

9 May 2019

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

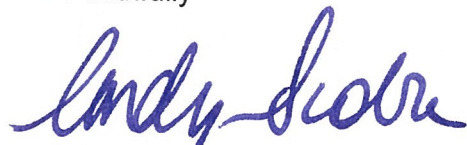
Dear Sir/Madam

**2019 Annual General Meeting of Shareholders – Presentation Slides**

We refer to our letter earlier today.

Please find attached the presentation slides to be delivered at QBE's Annual General Meeting today.

Yours faithfully



Carolyn Scobie  
**Company Secretary**

Attachment



QBE Insurance Group  
2019

# **Annual General Meeting**

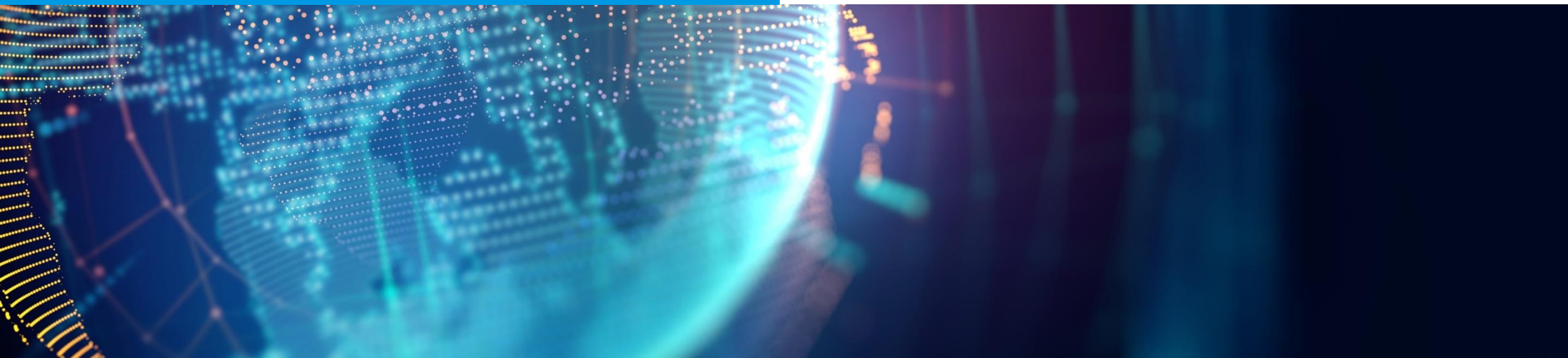
Thursday 9 May 2019

All figures in US\$ unless otherwise stated



# Marty Becker

Chairman







I/we, \_\_\_\_\_

## PLEDGE

To (apart from doing the obvious, like not drive tired, and always wear a seat belt):

- ☐ Slow down 
- ☐ Keep my distance from the car in front
- ☐ Put away my phone when driving 

Signed \_\_\_\_\_ 



# 2018 year in review



## 2018 IN REVIEW



QBE INSURANCE GROUP LIMITED

QBE.COM



### Our customers are at the heart of everything we do

We give people the confidence to achieve their ambitions

### Our people

DYNAMIC AND DIVERSE



#### Ending the dementia stigma

The QBE Foundation supports charities that help people overcome debilitating conditions and live more independently, successfully and productively.

We support charities in a variety of ways, from providing grants and funding to providing grants to support research and development. We support charities that help people overcome debilitating conditions and live more independently, successfully and productively.

#### Celebrating diversity

At QBE, we offer a dynamic, diverse and inclusive workplace where people can achieve their personal and professional ambitions.

We believe that providing a great workplace and investing in our people is critical to our success. We encourage our people to define the best possible career path for them, and we support them in achieving their goals.



Lauren Parker - ambitions for Tokyo

In 2018, we were proud to announce the appointment of Lauren Parker as an official ambassador for the Australian Olympic Team.

Lauren is a professional triathlete and a member of the Australian Olympic Team. She is a role model for many young people and a source of inspiration for the Australian Olympic Team.

#### Innovation and disaster response

As an insurer, we are one of the first points of call for our customers when they are affected by a disaster.

We are constantly innovating our products and services to better serve our customers. We are also committed to providing support and assistance to our customers in the event of a disaster.

#### Digital, data and analytics

Digital technology and data analytics are transforming the way we do business.

We are investing in digital technology and data analytics to improve our efficiency and effectiveness. We are also committed to providing support and assistance to our customers in the event of a disaster.



#### Helping preserve Indigenous culture, values and traditions

As one of Australia's largest insurers, we have a responsibility to support and preserve Indigenous culture, values and traditions.

We are committed to providing support and assistance to Indigenous communities and to preserving their culture, values and traditions.

### In the community

THE QBE FOUNDATION

#### Supporting drought relief

As the major sponsor of the Sydney Drought Relief Fund, we are committed to supporting drought relief efforts.

We are committed to providing support and assistance to drought-affected communities and to supporting drought relief efforts.



#### Joining the fight against cancer and heart disease

As a strategic partner of the Cancer Research Foundation, we are committed to supporting cancer research.

We are committed to providing support and assistance to cancer research efforts.

### CONTENTS:

#### Chairman and Group CEO review

PAGE 2

#### 2019 priorities

PAGE 3

#### Our people

Dynamic and diverse

PAGE 4

#### Our customers and partners

Building relationships

PAGE 5

#### In the community

The QBE Foundation

PAGE 6

#### 2018 snapshot

PAGE 7

#### Shareholder information

Key financial performance measures

Financial calendar

PAGE 8

### The Commons

QBE aims to support the development of sustainable cities and communities around the world. Through an insurance intermediary, QBE provides insurance coverage to The Commons, a sustainable urban development. The Commons is a mixed-use apartment building which creates a sense of community. Located in Melbourne, Australia, the building represents better quality housing which pays equal attention to sustainability, livability and financial return.

