



15 October 2012

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

Dear Sir/Madam,

QBE European Operations Investor and Analyst Day presentation – 15 October 2012

Please find attached a copy of a presentation from QBE European Operations to be delivered today in London.

Yours faithfully

Duncan Ramsay
Company Secretary

Encl.

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QBE INSURANCE GROUP

QBE European Operations

Investor and Analyst Day Presentation
October 15, 2012

All amounts in GBP unless otherwise stated

QBE EO - Agenda

- 10:00 to 11:00 STEVEN BURNS (CHIEF EXECUTIVE OFFICER)
RICHARD PRYCE (DEPUTY CHIEF EXECUTIVE OFFICER)**
Overview of QBE EO business composition and strategy, including market position and current trading environment
- 11:15 – 12:30 DAVID WINKETT (CHIEF FINANCIAL & OPERATING OFFICER)
PHIL DODRIDGE (CHIEF RISK OFFICER)**
Overview of QBE EO capital, operating and risk issues, including business transformation project and Solvency II
- 12:45 – 13:45 LUKE SAVAGE (CHIEF FINANCIAL OFFICER, LLOYD'S)**
Overview of the capital structure of Lloyd's, a summary of financial results and an overview of performance management and capital setting at Lloyd's
- 14:00 – 15:15 ASH BATHIA (CHIEF UNDERWRITING OFFICER – PROPERTY, CASUALTY & MOTOR)**
Overview of PCM business and major challenges, including Brit integration and European Markets strategy
- 15:30 – 16:30 COLIN O'FARRELL (CHIEF UNDERWRITING OFFICER – MARINE, ENERGY & AVIATION)**
Overview of MEA business and major challenges
- 16:45 – 17:45 JONATHAN PARRY (CHIEF UNDERWRITING OFFICER – REINSURANCE)**
Overview of RI business and major challenges, including plans for new global reinsurance franchise for 2013.
- 17:45 – 18.00 STEVEN BURNS (CHIEF EXECUTIVE OFFICER)
RICHARD PRYCE (DEPUTY CHIEF EXECUTIVE OFFICER)**
Final wrap-up and Q&A



Steven Burns, Chief Executive Officer, European Operations

Richard Pryce, Deputy Chief Executive Officer, European Operations

QBE EO – Overview

Executive Management Team



Steven Burns

Chief Executive Officer

QBE EO

Age: 54

Length of Service: 25 years



Ash Bathia

Chief Underwriting Officer
Property, Casualty
and Motor

Age: 52

Length of Service: 15 years



Colin O'Farrell

Chief Underwriting Officer
Marine, Energy
and Aviation

Age: 48

Length of Service: 25 years



Jonathan Parry

Chief Underwriting Officer
Reinsurance

Age: 49

Length of Service: 12 years



Richard Pryce

Deputy Chief Executive
Officer

Age: 52

Length of Service: 6
weeks



David Winkett

Chief Financial
and Operating Officer

Age: 43

Length of Service: 12
years



Philip Dodridge

Chief Risk Officer

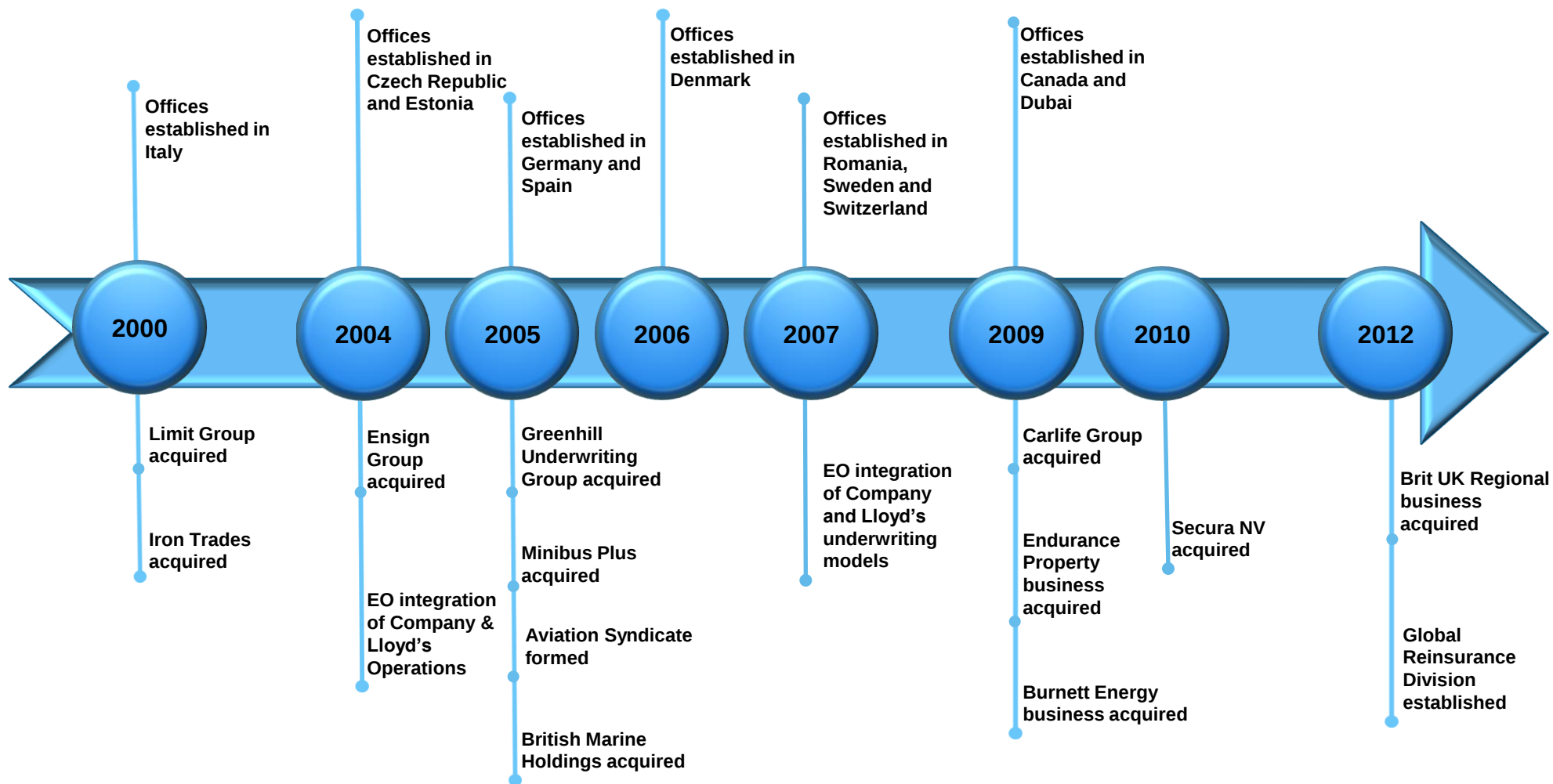
Age: 43

Length of Service: 12
years

What is QBE European Operations?

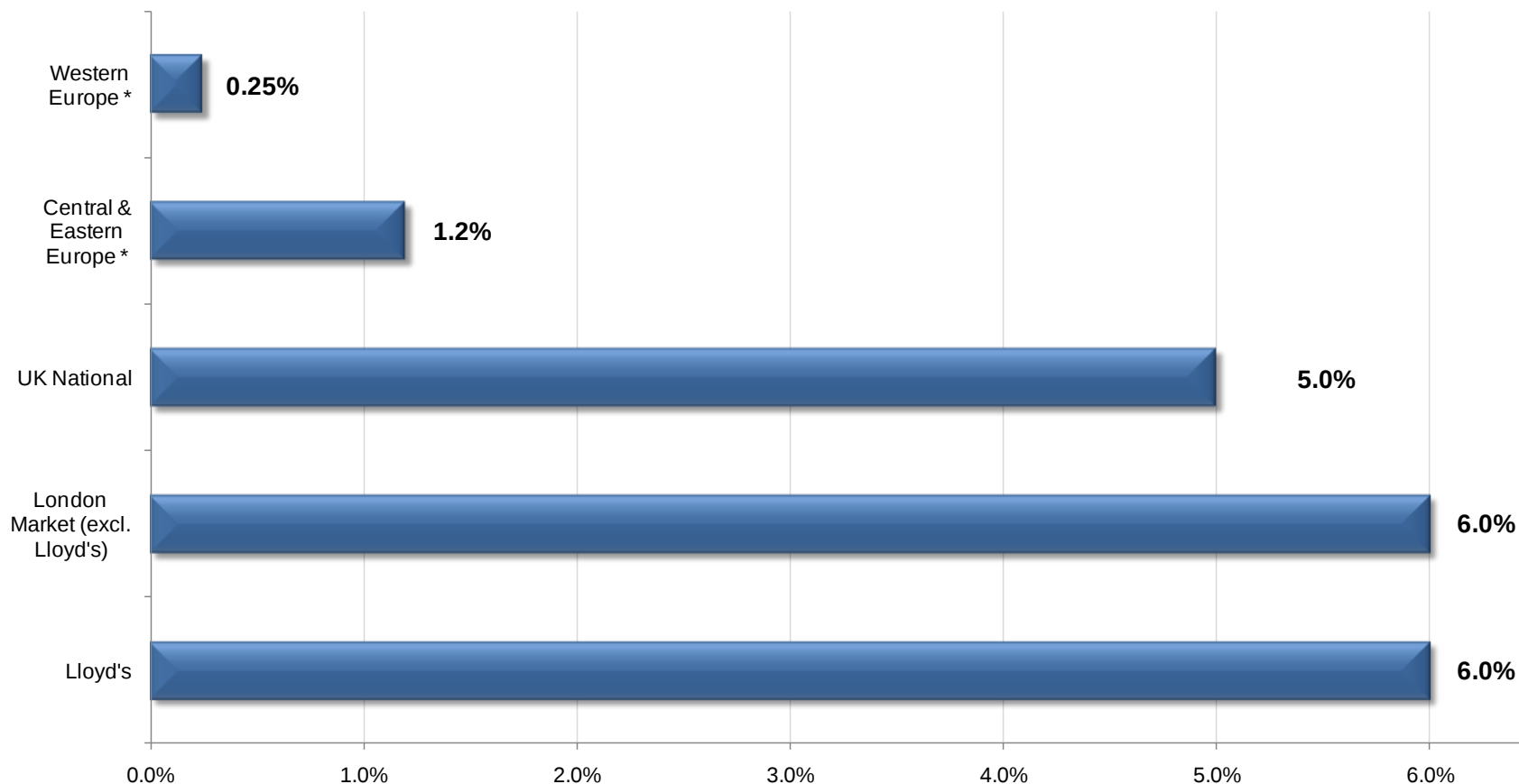
- Leading specialist insurer and reinsurer writing £3.3bn forecast GWP for 2012
- Writing global, wholesale specialty business emanating from most countries in the world
- Significant UK and European retail business providing high diversification
- Focused on commercial lines with personal lines under 2% GWP
- Strong London market presence being c80% of GWP or c£2.6bn
- London market includes £1.5bn at Lloyd's, where we are the 3rd largest underwriter
- Differentiated from Lloyd's peers by high casualty specialism and lower property reinsurance volatility
- Operates an integrated underwriting platform whereby most underwriters can use Lloyd's or Company licenses depending on client, broker or licensing considerations
- Growing UK Regional presence following Brit acquisition of c.£500m annualised GWP or c.5% market share
- Almost 3,000 staff operating in 18 countries across Europe
- Underwriting or distribution offices also in Houston, Toronto, Dubai and Tokyo

QBE EO – Recent History



QBE EO – Market Share

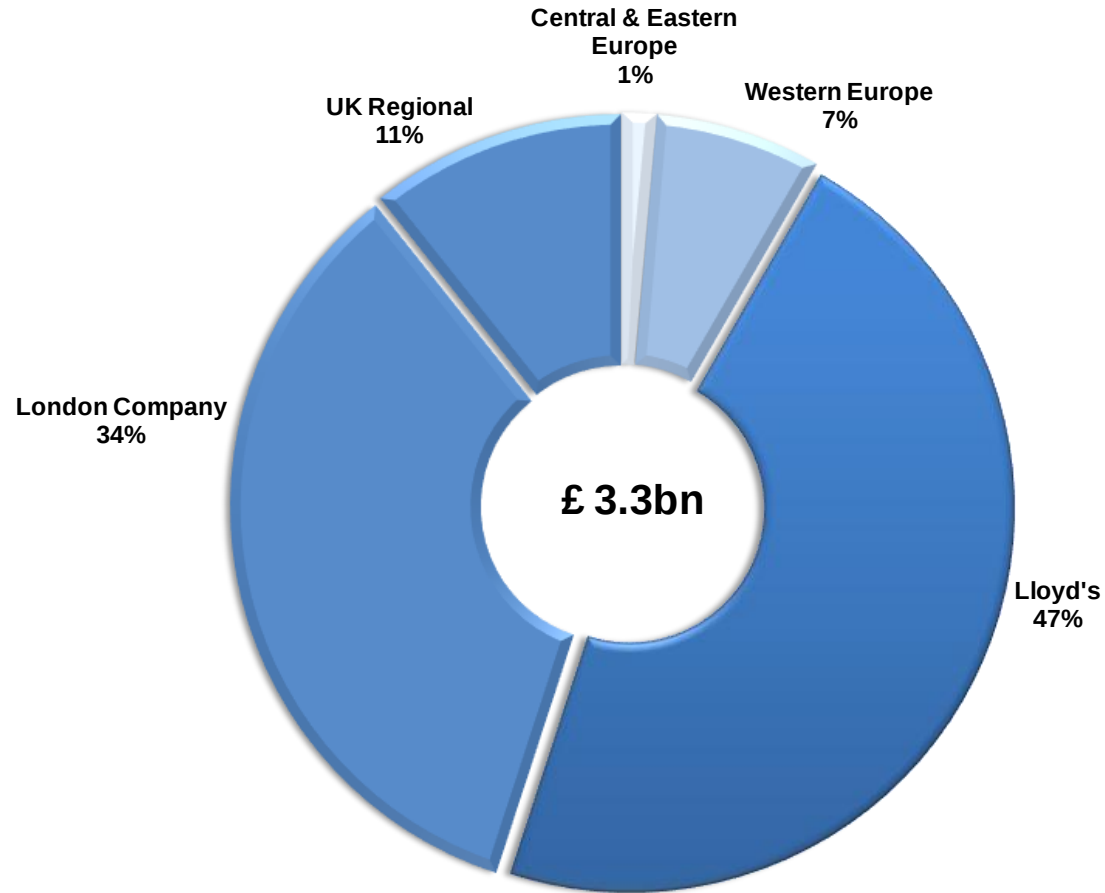
Annualised GWP Share of P&C Markets (Commercial)



