



3 February 2015

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

Dear Sir/Madam

QBE moves to a management basis of reporting divisional results

Commencing with the upcoming FY14 result due to be released to the ASX on 24 February 2015, QBE will move to disclosing divisional performance on a management basis rather than on a statutory basis as has historically been the case. This change in divisional reporting methodology was flagged when QBE's interim results were released in August 2014.

The management basis of reporting primarily shows the Group's divisional results prior to the impact of quota share cessions to the Group's internal captive reinsurer, Equator Re.

The change in divisional reporting methodology does not impact the Group's overall result.

The Board and management of QBE believe that disclosing divisional performance on a management basis is more appropriate as it aligns better with both the manner in which the Group's divisions are now actually managed and the basis upon which divisional management is compensated. Moreover, it will provide investors with a simpler and more meaningful picture of the scale and underlying performance of the Group's divisions.

To assist investors in transitioning to the new divisional reporting methodology, attached are the Group's recent historical divisional results restated on a management basis.

Yours faithfully

Peter Horton
Company Secretary

MANAGEMENT BASIS

NORTH AMERICA

		1H12	2H12	FY12	1H13	2H13	FY13	1H14
Gross written premium	US\$M	3,229	3,336	6,565	2,750	3,201	5,951	2,472
Gross earned premium	US\$M	3,063	3,921	6,984	2,598	3,627	6,225	2,259
Net earned premium	US\$M	2,557	3,068	5,625	2,115	2,916	5,030	1,917
Net incurred claims	US\$M	(1,416)	(2,623)	(4,038)	(1,293)	(2,511)	(3,804)	(1,152)
Net commission	US\$M	(475)	(408)	(883)	(395)	(400)	(795)	(357)
Expenses	US\$M	(378)	(451)	(830)	(412)	(599)	(1,011)	(377)
Underwriting result	US\$M	288	(414)	(126)	15	(595)	(580)	31
Claims ratio	%	55.3%	85.5%	71.8%	61.1%	86.1%	75.6%	60.1%
Commission ratio	%	18.6%	13.3%	15.7%	18.7%	13.7%	15.8%	18.6%
Expense ratio	%	14.8%	14.7%	14.7%	19.5%	20.6%	20.1%	19.7%
Combined operating ratio	%	88.7%	113.5%	102.2%	99.3%	120.4%	111.5%	98.4%
Insurance profit margin	%	12.7%	-12.4%	-1.0%	1.8%	-19.6%	-10.6%	2.9%

EUROPEAN OPERATIONS

		1H12	2H12	FY12	1H13	2H13	FY13	1H14
Gross written premium	US\$M	2,797	2,366	5,162	3,154	2,083	5,237	2,705
Gross earned premium	US\$M	2,290	2,614	4,903	2,469	2,677	5,146	2,471
Net earned premium	US\$M	1,863	2,108	3,971	2,003	2,156	4,160	2,033
Net incurred claims	US\$M	(1,105)	(1,337)	(2,441)	(1,230)	(1,256)	(2,486)	(1,214)
Net commission	US\$M	(334)	(365)	(699)	(383)	(384)	(768)	(383)
Expenses	US\$M	(273)	(334)	(607)	(277)	(369)	(646)	(319)
Underwriting result	US\$M	151	73	224	113	147	260	117
Claims ratio	%	59.4%	63.4%	61.5%	61.4%	58.2%	59.7%	59.7%
Commission ratio	%	17.9%	17.3%	17.6%	19.1%	17.8%	18.5%	18.8%
Expense ratio	%	14.6%	15.8%	15.3%	13.8%	17.1%	15.5%	15.7%
Combined operating ratio	%	91.9%	96.6%	94.4%	94.3%	93.2%	93.7%	94.2%
Insurance profit margin	%	13.6%	8.5%	10.9%	8.4%	9.6%	9.0%	8.9%

