



MARKET RELEASE

28 February 2017

OGDEN DISCOUNT RATE DECISION ANNOUNCED ⁽¹⁾

On 27 February 2017, the UK Ministry of Justice announced a reduction in the statutory discount rate for use in the determination of lump sum payments in relation to UK personal injury claims (Ogden tables).

Adoption of the revised statutory rate of -0.75% is estimated to result in a one-off increase in the Group's net central estimate of outstanding claims liabilities of approximately \$160M. As a consequence, industry-wide price increases are expected in affected classes.

The above outcome was not allowed for in QBE's 2017 targeted combined operating ratio range of 93.5% - 95.0% as outlined in QBE's 2016 Annual Report, 2016 full year results presentation and ASX Market Release dated 27 February 2017.

(1) All figures are in US\$ unless otherwise stated.

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QBE Insurance Group Limited is listed on the Australian Securities Exchange, is one of the top 20 global insurance and reinsurance companies as measured by net earned premium and has operations in 37 countries.

IMPORTANT DISCLAIMER

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 in excess of business plans; 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; no significant asset sales 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 market release.