All amounts in this report are US dollars unless otherwise stated

# 2018 financial results summary

## Adjusted operating results

	FY17 <sup>1,2,3</sup>	FY18 <sup>3,4</sup>
GWP	\$13,328M	\$13,657M
NEP	\$11,768M	\$11,830M
Net claims ratio	71.5%	64.0%
Net commission ratio	16.5%	16.4%
Expense ratio	15.3%	15.2%
COR	103.3%	95.6%
<b>COR (ex discount rate)</b>	<b>103.9%</b>	<b>95.7%</b>
Net investment yield	3.1%	2.2%
<b>Cash net (loss) profit after tax</b>	<b>\$(262)M</b>	<b>\$715M</b>

## COR (ex discount rate) Combined Operating Ratio<sup>3</sup>

2017

**103.9%**

2018

**95.7%**

## Cash ROE Cash ROE increasing<sup>5</sup>

2017

**-1.4%**

2018

**8.0%**

1. Excludes transaction to reinsure US liabilities  
2. Excludes the one-off impact on the Group's underwriting result due to the Ogden decision in the UK  
3. Continuing operations basis

4. Excludes transaction to reinsure Hong Kong construction workers' compensation liabilities  
5. Cash profit ROE from continuing operations excluding gains (losses) on disposals





Townsville, Queensland  
February 2019



Large risk  
allowance

**\$850M**



- 2018 “exit” ~\$900M
- Lower commercial property hazard profile
- Brilliant Basics includes targeted reduction in large exposures

Catastrophe  
allowance

**\$550M**



- Reduced exposure through
  - Asset sales
  - Targeted de-risking



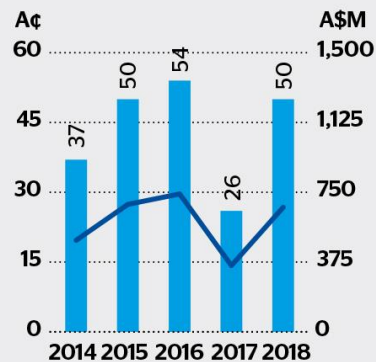


Dividend per share (A¢)

**50¢**

Dividend payout (A\$M)

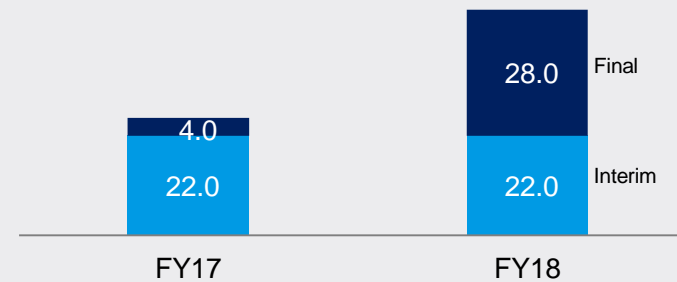
**669**



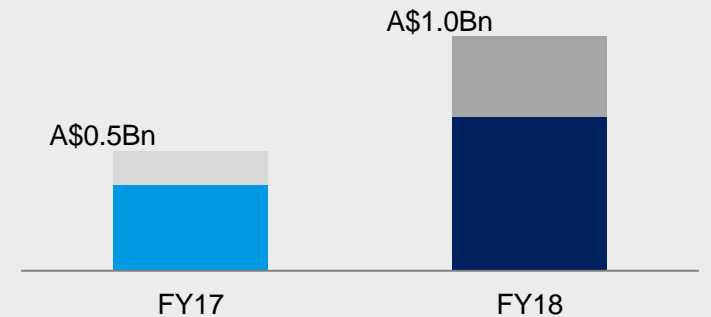
● Dividend per share (A¢)  
— Dividend payout (A\$M)