* Includes personal lines

QBE EO – Distribution Split

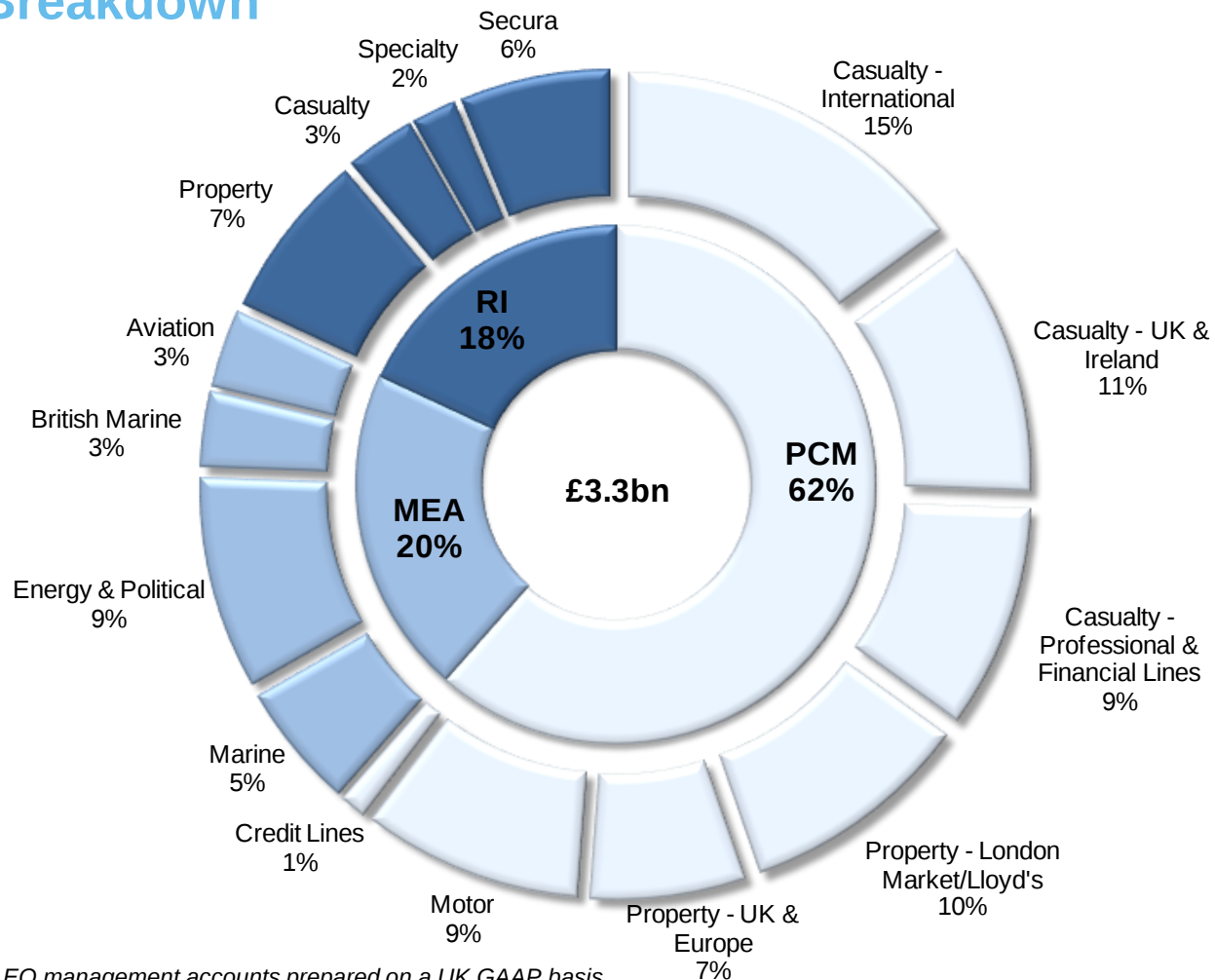
2012 Forecast GWP Distribution Split



Source: H1 2012 unaudited EO management accounts prepared on a UK GAAP basis

QBE EO – Product Split

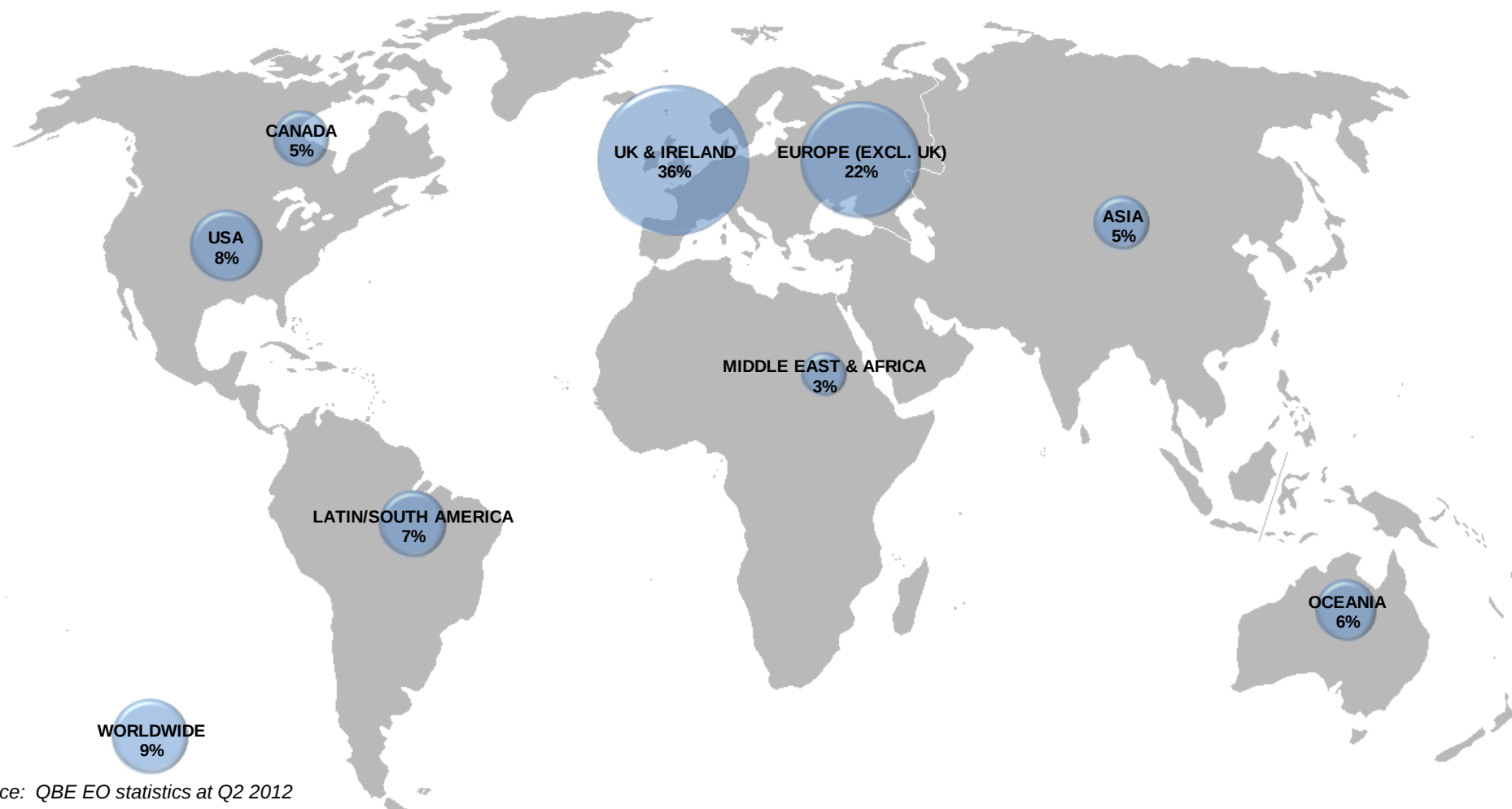
2012 GWP Breakdown



Source: H1 2012 unaudited EO management accounts prepared on a UK GAAP basis

QBE EO – Geographical Split

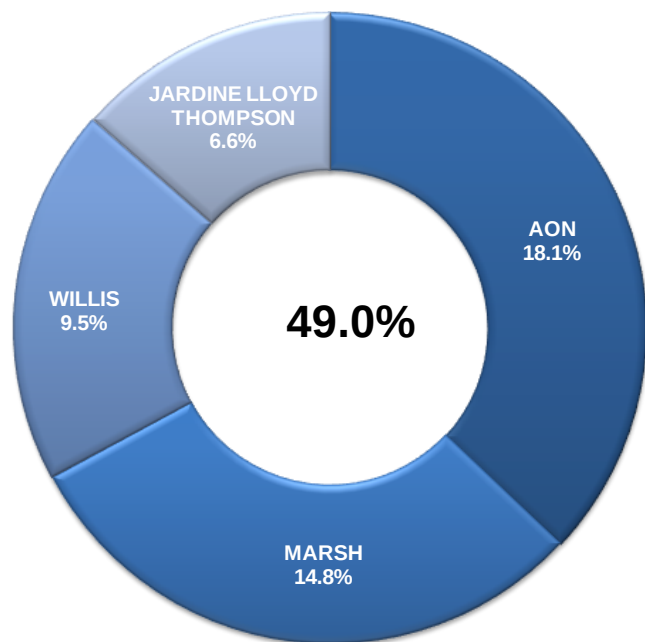
GWP by Domicile of Assured



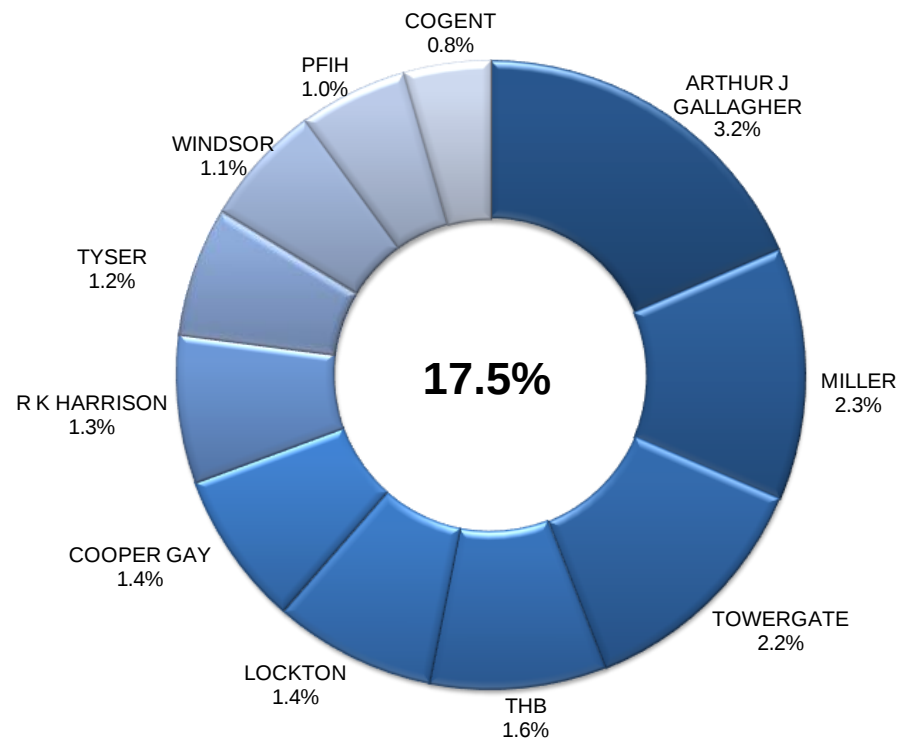
Source: QBE EO statistics at Q2 2012

QBE EO Broker Analysis – GWP Source

Top 4



Next 10

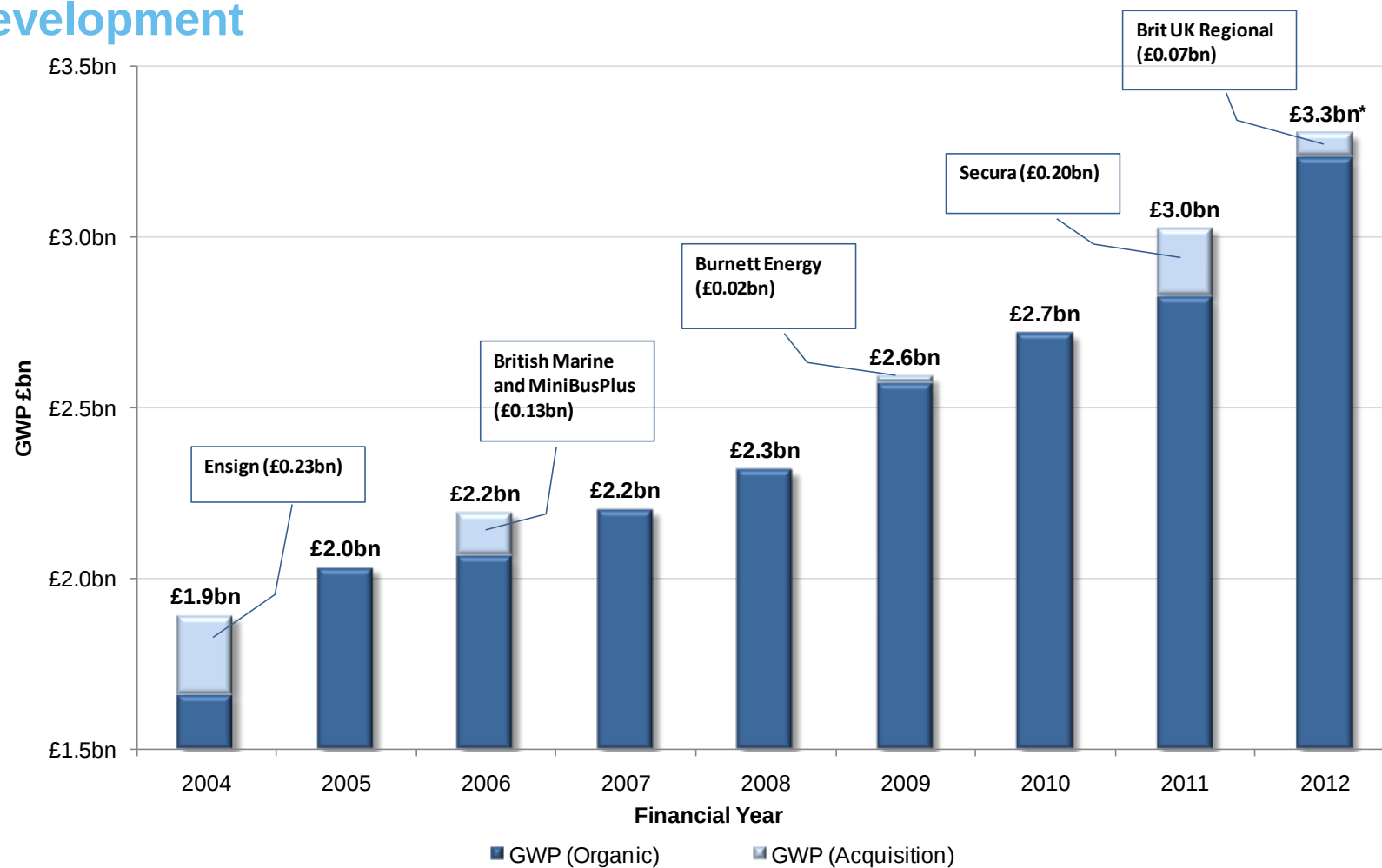


Remaining 34% of GWP is provided by a significant network of smaller brokers

Source: QBE EO statistics at Q2 2012

QBE EO - Growth

GWP Development

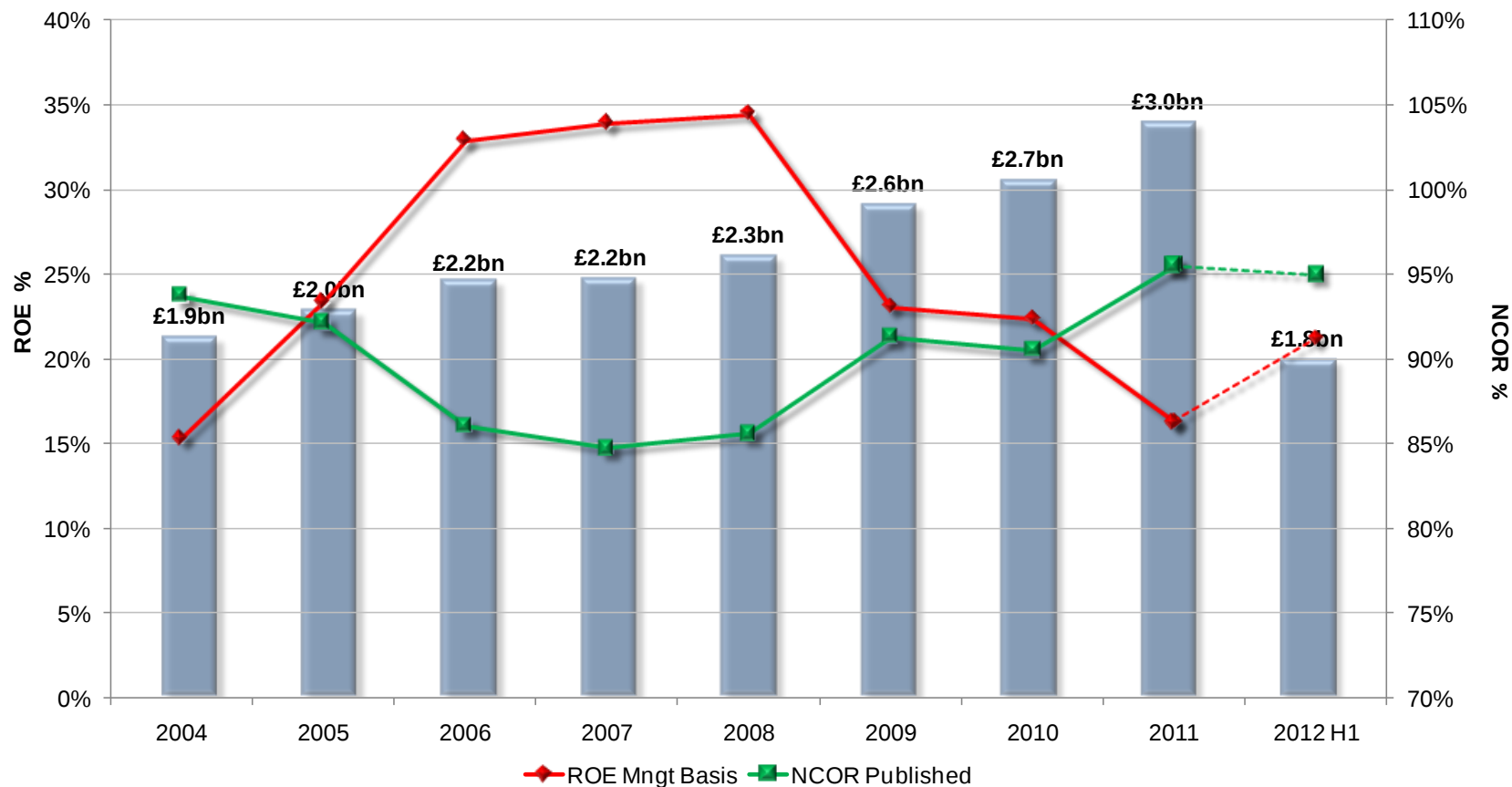


Source: H1 2012 unaudited EO management accounts prepared on a UK GAAP basis

* 2012 Forecast GWP

QBE EO Performance

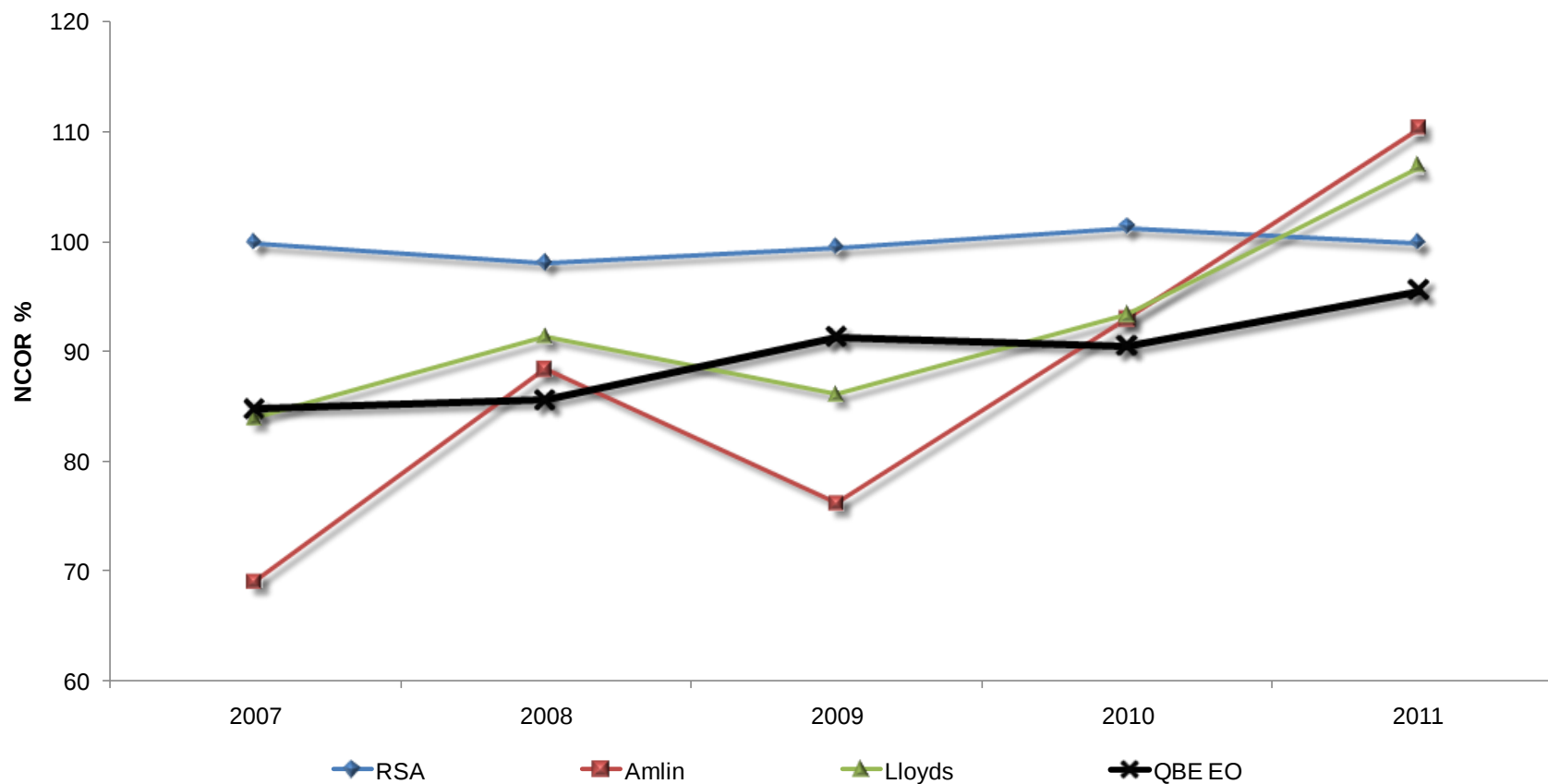
ROE and NCOR Performance



Note: ROE on local management basis on allocated capital

QBE EO – Performance

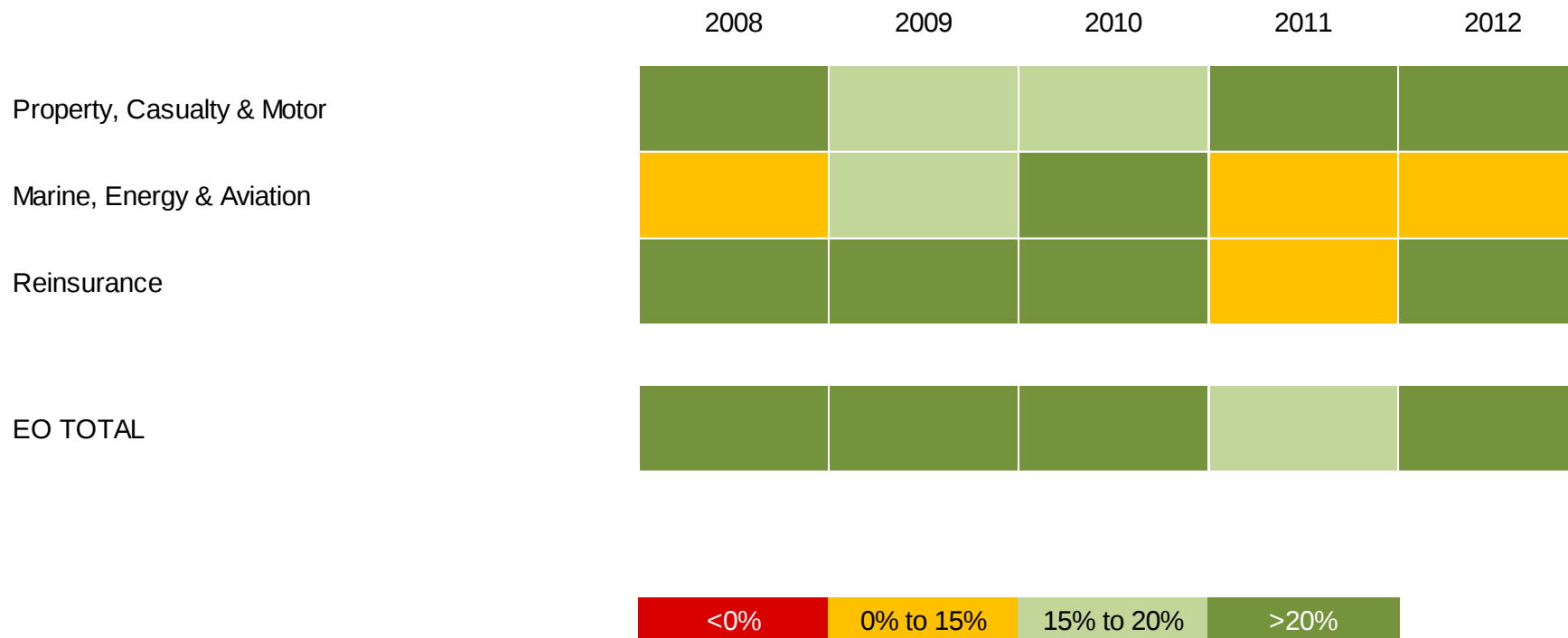
Competitor Analysis



Note: RSA and Amlin NCOR's have been adjusted to be on a consistent basis with QBE's reporting methodology

