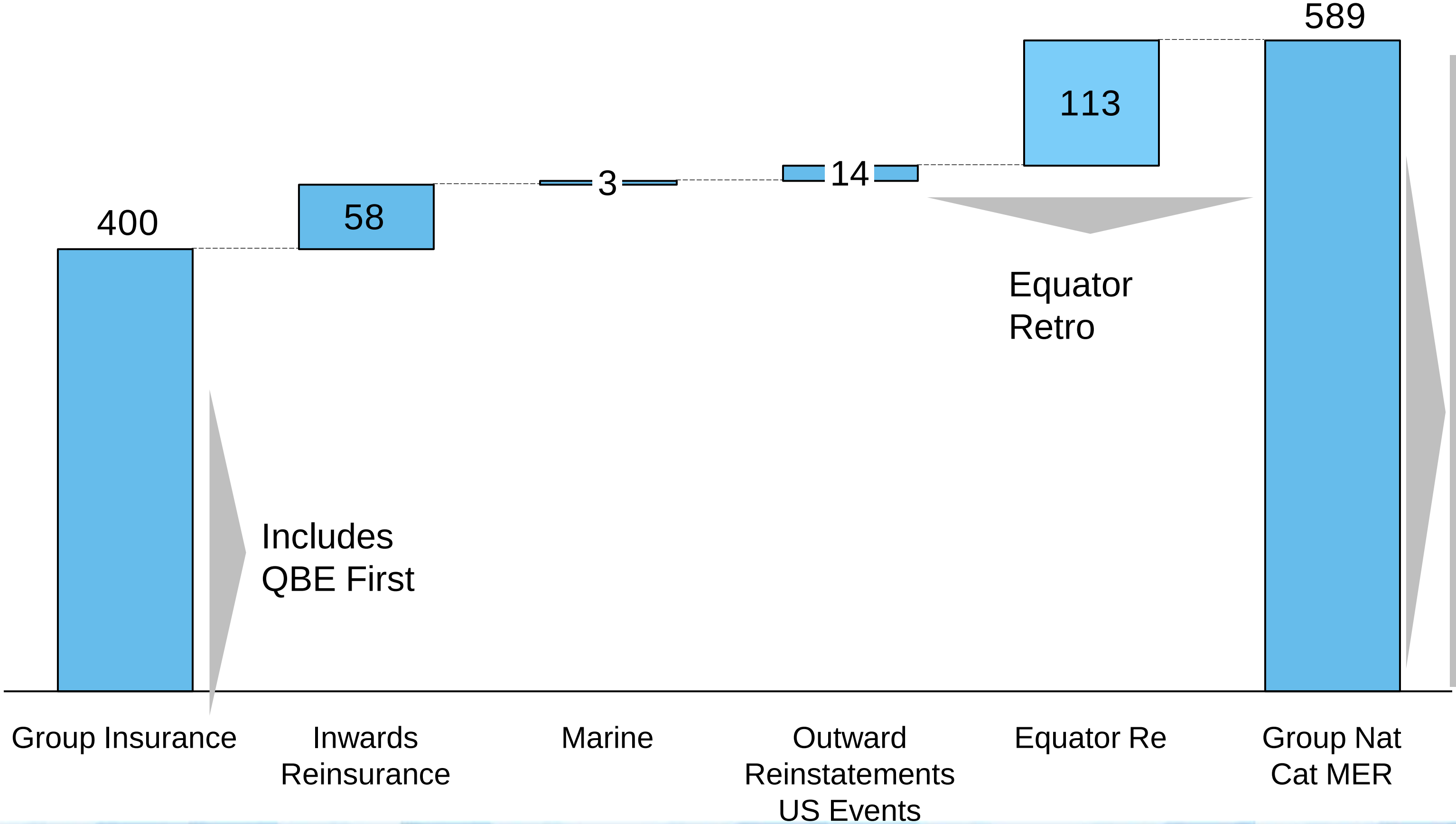
MER: The largest loss to which an insurer will be exposed (based on 250 year loss probability) due to a concentration of risk exposures

- Potential losses are calculated based on the latest QBE aggregates using industry standard catastrophe modeling software
  - Catastrophe models assess company specific losses based on historical events and other potential events that are scientifically credible
  - Models factor in location of individual policies, building characteristics (value, age, number of stories, construction type, square footage, etc.) and policy terms
- QBE's large modeled losses are primarily caused by hurricanes, cyclones and earthquakes
- MER is an important component of APRA's assessment of QBE's capital adequacy