⬆ 88% from 2017

**Dividend per share (A¢)**



**Total return to shareholders A\$1Bn**



■ Ordinary dividend

■ Share buyback



# Group Executive Committee present today



**Pat Regan**  
Group Chief Executive Officer



**Vivek Bhatia**  
Chief Executive Officer,  
Australia Pacific



**Vivienne Bower**  
Group Head of Communications  
and Marketing



**Jason Brown**  
Group Chief Underwriting  
Officer



**Peter Grewal**  
Group Chief Risk Officer



**David McMillan**  
Group Chief Operations Officer



**Margaret Murphy**  
Group Chief Human  
Resources Officer



**Carolyn Scobie**  
Group General Counsel  
and Company Secretary

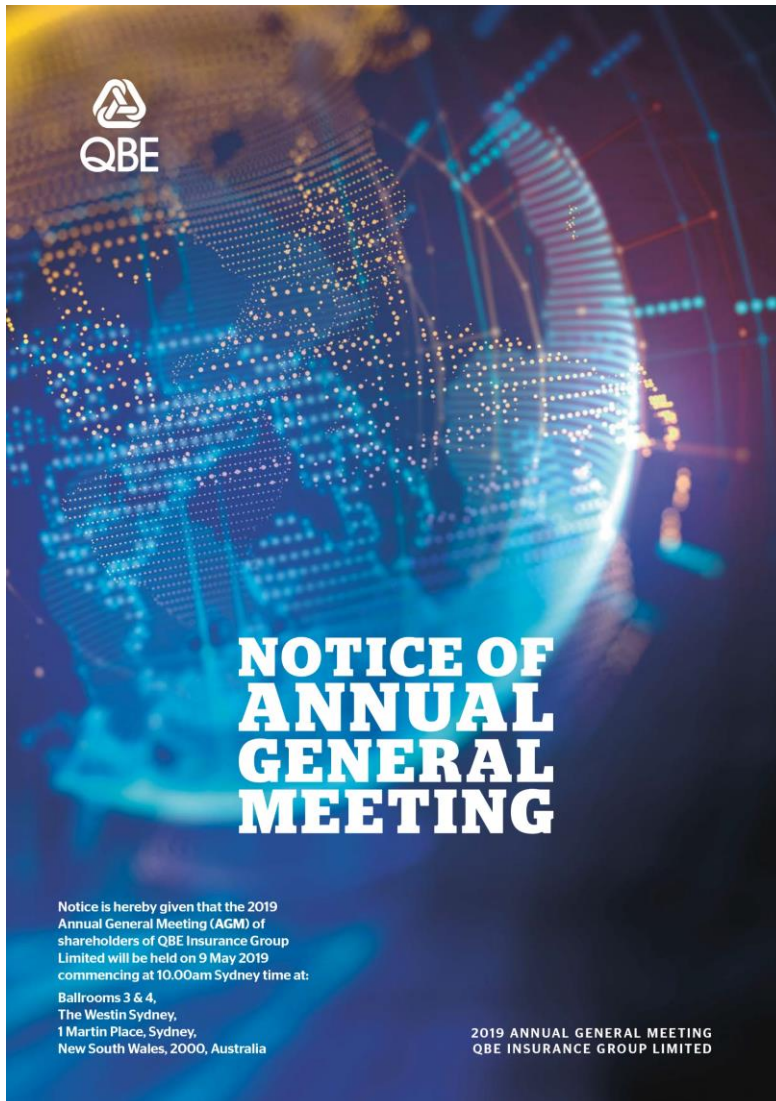


**Inder Singh**  
Group Chief Financial Officer



- President and Chief Executive Officer of The Hanover Insurance Group, Inc. for 13 years until 2016.
- More than 35 years experience in finance and strategic marketing in the North American insurance industry, including serving as Executive Vice President, Property and Casualty for The Hartford Financial Services Group, Inc.
- Currently a non-executive director of Centene Corporation and of the publicly-traded company, Stewart Information Services Corporation.
- Holds a Masters of Business Administration from Dartmouth College and a Bachelor of Arts from College of the Holy Cross.





1. To receive and consider the annual financial report
2. To adopt the remuneration report
3. To approve the grants of Conditional Rights under the 2018 Executive Incentive Plan to the Group Chief Executive Officer
4. To approve the grant of Conditional Rights under the 2019 Long-term Incentive Plan to the Group Chief Executive Officer
5. To elect directors
6. Contingent Resolution: Conditional Spill Resolution
7. Resolutions promoted by Market Forces and Australian Ethical Investment and requisitioned by a group of shareholders





MARCH 2019

## QBE Insurance Group Limited Energy Policy

### QBE supports an orderly policy-driven transition to a lower carbon global economy

Consistent with reports of the Intergovernmental Panel on Climate Change (IPCC) and the 2015 Paris Agreement, QBE recognises that continued global warming will lead to increasingly unpredictable and potentially more severe weather events with significant economic and social consequences. For the long-term sustainability and value of its business for shareholders, QBE aims to support its customers in the transition to a lower carbon global economy, consistent with the objectives of the Paris Agreement.

With this objective, growth in renewables and the development and deployment of new technologies is important, along with reductions in greenhouse gas emissions.

QBE's role as an insurer is to financially protect assets and people, to assist recovery from natural disasters and other risks, and to support economic activity for the communities in which it operates. QBE will continue to support its customers by providing risk management and insurance services to those moving towards a lower carbon economy and investing in renewable energy and other technologies that enable this shift.

### QBE will target zero direct investment in and phase out insurance for the thermal coal industry

Due to the thermal coal industry's high emissions intensity, potential substitution by renewable energy and gas, and in the absence of date of large-scale deployment of economically viable carbon capture and storage technology, QBE will target zero direct investment in the thermal coal industry by 1 July 2019. QBE will however maintain a margin of up to 0.5% of total funds under management in order to allow for exposures in our indirectly managed investments, such as through equity index funds.

Thermal coal customers – those with more than 30% of revenue or 30% of power generation from thermal coal – make up less than 0.5% of QBE's current premium revenue. From 1 July 2019 QBE will not provide any new direct insurance services for new construction projects for thermal coal mines or power stations or

thermal coal transport infrastructure. QBE will continue to provide statutory or compulsory insurance such as workers' compensation and compulsory third-party motor insurance for such projects.

By 1 January 2030, QBE will have phased out all direct insurance services for thermal coal customers, except for statutory or compulsory insurance.

### QBE will continue to invest in and provide insurance for metallurgical (or coking) coal customers

Currently, there are no industrial-scale alternatives to metallurgical coal for the manufacture of steel, which is vital for future economic development and for the construction of renewable energy assets. Some alternative technologies are showing promising signs, such as hydrogen, but these are yet to reach economic scale.

### QBE will continue to invest in and provide insurance for oil and gas customers

Due to its much lower emissions intensity, gas has an important role as a transitional fuel in accelerating the curtailment of thermal coal. Gas can also complement renewable energy in electricity grids by providing dispatchable energy during periods of intermittency. Gas is expected to be an important transitional fuel well past 2040, and demand for oil and gas is expected to increase in the short-term.

Currently, oil has a major role in transport, products like plastic and plays a minor role in electricity generation. Oil use is likely to be reduced as alternatives are developed for these essential products, including electric vehicles.

