



3 June 2010

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

QBE Insurance Group Limited
ABN 28 008 485 014
82 Pitt Street
Sydney NSW 2000
Australia

Postal Address
GPO Box 82
Sydney NSW 2001
Telephone: 61 2 9375 4444
Facsimile: 61 2 9231 6104

Dear Sir/Madam,

Re: **Market rumours**

In response to a number of calls from investors and analysts regarding QBE's potential exposure to the oil rig disaster in the Gulf of Mexico and IAG's recent announcement on UK motor liability claims, the following information is provided:

1. **Gulf of Mexico oil rig disaster**

QBE's market update on 28 April 2010 regarding 2010 large individual risk and catastrophe claims reported to that date included QBE's maximum net exposure to claims on policies exposed to this disaster including the oil spill. QBE has significant external reinsurance protections in place for claims of this nature.

2. **UK motor liability claims**

QBE has again recently reviewed its claims reserves for UK motor liability claims and confirms that the reserves held at 31 December 2009 are adequate. QBE advises that these claims reserves included an allowance for the anticipated higher bodily injury claims being experienced in the UK.

Yours faithfully

A handwritten signature in blue ink that reads "D Ramsay".

Duncan Ramsay
Company Secretary