QBE
Insurance
Group

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6 February 2003

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Manager – Company Announcements
Australian Stock Exchange Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Dear Sir,

Re: QBE Increases 2002 Profit Expectations

Please see attached market announcement.

Yours faithfully,

D Ramsay

Duncan Ramsay
Company Secretary

QBE
Insurance Group

MARKET ANNOUNCEMENT

QBE INCREASES 2002 PROFIT EXPECTATIONS

Following a regular meeting of directors this afternoon which reviewed the Group's unaudited preliminary results, QBE advised that it expects to exceed insurance sector analysts' median projected 2002 operating profit after tax of approximately $238 million by around 15%.

The increase in profit expectations is primarily due to underwriting margins being better than expected, resulting in insurance profit to net earned premium at slightly in excess of 7%, compared to the 6%-6.5% previously advised to the market. QBE's provisions for outstanding claims remain strong, including prudential margins consistent with prior periods after allowing for the impact of lower interest rates.

Mr Frank O'Halloran, QBE's Chief Executive Officer, said "The announcement has been made in accordance with the continuous disclosure requirements of the Australian Stock Exchange." He added "Further details will be provided to the market when we announce the audited results on 6th March 2003."

6 February 2003