



16 January 2004

The Manager
Company Announcements
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

QBE INSURANCE GROUP LIMITED
ABN 28 005 486 114

62 Pitt Street
Sydney NSW 2000
Australia

Postal Address:
Box 82 SPV
Sydney NSW 2001

Telephone: (61) 9375 4444
International: 61 2 9375 4444
Facsimile: (61) 9231 6104
DX 10171 Sydney Stock Exchange

Dear Sir/Madam

Revised Dividend Election/Dividend Reinvestment Plans

I enclose for the market's information our revised Dividend Election Plan and Dividend Reinvestment Plan terms and accompanying material. The former is a bonus share type plan.

Both will shortly be available on our website, www.qbe.com, in the shareholder centre section.

The revised terms apply with immediate effect. As a practical matter, their next application should be our 2003 final dividend scheduled for payment in April 2004.

In particular, the revised terms:

1. round up or down to the nearest whole cent or number the issue price and number of shares to be allocated, rather than just the previous rounding up; and
2. require a minimum shareholding of 100 shares for participation.

The revised terms follow on from our constitution approved at the 2003 AGM in April.

Shareholders who are happy with their existing DEP or DRP elections after the revised terms do not need to make a new election – we will treat past elections as applying to the revised terms.

Yours faithfully

Duncan Ramsay
Company Secretary

Direct: +612 9375 4422
Mobile: 04080 37220
Fax: +612 9231 6104
Email: duncan.ramsay@qbe.com



Dividend Reinvestment Plan Booklet

QBE Insurance Group Limited

ABN 28 008 485 014

January 2004

Contents

Features	2
Frequently Asked Questions and Answers	3
Rules of the Dividend Reinvestment Plan (DRP)	6
Definitions	10

Important Note:

This is an important document.

If you have any doubts as to what you should do, please consult your stockbroker, accountant or other professional adviser.

If you have any questions in relation to the Dividend Reinvestment Plan after reading this booklet, please contact the Share Registry in Sydney:

ASX Perpetual Registrars Limited

Locked Bag A14,
Sydney South NSW 1235
Tel: (02) 8280 7158
Fax (02) 9261 8489
Email: registrars@asxperpetual.com.au

Dated: *January 2004*

Features

- * A simple and convenient way of automatically reinvesting dividends in additional QBE shares at a discount to the market price. Currently the Directors have determined the discount should be 2.5%.
- * Shares allocated under the DRP rank equally with existing ordinary shares.
- * You do not have to appoint a stockbroker or pay fees, brokerage, goods and services tax or other transaction costs for shares allocated under the DRP.
- * Participation is voluntary. You can choose to reinvest all, part or none of your dividend in the DRP.
- * To participate in the DRP, you must specify a minimum number of shares in your registered holding of shares at each dividend record date. Currently Directors have specified 100 shares as the minimum number.
- * You can choose to have less than your full shareholding participating in the DRP, provided you specify the minimum number of shares per registered holding for participation. If you choose partial participation, you will either receive a dividend cheque or direct credit for the portion of your shares not participating in the DRP.
- * You can join, withdraw or vary your participation in the DRP at any time. However, if you are making or changing your decision close to the announcement of QBE's annual or half-yearly results, make sure you have returned your completed and signed DRP election form to the Share Registry before 5pm on the record date for that dividend. If your form is not received in time, it will not be processed until after the dividend has been paid. Your instruction will then only apply to the next and subsequent dividends.
- * DRP statements are sent to shareholders shortly after the payment date of each dividend. Details of the dividend calculation and your participation are provided. You should retain this statement for tax purposes.

Dated: *January 2004*

Frequently Asked Questions and Answers

1. How do I participate in the DRP?

Participation in the DRP is entirely voluntary. You can choose to participate by completing the enclosed DRP election form and returning it in the enclosed reply paid envelope. Additional forms can be downloaded from www.qbe.com or you can contact our Share Registry to request a DRP election form.

2. Who is eligible to participate in the DRP?

QBE ordinary shareholders who:

- * hold a minimum of 100 shares per registered holding at each dividend record date; and
- * have a registered address in Australia or New Zealand

are eligible to participate in the DRP.

Shareholders in other jurisdictions may also be eligible. Please see the QBE DRP Rules in this booklet for further information about eligibility.

3. How is the issue price calculated?

The issue price is based on a weighted average market price of shares calculated during a set pricing period. The pricing period for DRP shares will be determined by the Directors for each dividend payment date; however, it will be at least five trading days on the Australian Stock Exchange. The issue price will be rounded either up or down to the nearest half cent.

4. Do all my shares have to participate in the DRP?

You can choose to have less than your full shareholding participating in the DRP, provided you specify a minimum of 100 shares per registered holding for participation (partial participation). If you choose partial participation, you will either receive a dividend cheque or direct credit or DEP statement for the portion of your shares not participating in the DRP.

5. Is there a minimum or maximum participation level?

To participate in the DRP, you must specify a minimum of 100 shares per registered holding at each dividend record date. QBE has the discretion to introduce a maximum participation level and vary the minimum participation level.

6. How many shares will I receive?

The number of DRP shares you receive will be calculated by multiplying the number of participating shares you hold at the dividend record date by the relevant dividend, deducting any withholding tax (if applicable) and then dividing this amount by the issue price. The calculation will be rounded either up or down to the nearest whole number of shares.

7. How will I know how many shares I receive under the DRP?

All participants in the DRP will be sent a statement shortly after the dividend payment date. This statement will include:

- * the number of participating shares you held in your registered holding at the dividend record date;
- * the dividend payment calculation (including withholding tax deductions, if applicable);
- * the issue price of the DRP shares; and
- * the number of DRP shares issued to your registered holding.

If you are a partial participant, you will also receive either your cheque or direct credit payment advice in the same envelope.

8. How will my DRP shares be treated for the subsequent dividend payments?

If you choose to participate fully in the DRP, all shares held by you in the relevant registered holding at each dividend record date will be treated as participating in the DRP (participating shares), including any previously acquired DRP shares or other shares.

If you choose partial participation, only the number of shares you have specified in the relevant registered holding (at least 100) will be participating shares.

9. Are any shareholders excluded?

For legal and practical reasons, shareholders with registered addresses in the USA or Canada cannot participate in the DRP.

10. What if I have more than one QBE shareholding?

You will need to complete a separate DRP election form for each of your shareholdings. For example, you may have issuer sponsored holdings and CHES holdings. You will only be entitled to participate in the DRP through those shareholdings that contain at least 100 shares at the dividend record date. For example, if you have 75 shares in one shareholding and 50 shares in another

shareholding, you will not be able to participate in the DRP. To make it easier to manage your shareholdings, you may want to combine your shareholdings. Please contact the Share Registry for more information.

11. What will happen if I combine my separate shareholdings?

If you decide to combine your holdings for instance, by converting your issuer sponsored holding to your CHESS holding (or vice versa), your participation in the DRP may be affected by the conversion of your holdings. You should contact the Share Registry to ensure the appropriate DRP election continues to be applied.

12. Can the DRP be changed or terminated?

QBE may vary the Rules or suspend or terminate the DRP at any time. If this occurs, QBE will make a public announcement and information will be available at www.qbe.com.

13. How do I change my DRP participation?

You can change your participation or withdraw from the DRP by either:

- * downloading a DRP election form from www.qbe.com; or
- * contacting the Share Registry to request a DRP election form,

and then completing it and sending it to the Share Registry.

Your DRP election form must be received before 5pm on the next dividend record date to be active for the next dividend.

14. Can I sell my DRP shares?

Shares acquired through the DRP can be sold at any time after allocation by QBE and quotation on the Australian Stock Exchange. If you sell all of your shares between a dividend ex date and dividend payment date, your dividend payment in respect of participating shares will still be reinvested in the DRP. However, if you sell all of your shares before the dividend ex date, you will not receive shares under the DRP or any other payment on the dividend payment date.