QBE EO – Performance

ROE Performance by Portfolio

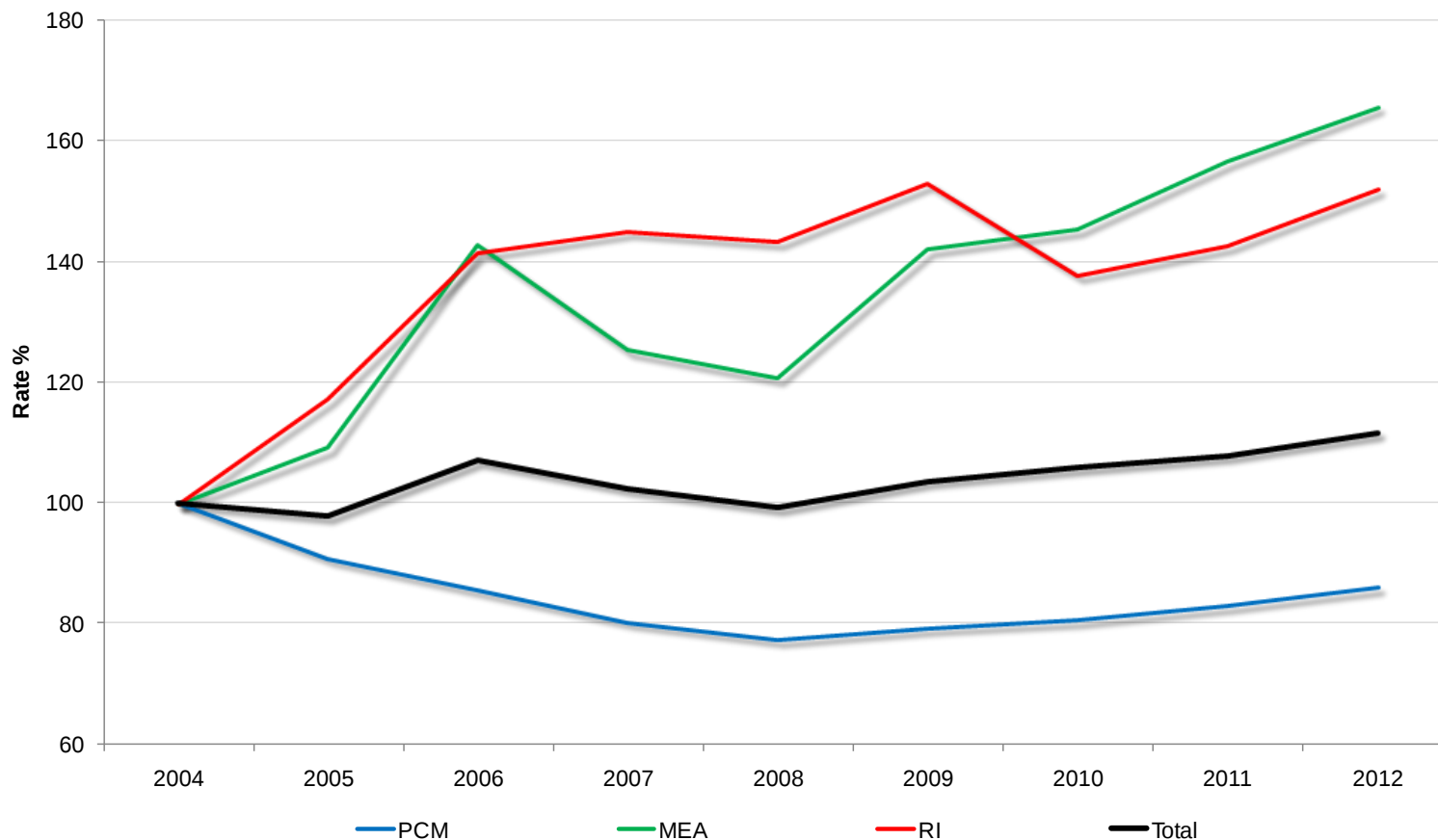


Note: ROE on local management basis on allocated capital

Source: QBE EO financial year management accounts

QBE EO – Market Conditions

QBE Risk Adjusted Rate Change Experience by Division



QBE EO – Strengths

- Strong track record of profitable growth
- Track record of successful acquisitions and new business initiatives
- Stable A+ rating
- Proven market leading underwriting expertise and line size/lead capability in all key products
- Strong broker relations and high (>80%) retention rate
- High quality and continuity of reinsurance programmes
- Access to QBE global network plus Lloyd's licenses
- Established UK Regional and European office networks
- Longevity/continuity of key management and underwriters
- Strong integration of claims and actuarial expertise with underwriting
- Efficient and scalable business support operating model

QBE EO – Ten Core Current Priorities

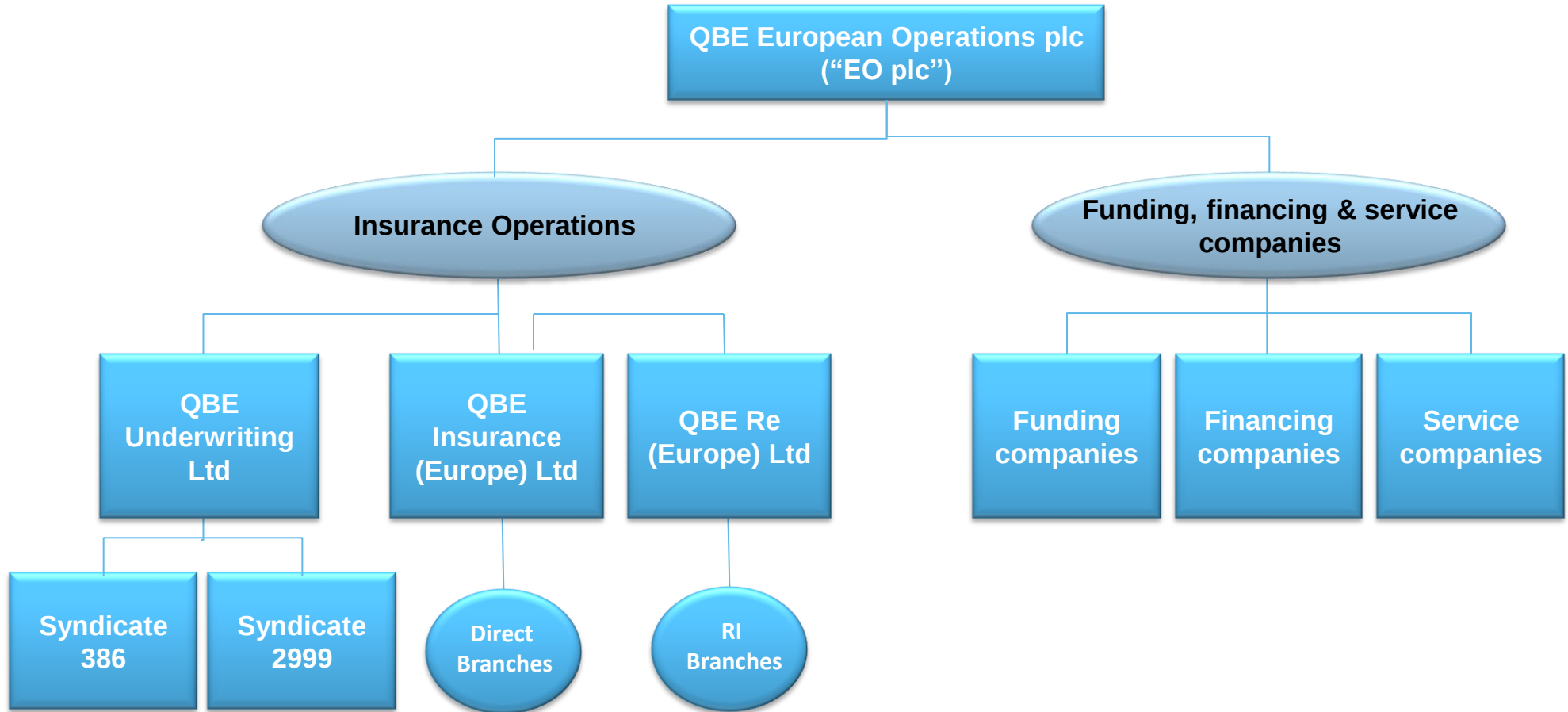
1. Change in management structure
2. Focus on disciplined underwriting and high client retention
3. Maintain performance and ongoing portfolio remediation
4. Brit acquisition integration
5. Strategy review for profitable growth in European Markets
6. Launch of Global Reinsurance Division (QBE Re), under Jonathan Parry
7. Sale of Macedonian business
8. Completion of Springboard (EO operational transformation) and Solvency II projects
9. Talent management and employee engagement
10. Group underwriting and operational collaboration

Q & A

QBE EO Structure, Capital and Operations

 **David Winkett, Chief Financial & Operating Officer**

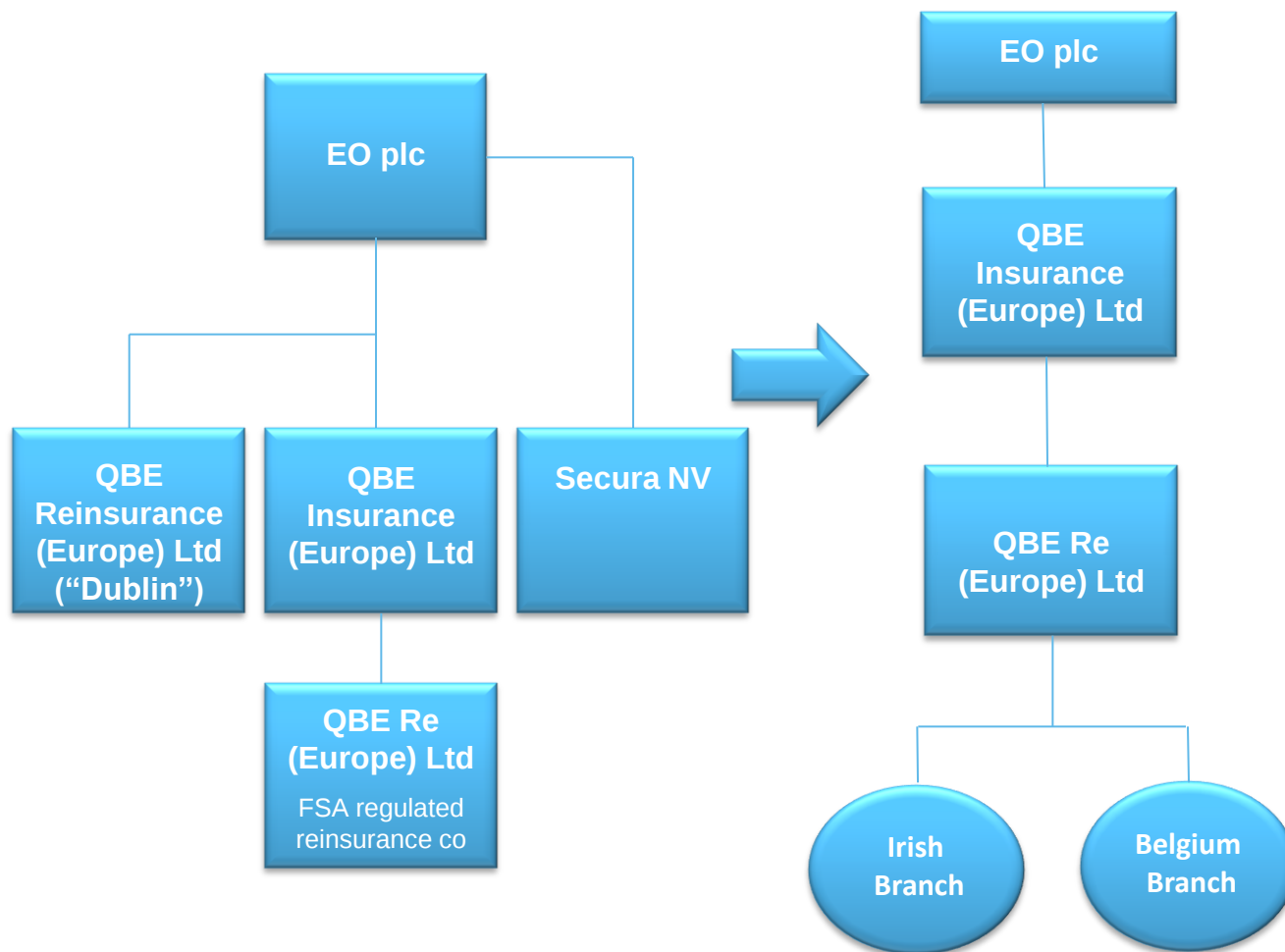
QBE EO Structure, Capital and Operations - Legal structure



Extract only: excludes intermediate holding companies, service companies, and non-operating companies

QBE EO Structure, Capital and Operations - QBE Re (Europe) from 1 October 2012

- Established a single, non-Lloyd's reinsurance platform for Europe with a capital base of over €500m (US\$650m)
- Effected through a cross-border merger with parallel transfers of reinsurance portfolios
- Secura and Dublin ceased to exist as legal entities and now operate as branches of QBE Re (Europe) Ltd



Excludes intermediate holding companies

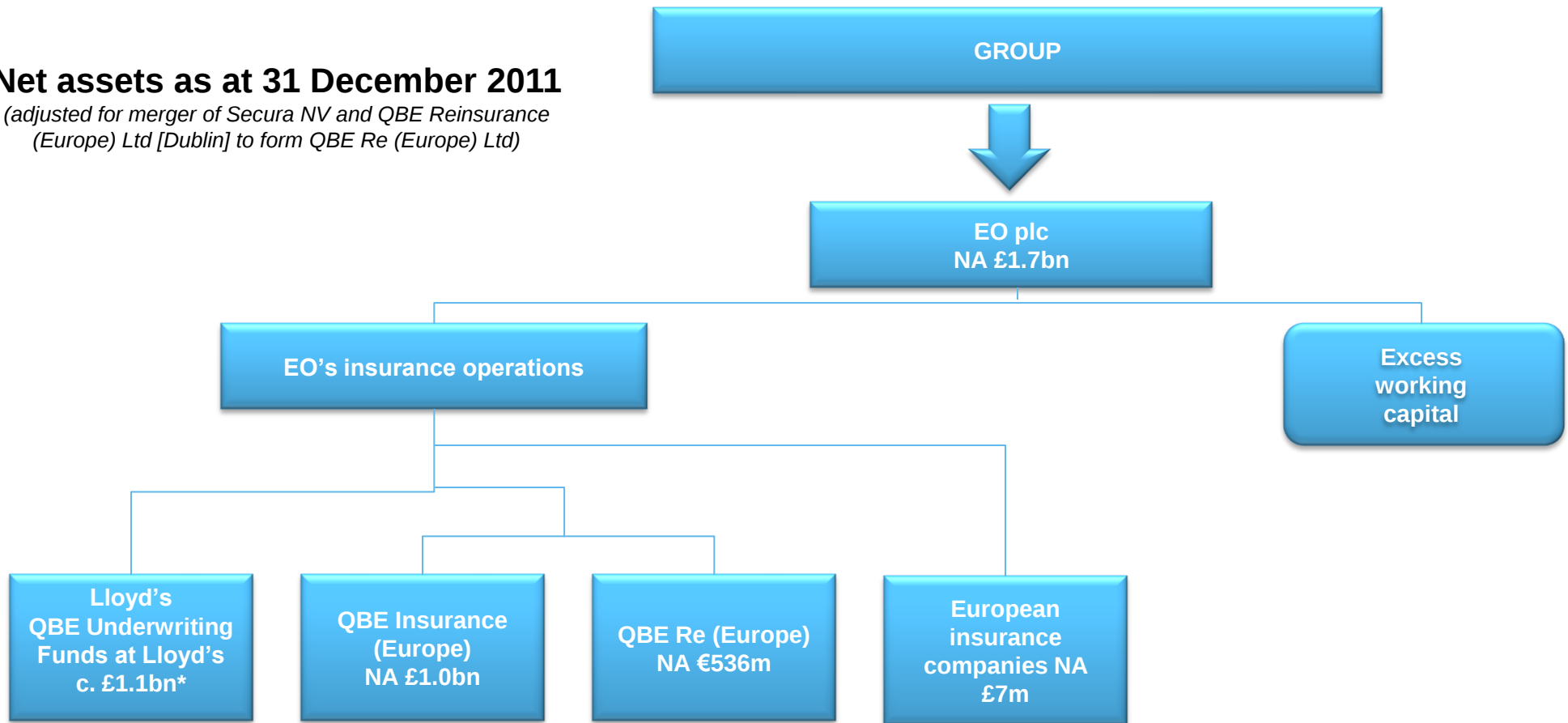
QBE EO Structure, Capital and Operations - QBE Re (Europe)

- Structure:
 - FSA single lead regulator for all of EO, Solvency II
 - Mirrors the European passporting, branch approach already used for direct business
 - Single balance sheet benefits from increased product and geographic diversification
 - Expense and operational synergies
- Capital:
 - Increase efficiency and fungibility of capital supporting QBE Re
 - S&P Total Adjusted Capital is comfortably above S&P's AA threshold
 - Belgium branch now benefiting from A+/stable rating (Secura previously A/positive)