### QBE will monitor its policy as developments occur

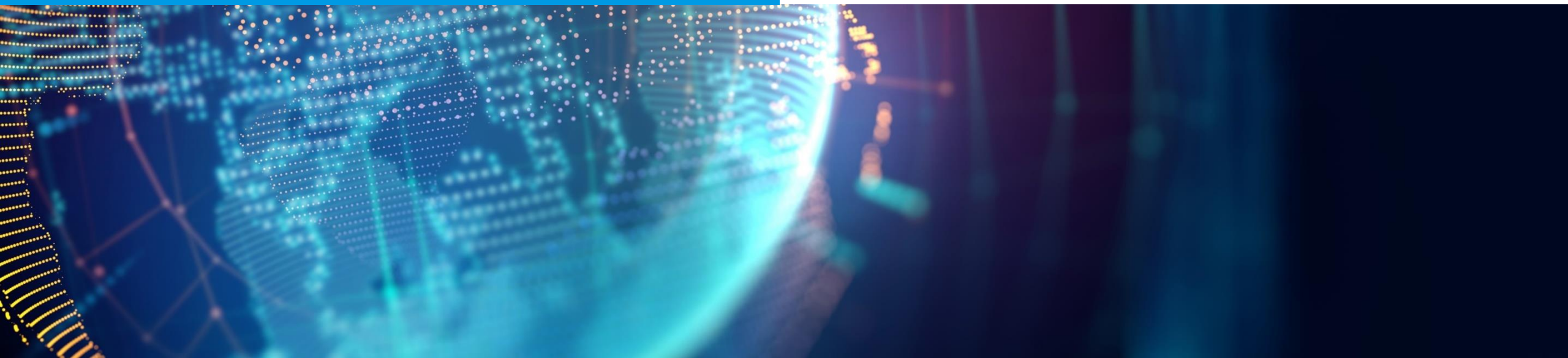
QBE will continue to review its investment and insurance policies as the world transitions to a lower carbon economy. It will have regard to government action under the Paris Agreement, scenario analyses such as those provided by the International Energy Agency and IPCC reports, as well as through engagement with its customers across multiple economic sectors.



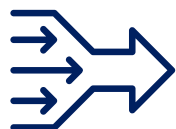


# Pat Regan

Group Chief Executive Officer







## Simplified and more focused

### Portfolio simplified

Exited loss making portfolios at a premium to book

3 divisions going forward



## Targeted de-risking

### Activities improving consistency

Reduced catastrophe exposure

Improved property hazard profile



## Cell reviews

### Strengthened performance mgmt and accountability

Driving consistency of performance and earnings quality

Helping achieve above market rate increases



## Brilliant Basics accelerating

### Group-wide standardisation

Global underwriting standards in place

Global claims standards in place

Step change in pricing capability



## Pricing momentum

### 2018 average rate increase of 5.0%<sup>1</sup>

Premium rate increases in all regions

Strong momentum in 2H



## Delivered 2018 in line with targets

### Combined operating ratio 95.7%<sup>2</sup>

~3% improvement in attritional ratio<sup>3</sup>

~2% improvement in CAY (ex cat)

~4% GWP growth<sup>4</sup>



## Strong balance sheet

### 2018 buyback commitment complete

PCA towards top end of range

S&P capital remains above 'AA' level

1. Excludes CTP

2. Excludes the impact of changes in risk-free rates used to discount net outstanding claims

3. Excludes Crop and LMI

4. Continuing operations and adjusted constant currency basis

## Brilliant Basics



Global underwriting standards



Global claims standards created



Global claims upgrades

## Cell reviews



Over 500 cell reviews completed



Attritional ratio improvement in all divisions



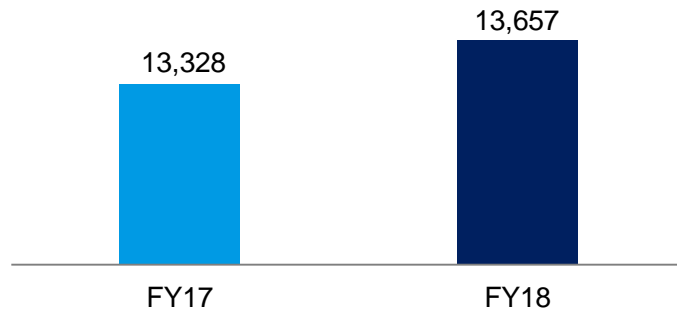
Rate adequacy improvement in all divisions



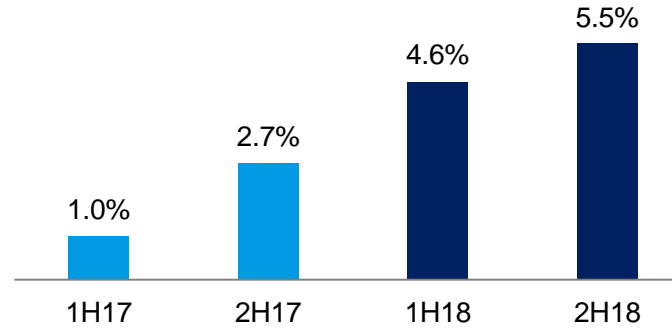
Focus on addressing underperforming cells



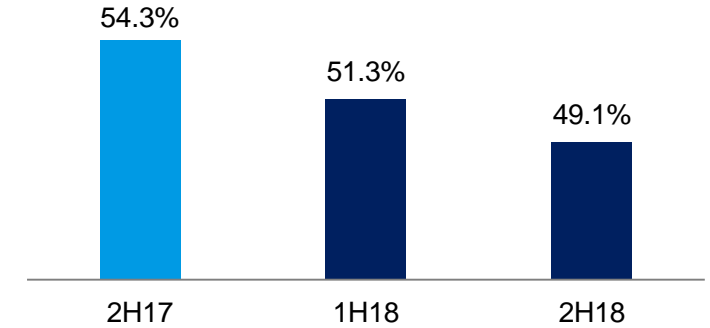
## GWP (\$M)



