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11 January 2021

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

Dear Sir/Madam

QBE finalises 2021 reinsurance program

Please find attached an announcement for release to the market.

This release has been authorised by the Interim Group Chief Executive Officer.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'Carolyn Scobie', followed by a period.

Carolyn Scobie
Company Secretary

Attachment



QBE

MARKET RELEASE

11 January 2021

QBE FINALISES 2021 REINSURANCE PROGRAM¹

QBE has finalised renewal of the Group's reinsurance program effective 1 January 2021.

The program was placed broadly in line with expectations, at terms slightly better than allowed for in the Group's business planning assumptions and strikes an appropriate balance between cost, capital and earnings volatility protection.

Key features of, and changes to, the Group's 2021 reinsurance program include:

- main catastrophe tower increased to \$3.4BN (2020: \$3.3BN);
- North America peak catastrophe retention of \$200M (2020: initially \$400M but reduced to \$150M in April 2020 as part of COVID-19 de-risking initiatives);
- US and Australian non-peak catastrophe retention of \$175M (2020: \$125M) while retention for all other non-peak perils is unchanged at \$100M;
- catastrophe aggregate limit unchanged at \$500M and attaching at \$625M (2020: \$545M) with a per occurrence deductible of \$10M (2020: \$5M);
- per risk XOL cover renewed materially as expired;
- Equator Re 50% quota share renewed as expired;
- largely unchanged divisional per risk and catastrophe retentions;
- the multi-year nature of the main Group catastrophe program of \$2.1BN xs \$400M limited the risk adjusted premium rate increase to less than 5% while the overall increase in reinsurance spend on the Group's XOL reinsurance program was ~\$30M or ~10%; and
- renewing portions of the per risk XOL and main catastrophe treaties have been placed for 24 months.

The increase in the catastrophe aggregate attachment reflects exposure growth, increased US and Australian non-peak retentions as well as recent industry-wide catastrophe frequency.

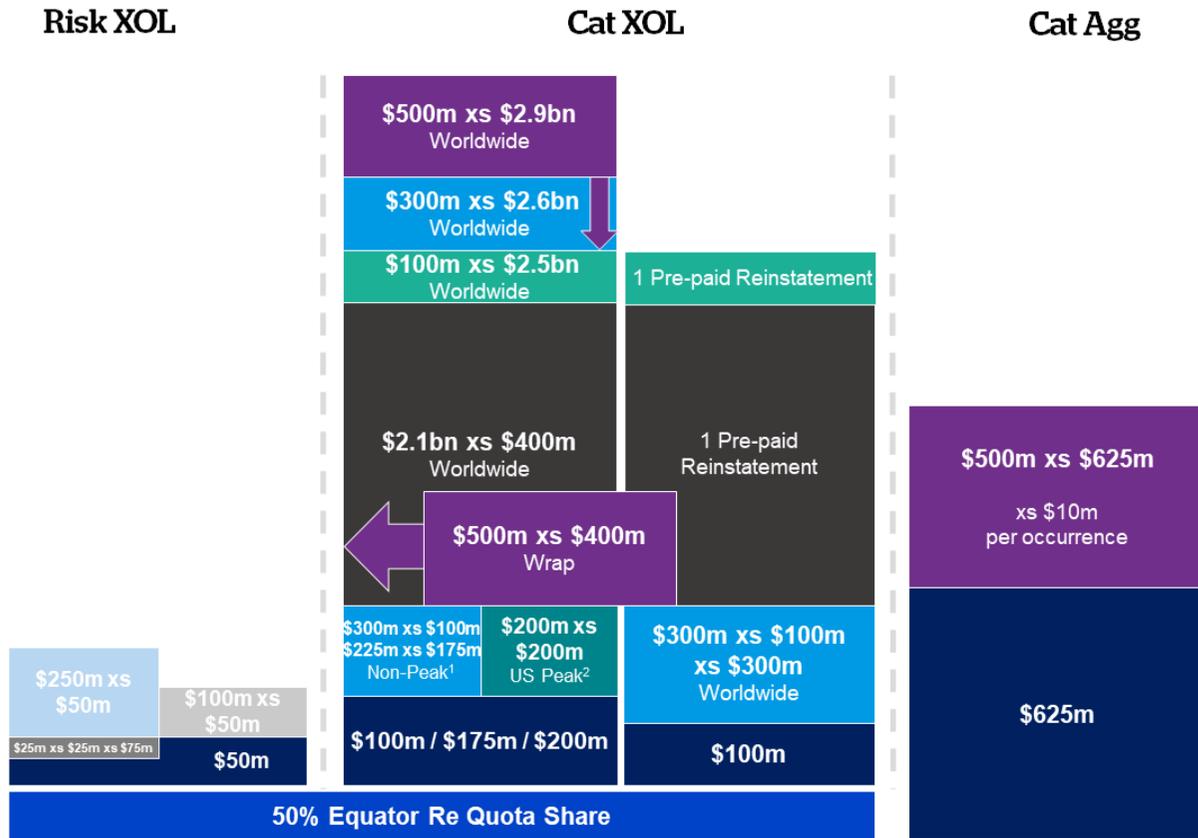
Anticipating the new structure and to allow for continued heightened catastrophe frequency, the Group's 2021 financial plans and pricing assumptions include a net catastrophe allowance of \$685M, up from \$550M in 2020 and broadly in line with the 2020 retained experience.