QBE EO Structure, Capital and Operations - EO capital

Net assets as at 31 December 2011

(adjusted for merger of Secura NV and QBE Reinsurance (Europe) Ltd [Dublin] to form QBE Re (Europe) Ltd)



* Including contingent capital

Source:

- Audited EO plc accounts prepared on a UK GAAP basis.
- Pro-forma QBE Re(Europe) Limited included per S&P and AM Best press release on 7 September 2012

QBE EO Structure, Capital and Operations - EO Capital

Entity	Net assets	Regulator	S&P rating	AM Best rating
QBE Insurance (Europe)	£1,016m	FSA	A+/stable	A (Excellent)
QBE Re (Europe)	€536m	FSA	A+/stable	A (Excellent)
Syndicate 386 (100%)	-	FSA/Lloyd's	LSA 5/stable	n/a
Syndicate 2999	-	FSA/Lloyd's	LSA 4-/stable	n/a
QBE at Lloyd's	£1.1bn QBE FAL	FSA	A+/positive Lloyd's Market	A (Excellent) Lloyd's Market

FAL: Funds at Lloyd's

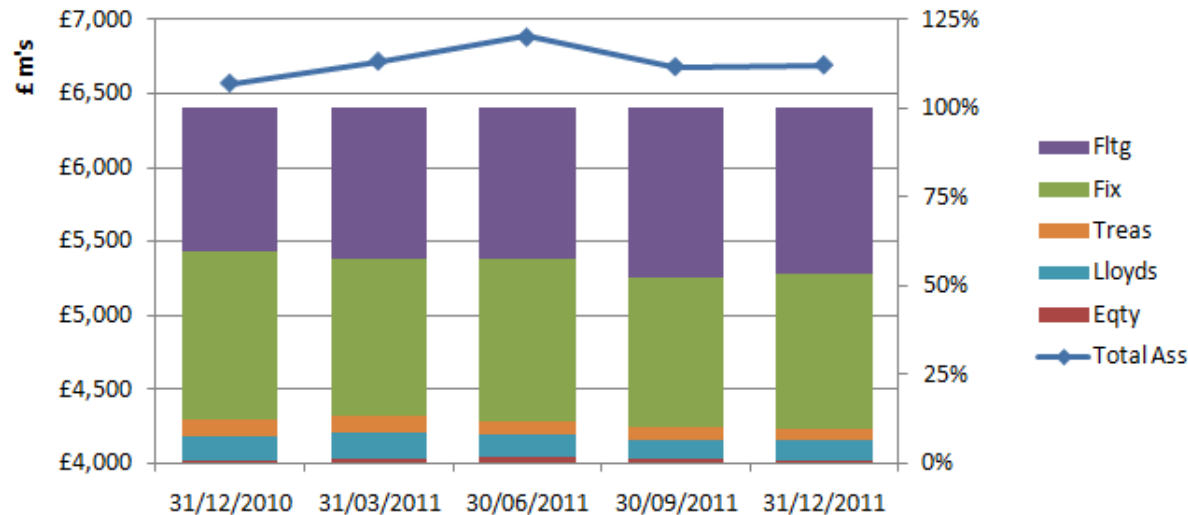
Source:

- Audited EO plc accounts prepared on a UK GAAP basis.
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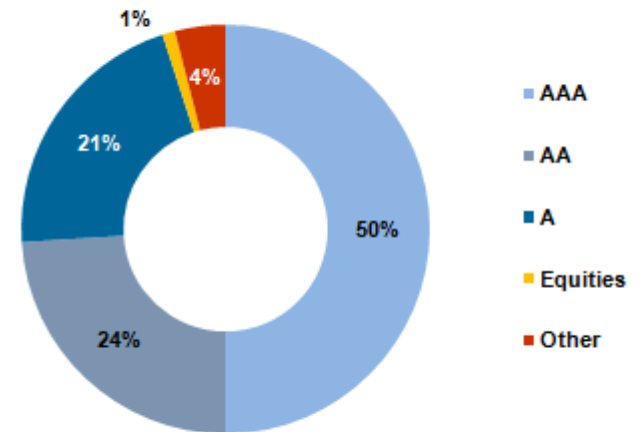
QBE EO Structure, Capital and Operations - Investments

- The EO investment portfolio is conservatively positioned:
 - 95% of the portfolio is invested in securities rated A or higher
 - 99% of the portfolio is invested in cash and fixed income
- Short duration maintained (<1 year)
- Investments have proved to be liquid and resilient throughout the Eurozone debt crisis: No defaults and no direct exposure to peripheral sovereign issuers or banks

Investment portfolio by asset class



Investment portfolio by credit rating

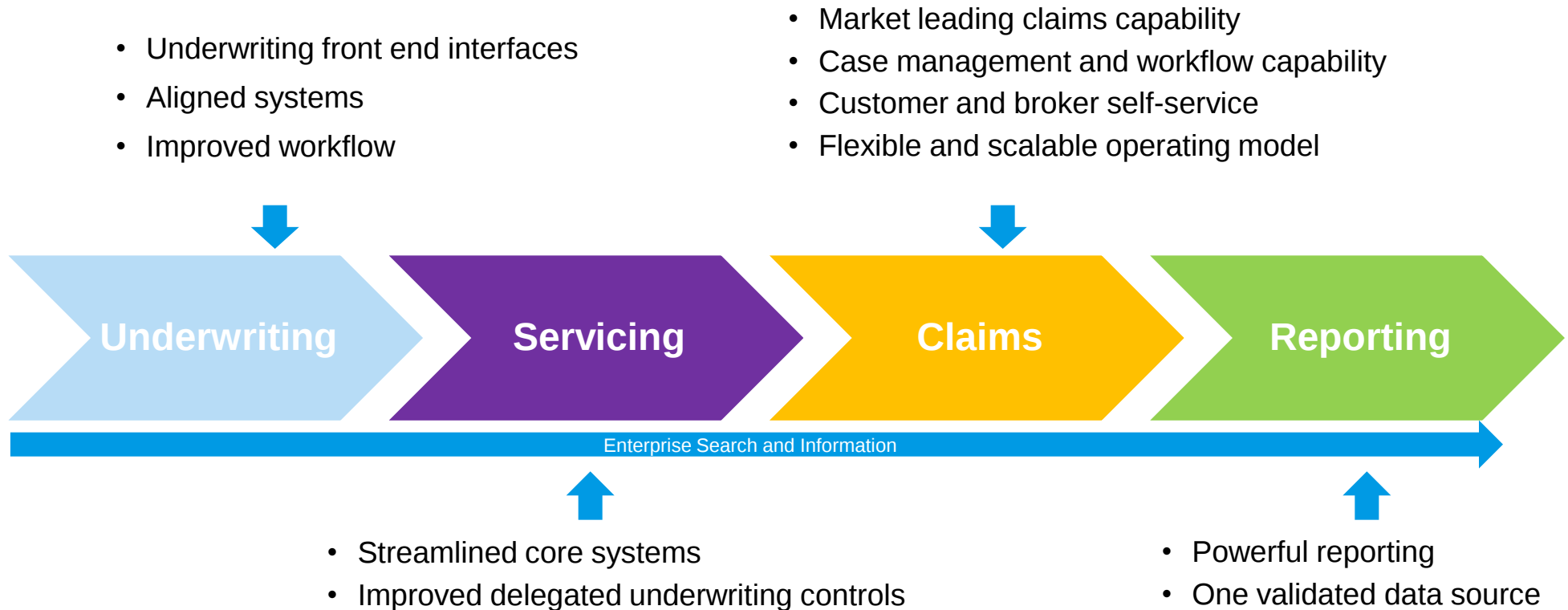


QBE EO Structure, Capital and Operations - Cash flow

- Strong operating cashflows
 - Routinely declare cash dividends to Group of >50% of reported profit
 - Excess working capital held at holding company level
 - Self-funded Brit acquisition and Springboard infrastructure investment
 - Executing strategic opportunities: sale of QBE Macedonia in H2 2012
- Highly liquid balance sheet
 - Scenarios tests are run against syndicate trust funds to ensure that even under Realistic Disaster Scenarios sufficient liquidity is available
 - Strong liquidity ratios: financial investments and cash as a proportion of net technical reserves >100% in each regulated entity
- Play a major part in most group fund raisings
 - Funds in excess of local requirements easily redeployed around the Group

QBE EO Structure, Capital and Operations - Springboard

Step change in core IT services creating a flexible and scalable operating model



QBE EO Structure, Capital and Operations - Springboard

- 2½ year c. £100m programme completed in H1 2012
- Migration of 5m policies and decommissioned 6 legacy systems, representing \$36bn GWP
- Migration of nearly 4m claims onto a single Claims Management System
- Integration of Claims Management and Document Management Systems
- Rationalisation of Outwards RI systems
- Reconciliation and validation of data through single Enterprise Information system
- More resilient, upgraded infrastructure estate
- Scalable core systems
- On track to deliver planned cost savings

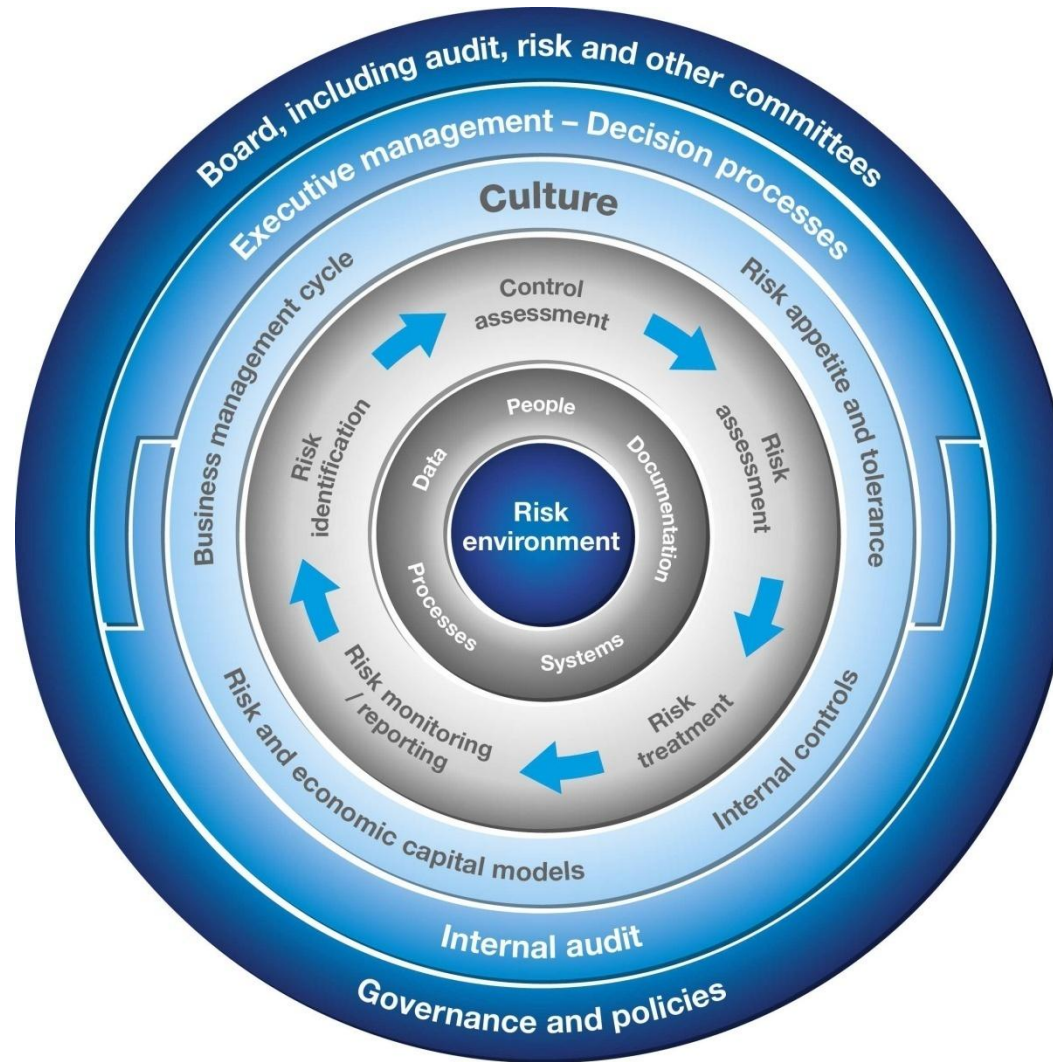
QBE EO Structure, Capital and Operations – Q & A

Q & A

QBE EO Risk Management

 **Phil Dodridge, Chief Risk Officer**

QBE EO Risk Management – Enterprise Risk Management Framework

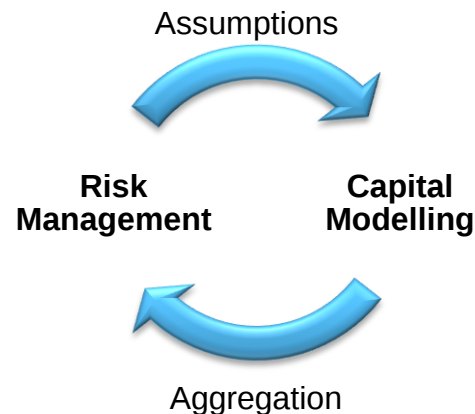


1. High level risk management framework
2. Large number of linked processes bringing together the 3 lines of defence
3. Risk management is embedded across the business
4. Risk dashboards present throughout our committee structure

QBE EO Risk Management – Solvency II

- We consider most of Solvency II to be synonymous with our ERM framework
- We are supportive of the principles of Solvency II

1. Linking risk management to capital requirements



2. Embedding the risk framework into the business, particularly within pricing and performance

- enable better informed decisions
- greater confidence in decision making
- a culture that is more conscious of the risk return trade off

QBE EO Risk Management – Solvency II

- There have and continue to be challenges with uncertainty over timeframes and requirements of Solvency II
- QBE EO are seeking internal model approval with FSA and Lloyd's
- QBE EO is working towards implementation at 1/1/2014
- Some of the value has been masked by the burden of formal documentation required under Solvency II
- As Solvency II begins to wind down, we are refocusing ERM on the value that it can add to the business

QBE EO Risk Management – Key Risks to P&L

External Environment

Ongoing soft markets in many products

Increasing claims activity (frequency/severity) due to macro economic issues

Reduced appetite from clients for insurance

Large/Catastrophe losses above planned allowance

Reduced investment returns

Internal Environment

Failure to remediate marginal performing business

Losses of key staff

Dilution of corporate culture

Transformation instability arising from global initiatives

Failure to realise benefits of Springboard transformation programme

QBE EO Risk Management – Key Risks to Balance Sheet

Risks	Examples
Impact of external factors on claim reserves	Unforeseen latent claims or unusual claims development, legislative changes, impact of emerging risks
Exposure management risk	Massive natural or man made catastrophes, unmodelled events, incorrect catastrophe model assumptions
Market conditions/ trading environment risk	Collapse in pricing, surge in competition, inability to attract desired business, unrealistic business planning
Reinsurance counterparty risk	Significant reinsurer failure, reinsurance disputes
Investment market movement risk	Collapse in value of investment portfolio (equities, interest rates, credit spreads), economic shocks / financial crisis

QBE EO Risk Management – Business Management Cycle Controls



QBE EO Risk Management – Reserving Controls

- With over £6bn of gross claims reserved on our balance sheet, the largest single balance sheet risk for QBE EO is a deterioration of the outstanding claims reserves
- Key controls around the level of reserving include:
 - formalised quarterly process involving actuaries, underwriters, claims, finance and management who review performance at a detailed portfolio level
 - the Reserving Committee is responsible for reviewing the reserve adequacy, reporting to the EO Audit Committee
 - full annual independent external actuarial review on more than 95% of QBE EO's outstanding claims provision
 - review by PWC as part of annual financial audit
 - review by QBE Group Actuarial function
 - monitoring of claims trends and inflation
 - horizon scanning the external claims environment

QBE EO Risk Management – Underwriting & Pricing Controls

- A core strength of QBE EO is the quality and empowerment of our underwriters. This enables us to deliver superior returns from writing specialist insurance that can involve large, complex and sometimes difficult risks
- Our key controls around underwriting and pricing include:
 - dedicated Underwriting Review Department
 - a formal Underwriting and Reinsurance Review Committee reporting directly to QBE EO Boards
 - underwriting limits and authorities, cascaded throughout the business
 - detailed business plan targets and operating parameters
 - return on risk based allocation of economic capital used as part of quarterly business performance management
 - staff bonuses driven by risk adjusted return on capital
 - benchmark pricing models and rate monitoring
 - the Emerging Risks Group

QBE EO Risk Management – Catastrophe Exposure Controls

- QBE EO's international business mix generates exposure to catastrophes from all over the world from US hurricanes to Japanese earthquakes
- Detailed data is captured on all key locations
- Risk is assessed via
 - Realistic disaster scenarios and sensitivity
 - Commercial catastrophe models (including full modelling of annual multi-peril region exposures)
 - In-house aggregate methodology (probable maximum losses)
 - Localised accumulation monitoring
 - Maximum event retention (MER) for a 1 in 250 natural catastrophe
 - Stress testing of multiple large catastrophe scenarios aggregating across a year
- It is managed in conjunction with outward reinsurance protections in order to maintain the net risk within QBE EO's appetite, which is cascaded as part of the overall Group appetite

QBE EO Risk Management – Claims Activity and Controls

- After many years of stable claims activity, we are now seeing some evidence of an increased trend developing across a number of lines of business, typically driven by the wider economic environment. Examples include:
 - A strengthening compensation culture as companies struggle financially
 - Less corporate investment in risk management and staff training
 - Claims farming and periodic payment orders for UK bodily injury
 - Companies seeking financial redress from professional advisors
 - Customers may pull back from purchasing insurance where considered non-essential, only insuring business that is more prone to claims
- Our approach to managing trends in claims activity encompasses:
 - Internal analysis of frequency/severity by risk segment, claim type and component
 - Early warning indicators
 - External research
 - Horizon scanning of external environment
 - Review as part of reserving process with actuaries, underwriters and claims staff
 - Feedback into underwriting, particularly through the business management cycle

QBE EO Risk Management – Q & A

Q & A



Luke Savage, Director, Finance, Risk Management and Operations, Lloyd's

Lloyd's - Agenda

- 2012 Interim Results
- Overview
- Strength and Security
- Performance Management & Capital Setting
- Solvency II

Lloyd's – 2012 Interim Results

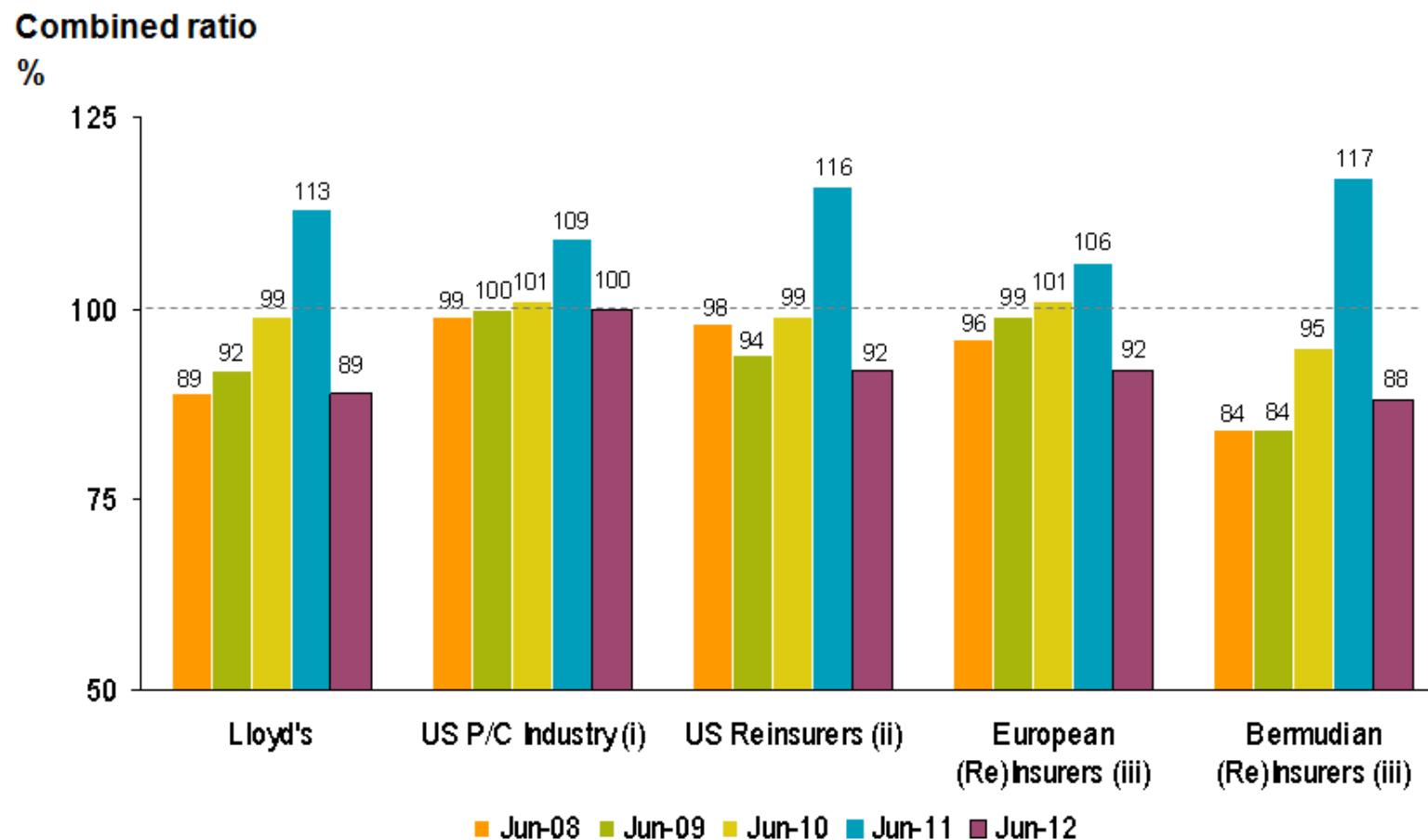
Encouraging results to date...