QBE Group maximum event retention from a single catastrophe is currently **4.2%** of forecast 2012 net earned premium

MER components: Nat Cat MER

Group MER is derived from analyzing MER across QBE Group



Modeled losses take into account:

- **Recoveries from all applicable reinsurance treaties**
- **Inwards and outward reinstatement premiums**

300 M Group insurance includes QBE FIrst
* Retro and Munich 10% quota share

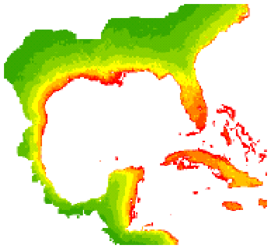
Realistic Disaster Scenarios-RDS

The Realistic Disaster Scenarios represent a list of severe catastrophic events used to stress test the QBE portfolio

- The QBE RDSs include relevant adjusted Lloyd's of London scenarios plus an additional three scenarios derived specifically to illustrate severe Australian earthquakes
- The RDSs provide easy to visualize specific examples of large catastrophes, which are compared to the risk adjusted loss statistics provided by the other modeling techniques

RDS Examples

Gulf of Mexico Wind
Industry Property Loss: $111B

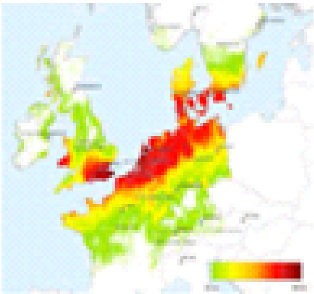


Loss to QBE: $511M

Japanese Earthquake
Industry Property Loss: 5 Trn Yen

Loss to QBE: $424M

European Windstorm
Industry Property Loss: 23B Eur



Loss to QBE: $373M

QBE's reinsurance purchasing process

QBE follows a rigorous process to evaluate how much reinsurance to purchase. This provides QBE with capital, balance sheet protection and improves profits:

Modeling	Broker selection	Program Design	Reinsurer selection & Relationship management	Performance management & Cost control
Optimizing capital consumption by leveraging sophisticated risk modeling to identify areas for focused growth (expansion in more desired regions from the risk perspective)	Leveraging 3rd parties to develop creative solutions to maximize capital benefits while benchmarking/ controlling costs	Developing reinsurance structures tailored to QBE's global risk profile and maximizing capital relief	Carefully selecting and developing multi-year relationships with reputable partners	Frequent review of reinsurance costs and recoveries Budget cycle adjustments to group cover and exposure driven changes to divisional cover

2012 Group covers: risk and GAR

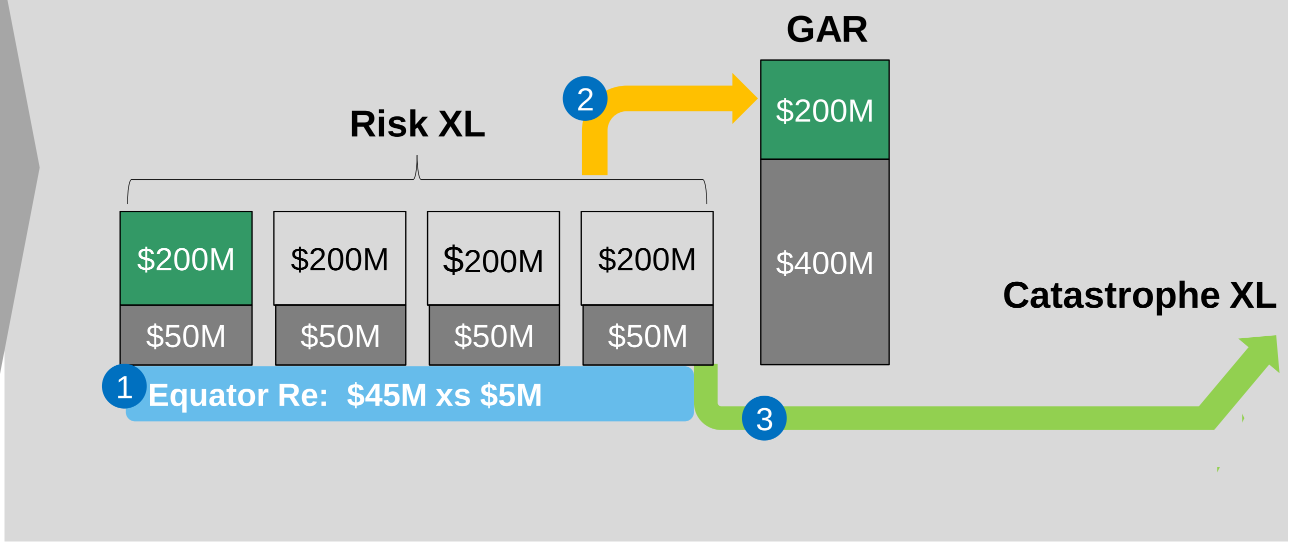
QBE's global reinsurance program is comprised of 4 main covers.
Risk and GAR are two such covers providing a $1BN Risk Limit