15. What is the taxation treatment?

QBE cannot advise on the taxation implications of participating in the DRP. If you have any questions regarding taxation implications, please consult your stockbroker, accountant or other professional adviser. However, QBE understands for Australian residents that dividends reinvested into QBE shares are usually treated as cash dividends for Australian tax purposes.

Dated: January 2004

Rules of the Dividend Reinvestment Plan (DRP)

See Definitions at the end for meanings of specific words and expressions used in these Rules.

1. Eligibility and Participation

- 1.1 Participation in the DRP is limited to the eligible holdings of eligible shareholders. Subject to Rule 1.5, an eligible holding is a registered holding in QBE's Share Register as at the relevant dividend record date that contains at least the minimum holding.
- 1.2 Subject to Rules 1.5 and 1.8, an eligible shareholder is :
 - a) a person who at the relevant dividend record date was recorded in QBE's Share Register as having an address in either Australia or New Zealand; or
 - b) any other registered holder of shares at the relevant dividend record date if QBE is satisfied that the offer and issue or transfer of shares under the DRP is lawful and practicable in the jurisdiction in which they reside.
- 1.3 Participation in the DRP:
 - a) is optional and voluntary;
 - b) is not transferable; and
 - c) may be varied or terminated at any time as set out in Part 10.
- 1.4 To apply to participate in the DRP , eligible shareholders must complete, sign and lodge with the Share Registry a DRP election form for each of their eligible holdings in accordance with these Rules and the instructions on the DRP election form. However:
 - a) QBE may accept written applications for participation in the DRP which are not in the form of a DRP election form if QBE decides that the instructions are clear. Such written instruction, if acceptable to QBE, will be deemed to be a DRP election form for the purpose of these Rules; and
 - b) QBE may allow DRP election forms to be lodged electronically, either through QBE's web site or that of an authorised third party. The availability of any such facility will be referred to on QBE's website and announced to the ASX. Any DRP election forms so lodged must comply with the applicable terms and conditions of the facility.

- 1.5 QBE may determine that a shareholder is not an eligible shareholder or that a holding is not an eligible holding within the provisions of these Rules. Such a determination will be final and binding. In making this determination, QBE may consider, among other things, whether a shareholder obtained any necessary approvals to enable that shareholder to participate in the DRP in the jurisdiction in which that shareholder resides.
- 1.6 If an eligible shareholder has more than one eligible holding of shares and wishes to participate in the DRP with respect to one or more such holding, a DRP election form must be lodged with respect to each separate shareholding. For the purpose of determining whether a shareholder has an eligible holding:
- a) the holders of a joint or several holding will be considered as one holder and if they are entitled to DRP shares because of that holding, the DRP shares will not be paid to them separately; and
 - b) the number of shares in different holdings will not be aggregated.
- 1.7 If shares are jointly or severally held by two or more eligible shareholders, all joint or several holders of such shares must sign a single DRP election form for it to be valid. If one or more of the joint or several holders of the shares is not an eligible shareholder, none of the joint or several holders can apply to participate in the DRP with respect to the shares jointly or severally held.
- 1.8 QBE may refuse to accept a DRP election form and may suspend or withdraw shares from participation in the DRP if it considers that the participation of those shares might lead to:
- a) foreign persons or associates of foreign persons acquiring a significant interest or an aggregate significant interest in QBE for the purposes of the foreign takeovers legislation; or
 - b) an unacceptable shareholding for the purposes of the Financial Sector (Shareholdings) Act 1998.

2. Participation

- 2.1 An eligible shareholder with an eligible holding who wishes to participate in the DRP must elect on the DRP election form the degree to which the shareholder wishes to participate in the DRP with respect to that holding.
- 2.2 The degree of participation that an eligible shareholder may elect is either:
- a) Full Participation - for all of the participant's shares in the eligible holding from time to time - see Rule 2.4 and Part 3; or

- b) Partial Participation - for a specific number of shares in the eligible holding nominated by the participant – see Rules 2.5, 2.6 and Part 3.

2.3 Signed and otherwise complete DRP election forms received by QBE under which the degree of participation in the DRP of an eligible holding of an eligible shareholder is unclear will without further notice to the relevant eligible shareholder be deemed to be an election of full participation.

This includes:

- a) electing partial participation without specifying the number of participating shares;
- b) signing the DRP election form but not electing full participation or partial participation; or
- c) electing both full participation and partial participation.

This Rule does not limit Parts 4 and 5.

2.4 Subject to Rule 3.2, if a participant has elected full participation for a holding of shares, all of that shareholding from time to time will be participating shares. This means that all shares acquired by that participant that are added to that holding (including any DRP shares issued to the participant) will be designated participating shares, subject to:

- a) the SCH Business Rules;
- b) any subsequent disposals of shares;
- c) any changes to that participant's DRP election; and
- d) any maximum limit on participating shares that may be set by QBE from time to time.

2.5 If a participant has elected partial participation for a holding of shares, the number of participating shares will remain at that specified by the participant on its DRP election form and will not increase, irrespective of whether the participant subsequently acquires additional shares (including any DRP shares issued to the participant).

2.6 If a participant who has elected partial participation holds in their shareholding, at any dividend record date, fewer shares than the number of participating shares, then the participant will receive a cash dividend in respect of that shareholding.

- 2.7 If a shareholder has elected participation in the DRP for a number that is less than the minimum holding or holds at any dividend record date less than the minimum holding, the participant will receive a cash dividend in respect of that shareholding.

3. Minimum and Maximum Participation

- 3.1 QBE's Directors may from time to time determine the minimum number of shares required for a shareholding to be an eligible holding. QBE may vary this minimum number by noting such variation on QBE's website and by notice to the ASX.
- 3.2 QBE may, whether in respect of a particular dividend or as a continuing term of participation in the DRP, set a maximum number of participating shares per eligible shareholder.
- 3.3 To the extent that a DRP election form specifies a number of participating shares in excess of a limit set under Rule 3.2 (including by Full Participation where the number of participating shares would exceed that limit), for so long as that limit applies:
- a) that limit will be deemed to be the number of participating shares for the purposes of Part 6 and Rule 8.1; and
 - b) any shares specified in a DRP election form as participating shares in excess of that limit (including by electing full participation where the number of participating shares would exceed that limit) will be deemed to be non-participating shares, and any dividend payable in respect of those shares will be a cash dividend.
- 3.4 Where a limit is set under Rule 3.2, QBE may waive the limit on the number of participating shares at any time for any eligible shareholder who holds shares as a trustee or nominee for a number of beneficial owners (who are also eligible shareholders), provided that:
- * such trustee or nominee will not at any time participate in the DRP on behalf of any single beneficial owner in excess of the limit set under Rule 3.2; and
 - * Rule 3.3 will apply as if each such beneficial owner is the registered shareholder.

4. Acceptance of Applications

- 4.1 Subject to Rule 4.3, an eligible shareholder's participation in the DRP for an eligible holding will commence from the first dividend record date following receipt by QBE's Share Registry of the eligible shareholder's DRP election form for that eligible holding and will continue for so long as the DRP election form is effective under Rule 4.2.
- 4.2 Subject to Rules 1.1, 1.2 and 4.3, a DRP election form submitted in accordance with Rule 1.4 is effective:
- a) from the date the DRP election form is received by the Share Registry;
 - b) in respect of a dividend, only if it is received at the Share Registry's office by 5pm on the relevant record date;
 - c) until:
 - i) the participant varies or terminates its participation in the DRP pursuant to these Rules;
 - ii) suspension of the DRP for two or more consecutive dividend payment dates;
 - iii) termination of the DRP;
 - iv) the participant ceases to be an eligible shareholder; or
 - v) the shareholding ceases to be an eligible holding.

The form will become effective again at such time as the shareholder recommences to be an eligible shareholder, the shareholding recommences to be an eligible holding or upon and from recommencement of the DRP, following a suspension of less than two consecutive dividend payment dates.

