QBE Insurance Group

QBE INSURANCE GROUP LIMITED
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28 October 2004

The Manager
Company Announcements
Australian Stock Exchange Limited
Level 6
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir,

re: QBE announces completion of 2005 funding for Lloyd's operation

Please find enclosed the above announcement for release to the market.

Yours faithfully,

D Ramsay

Duncan Ramsay
Company Secretary

attach.

QBE
Insurance
Group

MARKET ANNOUNCEMENT

QBE ANNOUNCES COMPLETION OF 2005 FUNDING FOR LLOYD'S OPERATION

QBE today advised that it had increased its ABC contingent securities by a further US$220 million through a private placement in the US investor market. The additional securities complete QBE's funding of its increased risk based capital requirements for 2005 for its Lloyd's operation. Total 2005 capacity managed by Limit is expected to be £975 million, of which £840 million will be provided by QBE. QBE's share of capacity is expected to result in £1.1 billion of gross written premium for the 2005 underwriting year.

Mr Frank O'Halloran, QBE's Chief Executive Officer said "The five year contingent securities are a cost effective way of meeting the increased 2005 capital requirements. The increase in capital is a result of additional capacity in syndicate 386 purchased at recent auctions, changes to the risk based capital requirements made by Lloyd's and the higher sterling exchange rate against the US dollar since 2003."

He added "Our Lloyd's operation has produced solid insurance profits in recent years. Our expectations for this operation are a continuation of strong profits for the remainder of 2004 and 2005."

The contingent securities are substantially similar to the contingent securities referred to in note 27(c) of QBE's 2003 annual report.

The contingent securities do not change QBE's debt ratios for rating purposes, nor are the pledged assets otherwise available for QBE's use. The securities have been rated A- by Standard & Poor's and A3 by Moody's.

For further information, contact:

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28 October 2004