£m	June 2012	June 2011	Dec 2011
Gross written premiums	14,768	13,534	23,477
Combined ratio	88.7%	113.3%	106.8%
Investment return ¹	619	548	955
Result before tax	1,530	(697)	(516)
Return on capital (pre-tax)	16.4%	(8.1%)	(2.8%)

Source: Lloyd's pro forma basis, 1) Return on syndicates' assets, members' funds at Lloyd's and central assets

Lloyd's – 2012 Interim Results

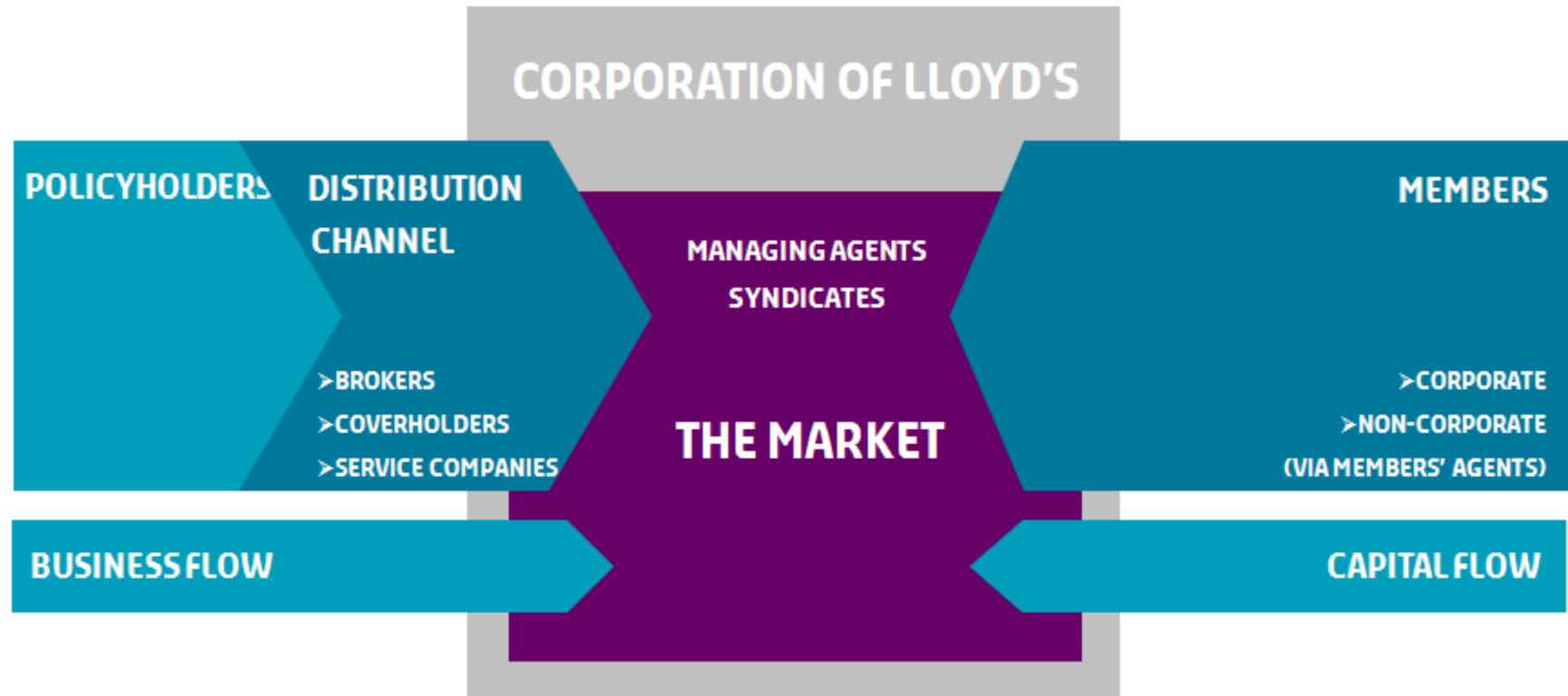
...and favourable performance compared to our peers



Sources: i) Insurance Information Institute estimate, ii) Reinsurance Association of America, iii) Company data (8 European companies; 18 Bermudian companies)

Lloyds – Overview

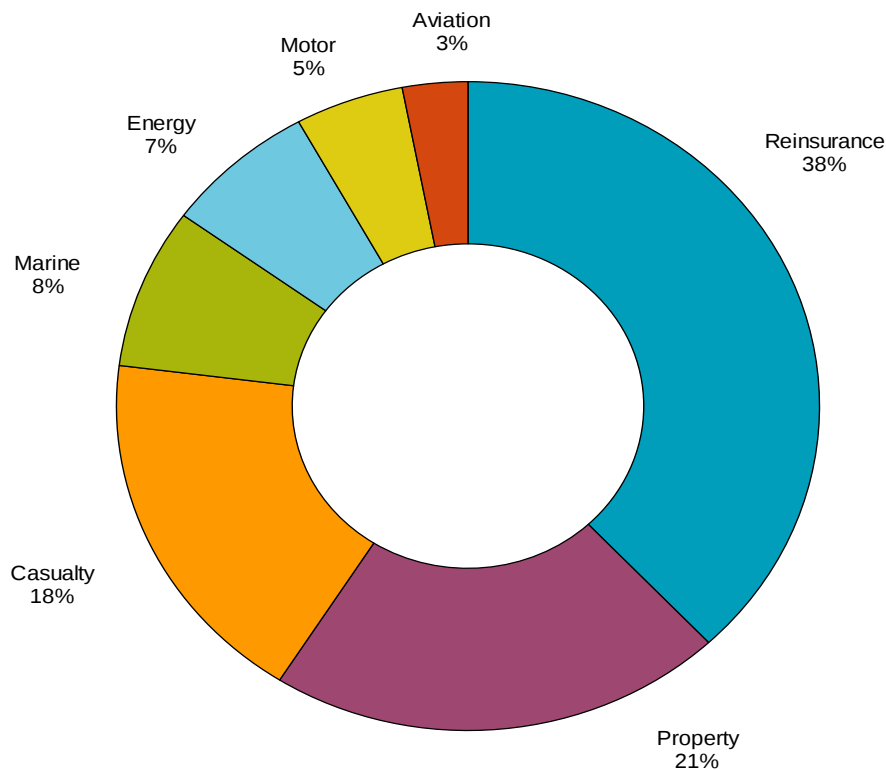
Lloyd's is a market, not a company...



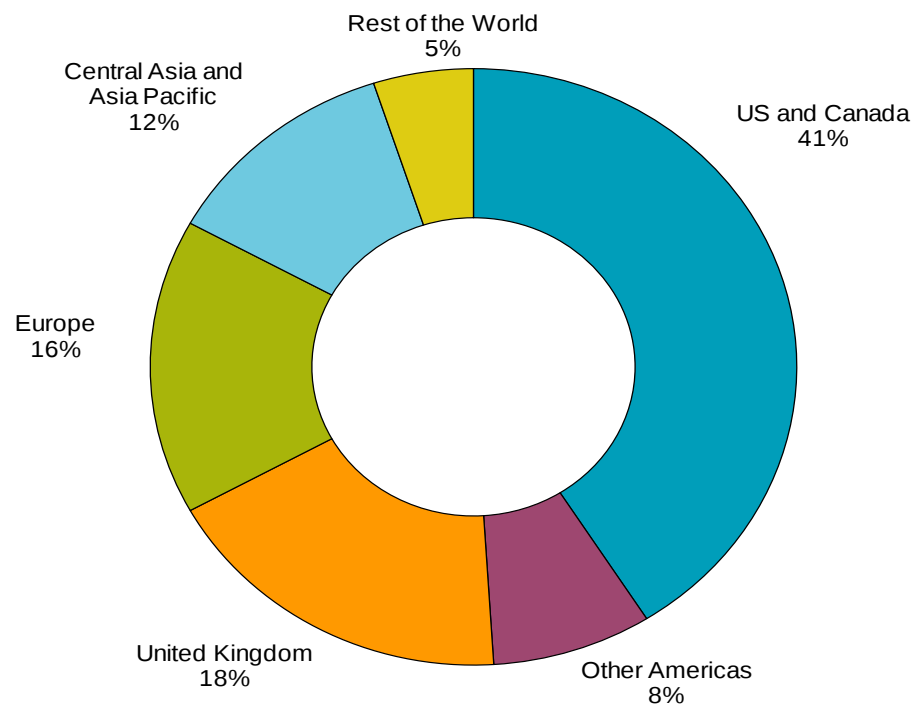
Lloyds – Overview

...collectively writing a diverse book approaching £25bn of GWP

Class of business split



Geographical split

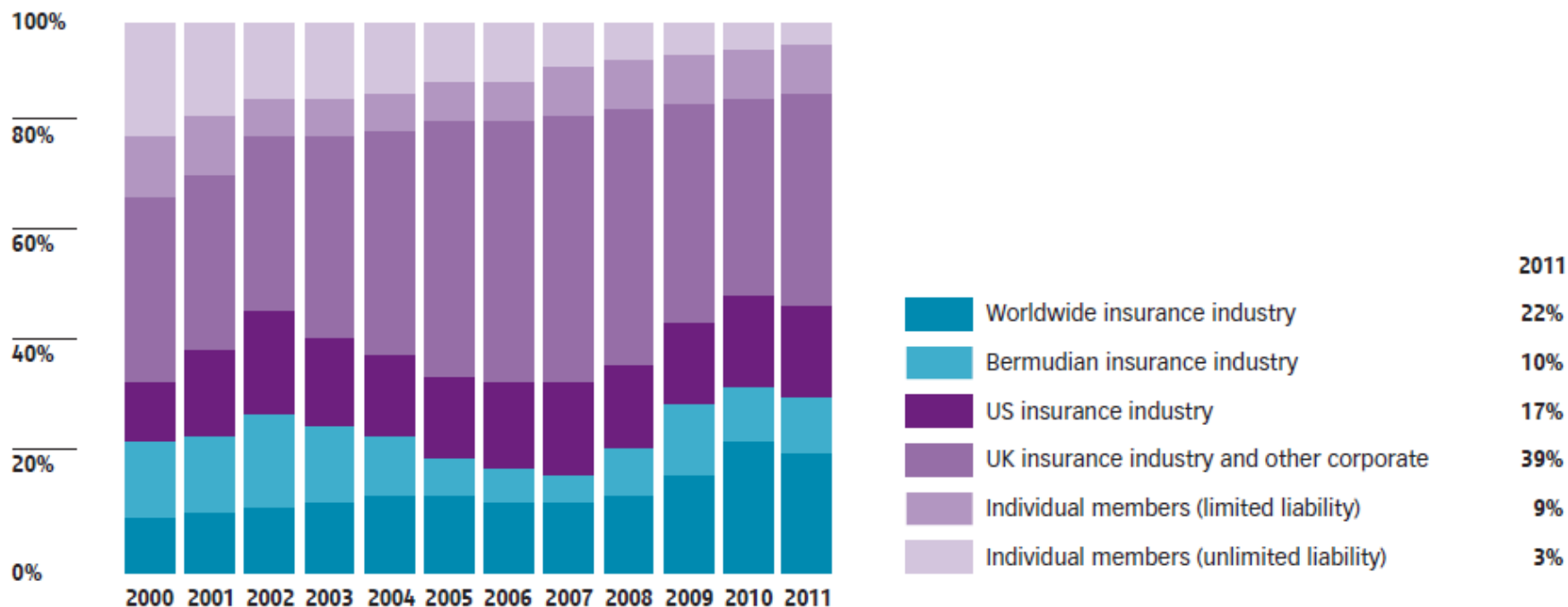


Source: Lloyd's 2011 Annual Report

Lloyds – Overview

It benefits from a diverse capital base...

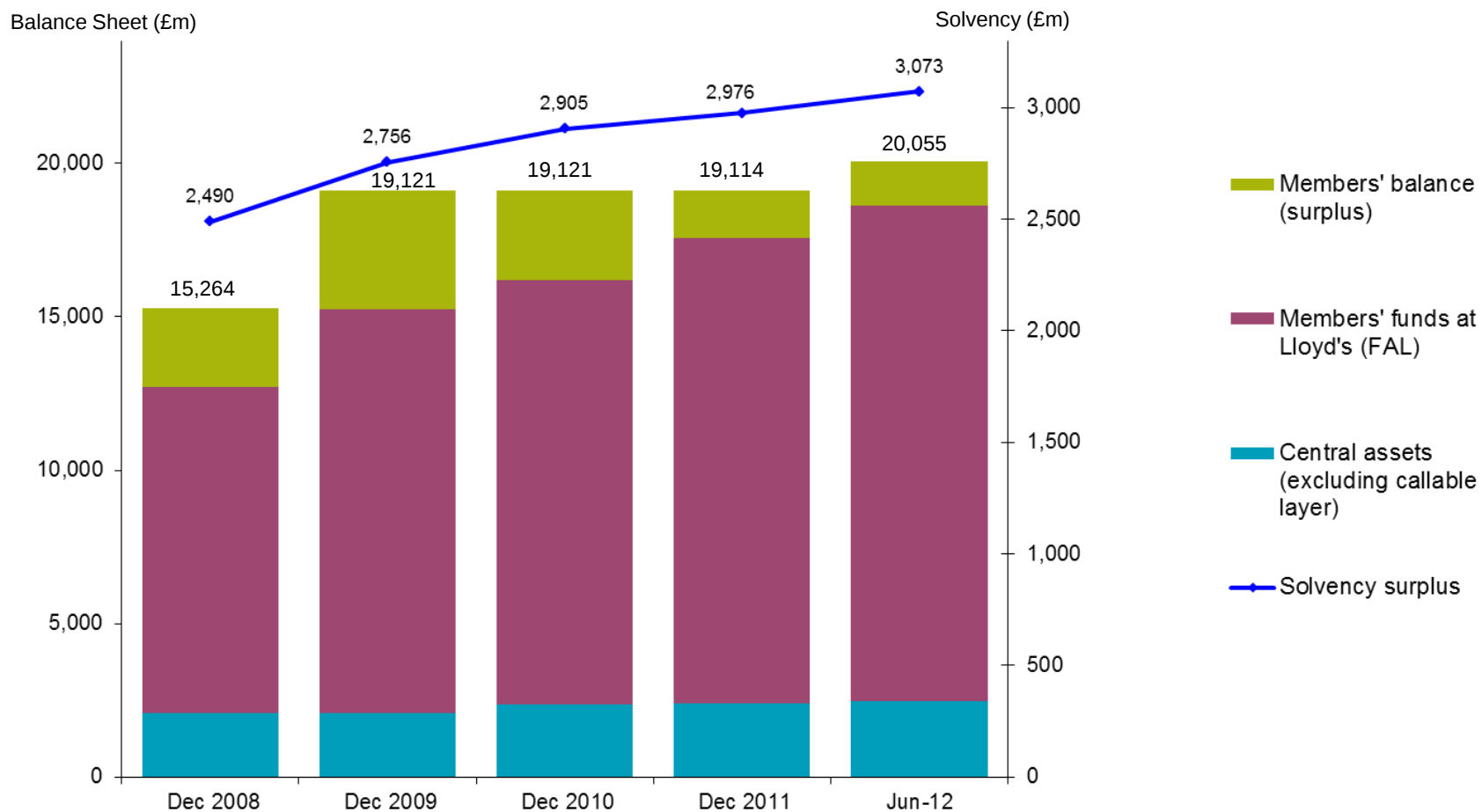
LLOYD'S CAPACITY BY SOURCE AND LOCATION



Source: Lloyd's 2011 Annual Report

Lloyds – Overview

... with record resources both at member level and centrally



Lloyds – Strength and Security

Access to Lloyd's is highly attractive

- Turn key access to a global licence network that enables a syndicate to write business in over 200 countries and territories on a subscription basis
- The ability to use the Lloyd's brand – the most recognised/favoured global insurance brand
- The ability to trade under the A+ rating of the Lloyd's market without the need to obtain separate ratings
- A “shop front” to the 175 broking firms that actively bring business to the Underwriting Room
- The ability to leverage shared central services that support the subscription market
- Extremely efficient capital levels underpinned by the Central Fund

Lloyds – Strength and Security

A strong and flexible capital structure...