- 4.3 QBE may:
- a) accept or refuse a DRP election form which is not properly completed or signed;
 - b) correct any error in, or omission from, a DRP election form, prior to acceptance under Rule 4.3(a).
- 4.4 QBE will record, with respect to each participant:
- a) the name and address of the participant (being the name and address in QBE's register of members, from time to time); and
 - b) the number of participating shares held by the participant from time to time,
- and QBE's records will be conclusive evidence.

5. Significance of Applying

- 5.1 By applying to participate in the DRP in accordance with Rule 1.4, an applicant:
- a) warrants to QBE that the shareholding is an eligible holding (see Rule 1.1) and it is an eligible shareholder (see Rule 1.2);
 - b) authorises QBE (and its Directors, employees or agents) to correct any error in, or omission from, its DRP election form;
 - c) acknowledges that QBE may at any time irrevocably determine that the applicant's DRP election form is valid, in accordance with these Rules, even if the DRP election form is incomplete, contains errors or is otherwise defective;
 - d) acknowledges that QBE may refuse any DRP election form;
 - e) consents to the establishment of a DRP account on its behalf;
 - f) agrees to the appointment of a trustee nominated by QBE as the participant's agent to purchase shares on market, where QBE decides to allocate DRP shares to participants by transferring existing shares in accordance with Rules 7.1 and 7.2;
 - g) acknowledges that neither QBE nor the Share Registry has provided the applicant with investment, taxation or other advice and that neither has any obligation to provide this advice, concerning participation in the DRP; and
 - h) unconditionally agrees to the Rules and agrees not to do any act which would be contrary to the intention of the DRP,
- in each case, at all times until termination of the DRP or of the applicant's participation in the DRP.

6. Reinvestment of Dividends

- 6.1 Subject to Rule 6.2 and Part 10, each dividend which is payable to a participant in respect of participating shares will be applied by QBE on the participant's behalf to either purchase or subscribe for DRP shares.
- 6.2 Any portion of a participant's dividend payment on participating shares which QBE is entitled or required to withhold for any reason from the dividend payable to that participant will not be applied to acquire or subscribe for DRP shares.
- 6.3 A DRP account for each participating shareholding will be established and maintained by QBE. Subject to Part 10, for each dividend, QBE will, with respect to each participating shareholding:

- a) determine the dividend payment with respect to the participating shares;
 - b) determine any amount to be withheld under Rule 6.2;
 - c) credit the amount in paragraph (a) and debit any amount in paragraph (b) to the DRP account of the participating shareholding. Such payment into that account constitutes payment of the dividend on those participating shares;
 - d) determine the number of DRP shares which can be acquired under the DRP by dividing the amount in the DRP account for the participating shareholding by the issue price and rounding either up or down to the nearest whole number of shares; and
 - e) on behalf of and in the name of the participant, either purchase or subscribe for the number of DRP shares determined under paragraph (d) and debit the aggregate issue price for those DRP shares against the balance in the DRP account for the participating shareholding.
- 6.4 The issue price per share for a particular dividend is the weighted average market price over five trading days on ASX, less such discount, if any, as the Directors may determine, rounded either up or down to the nearest half cent.
- 6.5 The issue price and any discount determined by the Directors in respect of this DRP for a particular dividend payment date may differ from the issue price and any discount determined by the Directors in respect of any other particular dividend payment date.
- 6.6 The discount for DRP shares allocated on a particular dividend payment date:
- a) may be nil; and
 - b) may be varied by announcement on QBE's website and to the ASX at any time, but any such variation will not apply to dividends already announced.

7. Issue or Transfer of Shares

- 7.1 In the operation of the DRP for any dividend payment date, QBE may, in its discretion, either issue new shares or cause existing shares to be purchased in the market for transfer to participants, or a combination of both options, to satisfy QBE's obligations under these Rules.

- 7.2 If QBE determines to cause the transfer of shares to participants, the shares may be acquired in the market in such manner as QBE considers appropriate.
- 7.3 All newly issued DRP shares will, from the date of allocation, rank equally in all respects with existing shares and will participate in all dividends subsequently declared.
- 7.4 DRP shares will be registered on the share register on which the participant already holds shares or if the participant holds shares on more than one share register, on the share register which QBE determines.
- 7.5 QBE will make application promptly after each allocation of newly issued DRP shares for quotation of those shares on ASX.

8. Despatch of DRP statements

- 8.1 As soon as practicable after each allocation of DRP shares, QBE will send to each participant to whom DRP shares have been allocated a statement for each eligible holding setting out:
 - a) the number of the participating shares in the shareholding at the relevant dividend record date;
 - b) the dividend payment in respect of the participating shares in the shareholding;
 - c) if applicable, the amount of withholding tax or other amount under Rule 6.3(b) which has been deducted from the dividend payment on the participating shares in the shareholding;
 - d) the number of DRP shares allocated to that shareholding and the date of allocation of those DRP shares;
 - e) the issue price of each DRP share allocated to the shareholding;
 - f) the franked amount (if any) of the dividend payment and the franking credit (if any) attaching to the dividend;
 - g) subject to any share transactions in the participant may have engaged after the dividend record date, the total number of participating shares (including the DRP shares) in the shareholding after the allocation of DRP shares;
 - h) the total number of shares in the shareholding after the allocation of DRP shares; and
 - i) any other matters required by law to be included in a statement confirming a transaction.

9. Variation or Termination of a Participant's Participation

- 9.1 Subject to Parts 3 and 10 and Rule 4.3, a participant may in respect of an eligible holding:
- a) vary its participation from full participation to partial participation or from partial participation to full participation;
 - b) maintain its partial participation but increase or decrease the number of its participating shares; or
 - c) terminate its participation in the DRP,
- by submitting a DRP election form in accordance with Rule 1.4 specifying the variation or termination respectively. Participants can obtain a DRP election form for this purpose by downloading it from www.qbe.com or by contacting the Share Registry.
- 9.2 A participant is taken to have terminated its participation in the DRP for an eligible holding:
- a) on receipt by the Share Registry of a DRP election form in accordance with Rule 9.1 in respect of that shareholding;
 - b) on the first dividend record date following registration of a transfer of all of the participant's participating shares in that shareholding;
 - c) on termination of the DRP by QBE pursuant to these Rules;
 - d) on receipt by QBE of notice of the death, bankruptcy or liquidation of the participant, except where the participant was a joint holder in respect of that shareholding and any remaining holder or joint holders are eligible shareholders;
 - e) on the participant ceasing to be an eligible shareholder; or
 - f) the shareholding ceasing to be an eligible holding.
- 9.3 When a participant disposes of part of its holding of shares, and does not notify QBE otherwise, the shares disposed of will, to the extent possible:
- a) first, reduce the number of any non-participating shares in that shareholding (if any); and
 - b) secondly, reduce the number of any participating shares in that shareholding (if any).

10. Variation, Suspension, Recommencement and Termination of the DRP

10.1 The DRP may be:

- a) varied (including by variation of the Rules) ;
 - b) suspended;
 - c) recommenced; or
 - d) terminated,
- by QBE at any time.

10.2 A variation, suspension, recommencement or termination of the DRP will take effect:

- a) on such date as the Directors determine; and
- b) in the case of a suspension, until such time as the Directors resolve either to recommence or terminate the DRP.

10.3 Any variation, suspension, recommencement or termination of the DRP will not give rise to any liability on the part of, or right of action against, QBE nor its Directors, employees, or agents.

10.4 If the DRP or the Rules are varied, a participant continues to participate under the DRP and Rules in their varied form unless the participant terminates its participation in the DRP by submitting a DRP election form in accordance with Rules 1.4 and 9.1.

10.5 If the DRP is suspended, participants' elections in the DRP will cease to be effective and all shares will be deemed to be non-participating shares for the purpose of any dividend declared while the DRP is suspended.