- WW Risk provides QBE with Large Limits Capacity
- GAR provides for a greater than expected Frequency of Large non-Cat Losses

1 Equator provides retention protection For Risk XL

2 Risk XL: Retention from non-cat events contributes to UNL of GAC & GAR

3 Risk XL: Retention from cat events contributes to UNL of CAT XL

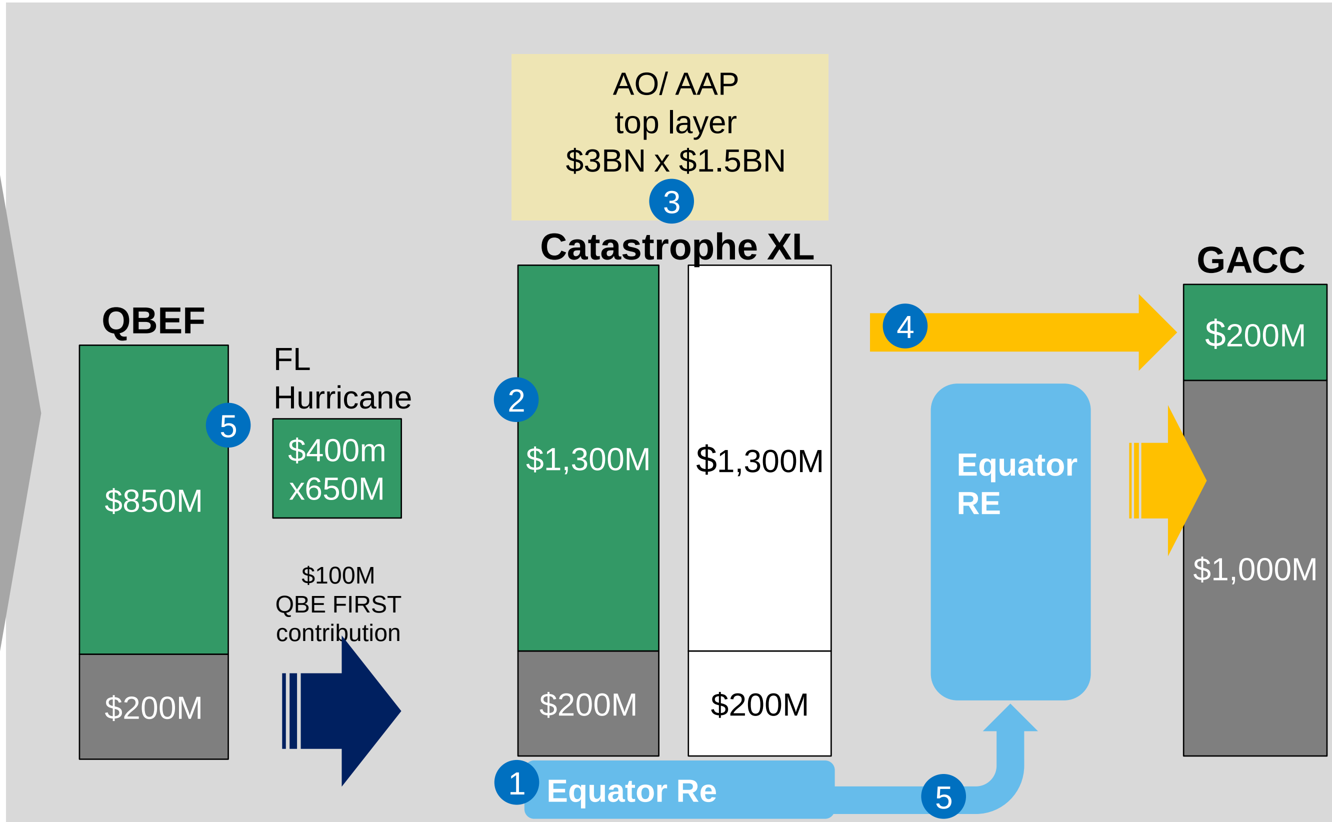


2012 Group catastrophe covers: Australia and QBE FIRST covers

QBE's remaining global covers are the Catastrophe XL and GACC.
These covers, in combination with specific local layers provide broad coverage for catastrophes

1. Equator provides retention protection for Catastrophe XOL
2. The Global Cat XOL Program has only one Layer which provides for a greater amount of protection for a frequency of smaller Cat losses

   For example QBE could cede 7 full $400M Ground-Up Losses
3. The AAP and AO business buys $3BN x $1.5BN above the Global Cat XOL
4. Retention and overflow from CAT XL & QBE FIRST flows into GACC
5. Further protections from QBE First and Equator



Legend QBE retention | QBE limit | To GACC or GAR | To Cat XL | Equator

Equator Re

Equator Re is QBE's reinsurance captive, with $3.8BN of GWP in 2011

Corporate Quota Share $2.7BN

- Contracts are written on a 'net' basis i.e. with benefit of inuring reinsurance protections
- Exposure neutral to the Group

Excess of Loss $1.1BN

- Pricing benchmarked against external markets
- Equator bridges the gap between the Group's risk appetite and the divisions/ business unit risk appetite
- Supports the Group global reinsurance strategy including GAC and GACC

Equator Re's Structure

- President
  - Chief Risk Officer
    - Actuarial
    - Catastrophe Modelling
    - Underwriting
  - Chief Claims
    - Claims
  - Chief Financial Officer
    - Finance
    - Technical Services
    - Business Support

Bermuda
7 staff

Dublin
21 staff

Equator Re

Equator Re is QBE's wholly-owned captive reinsurer providing excess of loss and proportional reinsurance protections to all QBE divisions .