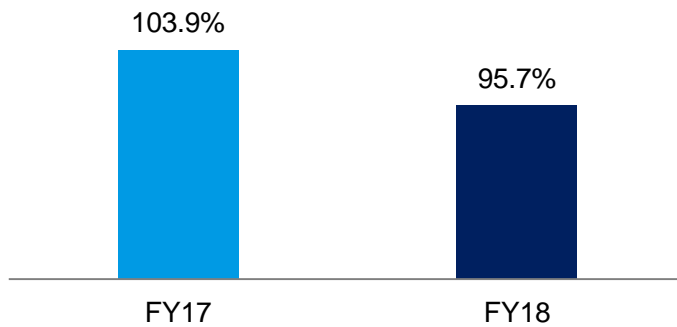
## Premium rate increases



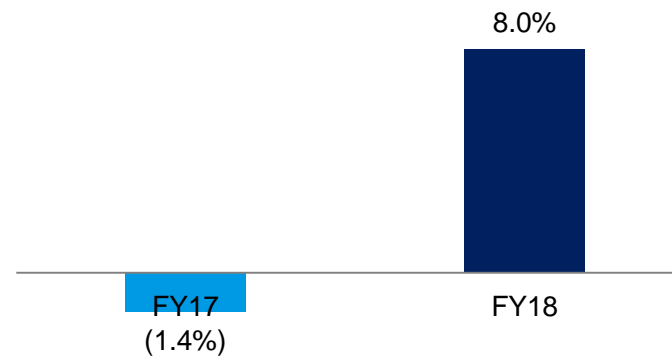
## Attritional claims ratio<sup>2</sup>



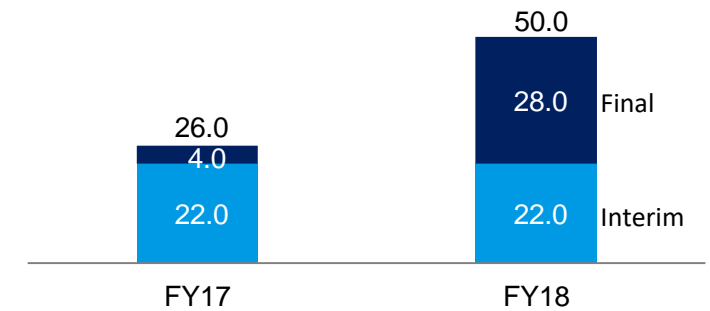
## COR<sup>3</sup>



## Cash RoE



## Dividend per share (A¢)



1. Continuing operations and adjusted basis  
 2. Excludes Crop and LMI  
 3. Excludes the impact of changes in risk-free rates used to discount net outstanding claims

## GWP

**\$3,992M**

↑ 2%<sup>1</sup> from FY17

## COR (%)<sup>2</sup>

**91.9%**

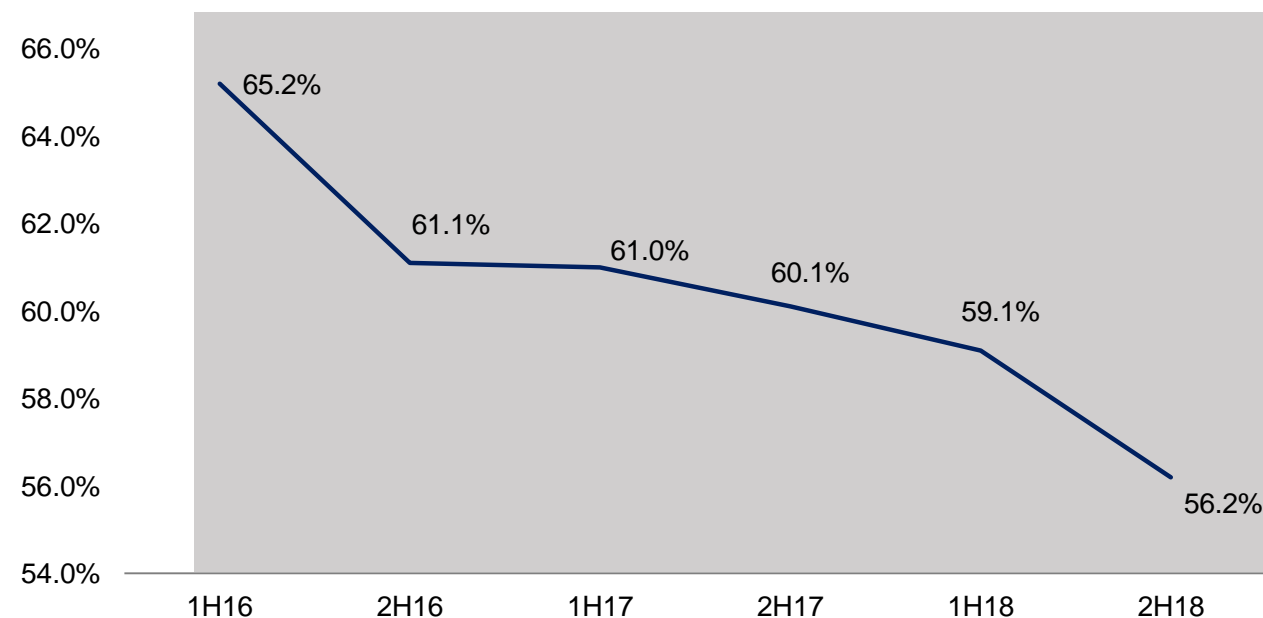
FY17 92.0%

## Attritional (%)<sup>3</sup>

**57.7%**

FY17 60.6%

## Attritional claims ratio



Cell review performance management undertaken

1. Constant currency basis; however up 5% excluding the impact of regulatory changes to CTP
2. Excludes the impact of changes in risk-free rates used to discount net outstanding claims
3. Excludes LMI