10.6 If the DRP is recommenced following a suspension the participant's previously suspended DRP election form will be reinstated and be valid and effective in accordance with these Rules for the purposes of the recommenced DRP, unless determined otherwise by QBE and notified to participants in accordance with Rule 10.7.

10.7 QBE will give notice of any:

- a) termination of the DRP to participants at least one month before the effective date of the termination;
- b) variation of the DRP (other than simply an exercise of a discretion, authority or power under these Rules) to eligible shareholders at least one month before the effective date of the variation; and

- c) suspension or recommencement of the DRP to participants as soon as reasonably practicable before or after the effective date of the suspension or recommencement.

Such notice may be provided in any manner (including, without limitation, by public announcement, advertisements in any newspapers circulating generally in Australia, notice on QBE's website, announcement to the ASX or mailed written notices) which QBE considers appropriate to bring the termination, variation, suspension or recommencement to the notice of the participants or eligible shareholders, as the case may be, having regard to the nature of the event for which notice is being given.

- 10.8 The accidental omission to give notice of termination, variation, suspension or recommencement to any participant or the non-receipt of any notice by any participant will not invalidate the termination, variation, suspension or recommencement of the DRP or any allocation of shares under the DRP.
- 10.9 Notice of a variation of the DRP will be given to participants as soon as practicable after the effective date of the variation if the Directors are satisfied that the variation is made to correct a manifest error, or an error of a minor nature, is of a formal or technical nature only or does not prejudice the interests of participants.
- 10.10 QBE will announce the pricing period and any discount applicable to the DRP for any dividends payable on a particular dividend payment date at or around the same time it announces the dividend.

11. Directors' Powers

- 11.1 This DRP will be administered by the Directors who are authorised under these Rules, and have the discretion to:
 - a) determine any procedures for administration of the DRP that are consistent with the Rules;
 - b) resolve conclusively all questions of fact or interpretation in connection with the DRP;
 - c) resolve in such manner as they think expedient any difficulties, anomalies or disputes which may arise in connection with, or by reason of, the operation of the DRP, whether generally or in relation to any participant or any Shares;
 - d) enter into any underwriting arrangements regarding the DRP that they deem appropriate;

- e) exercise discretions or powers (including any power to make a choice, decision, determination or resolution) of QBE under these Rules;
- f) delegate to any one or more persons, for such period and on such conditions as they may determine, the exercise of any of their discretions, authorities or powers arising under the DRP including, without limitation, the power to delegate such discretions, authorities or powers; or
- g) waive strict compliance with any of the provisions of these Rules.

11.2 Any discretion, authority or power (including any power to make a choice, decision, determination or resolution) exercisable by QBE or the Directors under these Rules or by a delegate under Rule 11.1(f):

- a) is final and binding on the participants and any other relevant persons;
- b) is exercisable in the absolute discretion of QBE, the Directors or the delegate, as the case may be; and
- c) may be exercised at any time and from time to time.

12. Costs to Participants

No fees, brokerage, goods and services tax or other transaction costs will be charged by QBE in respect of the allocation of DRP shares pursuant to these Rules unless required by law.

13. Taxation

Neither QBE nor its Directors, employees or agents:

- a) take any responsibility or assume any liability for, or as a consequence of, the tax liabilities of any person in connection with the DRP; or
- b) represent or warrant that any person will gain any taxation advantage or will not incur a taxation liability or disadvantage as a result of participation in the DRP.

14. Governing Law

These Rules are governed by the laws of New South Wales, Australia.

15. Lien

The DRP will not apply to cases where in accordance with QBE's constitution or otherwise by law, the Directors are entitled to retain all or part of a dividend payment in respect of a participant and over which Shares or dividend QBE holds, or is entitled to hold, a charge or lien.

16. Interpretation

In these Rules, unless the contrary intention appears:

- a) a reference to a Rule or Part is a reference to a Rule or Part in these Rules;
- b) a reference to this DRP or these Rules includes any variation or replacement of them;
- c) a reference to a statute or the Listing Rules includes any consolidations, amendments, re-enactments or replacements of any of them;
- d) the singular includes the plural and vice versa;
- e) the word person includes a firm, a body corporate, an unincorporated association or an authority;
- f) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including but not limited to, persons taking by novation) and assigns; and
- g) headings are inserted for convenience and do not affect the interpretation of these Rules.

Dated: *January 2004*

Definitions

In these Rules, the following words and expressions have the meanings indicated unless the contrary intention appears.

Allocation	The issue of new Shares to Participants under the DRP or transfer of Shares purchased in the market for the purposes of the DRP to Participants under the DRP, as the case may be. "Allocated" has a corresponding meaning.
ASX	Australian Stock Exchange Limited.
Average Market Price	The average of the daily volume weighted average sale price per Share of Shares sold on the ASX during the Pricing Period excluding in the Directors' discretion Shares which are sold otherwise than in the ordinary course of trading on the ASX (including any transaction defined in the ASX Business Rules as "special", crossings prior to the commencement of normal trading, crossings during the closing phase and the after hours adjust phase and any overseas trades or trades pursuant to the exercise of options over Shares, any overnight crossings and any other sales which the Directors consider may not be fairly reflective of natural supply and demand).
Business Day	A day other than a Saturday, Sunday or public holiday in New South Wales.

Corporations Act	Corporations Act 2001 (Cth), including any waivers of, modifications to, or other form of relief from, provisions of the Corporations Act, applicable to the DRP from time to time.
Directors	The directors of QBE acting either as a board or a committee of the board.
Discount	The discount, if any, expressed as a percentage, to the Average Market Price, determined by the Directors to be applied in calculation of the Issue Price in respect of the DRP for dividends payable on a particular dividend payment date.
Dividend	Any dividend per share announced and payable by QBE.
Dividend Payment	In relation to each shareholding of a shareholder, the dividend multiplied by the number of shares held by that shareholder in the shareholding, less any withholding tax deductible by QBE or any other amounts QBE is entitled or required to deduct from the dividend.
Dividend Payment Date	The date on which a dividend is payable, as announced by QBE.
Dividend Record Date	The date and time, as determined by the Directors and announced to ASX, at which a person holds or is taken to hold shares for the purpose of determining the entitlement of shareholders to dividends.
DRP	QBE's Dividend Reinvestment Plan to which these Rules apply as varied from time to time.
DRP Election Form	The form relating to the DRP used to apply for, vary or terminate participation in the DRP.
DRP Shares	Shares which a participant acquires under the DRP in lieu of receiving a dividend payment by cheque or direct credit, either by way of allotment of newly issued shares or transfer of shares purchased on a participant's behalf in the market.
Eligible Holding	See Rule 1.2.
Eligible Shareholder	See Rule 1.2.
Ex Dividend	The date from which sellers rather than purchasers become entitled to the dividend payment.
Full Participation	A degree of participation in the DRP under which all of a participant's shares in a shareholding from time to time, including shares subsequently acquired by the participant in a shareholding, under the DRP or otherwise, will be designated participating shares.
QBE	QBE Insurance Group Limited ABN 28 008 485 014
Issue Price	In respect of the DRP for a particular dividend, the Average Market Price, less any Discount, rounded down to the nearest whole cent.
Listing Rules	The Listing Rules of ASX (including the SCH Business Rules), including any waivers or modifications of the Listing Rules applicable to the DRP from time to time.

