

QBE Insurance Group Limited ABN 28 008 485 014
Level 27, 8 Chifley Square, SYDNEY NSW 2000 Australia
GPO Box 82, Sydney NSW 2001
telephone + 612 9375 4444 • facsimile + 612 9231 6104

www.qbe.com



16 July 2015

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

Dear Sir/Madam

QBE Announces Sale of Mortgage & Lender Services (M&LS) Business in North America

Please find attached an announcement for release to the market.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'P Horton'.

Peter Horton
Company Secretary

Attachment



QBE

MARKET RELEASE

16 July 2015

QBE ANNOUNCES SALE OF MORTGAGE & LENDER SERVICES (M&LS) BUSINESS IN NORTH AMERICA

QBE Group today announced that QBE North American Operations (QBE NAO) has entered into an agreement with National General Holdings Corp. (National General) for the sale of its Mortgage & Lender Services (M&LS) business in North America.

National General, headquartered in New York City, is a specialty personal lines insurance holding company founded in 1939. National General provides personal and commercial automobile, homeowners, umbrella, recreational vehicle, motorcycle, supplemental health and other niche insurance products.

As previously advised to the market, QBE NAO has been undertaking a strategic review of the M&LS operations and has concluded the business is not core to its long term strategy.

TRANSACTION DETAILS

National General will acquire QBE NAO's M&LS business which includes agency operations, loan tracking activity and provision of insurance protection. National General will assume the existing insurance liabilities of the M&LS business with an equivalent amount of cash and other assets through a reinsurance transaction.

Total cash consideration is expected to be approximately \$90M payable at transaction close.

The overall impact of the sale on QBE's 2015 FY net profit before tax is expected to be a loss of around \$120M, primarily due to one-time non-cash charges and write-offs in connection with the transaction, some of which will be recognised in QBE's 2015 interim result reflecting the held for sale status of the asset at 30 June 2015.

The sale of the M&LS business is expected to free up in excess of \$100M of capital that will be available for reinvestment elsewhere in QBE NAO.

While gross written premium will reduce by around \$400M, the sale of the M&LS business is expected to improve QBE NAO's budgeted 2016 combined operating ratio and return on allocated capital by approximately 1.5% and 1.8% respectively.

QBE Group CEO John Neal said: "As previously advised, we have been evaluating a range of strategic options with regards to the M&LS business in North America. The sale of this business is a pleasing result as we look to focus on commercial lines and significantly build out our specialty underwriting capabilities in North America".

Pending regulatory approval, the transaction is expected to close on 30 September 2015.



MARKET RELEASE

For further information, please contact:

Investor Relations

Group Head of Investor Relations
Tony Jackson
Tel: +61 2 9375 4364
investor.relations@qbe.com

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Level 27, 8 Chifley Square
SYDNEY NSW 2000
Australia
www.qbe.com

Media Enquiries

David Symons
Tel: +61 (2) 8306 4244
Cell: +61 (0) 410 559 184
Email: david@catocounsel.com.au

QBE Insurance Group Limited is listed on the Australian Securities Exchange, is recognised as one of the top 20 global insurance and reinsurance companies as measured by net earned premium and has operations in 38 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; 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; 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.]

[The inclusion of the Disclaimer depends upon the nature of the market release]