## GWP

**\$4,335M**

↑ 6%<sup>1</sup> from FY17

## COR (%)<sup>2</sup>

**94.8%**

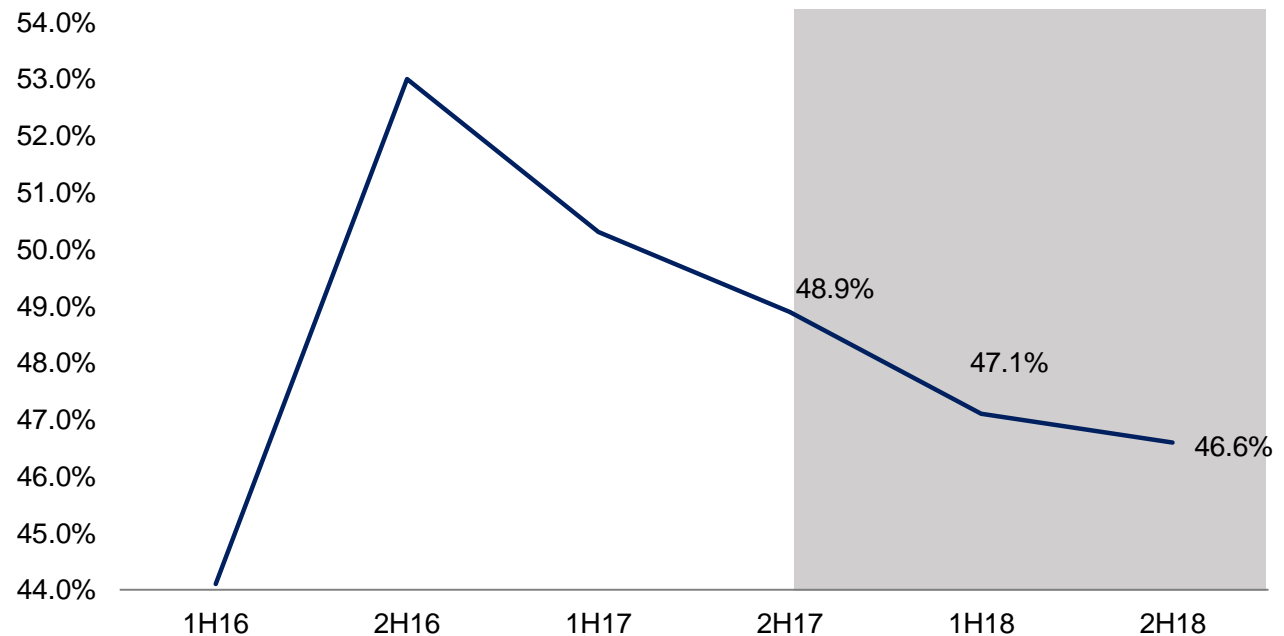
FY17 95.2%<sup>3</sup>

## Attritional (%)

**46.8%**

FY17 49.6%

## Attritional claims ratio



Cell review performance management undertaken

1. Constant currency basis
2. Excludes the impact of changes in risk-free rates used to discount net outstanding claims
3. Excludes one-off impact on the underwriting result due to the Ogden decision in the UK

## GWP

**\$4,711M**

↑ 3% from FY17

## COR (%)<sup>1</sup>

**97.9%**

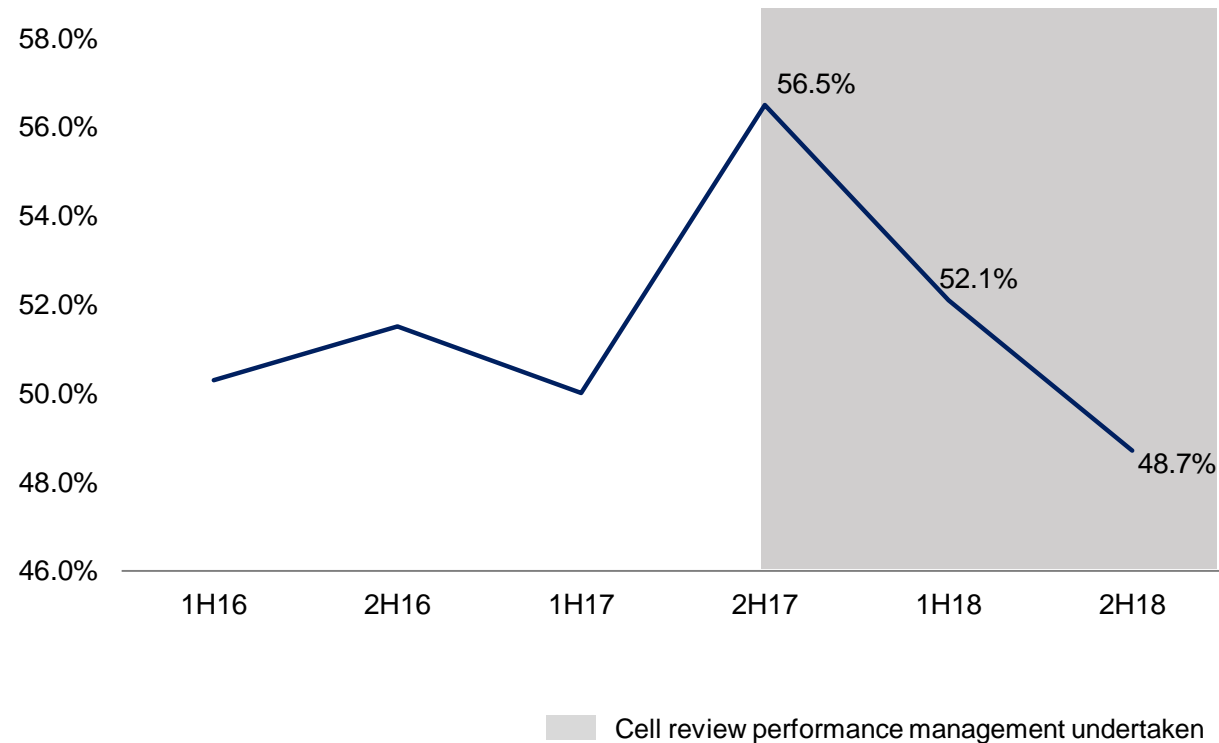
FY17 109.1%<sup>3</sup>

## Attritional (%)<sup>2</sup>

**50.4%**

FY17 53.2%<sup>3</sup>

## Attritional claims ratio



1. Excludes the impact of changes in risk-free rates used to discount net outstanding claims
2. Excludes Crop
3. Excludes transaction to reinsure liabilities