Minimum Holding	100 shares or such other number of shares as may be determined by the Directors from time to time.
Non-Participating Shares	Shares in a shareholding which a participant has not nominated for participation in the DRP or which have ceased to be participating shares.
Partial Participation	A degree of participation in the DRP where a participant specifies the number of its shares in a shareholding that will be designated as participating shares.
Participating Shares	Subject to Part 4, shares in a shareholding which a participant has validly nominated for participation in the DRP.
Pricing Period	In respect of a particular dividend payment date, such period as the Directors may determine, being a period of not less than 5 trading days commencing on such date as the Directors may determine. The period determined by the Directors in respect of dividends payable on a particular dividend payment date may differ from the period determined by the Directors in respect of dividends payable on any other particular dividend payment date.
Rules	These rules of the DRP as varied from time to time.
SCH Business Rules	The business rules of the securities clearing house of ASX, as enforced from time to time.
Shareholder	A person registered at a relevant dividend record date as a holder of shares.
Shareholding	A holding of Shares registered in the QBE share register.
Shares	Fully paid ordinary shares in QBE and any other shares issued by QBE that the Directors decide are eligible for participation in the DRP.
Share Registry	ASX Perpetual Registrars Limited or any other share registry that maintains the share register of QBE.
Trading Day	A full day on which the Shares are quoted, and not suspended from quotation or made subject to a trading halt, on ASX, provided that a day on which ASX is closed or on which trading on ASX is suspended is not a Trading Day.



Dividend Election Plan Booklet

QBE Insurance Group Limited

ABN 28 008 485 014

January 2004

Contents

Features	2
Frequently Asked Questions and Answers	3
Rules of the Dividend Election Plan (DEP)	7
Definitions	18

Important Note:

This is an important document.

If you have any doubts as to what you should do, please consult your stockbroker, accountant or other professional adviser.

If you have any questions in relation to the Dividend Election Plan after reading this booklet, please contact the Share Registry in Sydney:

ASX Perpetual Registrars Limited

Locked Bag A14,

Sydney South NSW 1235

Tel: (02) 8280 7158

Fax (02) 9261 8489

Email: registrars@asxperpetual.com.au

Dated: *January 2004*

Features

- * A simple and convenient way of automatically receiving additional QBE shares at a discount to the market price. Currently Directors have determined the discount should be 2.5%.
- * Shares allocated under the DEP rank equally with existing ordinary shares.
- * You do not have to appoint a stockbroker or pay fees, brokerage, goods and services tax or other transaction costs for shares allocated under the DEP.
- * Participation is voluntary. You can choose to elect all, part or none of your dividend in the DEP.
- * To participate in the DEP, you must specify a minimum number of shares in your registered holding of shares at each dividend record date. Currently Directors have specified 100 shares as the minimum number.
- * You can choose to have less than your full shareholding participating in the DEP, provided you specify the minimum number of shares per registered holding for participation. If you choose partial participation, you will receive a dividend cheque or direct credit or DRP statement for the portion of your shares not participating in the DEP.
- * You can join, withdraw or vary your participation in the DEP at any time. However, if you are making or changing your decision close to the announcement of QBE's annual or half-yearly results, make sure you have returned your completed and signed DEP election form to the Share Registry before 5pm on the day prior to the dividend announcement. If your form is not received in time, it will not be processed until after the dividend has been paid. Your instruction will then only apply to the next and subsequent dividends.
- * DEP statements are sent to shareholders shortly after the payment date of each dividend. Details of the calculation and your participation are provided. You should retain this statement for tax purposes.

Dated: *January 2004*

Frequently Asked Questions and Answers

1. How do I participate in the DEP?

Participation in the DEP is entirely voluntary. You can choose to participate by completing the enclosed DEP election form and returning it in the enclosed reply paid envelope prior to the announcement date for that dividend. Additional forms can be downloaded from www.qbe.com or you can contact our Share Registry to request a DEP election form.

2. Who is eligible to participate in the DEP?

QBE ordinary shareholders who:

- * hold a minimum of 100 shares per registered holding at each dividend record date; and
- * have a registered address in Australia or New Zealand

are eligible to participate in the DEP.

Shareholders in other jurisdictions may also be eligible. Please see the QBE DEP Rules in this booklet for further information about eligibility.

3. How is the issue price calculated?

The issue price is based on a weighted average market price of shares calculated during a set pricing period. The pricing period for DEP shares will be determined by the Directors for each payment date; however, it will be at least five trading days on the Australian Stock Exchange. The issue price will be rounded either up or down to the nearest half cent.

4. Do all my shares have to participate in the DEP?

You can choose to have less than your full shareholding participating in the DEP, provided you specify a minimum of 100 shares per registered holding for participation (partial participation). If you choose partial participation, you will receive a dividend cheque or direct credit or DRP statement for the portion of your shares not participating in the DEP.

5. Is there a minimum or maximum participation level?

To participate in the DEP, you must specify a minimum of 100 shares per registered holding prior to the dividend announcement date. QBE has the discretion to introduce a maximum participation level and vary the minimum participation level.

6. How many shares will I receive?

The number of DEP shares you receive will be calculated by multiplying the number of participating shares you hold at the dividend record date by the relevant dividend, deducting any withholding tax (if applicable) and then dividing this amount by the issue price. The calculation will be rounded either up or down to the nearest whole number of shares.

7. How will I know how many shares I receive under the DEP?

All participants in the DEP will be sent a statement shortly after the dividend payment date. This statement will include:

- * the number of participating shares you held in your registered holding at the dividend record date;
- * the dividend foregone calculation (including withholding tax deductions, if applicable); and
- * the number of DEP shares issued to your registered holding.

If you are a partial participant, you will also receive your cheque or direct credit payment advice or DRP statement in the same envelope.

8. How will my DEP shares be treated for the subsequent dividend payments?

If you choose to participate fully in the DEP, all shares held by you in the relevant registered holding at each dividend record date will be treated as participating in the DEP (participating shares), including any previously acquired DEP shares or other shares.

If you choose partial participation, only the number of shares you have specified in the relevant registered holding (at least 100) will be participating shares. Any change to DEP partial participation share numbers must be completed prior to any dividend announcement date

9. Are any shareholders excluded?

For legal and practical reasons, shareholders with registered addresses in the USA or Canada cannot participate in the DEP.

10. What if I have more than one OBE shareholding?

You will need to complete a separate DEP election form for each of your shareholdings. For example, you may have issuer sponsored holdings and CHESS holdings. You will only be entitled to participate in the DEP through those shareholdings that contain at least 100 shares at the dividend record date. For example, if you have 75 shares in one shareholding and 50 shares in another

shareholding, you will not be able to participate in the DEP. To make it easier to manage your shareholdings, you may want to combine your shareholdings. Please contact the Share Registry for more information.

11. What will happen if I combine my separate shareholdings?

If you decide to combine your holdings for instance, by converting your issuer sponsored holding to your CHESS holding (or vice versa), your participation in the DEP may be affected by the conversion of your holdings. You should contact the Share Registry to ensure the appropriate DEP election continues to be applied.

12. Can the DEP be changed or terminated?

QBE may vary the Rules or suspend or terminate the DEP at any time. If this occurs, QBE will make a public announcement and information will be available at www.qbe.com.

13. How do I change my DEP participation?

You can change your participation or withdraw from the DEP by either:

- * downloading a DEP election form from www.qbe.com; or
- * contacting the Share Registry to request a DEP election form, and then completing it and sending it to the Share Registry.

Your DEP election form must be received before 5pm on the next dividend announcement date to be active for the next dividend.

14. Can I sell my DEP shares?

Shares acquired through the DEP can be sold at any time after allocation by QBE and quotation on the Australian Stock Exchange. If you sell all of your shares between a dividend ex date and dividend payment date, your dividend payment in respect of participating shares will still be used to acquire shares through the DEP. However, if you sell all of your shares before the dividend ex date, you will not receive shares under the DEP or any other payment on the dividend payment date.

15. What is the taxation treatment?

QBE cannot advise on the taxation implications of participating in the DEP. If you have any questions regarding taxation implications, please consult your stockbroker, accountant or other professional adviser. The DEP provides for shareholders to elect not to receive a dividend in respect of all or some of their QBE shares but to receive instead additional fully paid shares issued as bonus shares to the equivalent value of the dividend forgone. QBE understands for Australian residents that shares issued under the DEP should not be dividends for the purpose of the Australian dividend

imputation system and therefore such shares should not, in general, be subject to Australian income tax or dividend withholding tax. Such shares will also not be treated as “franked dividends” to which “franking credits” attach for the purpose of the dividend imputation system.

