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18 December 2019

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

Dear Sir/Madam

**Weather-Impacted 2019 North American Crop Result**

Please find attached an announcement for release to the market.

This release has been authorised by the QBE Board of Directors.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'Carolyn Scobie', is written over a light blue horizontal line.

Carolyn Scobie  
**Company Secretary**

Encl.



# QBE

## MARKET RELEASE

18 December 2019

### WEATHER-IMPACTED 2019 NORTH AMERICAN CROP RESULT<sup>1</sup>

Due to prevented planting claims, and yield shortfalls as a result of recently adverse weather conditions (including an unusually cool growing season and heightened crop hail), QBE's North American Crop insurance business is now expected to report a 2019 current accident year combined operating ratio of around 107% - 109% on net earned premium of nearly \$1.2Bn.

This compares with the reported HY2019 combined operating ratio of 98% for this business and the 10 year historical average combined operating ratio of around 90%.

The adverse weather conditions are also anticipated to contribute to slightly elevated attritional loss experience in some of our North American property classes.

Despite further expected improvement in the Group's 2019 attritional claims ratio<sup>2</sup> and favourable catastrophe experience during the first half, we currently anticipate that the Group's combined operating ratio could be slightly above the top end of our 2019 target range of 94.5% - 96.5%<sup>3,4</sup>.

QBE's investment performance remains on track to report a net investment return towards the upper end of our 2019 target range of 3.0% - 3.5%<sup>3</sup>.

Pricing momentum has accelerated during 2019 with the Group achieving an average 3Q19 standalone premium rate increase of 7.5%<sup>5</sup>, up from 4.7%<sup>5</sup> reported in HY2019 results.

Reflecting this pricing momentum, and ongoing margin improvement underpinned by cell reviews, the Brilliant Basics program and our operational efficiency drive, QBE anticipates a 2020 combined operating ratio target range of 93.5% - 95.5%<sup>3</sup>.

QBE also anticipates a 2020 net investment return target range of 2.5% - 3.0%<sup>3</sup>, down from 3.0% - 3.5%<sup>3</sup> in the current year, reflecting lower global risk-free rates.

QBE Group CEO, Pat Regan, said: "It's been an unusually weather-impacted harvest in North America this year. But we've got a terrific Crop insurance business that should stand us in good stead looking forward. The rest of the Group continues to perform well and it is pleasing to see pricing momentum accelerate."

QBE will report its 2019 annual result on 17 February 2020 as previously advised.

### **TELECONFERENCE DETAILS OVER PAGE**

- 1 All figures in US\$ unless otherwise stated
- 2 Excludes Crop and LMI
- 3 Excludes movement in risk-free rates
- 4 Excludes one-off impact of the Ogden decision in the UK
- 5 Excludes premium rate changes relating to CTP

QBE Group CEO, Pat Regan, and Group CFO, Inder Singh, will hold a brief teleconference today, commencing at 9.00am AEDT.

The teleconference with analysts and investors will be limited to discussion on matters covered in the announcement.

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**PARTICIPANT PIN CODE:** 10003368

**Q&A SESSION (VIA TELECONFERENCE)**

- To participate in the teleconference, you will need a touchtone phone
- 10 minutes prior to the briefing, please dial your call-in number and follow the prompts
- To ask a question during the question and answer session:  
Press \* then 1 on your phone to enter the Q&A queue  
Press \* then 2 on your phone to withdraw your question
- If you are disconnected for any reason during the teleconference, redial your call-in number

- ENDS -

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**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 change 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.