## GWP

**\$633M**

(15)%<sup>1</sup> from FY17

## COR (%)<sup>2</sup>

**104.2%<sup>3</sup>**

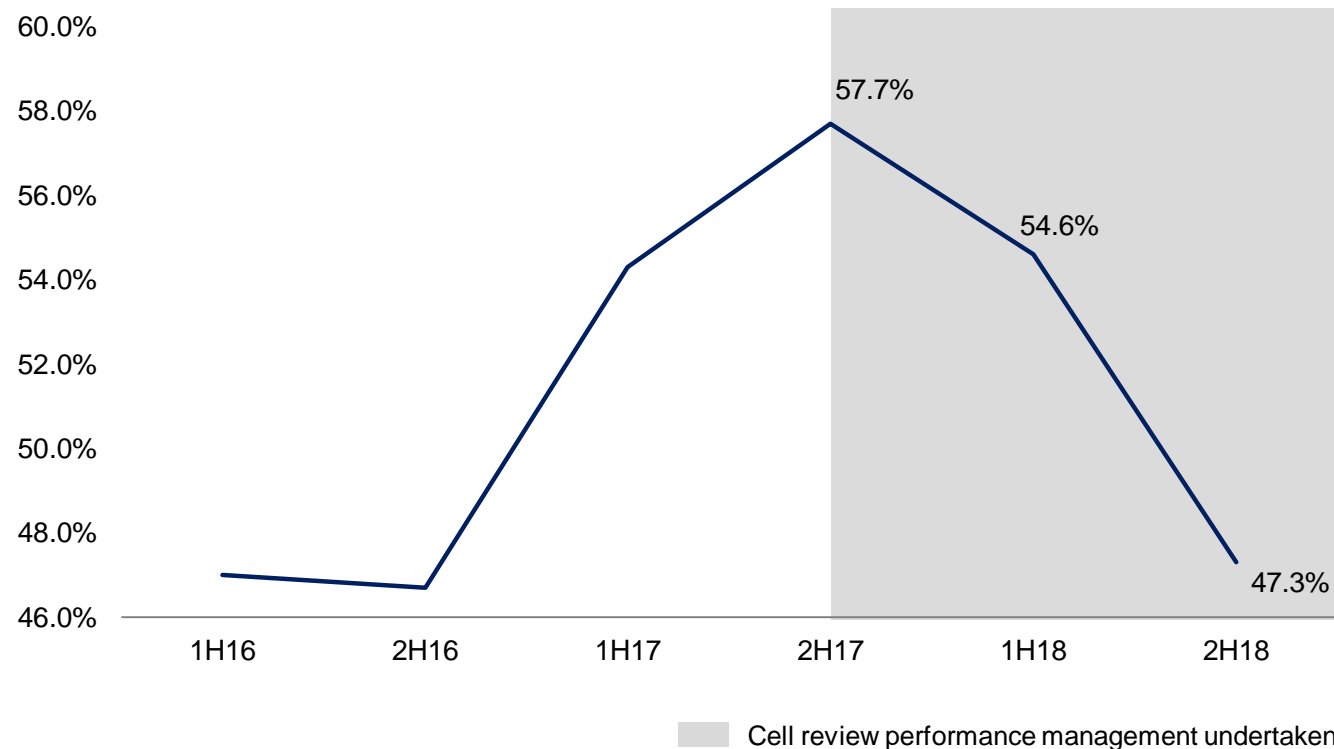
FY17 115.5%

## Attritional (%)

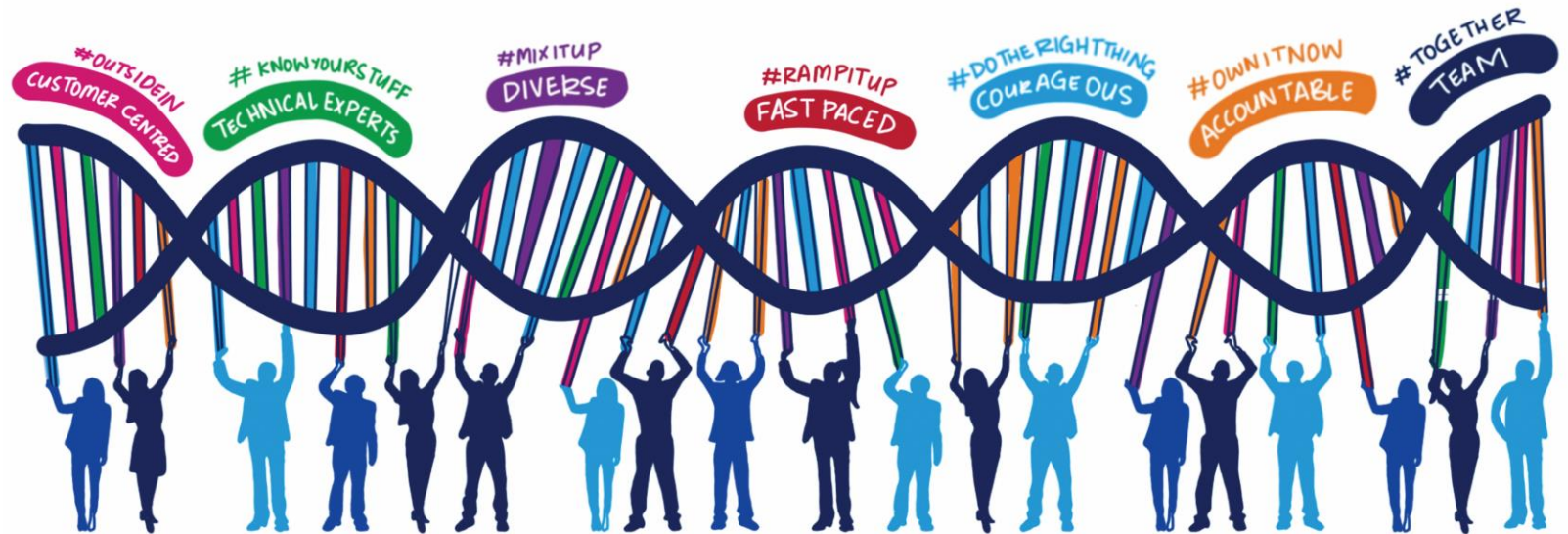
**51.0%<sup>3</sup>**

FY17 56.0%

## Attritional claims ratio



1. Constant currency basis
2. Excludes the impact of changes in risk-free rates used to discount net outstanding claims
3. Excludes transaction to reinsure Hong Kong construction workers' compensation liabilities