Dated: *January 2004*

Rules of the Dividend Election Plan (DEP)

See Definitions at the end for meanings of specific words and expressions used in these Rules.

1. Eligibility and Participation

- 1.1 Participation in the DEP is limited to the eligible holdings of eligible shareholders. Subject to Rule 1.5, an eligible holding is a registered holding in QBE's Share Register as at the relevant dividend record date that contains at least the minimum holding.
- 1.2 Subject to Rules 1.5 and 1.8, an eligible shareholder is:
 - a) a person who at the relevant dividend record date was recorded in QBE's Share Register as having an address in either Australia or New Zealand; or
 - b) any other registered holder of shares at the relevant dividend record date if QBE is satisfied that the offer and issue or transfer of shares under the DEP is lawful and practicable in the jurisdiction in which they reside.
- 1.3 Participation in the DEP:
 - a) is optional and voluntary;
 - b) is not transferable; and
 - c) may be varied or terminated at any time as set out in Part 10.
- 1.4 To apply to participate in the DEP, eligible shareholders must complete, sign and lodge with the Share Registry a DEP election form for each of their eligible holdings in accordance with these Rules and the instructions on the DEP election form. However:
 - a) QBE may accept written applications for participation in the DEP which are not in the form of a DEP election form if QBE decides that the instructions are clear. Such written instruction, if acceptable to QBE, will be deemed to be a DEP election form for the purpose of these Rules; and
 - b) QBE may allow DEP election forms to be lodged electronically, either through QBE's web site or that of an authorised third party. The availability of any such facility will be referred to on QBE's website and announced to the ASX. Any DEP election forms so lodged must comply with the applicable terms and conditions of the facility.

- 1.5 QBE may determine that a shareholder is not an eligible shareholder or that a holding is not an eligible holding within the provisions of these Rules. Such a determination will be final and binding. In making this determination, QBE may consider, among other things, whether a shareholder obtained any necessary approvals to enable that shareholder to participate in the DEP in the jurisdiction in which that shareholder resides.
- 1.6 If an eligible shareholder has more than one eligible holding of shares and wishes to participate in the DEP with respect to one or more such holding, a DEP election form must be lodged with respect to each separate shareholding. For the purpose of determining whether a shareholder has an eligible holding:
- a) the holders of a joint or several holding will be considered as one holder and if they are entitled to DEP shares because of that holding, the DEP shares will not be paid to them separately; and
 - b) the number of shares in different holdings will not be aggregated.
- 1.7 If shares are jointly or severally held by two or more eligible shareholders, all joint or several holders of such shares must sign a single DEP election form for it to be valid. If one or more of the joint or several holders of the shares is not an eligible shareholder, none of the joint or several holders can apply to participate in the DEP with respect to the shares jointly or severally held.
- 1.8 QBE may refuse to accept a DEP election form and may suspend or withdraw shares from participation in the DEP if it considers that the participation of those shares might lead to:
- a) foreign persons or associates of foreign persons acquiring a significant interest or an aggregate significant interest in QBE for the purposes of the foreign takeovers legislation; or
 - b) an unacceptable shareholding for the purposes of the Financial Sector (Shareholdings) Act 1998.

2. Participation

- 2.1 An eligible shareholder with an eligible holding who wishes to participate in the DEP must elect on the DEP election form the degree to which the shareholder wishes to participate in the DEP with respect to that holding.
- 2.2 The degree of participation that an eligible shareholder may elect is either:

- a) Full Participation - for all of the participant's shares in the eligible holding from time to time - see Rule 2.4 and Part 3; or
- b) Partial Participation - for a specific number of shares in the eligible holding nominated by the participant – see Rules 2.5, 2.6 and Part 3.

2.3 Signed and otherwise complete DEP election forms received by QBE under which the degree of participation in the DEP of an eligible holding of an eligible shareholder is unclear will without further notice to the relevant eligible shareholder be deemed to be an election of full participation.

This includes:

- a) electing partial participation without specifying the number of participating shares;
- b) signing the DEP election form but not electing full participation or partial participation; or
- c) electing both full participation and partial participation.

This Rule does not limit Parts 4 and 5.

2.4 Subject to Rule 3.2, if a participant has elected full participation for a holding of shares, all of that shareholding from time to time will be participating shares. This means that all shares acquired by that participant that are added to that holding (including any DEP shares issued to the participant) will be designated participating shares, subject to:

- a) the SCH Business Rules;
- b) any subsequent disposals of shares;
- c) any changes to that participant's DEP election; and
- d) any maximum limit on participating shares that may be set by QBE from time to time.

2.5 If a participant has elected partial participation for a holding of shares, the number of participating shares will remain at that specified by the participant on its DEP election form and will not increase, irrespective of whether the participant subsequently acquires additional shares (including any DEP shares issued to the participant).

2.6 If a participant who has elected partial participation holds in their shareholding, at any dividend record date, fewer shares than the number of participating shares, then the participant will receive a cash dividend in respect of that shareholding.

- 2.7 If a shareholder has elected participation in the DEP for a number that is less than the minimum holding or holds at any dividend record date less than the minimum holding, the participant will receive a cash dividend in respect of that shareholding.

3. Minimum and Maximum Participation

- 3.1 QBE's Directors may from time to time determine the minimum number of shares required for a shareholding to be an eligible holding. QBE may vary this minimum number by noting such variation on QBE's website and by notice to the ASX.
- 3.2 QBE may, whether in respect of a particular dividend or as a continuing term of participation in the DEP, set a maximum number of participating shares per eligible shareholder.
- 3.3 To the extent that a DEP election form specifies a number of participating shares in excess of a limit set under Rule 3.2 (including by Full Participation where the number of participating shares would exceed that limit), for so long as that limit applies:
- a) that limit will be deemed to be the number of participating shares for the purposes of Part 6 and Rule 8.1; and
 - b) any shares specified in a DEP election form as participating shares in excess of that limit (including by electing full participation where the number of participating shares would exceed that limit) will be deemed to be non-participating shares, and any dividend payable in respect of those shares will be a cash dividend.
- 3.4 Where a limit is set under Rule 3.2, QBE may waive the limit on the number of participating shares at any time for any eligible shareholder who holds shares as a trustee or nominee for a number of beneficial owners (who are also eligible shareholders), provided that:
- * such trustee or nominee will not at any time participate in the DEP on behalf of any single beneficial owner in excess of the limit set under Rule 3.2; and
 - * Rule 3.3 will apply as if each such beneficial owner is the registered shareholder.

4. Acceptance of Applications

- 4.1 Subject to Rule 4.3, an eligible shareholder's participation in the DEP for an eligible holding will commence from the first dividend announcement date following receipt by QBE's Share Registry of the eligible shareholder's

DEP election form for that eligible holding and will continue for so long as the DEP election form is effective under Rule 4.2.

- 4.2 Subject to Rules 1.1, 1.2 and 4.3, a DEP election form submitted in accordance with Rule 1.4 is effective:
- a) from the date the DEP election form is received by the Share Registry;
 - b) in respect of a dividend, only if it is received at the Share Registry's office by 5pm on the relevant dividend announcement date;
 - c) until:
 - i) the participant varies or terminates its participation in the DEP pursuant to these Rules;
 - ii) suspension of the DEP for two or more consecutive dividend payment dates;
 - iii) termination of the DEP;
 - iv) the participant ceases to be an eligible shareholder; or
 - v) the shareholding ceases to be an eligible holding.

The form will become effective again at such time as the shareholder recommences to be an eligible shareholder, the shareholding recommences to be an eligible holding or upon and from recommencement of the DEP, following a suspension of less than two consecutive dividend payment dates.

