

20 March 2014

The Manager
Market Announcements Office
ASX Limited
Level 4
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

2014 AGM – Margaret Leung’s election

I refer to our letter of 28 February 2014.

Resolution 4(b) of our Notice of Meeting seeks the election of Margaret Leung as a Director.

We understand that some investors are considering voting “against” Ms Leung’s election at our 2014 AGM as she appears to be on too many boards (and therefore may not be able to devote sufficient time to her QBE responsibilities).

We are writing to further explain the QBE Insurance Group Board’s recommendation regarding this election.

As with all elections of a Non-executive Director (NED), the QBE Board gave significant consideration to its recommendation regarding Ms Leung’s election. This consideration was based on her contribution to the Board. We have set out below reasons why we believe she should be elected to the Board and request that shareholders vote “for” Ms Leung’s election.

These reasons include:

1. Ms Leung has been a QBE NED since 21 August 2013 after having been through a rigorous appointment process during which she was identified as the standout Asian-based NED candidate. During this process, she committed to spend the time on QBE matters expected of all our NEDs.

Over the past eight months, Ms Leung has demonstrated a high level of commitment to QBE.

For example, QBE held numerous board and committee meetings pre and post our profit downgrade in December 2013. Like other NEDs, she fully participated in all those meetings while in Sydney and by telephone from Hong Kong.

This shows that Ms Leung had spare capacity for an event that increases temporarily QBE’s demands of a NED.

She has been an engaged and active member of board and committee meetings since her appointment and her contribution is valued highly by her fellow directors.

Ms Leung well understands the time expected of her by QBE (estimated at 50 days per annum). QBE’s NEDs’ Nomination, Performance Evaluation and Tenure Guidelines (available under the Investor Centre of QBE’s website – www.qbe.com) include a performance expectation of all QBE NEDs that they provide sufficient time to QBE. As part of reviewing a NED’s performance, the Chairman considers a NED’s attendance and participation at board and committee meetings.

As a highly experienced professional director, it is reasonable to assume that Ms Leung is a person who can manage her time well and would not have joined the QBE Board if she could not make the required commitment of time.

2. It is rare to find a NED with Ms Leung's relevant skills and experience in Asia Pacific. She has first hand experience of insurance businesses in Asia, bancassurance models globally, managing global businesses like QBE and the challenges of regulation in different trading environments.

Without Ms Leung on the Board, QBE believes it will miss an opportunity to have a NED of her calibre with direct NED skills and experience in Asia, a growing part of the world and in which the QBE Board has approved a significant growth strategy.

3. She is the former chief executive of Hang Seng Bank. QBE bought its general insurance subsidiary in July 2012 and also entered into a bancassurance agreement.

Hang Seng Bank has around forty branches in China and the bancassurance agreement can apply to them once QBE obtains an insurance licence.

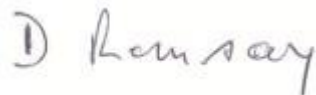
QBE similarly bought HSBC's general insurance company in Argentina and entered into another bancassurance agreement.

Ms Leung has 35 years experience with the HSBC group.

4. Her directorships include China Construction Bank. QBE has a joint venture with CCB in Hong Kong.
5. Ms Leung is not a chairman of any QBE committee so her role is not as wide as a NED who is a committee chairman.
6. HK boards do not require as much time as an Australian board i.e. the number of her HK directorships is not comparable to a similar list here.

We hope that this letter assists shareholders in deciding how to vote on Ms Leung's election.

Yours faithfully



Duncan Ramsay
Company Secretary