# Putting our customers first











## Deliver the 2019 plan

Targeted rate increases

Cell reviews

Operational efficiency program



## Brilliant Basics

Underwriting, pricing and claims

Detailed underwriting guides

Improve global pricing capabilities



## Talent and culture

Continue to add talent

QBE DNA



## Customer focus

Global rollout of EQUITY customer commitment program

Focus on high quality customer service



## Operating sustainably

Focus on sustainability and positive contributions

Continue implementing TCFD recommendations



## Managing risk

Stronger and more resilient

Continued focus on risk governance



## Future focus

More digitally enabled

Enhance data and analytics capabilities

Reduce complexity



Workforce (%)

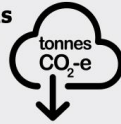
**32%**

Women in senior management

**Target 35% by 2020**



Greenhouse gas emissions reduction (%)



**↓ 10%**

from 2017

Premiums4Good (US\$M)

2021 ambition

**\$1<sub>B</sub>**

Climate change action plan



Carbon neutrality (tonnes CO<sub>2</sub>-e)

**47,273** tonnes CO<sub>2</sub>-e

offset through



Total invested

**\$440<sub>M</sub>**

Collaborating on TCFD and sustainability





**Deliver the 2019 plan**



**Brilliant basics**



**Talent and culture**



**Customer focus**



**Operating sustainably**



**Managing risk**



**Future focus**

## 2019 targets

**COR**

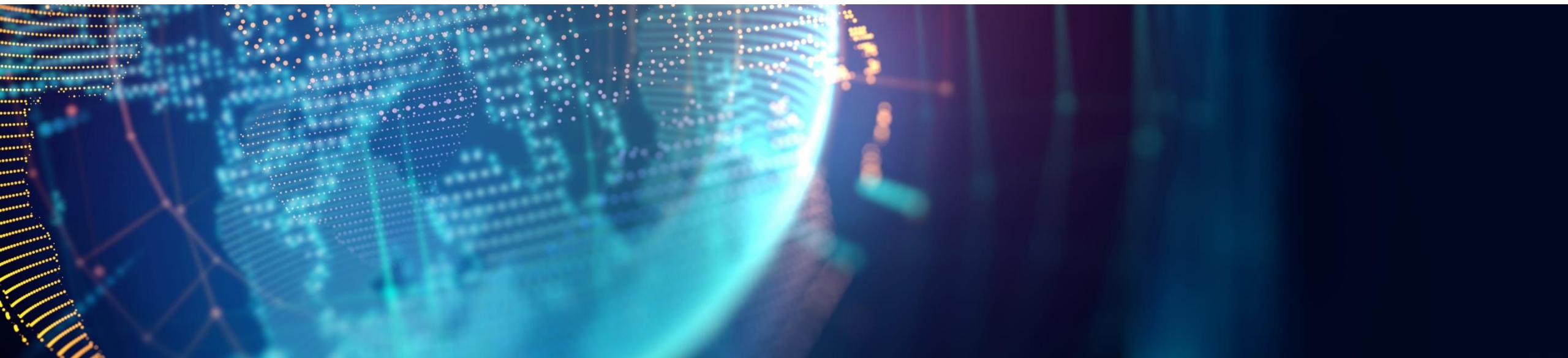
**94.5% – 96.5%<sup>1</sup>**

**Investment  
Return**

**3.00% – 3.50%<sup>1</sup>**

1. Assumes risk-free rates as at 31 December 2018

**Thank you**





The information in this presentation has been prepared for the QBE Insurance Group 2019 Annual General Meeting.

This presentation should be read in conjunction with all information which QBE has lodged with the Australian Securities Exchange (“ASX”). Copies of those lodgments are available from either the ASX website [www.asx.com.au](http://www.asx.com.au) or QBE’s website [www.qbe.com](http://www.qbe.com).

The information is supplied in summary form and is therefore not necessarily complete. Prior to making a decision in relation to QBE’s securities, products or services, investors, potential investors and customers must undertake their own due diligence as to the merits and risks associated with that decision, which includes obtaining independent financial, legal and tax advice on their personal circumstances. No representation or warranty is made as to the accuracy, completeness or reliability of the information.

This presentation contains certain “forward-looking information” and “forward-looking statements” within the meaning of applicable securities laws. The words “anticipate”, “believe”, “expect”, “project”, “forecast”, “estimate”, “likely”, “intend”, “should”, “could”, “may”, “target”, “plan”, “outlook” and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of QBE that

may cause actual results to differ materially from those either expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. You are cautioned not to place undue reliance on forward-looking statements. Such forward-looking statements only speak as of the date of this presentation and QBE assumes no obligation to update such information.

Any forward-looking statements assume large individual risk and catastrophe claims do not exceed the significant allowance in our business plans; no reduction in premium rates in excess of our 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 unplanned 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 presentation.

This presentation does not constitute an offer or invitation for the sale or purchase of securities. In particular, this presentation does not constitute an offer of securities for sale in the United States, or to any person that is, or is acting for the account or benefit of, any U.S. Person, or in any other jurisdiction in which such an offer would be illegal. Securities of QBE may not be offered or sold in the United States or to, or for the account or benefit of, any U.S. Persons without registration under the Securities Act or an exemption from registration.