- 4.3 QBE may:
- a) accept or refuse a DEP election form which is not properly completed or signed;
 - b) correct any error in, or omission from, a DEP election form, prior to acceptance under Rule 4.3(a).
- 4.4 QBE will record, with respect to each participant:
- a) the name and address of the participant (being the name and address in QBE's register of members, from time to time); and
 - b) the number of participating shares held by the participant from time to time,
- and QBE's records will be conclusive evidence.

5. Significance of Applying

- 5.1 By applying to participate in the DEP in accordance with Rule 1.4, an applicant:
- a) warrants to QBE that the shareholding is an eligible holding (see Rule 1.1) and it is an eligible shareholder (see Rule 1.2);

- b) authorises QBE (and its Directors, employees or agents) to correct any error in, or omission from, its DEP election form;
 - c) acknowledges that QBE may at any time irrevocably determine that the applicant's DEP election form is valid, in accordance with these Rules, even if the DEP election form is incomplete, contains errors or is otherwise defective;
 - d) acknowledges that QBE may refuse any DEP election form;
 - e) consents to the establishment of a DEP account on its behalf;
 - f) acknowledges that neither QBE nor the Share Registry has provided the applicant with investment, taxation or other advice and that neither has any obligation to provide this advice, concerning participation in the DEP; and
 - g) unconditionally agrees to the Rules and agrees not to do any act which would be contrary to the intention of the DEP,
- in each case, at all times until termination of the DEP or of the applicant's participation in the DEP.

6. Share Issue

- 6.1 Subject to Rule 6.2 and Part 10, a participant elects to not receive a dividend in respect of all or some of their shares but to instead receive additional fully paid shares issued as bonus shares to the equivalent value of the dividend foregone.
- 6.2 Any portion of a participant's dividend payment on participating shares which QBE is entitled or required to withhold for any reason will not be available for DEP shares.
- 6.3 A DEP account for each participating shareholding will be established and maintained by QBE. Subject to Part 10, for each dividend, QBE will, with respect to each participating shareholding:
 - a) determine the dividend payment with respect to the participating shares;
 - b) credit the amount in paragraph (a) to the DEP account of the participating shareholding. Such payment into that account constitutes payment of the dividend on those participating shares;
 - c) determine the number of DEP shares which can be acquired under the DEP by dividing the amount in the DEP account for the participating shareholding by the issue price and rounding either up or down to the nearest whole number of shares; and
 - d) on behalf of and in the name of the participant, issue the number of DEP shares determined under paragraph (c) and debit the aggregate

issue price for those DEP shares against the balance in the DEP account for the participating shareholding.

- 6.4 The issue price per share for a particular dividend is the weighted average market price over five trading days on ASX, less such discount, if any, as the Directors may determine, rounded either up or down to the nearest half cent.
- 6.5 The issue price and any discount determined by the Directors in respect of this DEP for a particular dividend payment date may differ from the issue price and any discount determined by the Directors in respect of any other particular dividend payment date.
- 6.6 The discount for DEP shares allocated on a particular dividend payment date:
 - a) may be nil; and
 - b) may be varied by announcement on QBE's website and to the ASX at any time, but any such variation will not apply to dividends already announced.

7. Issue or Transfer of Shares

- 7.1 All newly issued DEP shares will, from the date of allocation, rank equally in all respects with existing shares and will participate in all dividends subsequently declared.
- 7.2 DEP shares will be registered on the share register on which the participant already holds shares or if the participant holds shares on more than one share register, on the share register which QBE determines.
- 7.3 QBE will make application promptly after each allocation of newly issued DEP shares for quotation of those shares on ASX.

8. Despatch of DEP Statements

- 8.1 As soon as practicable after each allocation of DEP shares, QBE will send to each participant to whom DEP shares have been allocated a statement for each eligible holding setting out:
 - a) the number of the participating shares in the shareholding at the relevant dividend record date;
 - b) the dividend foregone in respect of the participating shares in the shareholding;

- c) if applicable, the amount of withholding tax or other amount under Rule 6.3(b) which has been deducted from the dividend payment on the participating shares in the shareholding;
- d) the number of DEP shares allocated to that shareholding and the date of allocation of those DEP shares;
- e) the issue price of each DEP share allocated to the shareholding;
- f) subject to any share transactions in the participant may have engaged after the dividend record date, the total number of participating shares (including the DEP shares) in the shareholding after the allocation of DEP shares;
- g) the total number of shares in the shareholding after the allocation of DEP shares; and
- h) any other matters required by law to be included in a statement confirming a transaction.

9. Variation or Termination of a Participant's Participation

- 9.1 Subject to Parts 3 and 10 and Rule 4.3, a participant may in respect of an eligible holding:
- a) vary its participation from full participation to partial participation or from partial participation to full participation;
 - b) maintain its partial participation but increase or decrease the number of its participating shares; or
 - c) terminate its participation in the DEP,
- by submitting a DEP election form in accordance with Rule 1.4 specifying the variation or termination respectively. Participants can obtain a DEP election form for this purpose by downloading it from www.qbe.com or by contacting the Share Registry.
- 9.2 A participant is taken to have terminated its participation in the DEP for an eligible holding:
- a) on receipt by the Share Registry of a DEP election form in accordance with Rule 9.1 in respect of that shareholding;
 - b) on the first dividend record date following registration of a transfer of all of the participant's participating shares in that shareholding;
 - c) on termination of the DEP by QBE pursuant to these Rules;
 - d) on receipt by QBE of notice of the death, bankruptcy or liquidation of the participant, except where the participant was a joint holder in respect of that shareholding and any remaining holder or joint holders are eligible shareholders;
 - e) on the participant ceasing to be an eligible shareholder; or
 - f) the shareholding ceasing to be an eligible holding.

- 9.3 When a participant disposes of part of its holding of shares, and does not notify QBE otherwise, the shares disposed of will, to the extent possible:
- a) first, reduce the number of any non-participating shares in that shareholding (if any); and
 - b) secondly, reduce the number of any participating shares in that shareholding (if any).

10. Variation, Suspension, Recommendation and Termination of the DEP

- 10.1 The DEP may be:
- a) varied (including by variation of the Rules) ;
 - b) suspended;
 - c) recommenced; or
 - d) terminated,
by QBE at any time.
- 10.2 A variation, suspension, recommencement or termination of the DEP will take effect:
- a) on such date as the Directors determine; and
 - b) in the case of a suspension, until such time as the Directors resolve either to recommence or terminate the DEP.
- 10.3 Any variation, suspension, recommencement or termination of the DEP will not give rise to any liability on the part of, or right of action against, QBE nor its Directors, employees, or agents.
- 10.4 If the DEP or the Rules are varied, a participant continues to participate under the DEP and Rules in their varied form unless the participant terminates its participation in the DEP by submitting a DEP election form in accordance with Rules 1.4 and 9.1.
- 10.5 If the DEP is suspended, participants' elections in the DEP will cease to be effective and all shares will be deemed to be non-participating shares for the purpose of any dividend declared while the DEP is suspended.
- 10.6 If the DEP is recommenced following a suspension the participant's previously suspended DEP election form will be reinstated and be valid and effective in accordance with these Rules for the purposes of the

recommended DEP, unless determined otherwise by QBE and notified to participants in accordance with Rule 10.7.

10.7 QBE will give notice of any:

- a) termination of the DEP to participants at least one month before the effective date of the termination;
- b) variation of the DEP (other than simply an exercise of a discretion, authority or power under these Rules) to eligible shareholders at least one month before the effective date of the variation; and
- c) suspension or recommencement of the DEP to participants as soon as reasonably practicable before or after the effective date of the suspension or recommencement.