About Equator Re

- Bermuda based captive that operates as a separate profit centre and within the overall risk appetite of the QBE Group
- Supports the management of aggregate exposures and optimizes the levels of capital held within the Group

Benefits of Equator Re to QBE

- Reinsurer with significant knowledge and understanding of QBE's lines of business, ability to appropriately price reinsurance and provide QBE operating entities with additional underwriting capacity, which in turn drives ROE
- Reduces QBE's dependency on external reinsurance markets
- Reduces reinsurer default risk

Business Results/

New Business

- Equator Re supports the WW Cat and Risk programs by providing cover to QBE's operating entities below the retention on the external placements
- Improved cash flow due to prompt settlement of 2011 catastrophe losses
- Equator Re – strong recovery with COR of 91.5% (1H11 97.5%) due to improved catastrophe experience offset by 2011 cat claims development and lower discount rates

Equator Re and Group WW covers

Equator provides reinsurance protection below the retentions for the World wide programs

Benefits

- Additional side-ways cover through layer with additional reinstatement w/o additional premium
- Price adjusted based on exposure, which limited 2012 cost increases from 2011 cat activity
- GAC and GACC covers protect Group including Equator Re from a frequency of losses
- Multi- year, which flattens cycles

Risk XL*

$200M	$200M	$200M	$200M
$50M	$50M	$50M	$50M

Equator Re provides $45M xs $5M

Equator Re $5M XS various

Protection provided below $200M (or $300M for US Wind) in excess of $10-$100M retentions (varying by division).

Catastrophe XL

$1,300M	$1,300M
$200M	$200M

Equator Re

* $800M for 40% of the placement and $1bn for 60% of the placement

Legend QBE retention QBE limit Equator protections

* limited to $100m for the first qualifying US hurricane

Market conditions

QBE Reinsurance weathered 2011 well. Similar coverage for 2012/2013.