SEVERAL ASSETS	FIRST LINK	SYNDICATE LEVEL ASSETS £ 41,311m		All premiums received by a syndicate are held in its premium trust funds and are the first resource for paying policyholder claims from that syndicate.	1
	SECOND LINK	MEMBERS FUNDS AT LLOYD'S £15,171m		Each member provides Capital to support its underwriting at Lloyd's. Each managing agent produces an Individual Capital Assessment stating how much capital it requires to cover its underlying business risks at a 99.5% confidence level.	2
MUTUAL ASSETS	THIRD LINK	CENTRAL FUND £1,361m CORPORATION £129m	CALLABLE LAYER (≤ 3%) £718m	The Central Fund is available at the discretion of the Council of Lloyd's to meet any valid claim that cannot be met by the resources of any member. It is funded by members' annual contributions and subordinated debt issued by the Corporation in 2004 and 2007.	3
		SUBORDINATED DEBT/ SECURITIES £898m			

Lloyds – Strength and Security

...is reflected in the Lloyd's Market ratings

Lloyd's insurer financial strength ("IFS") is interactively assessed by three leading insurance rating agencies:



A (Excellent). Stable Outlook.

Affirmed August 2012

Source: AM Best, Fitch and S&P



A+ (Strong). Stable Outlook.

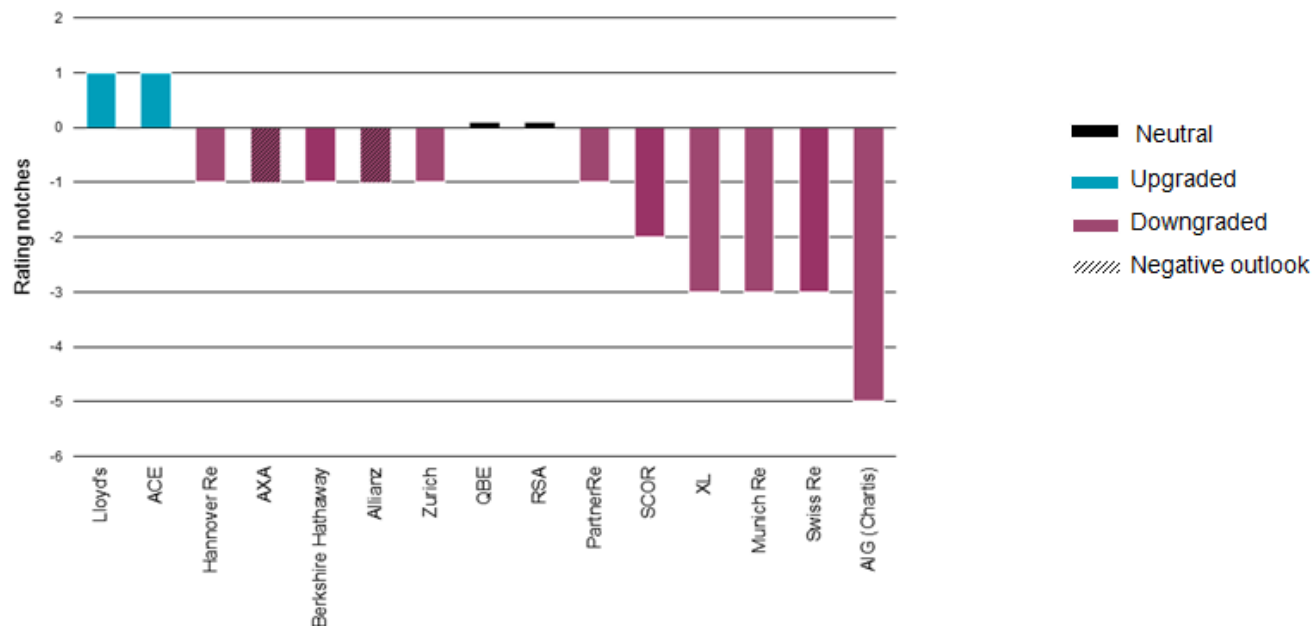
Affirmed July 2012



A+ (Strong). Positive Outlook.

Affirmed August 2012

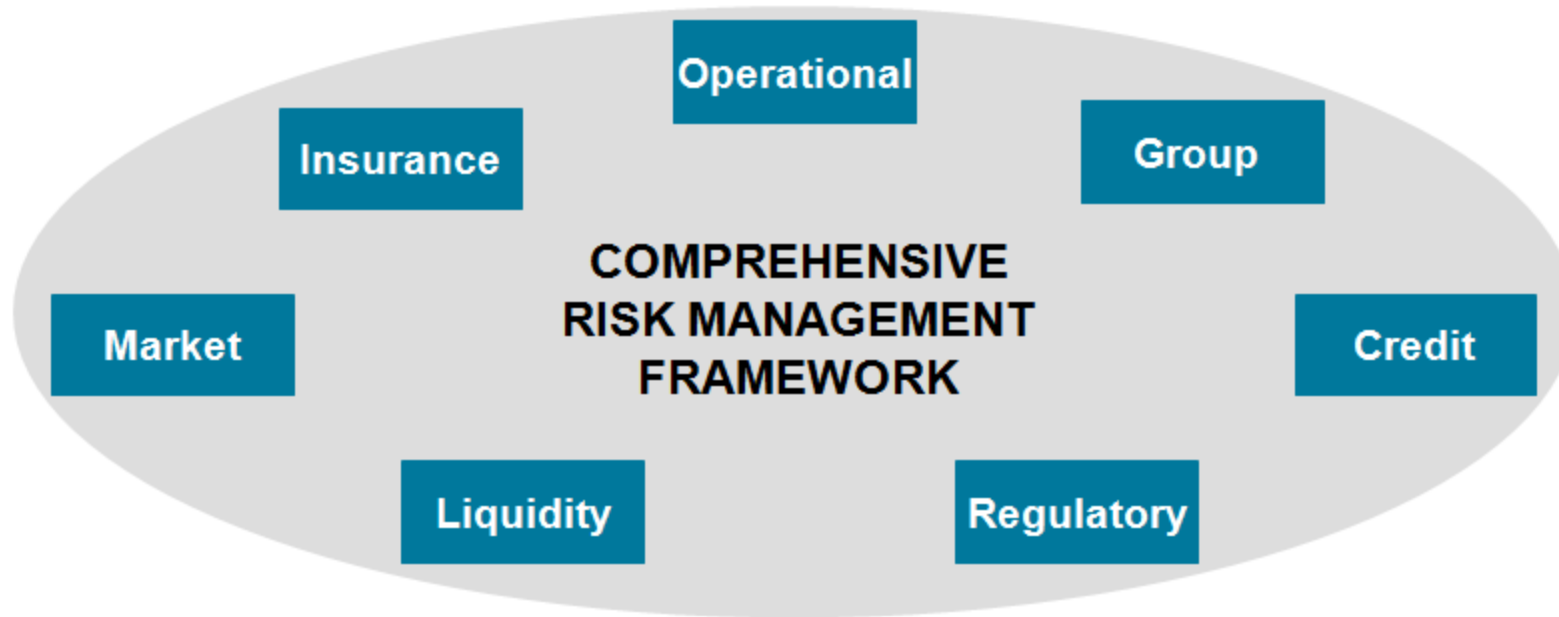
S&P rating actions since January 2002 - Lloyd's IFS rating has been upgraded to A+, despite downgrades in the wider market



Lloyds – Performance Management Framework and Capital Setting

Comprehensive risk management framework ensures that capital strength is not threatened...

- Each Lloyd's business is responsible for its own risk management
- The Society of Lloyd's has established a framework that is used to assess and address the quality of risk management within each managing agent and syndicate
- The framework is also used to assess and manage the overall risks to the Lloyd's market
- Within each category, key control processes have been developed to ensure that all risks are comprehensively addressed



Lloyds – Performance Management Framework and Capital Setting

...with a number of tools to manage key risks for the market today

Insurance cycle management risk controls

- Underwriting standards and guidelines, including rate monitoring and pricing tools
- Annual syndicate business plans approval
- Syndicate performance benchmarking and play back
- Controlling admission of new syndicates
- Minimum standards for and monitoring of claims handling and reserving practices

Ensures underwriting activity is appropriate to market conditions

Exposure management risk controls

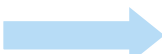
- Framework of realistic disaster scenarios to measure and manage catastrophe exposures at a syndicate and market level
- Underwriting guidelines for maximum exposures for each event included in syndicate business plan review
- Setting capital for each syndicate/member to reflect exposures
- Monitoring Lloyd's aggregate exposure to extreme events, including the credit risk associated with reinsurance recoveries
- Setting and achieving central capital to withstand very severe events

Ensures that the Lloyd's market is not unduly exposed to extreme events

Lloyds – Performance Management Framework and Capital Setting

Underwriting Guidelines focus on profitability and reduced volatility

Guidelines include:

Result by lines of business		Gross underwriting profit on each line
Maximum gross line size		10% of syndicate capacity
Minimum per-risk retention		10% of gross line
Catastrophe exposure management		Modelling tools
		Maximum RDS to syndicate capacity: 75% gross; 20% net

Lloyds – Performance Management Framework and Capital Setting

Lloyd's Realistic Disaster Scenarios ...

Generic (de minimis) Scenarios (primarily utilised to monitor syndicate-level exposures)

- 1 Marine Event
- 2 Loss of Major Complex
- 3 Aviation Collision
- 4 Satellite Risks
- 5 Liability Risks
- 6 Political Risks
- 7 Alternative RDS: A/B

Specific event-based Compulsory Scenarios (primarily utilised to monitor Market-level exposures)

- | | | | |
|----|--------------------------|--|-----------------|
| 8 | Two Event | (Northeast US windstorm followed by Carolinas windstorm) | \$78bn + \$36bn |
| 9 | Florida Windstorm | | \$125bn |
| 10 | Gulf of Mexico Windstorm | | \$111bn* |
| 11 | European Windstorm | | \$31bn |
| 12 | Japanese Typhoon | | \$15bn |
| 13 | California Earthquake | | \$78bn |
| 14 | New Madrid Earthquake | | \$47bn |
| 15 | Japanese Earthquake | | \$64bn |
| 16 | UK Flood | | £6.2bn |
| 17 | Terrorism | | N/A |

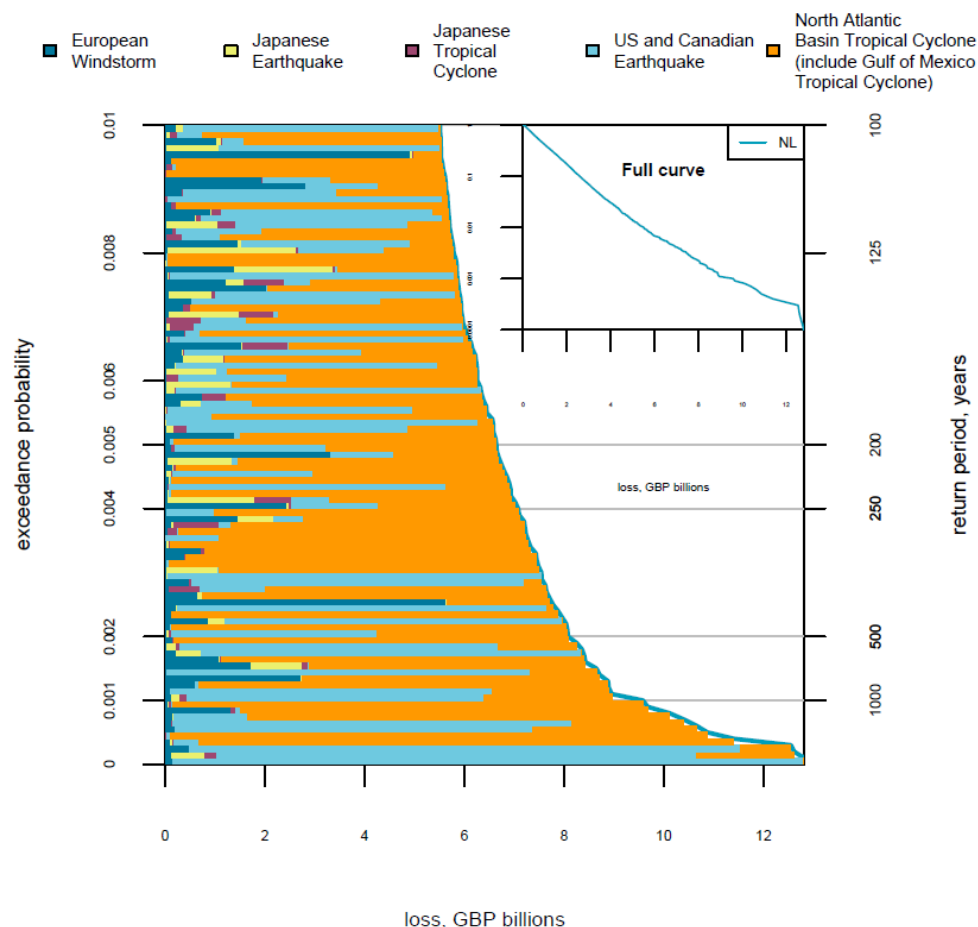
* Offshore energy elements revised in 2010

Lloyds – Performance Management Framework and Capital Setting

... and Exceedance Probability curves provide a powerful facet to risk management

- Exceedance Probability (EP) curves help (re)insurers to better understand the probability of exceeding a loss amount on a single (OEP) or aggregate (AEP) basis, and are particularly useful at highlighting potential losses from probable events that may not have been experienced historically
- We collect EP curve data from every Syndicate on a quarterly basis
- EP curve data feeds directly into the Lloyd's Cat Model (LCM), a satellite model of the Lloyd's Internal Model (LIM)

Region and Peril Contribution Analysis



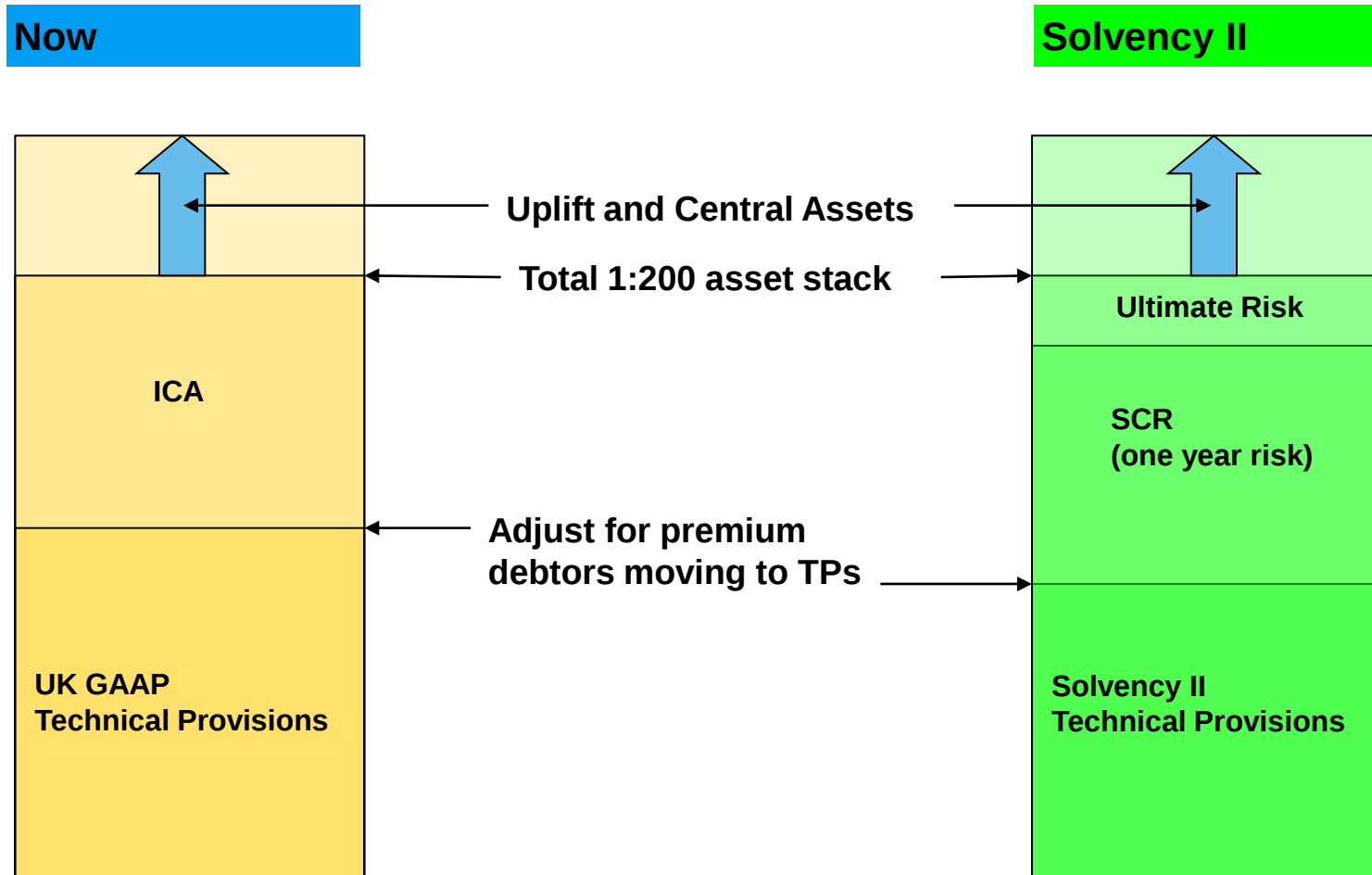
Lloyds – Solvency II Update

... and Lloyd's is amongst the most prepared in Europe

- Lloyd's submitted its Internal Model Application to the FSA on 27 July
- Most of Lloyd's work on Solvency II is now complete and has moved into business as usual
- Lloyd's will continue to work with managing agents to help each of them pass the Solvency II tests and this work shall be completed by Q3 2013

Lloyds – Solvency II Update

We do not expect aggregate capital levels at Lloyd's to change under Solvency II...



Lloyds – Solvency II Update

...and we are seeing benefits from our work...