Such notice may be provided in any manner (including, without limitation, by public announcement, advertisements in any newspapers circulating generally in Australia, notice on QBE's website, announcement to the ASX or mailed written notices) which QBE considers appropriate to bring the termination, variation, suspension or recommencement to the notice of the participants or eligible shareholders, as the case may be, having regard to the nature of the event for which notice is being given.

10.8 The accidental omission to give notice of termination, variation, suspension or recommencement to any participant or the non-receipt of any notice by any participant will not invalidate the termination, variation, suspension or recommencement of the DEP or any allocation of shares under the DEP.

10.9 Notice of a variation of the DEP will be given to participants as soon as practicable after the effective date of the variation if the Directors are satisfied that the variation is made to correct a manifest error, or an error of a minor nature, is of a formal or technical nature only or does not prejudice the interests of participants.

10.10 QBE will announce the pricing period and any discount applicable to the DEP for any dividends payable on a particular dividend payment date at or around the same time it announces the dividend.

11. Directors' Powers

11.1 This DEP will be administered by the Directors who are authorised under these Rules, and have the discretion to:

- a) determine any procedures for administration of the DEP that are consistent with the Rules;
- b) resolve conclusively all questions of fact or interpretation in connection with the DEP;
- c) resolve in such manner as they think expedient any difficulties, anomalies or disputes which may arise in connection with, or by reason of, the operation of the DEP, whether generally or in relation to any participant or any Shares;
- d) enter into any underwriting arrangements regarding the DEP that they deem appropriate;
- e) exercise discretions or powers (including any power to make a choice, decision, determination or resolution) of QBE under these Rules;
- f) delegate to any one or more persons, for such period and on such conditions as they may determine, the exercise of any of their discretions, authorities or powers arising under the DEP including, without limitation, the power to delegate such discretions, authorities or powers; or
- g) waive strict compliance with any of the provisions of these Rules.

11.2 Any discretion, authority or power (including any power to make a choice, decision, determination or resolution) exercisable by QBE or the Directors under these Rules or by a delegate under Rule 11.1(f):

- a) is final and binding on the participants and any other relevant persons;
- b) is exercisable in the absolute discretion of QBE, the Directors or the delegate, as the case may be; and
- c) may be exercised at any time and from time to time.

12. Costs to Participants

No fees, brokerage, goods and services tax, stamp duty or other transaction costs will be charged by QBE in respect of the allocation of DEP shares pursuant to these Rules unless required by law.

13. Taxation

Neither QBE nor its Directors, employees or agents:

- a) take any responsibility or assume any liability for, or as a consequence of, the tax liabilities of any person in connection with the DEP; or

- b) represent or warrant that any person will gain any taxation advantage or will not incur a taxation liability or disadvantage as a result of participation in the DEP.

14. Governing law

These Rules are governed by the laws of New South Wales, Australia.

15. Lien

The DEP will not apply to cases where in accordance with QBE's constitution or otherwise by law, the Directors are entitled to retain all or part of a dividend payment in respect of a participant and over which Shares or dividend QBE holds, or is entitled to hold, a charge or lien.

16. Interpretation

In these Rules, unless the contrary intention appears:

- a) a reference to a Rule or Part is a reference to a Rule or Part in these Rules;
- b) a reference to this DEP or these Rules includes any variation or replacement of them;
- c) a reference to a statute or the Listing Rules includes any consolidations, amendments, re-enactments or replacements of any of them;
- d) the singular includes the plural and vice versa;
- e) the word person includes a firm, a body corporate, an unincorporated association or an authority;
- f) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including but not limited to, persons taking by novation) and assigns; and
- g) headings are inserted for convenience and do not affect the interpretation of these Rules.

Dated: *January 2004*

Definitions

In these Rules, the following words and expressions have the meanings indicated unless the contrary intention appears.

Allocation	The issue of new Shares to Participants under the DEP. "Allocated" has a corresponding meaning.
ASX	Australian Stock Exchange Limited
Average Market Price	The average of the daily volume weighted average sale price per Share of Shares sold on the ASX during the Pricing Period excluding in the Directors' discretion Shares which are sold otherwise than in the ordinary course of trading on the ASX (including any transaction defined in the ASX Business Rules as "special", crossings prior to the commencement of normal trading, crossings during the closing phase and the after hours adjust phase and any overseas trades or trades pursuant to the exercise of options over Shares, any overnight crossings and any other sales which the Directors consider may not be fairly reflective of natural supply and demand).
Business Day	A day other than a Saturday, Sunday or public holiday in New South Wales.
Corporations Act	Corporations Act 2001 (Cth), including any waivers of, modifications to, or other form of relief from, provisions of the Corporations Act, applicable to the DEP from time to time.
Directors	The directors of QBE acting either as a board or a committee of the board.
Discount	The discount, if any, expressed as a percentage, to the Average Market Price, determined by the Directors to be applied in calculation of the Issue Price in respect of the DEP for shares to be issued on a particular dividend payment date.
Dividend	Any dividend per share announced and payable by QBE.
Dividend Payment	In relation to each shareholding of a shareholder, the dividend multiplied by the number of shares held by that shareholder in the shareholding, less any withholding tax deductible by QBE or any other amounts QBE is entitled or required to deduct from the dividend.
Dividend Payment Date	The date on which a dividend is payable, as announced by QBE.
Dividend Record Date	The date and time, as determined by the Directors and announced to ASX, at which a person holds or is taken to hold shares for the purpose of determining the entitlement of shareholders to dividends.
DEP	QBE's Dividend Election Plan to which these Rules apply as varied from time to time.
DEP Election Form	The form relating to the DEP used to apply for, vary or terminate participation in the DEP.

DEP Shares	Shares which a participant acquires under the DEP in lieu of receiving a dividend payment by cheque or direct credit, either by way of allotment of newly issued shares or transfer of shares purchased on a participant's behalf in the market.
Eligible Holding	See Rule 1.2.
Eligible Shareholder	See Rule 1.2.
Ex Dividend	The date from which sellers rather than purchasers become entitled to the dividend payment.
Full Participation	A degree of participation in the DEP under which all of a participant's shares in a shareholding from time to time, including shares subsequently acquired by the participant in a shareholding, under the DEP or otherwise, will be designated participating shares.
QBE	QBE Insurance Group Limited ABN 28 008 485 014
Issue Price	In respect of the DEP for a particular dividend, the Average Market Price, less any Discount, rounded down to the nearest whole cent.
Listing Rules	The Listing Rules of ASX (including the SCH Business Rules), including any waivers or modifications of the Listing Rules applicable to the DEP from time to time.
Minimum Holding	100 shares or such other number of shares as may be determined by the Directors from time to time.
Non-Participating Shares	Shares in a shareholding which a participant has not nominated for participation in the DEP or which have ceased to be participating shares.
Partial Participation	A degree of participation in the DEP where a participant specifies the number of its shares in a shareholding that will be designated as participating shares.
Participating Shares	Subject to Part 4, shares in a shareholding which a participant has validly nominated for participation in the DEP.
Pricing Period	In respect of a particular dividend payment date, such period as the Directors may determine, being a period of not less than 5 trading days commencing on such date as the Directors may determine. The period determined by the Directors in respect of dividends payable on a particular dividend payment date may differ from the period determined by the Directors in respect of dividends payable on any other particular dividend payment date.
Rules	These rules of the DEP as varied from time to time.
SCH Business Rules	The business rules of the securities clearing house of ASX, as enforced from time to time.
Shareholder	A person registered at a relevant dividend record date as a holder of shares.
Shareholding	A holding of Shares registered in the QBE share register.

Shares	Fully paid ordinary shares in QBE and any other shares issued by QBE that the Directors decide are eligible for participation in the DEP.
Share Registry	ASX Perpetual Registrars Limited or any other share registry that maintains the share register of QBE.
Trading Day	A full day on which the Shares are quoted, and not suspended from quotation or made subject to a trading halt, on ASX, provided that a day on which ASX is closed or on which trading on ASX is suspended is not a Trading Day.