Market conditions	▪ Competitive ▪ Capacity in the marketplace indicates some reduction is likely for the 2013 placement. For multi-year agreements should see impact in 2014
Reinsurer relationships	• Long standing relationships with reinsurers – Munich Re, Swiss Re and SCOR, Validus and Ren Re are among some of QBE's reinsurance partners
Capacity	▪ Additional capacity exists within the marketplace – QBE's demand for reinsurance capacity will grow slightly due to growth in certain segments
RMS version 11	▪ RMS version 11 higher hurricane losses did not cause a significant permanent dislocation
Alternative instruments	▪ Non traditional instrument (e.g. cat bond) offer alternative capacity

Group Reinsurance Management

Q & A

Agenda

- Introduction and North American Overview
- QBE FIRST
- NAU/Crop
- Intermediary Distribution
- Group Reinsurance Management (including Equator Re)
- **QBENA Risk Management**
- Closing Q&A

QBENA risk management

John Langione – Chief Risk Officer, QBE North America

QBENA risk management

The combination of strategic planning, risk and economic capital results in good business decisions. The aim is to meet our objectives and generate an optimum ROE for our shareholders, within our risk appetite

Core services:

- Risk management strategy and governance
- Develop QBENA risk appetite statements and monitor compliance
- Business planning
- Provide training and tools
- Execute risk reporting
- Facilitate risk assessment, measurement and management actions
- Rating agency management
- Asset protection

QBE Group-wide risk management strategy (RMS) – fully adopted by all divisions

- **Risk management policy**
  - Objectives and approach, responsibility, risk management culture, risk strategy
- **Risk management framework**
  - Governance, risk appetite and tolerance, risk policies, measurement and modeling, risk and control self assessment, risk treatment, optimization and ongoing improvement
- **Governance**
  - Corporate governance, risk ownership, Group risk and capital forum and ERM teams
- **Group risk appetite and tolerance**
  - Divisional risk appetite statements are set and maintained to be consistent with and within the Group's
- **Identification and classification of risk**
- **Business management cycle**
  - Strategy and business planning, risk and economic capital (ECM), risk appetite and delegated authorities, performance monitoring
- **Risk assessment and monitoring**
- **Risk and capital models**
- **ERM reporting, issues and actions and loss events**
- **Independent assurance**
  - Internal audit, external audit, actuarial review

QBENA risk management

Q & A

Agenda

- Introduction and North American Overview
- QBE FIRST
- NAU/Crop
- Intermediary Distribution
- Group Reinsurance Management (including Equator Re)
- QBENA Risk Management
- **Closing Q&A**

North America – closing Q&A

- John Rumpler - President & CEO, QBE North America

  Chris Fish – Chief Financial Officer, QBE North America

  John Langione – Chief Risk Officer, QBE North America

Q & A

Important disclaimer

- This presentation should be read in conjunction with all information which QBE has lodged with the Australian Securities Exchange (“ASX”); including QBE’s half year results filed with the ASX on August 17 2012. Copies of those lodgements are available from either the ASX website www.asx.com.au or QBE’s website www.qbe.com.
- Prior to making a decision in relation to QBE’s securities, products or services, investors, potential investors and customers must undertake their own due diligence as to the merits and risks associated with that decision, which includes obtaining independent financial, legal and tax advice on their personal circumstances.
- This presentation contains certain "forward-looking statements“ for the purposes of the U.S. Private Securities Litigation Reform Act of 1995. The words "anticipate", “believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements.
- Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of QBE that may cause actual results to differ materially from those expressed or implied in such statements.
- There can be no assurance that actual outcomes will not differ materially from these statements. You are cautioned not to place undue reliance on forward-looking statements. Such forward-looking statements only speak as of the date of this presentation and QBE assumes no obligation to update such information.

Important disclaimer (continued)

- Any forward-looking statements assume large individual risk and catastrophe claims do not exceed the significant allowance in our business plans; no overall reduction in premium rates; no significant fall in equity markets and interest rates; no major movement in budgeted foreign exchange rates; no material change to key inflation and economic growth forecasts; recoveries from our strong reinsurance panel ; and no substantial change in regulation.
- Should one or more of these assumptions prove incorrect, actual results may differ materially from the expectations described in this presentation.
- This presentation does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. The securities referenced herein have not been, and will not be, registered under the U.S. Securities Act of 1933 (the "Securities Act") or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States absent registration except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and any other applicable securities laws.

QBE INSURANCE GROUP

QBE North America

Investor and analyst day presentation
October 12, 2012

All amounts in US dollars unless otherwise stated