AUSTRALIAN & NZ OPERATIONS

For the half year ended 30 June		1H12	2H12	FY12	1H13	2H13	FY13	1H14
Gross written premium	US\$M	2,489	2,519	5,008	2,517	2,288	4,805	2,275
Gross earned premium	US\$M	2,366	2,435	4,801	2,406	2,219	4,626	2,192
Net earned premium	US\$M	2,041	2,108	4,149	2,106	1,922	4,028	1,916
Net incurred claims	US\$M	(1,267)	(1,234)	(2,501)	(1,238)	(1,109)	(2,347)	(1,134)
Net commission	US\$M	(268)	(287)	(555)	(293)	(278)	(572)	(267)
Expenses	US\$M	(337)	(364)	(701)	(343)	(280)	(623)	(274)
Underwriting result	US\$M	169	223	392	232	254	486	241
Claims ratio	%	62.1%	58.5%	60.3%	58.8%	57.7%	58.2%	59.2%
Commission ratio	%	13.2%	13.6%	13.4%	13.9%	14.5%	14.2%	13.9%
Expense ratio	%	16.5%	17.3%	16.9%	16.3%	14.5%	15.5%	14.3%
Combined operating ratio	%	91.8%	89.4%	90.6%	89.0%	86.8%	87.9%	87.4%
Insurance profit margin	%	14.5%	16.9%	15.7%	16.4%	18.1%	17.2%	17.2%

LATIN AMERICA

For the half year ended 30 June		1H12	2H12	FY12	1H13	2H13	FY13	1H14
Gross written premium	US\$M	511	712	1,223	733	647	1,380	716
Gross earned premium	US\$M	493	677	1,170	694	647	1,341	624
Net earned premium	US\$M	421	583	1,003	606	579	1,185	548
Net incurred claims	US\$M	(239)	(335)	(574)	(370)	(356)	(726)	(512)
Net commission	US\$M	(91)	(132)	(223)	(131)	(127)	(258)	(122)
Expenses	US\$M	(64)	(106)	(170)	(92)	(104)	(196)	(90)
Underwriting result	US\$M	27	9	36	13	(8)	5	(176)
Claims ratio	%	56.6%	57.6%	57.3%	61.1%	61.5%	61.5%	93.4%
Commission ratio	%	21.7%	22.6%	22.2%	21.6%	21.9%	21.6%	22.2%
Expense ratio	%	15.3%	18.1%	16.9%	15.2%	17.9%	16.5%	16.3%
Combined operating ratio	%	93.6%	98.3%	96.4%	97.9%	101.3%	99.6%	131.9%
Insurance profit margin	%	10.7%	6.6%	8.3%	6.8%	3.7%	5.3%	-24.6%

ASIA PACIFIC

For the half year ended 30 June		1H12	2H12	FY12	1H13	2H13	FY13	1H14
Gross written premium	US\$M	265	315	580	400	327	727	394
Gross earned premium	US\$M	245	302	547	312	331	643	346
Net earned premium	US\$M	194	249	443	252	266	517	285
Net incurred claims	US\$M	(103)	(113)	(216)	(134)	(116)	(250)	(147)
Net commission	US\$M	(40)	(53)	(93)	(51)	(55)	(106)	(58)
Expenses	US\$M	(37)	(46)	(83)	(52)	(57)	(108)	(59)
Underwriting result	US\$M	14	37	51	15	38	53	21
Claims ratio	%	53.2%	45.2%	48.6%	53.3%	43.5%	48.3%	51.5%
Commission ratio	%	20.7%	21.2%	21.0%	20.4%	20.8%	20.6%	20.4%
Expense ratio	%	19.3%	18.5%	19.0%	20.5%	21.3%	20.9%	20.7%
Combined operating ratio	%	93.2%	85.0%	88.6%	94.2%	85.7%	89.8%	92.6%
Insurance profit margin	%	8.0%	16.0%	12.5%	6.7%	15.1%	11.0%	8.1%

EQUATOR RE

For the half year ended 30 June		1H12	2H12	FY12	1H13	2H13	FY13	1H14
Gross written premium	US\$M	796	143	939	775	8	783	607
Gross earned premium	US\$M	412	510	922	417	385	802	404
Net earned premium	US\$M	273	348	621	266	243	509	280
Net incurred claims	US\$M	(246)	(307)	(553)	(197)	(203)	(400)	(267)
Net commission	US\$M	(9)	(8)	(17)	(11)	(10)	(21)	(5)
Expenses	US\$M	(4)	(2)	(6)	(4)	(3)	(8)	(4)
Underwriting result	US\$M	14	31	45	54	27	80	4
Claims ratio	%	90.2%	88.1%	89.0%	74.0%	83.6%	78.6%	95.4%
Commission ratio	%	3.5%	2.2%	2.7%	4.1%	4.1%	4.1%	1.8%
Expense ratio	%	1.3%	0.6%	1.0%	1.7%	1.3%	1.5%	1.4%
Combined operating ratio	%	95.0%	90.9%	92.7%	79.8%	89.0%	84.2%	98.6%
Insurance profit margin	%	14.5%	41.6%	29.7%	21.8%	31.6%	26.5%	9.0%

