



PRESS RELEASE

MOODY'S ASSIGNS A POSITIVE OUTLOOK TO THE B+ ABOVE AVERAGE CONTINUITY OPINION OF LLOYD'S SYNDICATE 2999

LONDON JULY 2009

Moody's Analytics (Moody's) today assigned a positive outlook to the B+ (Above Average) continuity opinion of Lloyd's syndicate 2999 - QBE Underwriting Limited. Moody's said that the positive outlook reflected the syndicate's improved profitability in recent years, QBE's commitment to the syndicate and the expectation that future returns and continuity prospects have the potential to be consistent with an A- (Good) continuity opinion.

Syndicate 2999 is managed by QBE Underwriting Limited, whose ultimate holding company is Australian Stock Exchange listed, QBE Insurance Group (QBE). QBE's Lloyd's operation is c.19% of its overall Gross Premium Written (GPW) with syndicate 2999 representing c.14%. All of syndicate 2999's capacity is provided by QBE.

For 2009, syndicate 2999 has a capacity of GBP720m and is comprised of five distinct trading entities, sub-syndicates 566, 1036, 2000, 1886 and 5555 with 2009 GPW estimated at 32%, 30%, 14%, 11% and 13% respectively.

The syndicate was formed in 2000, its profile changing significantly since then, incorporating the re-engineered book of syndicate 79 from 2002, syndicate 566 from 2003, syndicate 1036 from 2005, QBE Insurance (Europe) General Liability and Overseas Motor business from 2006, with a new Aviation book also written from 2006.

Moody's stated that syndicate 2999 has recently recorded an annually accounted profit of 28% of Net Premium Earned (NPE) for 2008, recording a profit of 43% of capacity for 2006 on a three-year account basis at 31.12.08.

On a cross-cycle basis, including the results of syndicates merged into syndicate 2999, the syndicate recorded an average loss of 3% of capacity for the 2000-2003 years of account and under annual accounting has recorded average profits of 17% of NPE for 2004 to 2008, performing in line with the A- (Good) continuity opinion peer group.

Moody's said that the Continuity Opinion reflects the syndicate's above average capital support, via QBE, and management controls, which are considered to benefit from QBE input, its diversified book and franchise as one of the largest syndicates operating at Lloyd's. These strengths are tempered by the syndicate's restructured liability book not having proved itself through a market downturn.



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With indicative cross-cycle returns on capital in line with the B+ (Above Average) peer group, the syndicate benefiting from its franchise at Lloyd's and with the syndicate viewed as a significant and core element of the QBE group, Moody's has assigned a positive outlook to the B+ (Above Average) continuity opinion of QBE syndicate 2999. This reflects Moody's view that future returns are more likely than not to be at least consistent with a B+ (Above Average) continuity opinion and that with QBE support that the syndicate has the potential to offer continuity prospects for policyholders in line with the A- (Good) peer group.

Moody's commented that any upgrade would be dependent on the syndicate confirming its current levels of profitability.

The last action on syndicate 2999 was in October 2007 when the syndicate's continuity opinion was upgraded to B+ (Above Average).

Syndicate 2999 is a composite syndicate, entirely backed by QBE Insurance Group, with 2009 capacity of GBP720m that operates within the Lloyd's of London insurance market.

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Notes to editors

ABOUT QBE

QBE Insurance Group is Standard & Poor's 'A+' rated and is one of the world's leading international insurers and reinsurers, headquartered in Sydney, Australia. We operate out of 45 countries across the globe, with a presence in all key insurance markets, and are lead underwriters within our chosen markets, setting rates and conditions. For the year ended 31 December 2008, the company underwrote gross written premium totalling £6,025 million and held shareholders' funds of £5,364 million.

QBE's European Operations, which accounts for almost 40% of QBE Group turnover, is a leading specialist in London market and European commercial lines business. Active in both the Lloyd's and company market, QBE offers considerable diversity to the broking community, via eight product-focused underwriting divisions - casualty, QBE Re Europe, property, motor, marine & energy, specialty, aviation - all operations have the ability to write on both Lloyd's and company market paper.