- Better exposure management
- Better capital modelling
- Clearer governance structures
- Clearer articulation of risk appetite
- A more holistic approach to thinking about risk and capital

...in the Corporation and at every managing agent

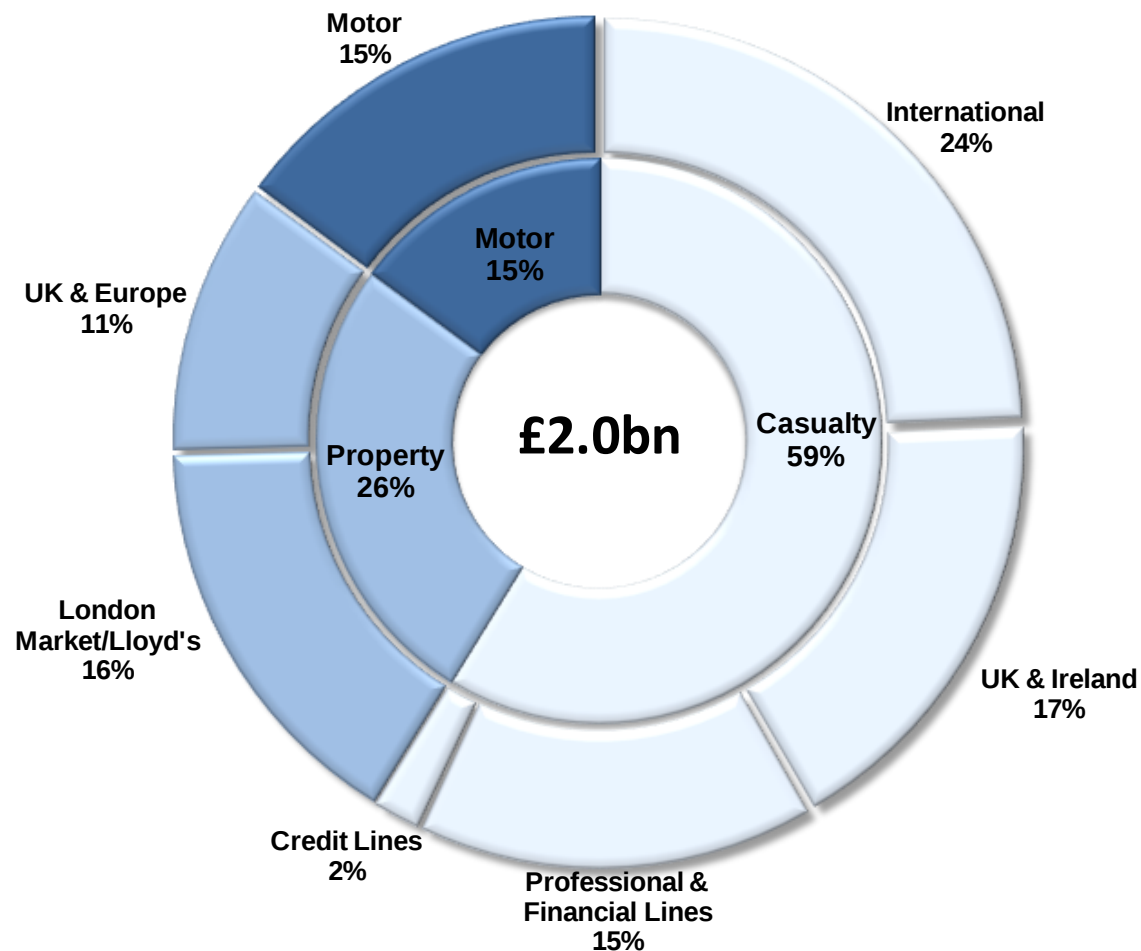
Q & A

Property, Casualty & Motor Division

 **Ash Bathia, Chief Underwriting Officer, Property, Casualty & Motor**

Property, Casualty & Motor – Product Split

2012 Forecast GWP Breakdown



Source: H1 2012 unaudited EO management accounts prepared on a UK GAAP basis

Property, Casualty & Motor – Performance

ROE Performance by Portfolio

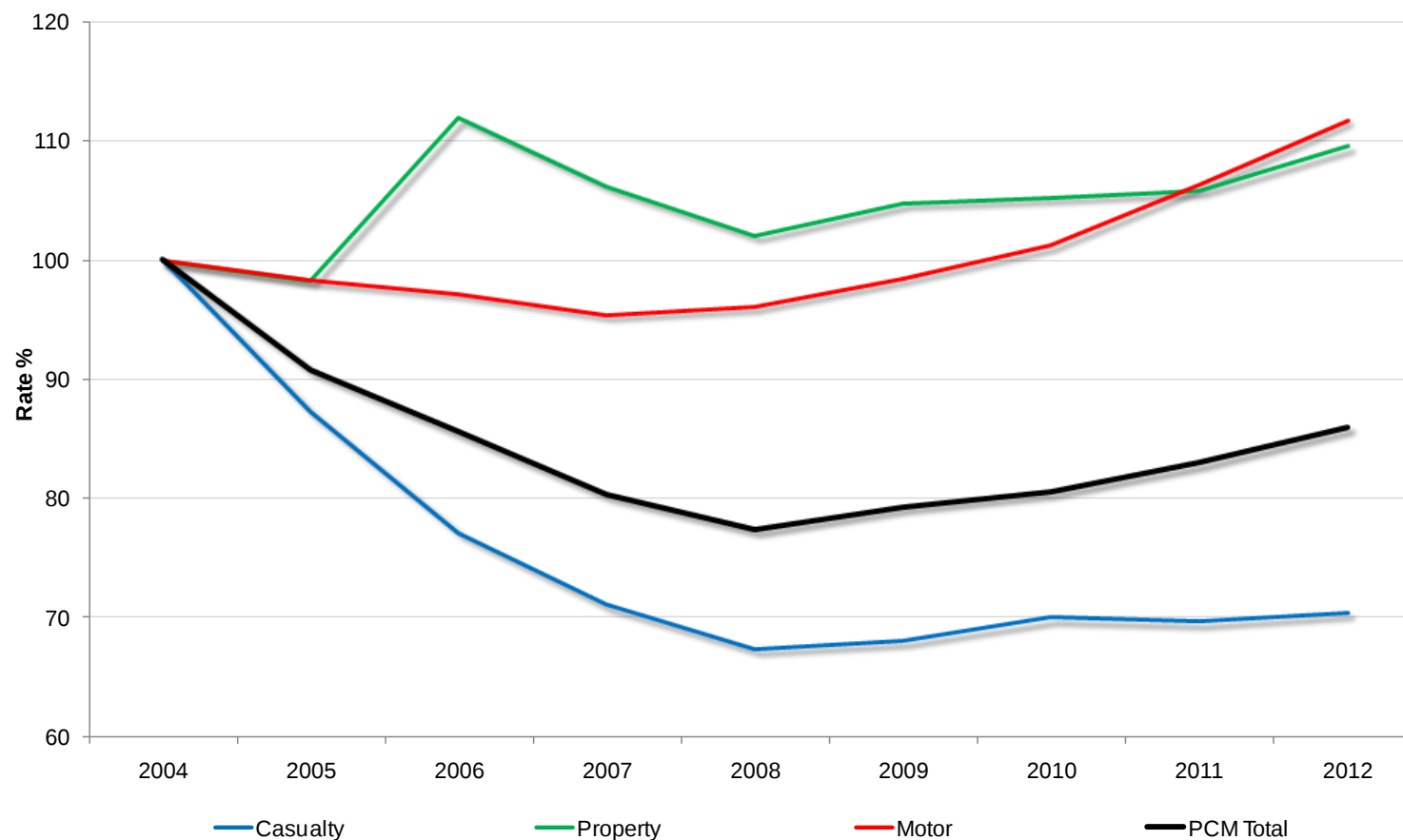
	2008	2009	2010	2011	2012
Casualty - International					
Casualty - UK & Ireland					
Casualty - Professional & Financial Lines					
Property - London Market/Lloyd's					
Property - UK & Europe					
Motor					
Credit Lines					
PCM TOTAL					

Note: ROE on local management basis on allocated capital
Source: QBE EO financial year management accounts

<0%	0% to 15%	15% to 20%	>20%
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Property, Casualty & Motor – Market Conditions

QBE Risk Adjusted Rate Change Experience by Portfolio



Property, Casualty & Motor – Strengths

In the face of challenging market conditions, state of the economy and investment environment, we have:

- A strong and stable Executive Team
- Quality, experience and depth of key underwriting talent
- Size, scale and historical profitability of the business
- Highly diversified business by geography, class of business and industry sector backed by wide distribution reach and focus on strategic broker relationships
- Highly respected lead market and a 'go to' company
- Qualitative underwriting supported by strong analytical and quantitative actuarial input
- Detailed segmentation and continuous performance monitoring and management
- Strong culture of empowerment and solution based approach underpinned by discipline, delivery and focus on bottom line performance

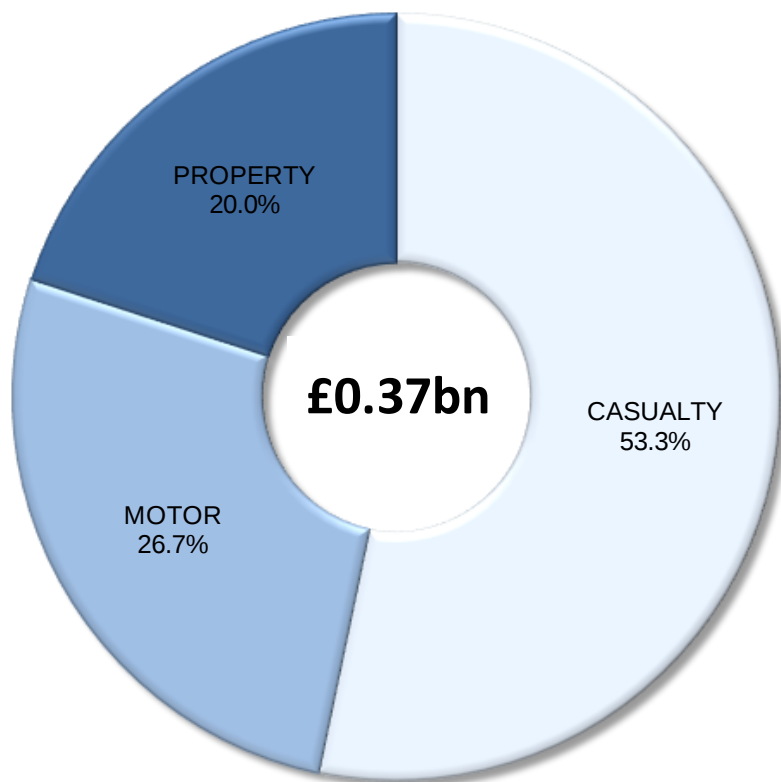
Property, Casualty & Motor – Core Priorities

1. Ruthless remediation of under performing segments of the business
2. Delivering the full potential of Brit Integration for UK National business
3. Implement and execute European Market strategy
4. Ramp up Dubai and Canadian franchise
5. Deliver operational and cost efficiencies
6. Develop, retain and attract key talent
7. Drive Group collaboration initiatives
8. Optimise Group reinsurance and retention capability

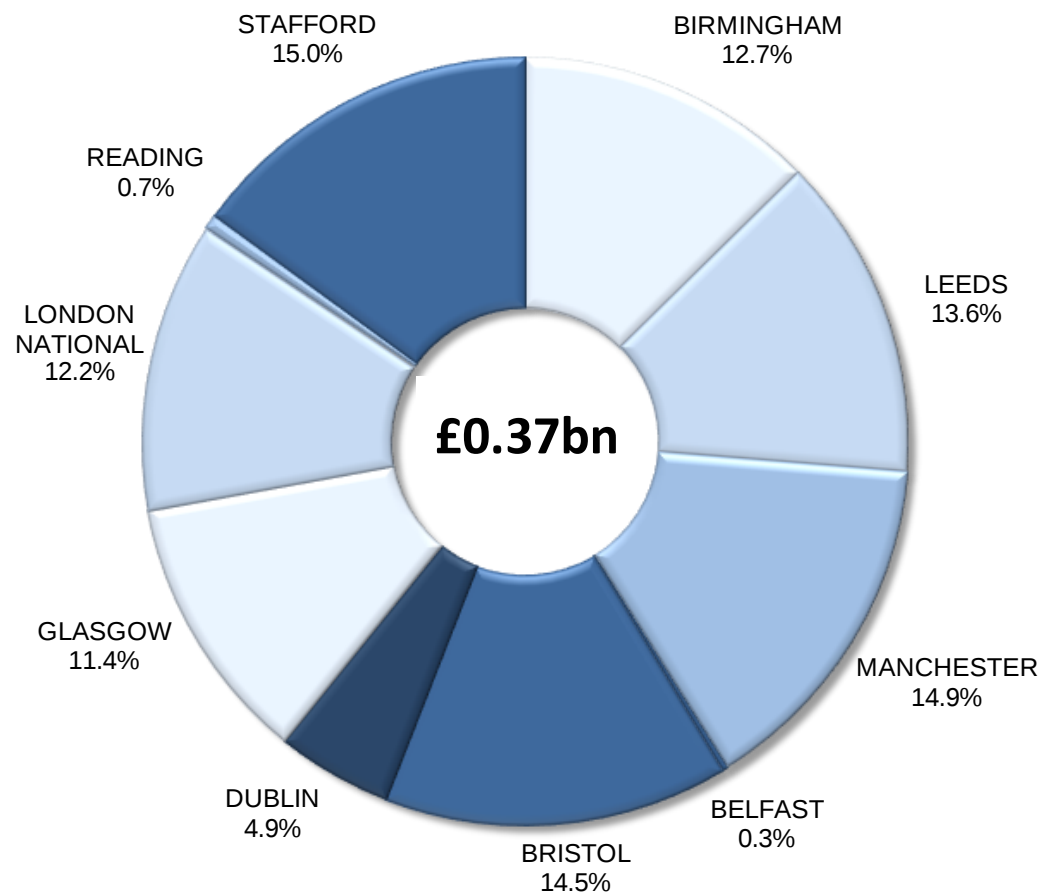
Property, Casualty & Motor – UK National

2012 Forecast GWP

Product Split



Branch Split



Source: H1 2012 unaudited EO management accounts prepared on a UK GAAP basis

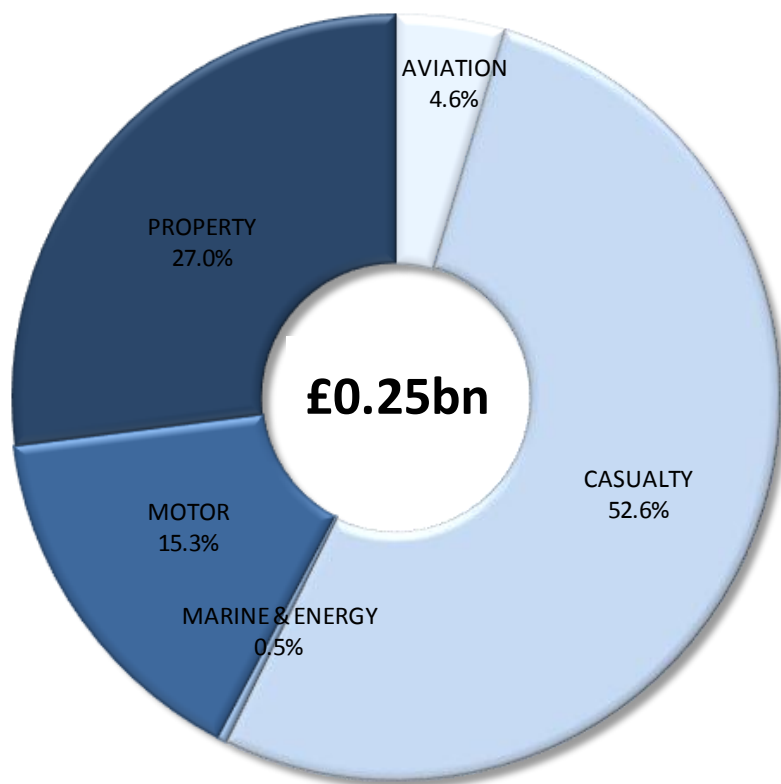
Property, Casualty & Motor – UK National

- Successful integration of Brit regional business
 - Retention of key staff
 - Renewal of profitable business
 - New regional structure and Executive team
 - Significant synergies and cost efficiencies
- Diversify business mix to include “Commercial Combined” and “Fast Flow” products
- Ensure local empowerment but with strong degree of accountability and oversight
- Build a more cost effective, efficient and scalable operating and business support model
- Establish robust partnerships and business development plans with key regional brokers

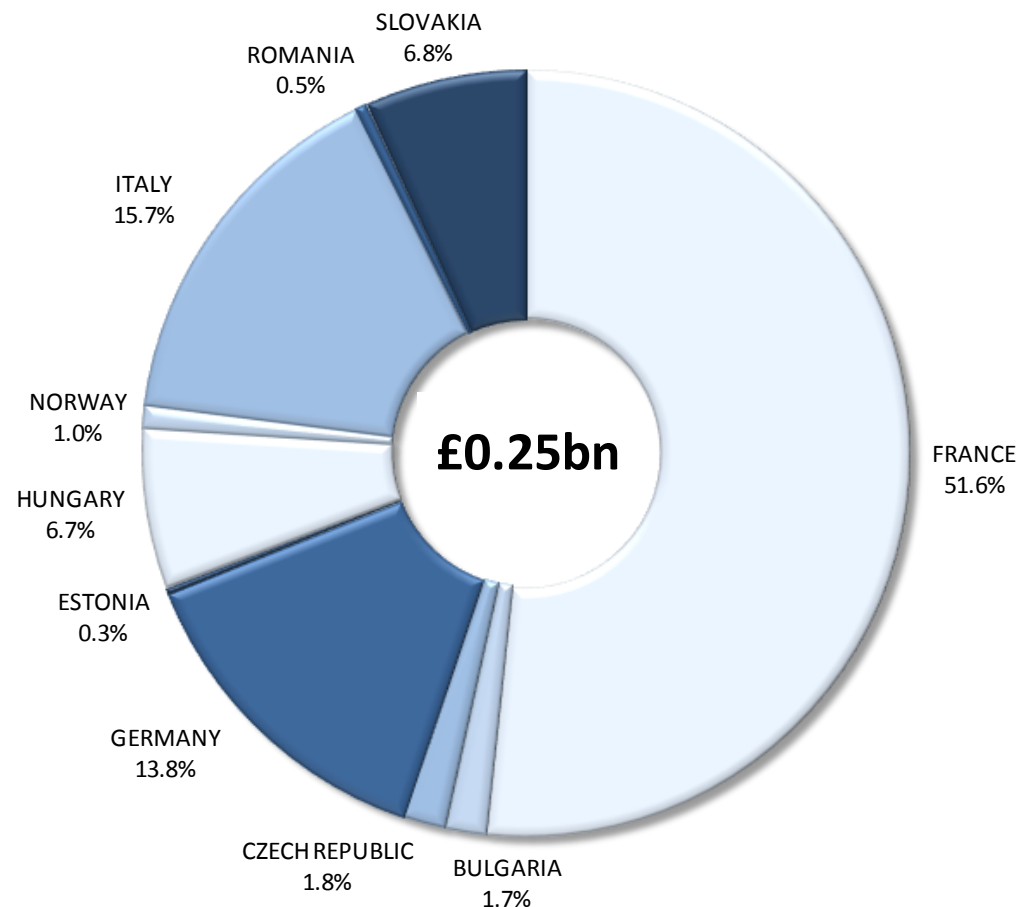
Property, Casualty & Motor – European Markets

2012 Forecast GWP

Product Split



Branch Split



Source: H1 2012 unaudited EO management accounts prepared on a UK GAAP basis

Property, Casualty & Motor – European Markets

- Pursuit of initial plans to grow to €750m in 5 years put on hold due to:
 - Poor pricing and performance, particularly property and motor sectors
 - Eurozone crisis and credit crunch impact
 - Lack of attractive acquisition opportunities
- Focus instead on building core market presence and expertise in all principal Western European economies
- Wholesale review of European strategy to reposition for future growth when markets recover, focusing on:
 - Core territories – France, Germany, Italy and Spain
 - Core Products – Property, Casualty, Aviation and Credit/Surety
 - Enhanced operating model and support structure
 - Continued ruthless remediation and re-underwriting of unprofitable business
 - Maintain cautious position in Central and Eastern European markets other than disposal of Macedonia