MANAGEMENT RESULT

For the half year ended 30 June		1H12	2H12	FY12	1H13	2H13	FY13	1H14
Gross written premium	US\$M	9,291	9,247	18,539	9,554	8,546	18,101	8,563
Gross earned premium	US\$M	8,457	9,949	18,405	8,480	9,501	17,982	7,893
Net earned premium	US\$M	7,349	8,463	15,812	7,348	8,081	15,429	6,978
Net incurred claims	US\$M	(4,375)	(5,948)	(10,322)	(4,462)	(5,551)	(10,013)	(4,426)
Net commission	US\$M	(1,217)	(1,253)	(2,469)	(1,265)	(1,255)	(2,520)	(1,193)
Expenses	US\$M	(1,093)	(1,303)	(2,396)	(1,180)	(1,411)	(2,591)	(1,123)
Underwriting result	US\$M	662	(41)	622	441	(136)	305	239
Claims ratio	%	59.5%	70.3%	65.3%	60.7%	68.7%	64.9%	63.4%
Commission ratio	%	16.6%	14.8%	15.6%	17.2%	15.5%	16.3%	17.1%
Expense ratio	%	14.9%	15.4%	15.2%	16.1%	17.5%	16.8%	16.1%
Combined operating ratio	%	91.0%	100.5%	96.1%	94.0%	101.7%	98.0%	96.6%
Insurance profit margin	%	13.3%	4.3%	8.5%	9.1%	1.5%	5.1%	6.8%

CORPORATE ADJUSTMENTS

For the half year ended 30 June		1H12	2H12	FY12	1H13	2H13	FY13	1H14
Gross written premium	US\$M	(68)	(36)	(105)	(108)	(17)	(126)	(72)
Gross earned premium	US\$M	(53)	(12)	(64)	(67)	(25)	(93)	(74)
Net earned premium	US\$M	10	(24)	(14)	(15)	(18)	(33)	(31)
Net incurred claims	US\$M	(153)	48	(106)	103	(21)	82	48
Net commission	US\$M	(18)	(72)	(91)	(37)	(23)	(60)	2
Expenses	US\$M	19	20	39	38	9	47	(11)
Underwriting result	US\$M	(140)	(28)	(169)	89	(53)	36	5

STATUTORY RESULT

For the half year ended 30 June		1H12	2H12	FY12	1H13	2H13	FY13	1H14
Gross written premium	US\$M	9,223	9,211	18,434	9,446	8,529	17,975	8,491
Gross earned premium	US\$M	8,404	9,937	18,341	8,413	9,476	17,889	7,819
Net earned premium	US\$M	7,359	8,439	15,798	7,333	8,063	15,396	6,947
Net incurred claims	US\$M	(4,528)	(5,900)	(10,428)	(4,359)	(5,572)	(9,931)	(4,378)
Net commission	US\$M	(1,235)	(1,325)	(2,560)	(1,302)	(1,278)	(2,580)	(1,191)
Expenses	US\$M	(1,074)	(1,283)	(2,357)	(1,142)	(1,402)	(2,544)	(1,134)
Underwriting result	US\$M	522	(69)	453	530	(189)	341	244
Claims ratio	%	61.5%	69.9%	66.0%	59.4%	69.1%	64.5%	63.1%
Commission ratio	%	16.8%	15.7%	16.2%	17.8%	15.9%	16.8%	17.1%
Expense ratio	%	14.6%	15.2%	14.9%	15.6%	17.4%	16.5%	16.3%
Combined operating ratio	%	92.9%	100.8%	97.1%	92.8%	102.3%	97.8%	96.5%