On a like-for-like basis, the probability of exceeding the Group's increased 2021 catastrophe allowance is lower than in 2020.

QBE Interim Group CEO, Richard Pryce said: *"I am pleased that we have renewed the Group's reinsurance structure broadly consistent with the expiring program and at terms slightly better than budget. The reinsurance renewal (including increased catastrophe allowance) has been factored into our pricing models and we remain confident of driving appropriate margin expansion in 2021."*

¹ All figures in US\$ unless otherwise stated

QBE 2021 global reinsurance program



- ### Key program changes
- **Cat Top or Drop or Non-Peak¹**
US and Australia Non-Peak¹ attachment increased to \$175m
 - **US Peak Buy-Down**
Attachment increased from \$150m to \$200m
 - **Cat Top Layer**
New purchase for 2021
 - **Cat Top or Wrap or Agg**
Aggregate attachment increased from \$545m to \$625m
Per event deductible increased from \$5m to \$10m

- Cat**
- **Main Cat XOL**
 - \$2.1bn xs \$400m
 - **Cat Top Layer**
 - \$100m xs \$2.5bn
 - **Cat Top or Drop or Non-Peak¹**
 - Top \$300m xs \$2.6bn for Peak *and/or*
 - Drop \$300m xs \$100m xs \$300m for Peak *and/or*
 - Drop \$225m xs \$175m US & Aust Non Peak *and/or*
 - Drop \$300m xs \$100m for All Other Non-Peak
 - **US Peak Buy-Down**
 - \$200m xs \$200m 50% order due to Equator Re QS³
 - **Cat Top or Wrap or Agg**
 - Top \$500m xs \$2.9bn (or \$2.6bn) *and/or*
 - Wrap \$500m xs \$400m including QBE Re & Syndicate 1036 retained claims and EQ Re Share *and/or*
 - Aggregate \$500m xs \$625m xs \$10m
- Risk**
- Main cover \$250m xs \$50m
 - Clash and Cyber Aggregate Section \$100m xs \$50m
 - Sub layer \$25m xs \$25m xs \$75m

1. Peak perils defined as cyclone, hurricane & typhoon, and earthquake (and fire following) with respect to Australia, New Zealand (quake only) and US (excluding Puerto Rico). All other perils are non-peak.
 2. US Peak perils defined as hurricane and earthquake (and fire following)

- ENDS -

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IMPORTANT DISCLAIMER

This document (the "Market Release") is dated 18 December 2020 and has been prepared and authorised by QBE Insurance Group Limited (ABN 28 008 485 014) (the **Company** or **QBE**). The information in this Market Release provides an unaudited update of results at 30 September 2020 and expectations for our results for the Financial Year ended 31 December 2020. This Market Release 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 or QBE's website 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 Market Release 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. You should not place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the outbreak of COVID-19. Any such statements, opinions and estimates in this Market Release speak only as of the date hereof and are based on assumptions and contingencies subject to change without notice, as are statements about market and industry trends, projections, guidance and estimates. Forward-looking statements are provided as a general guide only and QBE assumes no obligation to update such information.

Further, 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.

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 Market Release.

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