Property, Casualty & Motor – Q & A

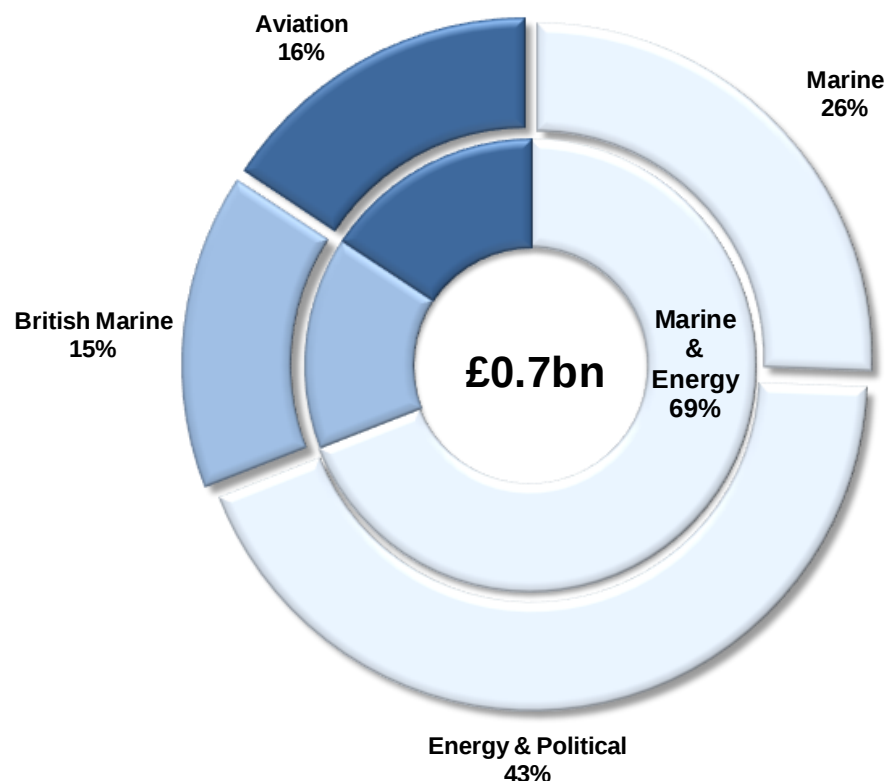
Q & A

Marine, Energy & Aviation Division

 **Colin O'Farrell, Chief Underwriting Officer, Marine Energy & Aviation**

Marine, Energy & Aviation – Product Split

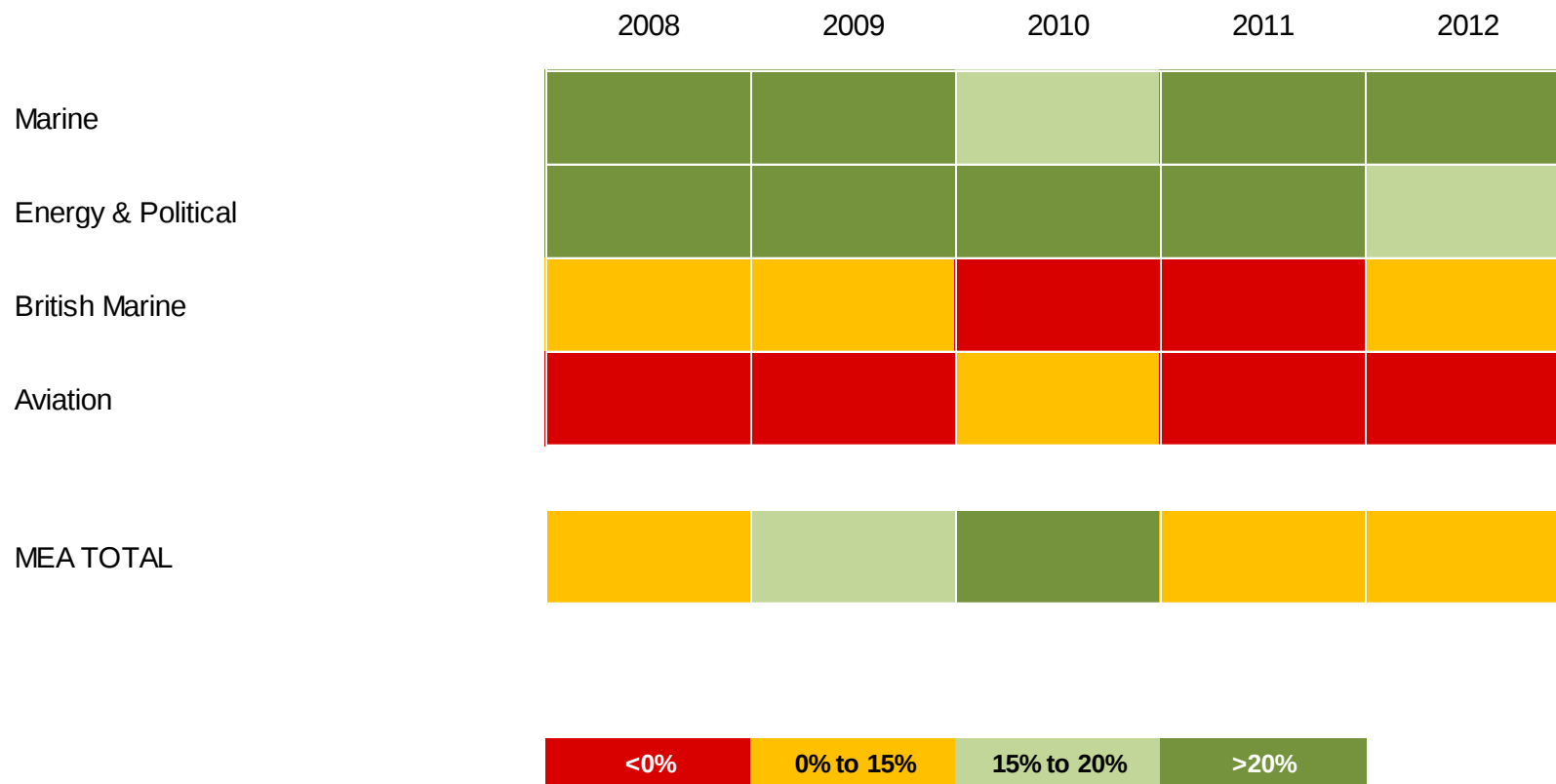
2012 Forecast GWP Breakdown



Source: H1 2012 unaudited EO management accounts prepared on a UK GAAP basis

Marine, Energy & Aviation – Performance

ROE Performance by Portfolio

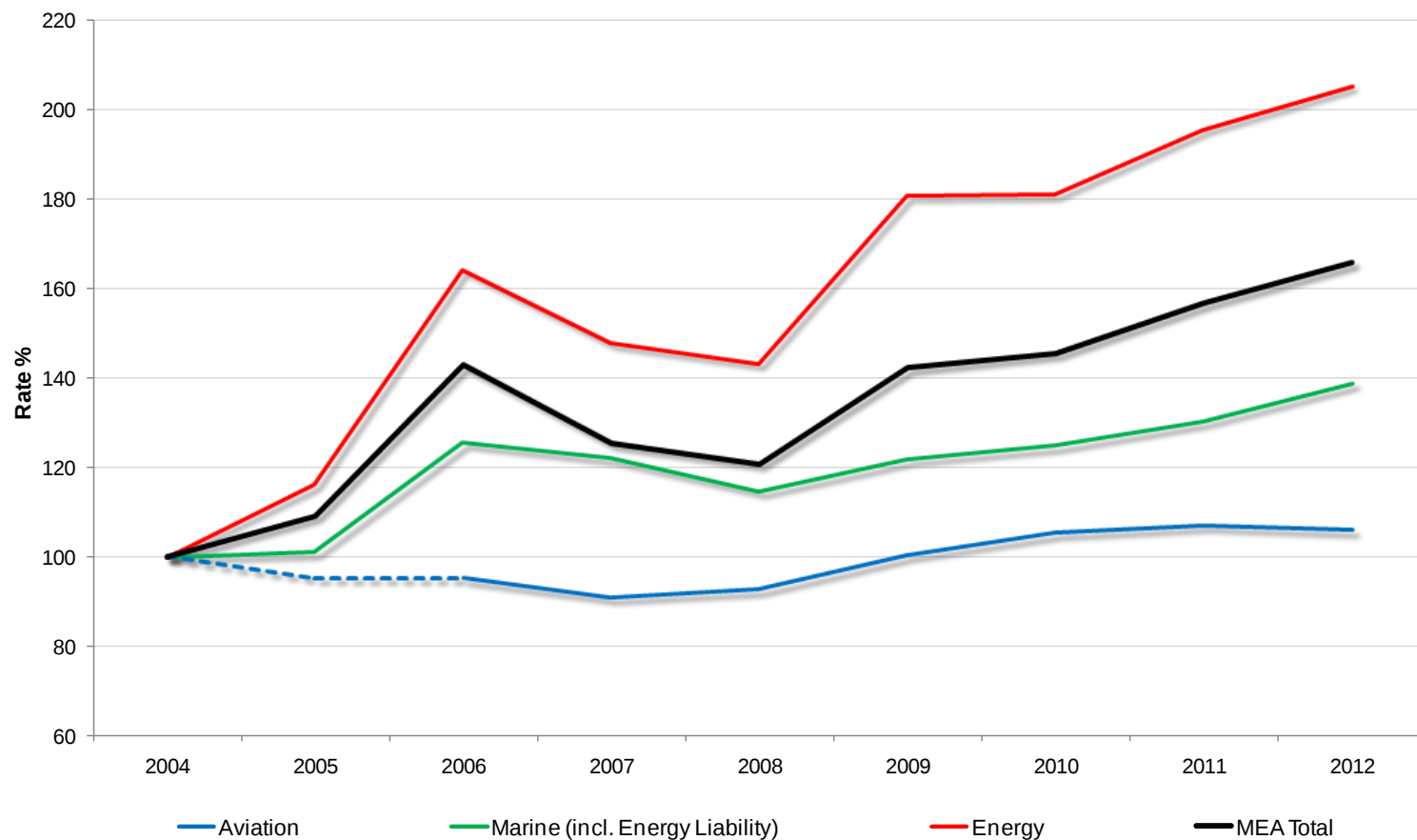


Note: ROE on local management basis on allocated capital

Source: QBE EO financial year management accounts

Marine, Energy & Aviation – Market Conditions

QBE Risk Adjusted Rate Change Experience by Portfolio



Marine, Energy & Aviation – Strengths

- Significant competitive advantage in all business lines, characterised by our position as a leading subscription and specialty market carrier
- Experienced and highly regarded individuals with strong underwriting discipline and expertise
- Worldwide distribution channels with offices in key regional markets
- Ability to maximise local market opportunities through flexible business model
- Lloyd's franchise allied to QBE global reach provides unique choice to our customer base
- Robust risk appetite and risk management enables underwriting flexibility which fosters long standing customer relationships
- Comprehensive reinsurance programme by class, predominantly outside of Group global programme
- Our integrated claims structure benefits all stakeholders due to its proximity to underwriting units
- Tenacity and fortitude of employees in an increasingly demanding environment

Marine, Energy & Aviation – Core Priorities

- Protect and maintain the integrity of our highly profitable core portfolios of business
- Demanding market conditions requires underwriting discipline to be robustly maintained
- Ensure poor performing remediation strategies are not just pipe dreams and pursue ruthlessly
- Top line growth is not a priority, whilst both market conditions and remediation activity continues
- Aviation product portfolio diversifying as traditional lines are remediated in pursuit of profit benchmark
- Exploit opportunity in business lines where market dislocation provides ability to generate superior returns for dynamic and decisive risk carriers
- Leverage QBE global network, particularly in Asia

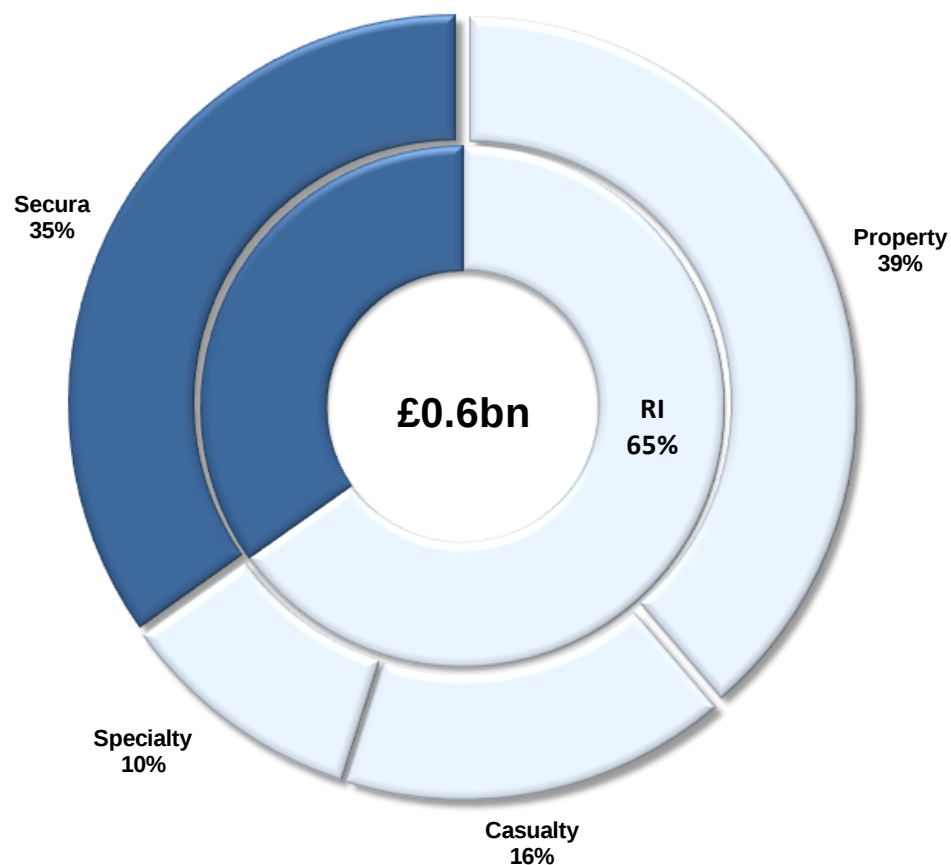
Q & A

Reinsurance Division

 **Jonathan Parry, Chief Underwriting Officer, Reinsurance**

Reinsurance – Product Split

2012 Forecast GWP Breakdown



Source: H1 2012 unaudited EO management accounts prepared on a UK GAAP basis

Reinsurance – Performance

ROE Performance by Portfolio

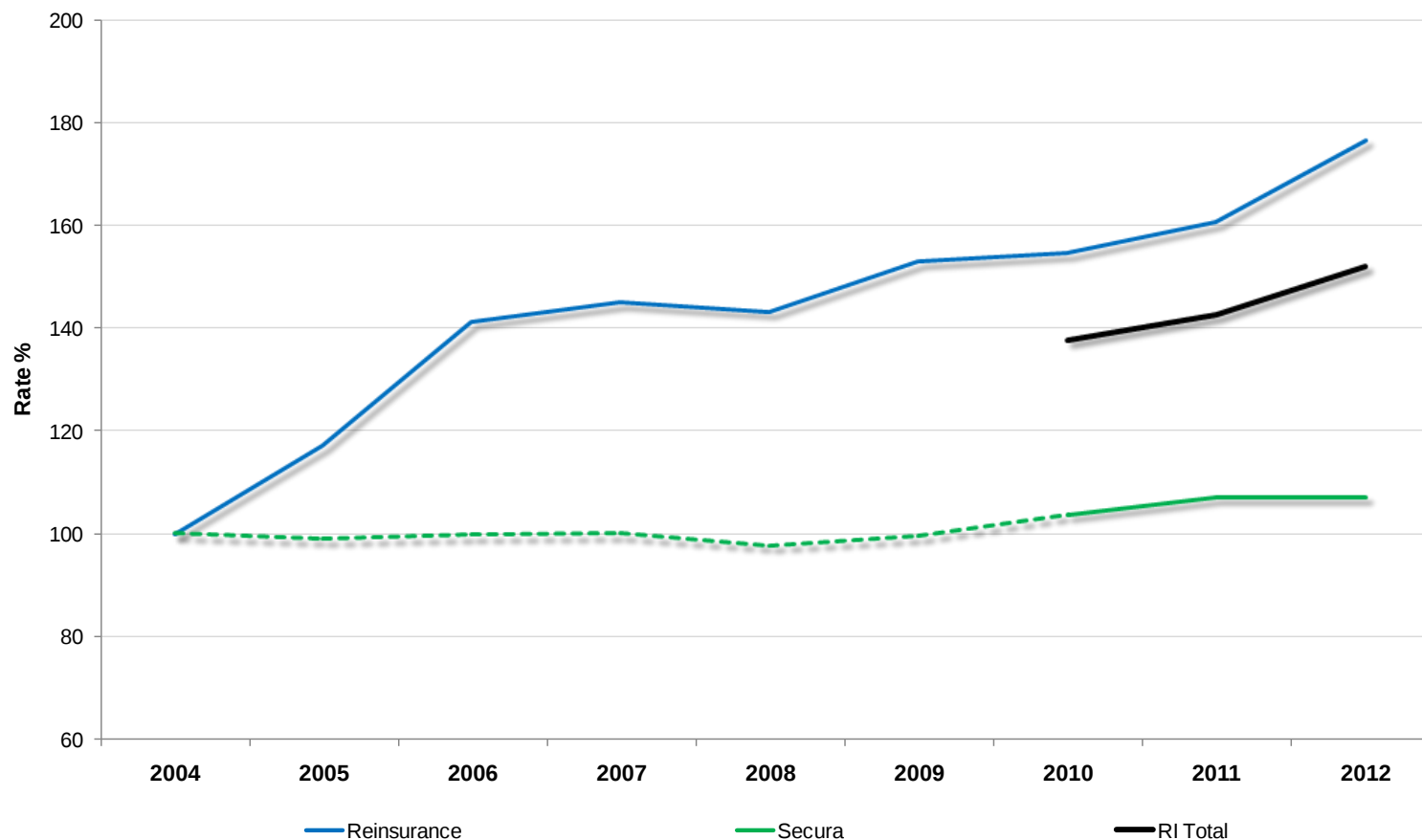


Note: ROE on local management basis on allocated capital

Source: QBE EO financial year management accounts

Reinsurance – Market Conditions

QBE Risk Adjusted Rate Change Experience by Portfolio



Reinsurance – Strengths

- High-margin business with controlled aggregates and limited downside
- Manage volatility through writing a diverse portfolio across territories and products
- Respected market leader with long term client relationships
- Experienced underwriting and management team
- Excellent distribution in Europe with offices in London, Brussels and Dublin
- Cross-selling reinsurance products to Secura's client base
- Differentiate by prioritising client service and not just providing capacity

Reinsurance – Core Priorities

- Formation in 2012 of Global Reinsurance Division
 - Consistency in approach
 - Stability and strength
 - Flexibility for portfolio management
 - QBE Re brand to differentiate from direct operations
- Establishment of QBE Re (Europe)
 - QBE Re (Europe) with branches in Brussels and Dublin
 - Stronger balance sheet with over €536m capital base
 - Achieved S&P A+ stable rating and A.M. Best A (stable)
- Market Conditions
 - Significant rate increases achieved following 2011 international catastrophes
 - Increases harder to obtain for mid-year renewals
 - European market stable
 - Casualty lines flat with specific bright spots (UK Motor)

Q & A



Steven Burns, Chief Executive Officer, European Operations

Richard Pryce, Deputy Chief Executive Officer, European Operations

QBE EO – Key Themes from the Day

- Track record of strong profit and growth maintained despite soft market
- Very competitive markets continue to prevail for most insurance product lines with no material upturn expected in 2013
- Focus on disciplined underwriting, client retention and maintaining performance
- Successful remediation of most underperforming portfolios
- Successful integration of Brit acquisition
- Launch of QBE Re global reinsurance division
- Strategy review for future profitable growth in European markets
- Strong focus on claims reserving and control of claims inflation
- Successful completion of Springboard operational transformation process
- Strong risk management culture and process
- Focus on retention of quality people and talent development
- Strong group collaboration on global underwriting and operation projects

Q & A



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