QBE Insurance Group

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

Dear Sir

re: Hurricane Katrina

This letter is in response to numerous requests from investors, analysts and the media for information on QBE's exposure to Hurricane Katrina.

We confirm that, following a review of our exposures, QBE's estimated net claims from Hurricane Katrina are within the substantial allowance for large losses and catastrophes included in our insurance liabilities held at 30 June 2005. In addition, we confirm that our expected insurance profit to net earned premium margin of 15%-16% for 2005 announced on 17 August 2005 remains unchanged.

QBE's net exposure to large catastrophes has been significantly reduced in the past four years. This, together with the substantial premium QBE receives to cover large losses and catastrophes and the extensive reinsurance purchased to protect its operating profit and balance sheet from such events, enables us to withstand a number of large losses and catastrophes in any one year, as was evidenced in the second half of 2004.

Yours faithfully

F M O'Halloran
Chief Executive Officer