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23 October 2020

The Manager
Market Announcements Office
ASX Limited
Level 4
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

QBE APPOINTS INTERIM GROUP CHIEF EXECUTIVE OFFICER

Please find attached an announcement for release to the market.

This release has been authorised by the QBE Board of Directors.

Yours faithfully,

A handwritten signature in blue ink, appearing to read "Carolyn Scobie", enclosed within a thin black rectangular border.

Carolyn Scobie
Company Secretary

Attachment

For personal use only



QBE

MARKET RELEASE

23 October 2020

QBE APPOINTS INTERIM GROUP CHIEF EXECUTIVE OFFICER

QBE Insurance Group today announced that Richard Pryce will assume the role of Interim Group Chief Executive Officer while the search process for a permanent replacement is underway.

With Mr Pryce assuming the role of Interim Group Chief Executive Officer, Mike Wilkins will now return to his role as Non-Executive Chair of the Board.

QBE Group Chair, Mike Wilkins said: "I would like to thank Richard for accepting this interim role as we conduct an extensive search for a permanent replacement. Richard is well known to employees and investors and is well-respected in the insurance industry."

"Jason Harris has now commenced in the role of CEO International giving Richard the capacity to assume this role. On behalf of the Board, we thank him for extending his time with QBE, prior to his previously announced retirement. We are fortunate to have someone with his experience and deep understanding of QBE to lead us through this period."

"Richard will continue to champion many of the initiatives we have underway across the Group to build QBE for the future and is focused on maintaining the rigour of our cell reviews and further embedding and enhancing our Brilliant Basics initiatives. He is also an avid supporter of our ongoing focus on becoming a more customer-centred business."

"Our strategy and priorities remain unchanged and Richard provides important continuity as we execute on these," Mr Wilkins said.

An extensive global search to identify a new Group Chief Executive Officer is progressing and we will update the market at the appropriate time.

The key terms and conditions of Mr Pryce's employment are detailed below.

Biography

Richard joined QBE in 2012 and was appointed Chief Executive Officer, European Operations in 2013, before being appointed Chief Executive Officer, International in 2019.

Richard began his insurance career with R.W. Sturge syndicate at Lloyd's where he became Claims Director. In 1996, Richard moved to Ockham as Professional Lines Class Underwriter for Syndicate 204.

Richard went on to run ACE's Financial Lines business in London before becoming President of ACE Global Markets in 2003 and ACE UK in 2007 and has worked in the London insurance market for over 35 years.

Investor Relations

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IMPORTANT DISCLAIMER

Any forward-looking statements assume: large individual risk and catastrophe claims do not exceed the significant allowance in our business plans; no overall reduction in renewal premium rates in excess of business plans; no significant fall in equity markets and interest rates; no major movement in budgeted foreign exchange rates; no material change to key inflation and economic growth forecasts; recoveries from our reinsurance panel; no significant asset sales and no substantial change in regulation. Should one or more of these assumptions prove incorrect, actual results may differ materially from the expectations described in this market release.

QBE Insurance Group Limited

Summary of key terms and conditions of employment of Mr Richard Pryce

1. Appointment

Appointed as the interim Group Chief Executive Officer (CEO) effective 26 October 2020. Mr Pryce will remain in the UK, employed by QBE Management Services (UK) Limited and will not be a director on the QBE Insurance Group Limited Board.

2. Term

This is a full-time appointment with no fixed term. Mr Pryce intends to retire after transitioning a new permanent Group CEO into the Group CEO role.

3. Responsibilities and Authorities

Mr Pryce's duties are those expected of the Group CEO, reporting to the QBE Group Board of Directors.

4. Remuneration

Mr Pryce's remuneration on commencement will be as follows:

i Fixed Remuneration

Fixed remuneration of GBP 1,250,000 (gross) per annum inclusive of cash salary, pension, car allowance and any salary sacrifice benefits. QBE shall meet the cost of insurance on death, total and permanent disablement, salary continuance and medical insurance.

ii At-Risk Reward

Short Term Incentive Plan (STI)

Discretionary annual incentive award under the terms of the QBE Insurance Group Limited Short Term Incentive Plan for meeting targets relating to Group key business drivers and individual performance objectives. The achievement by Mr Pryce of the business and personal objectives set annually by the Board gives rise to a potential STI award of 150% of fixed remuneration (with effect from 26 October 2020). Outperformance in respect of these objectives may result in a potential maximum STI award of 225% of fixed remuneration. Any STI awarded under the plan will be delivered in two parts:

- 50% in cash following the end of the performance year; and
- 50% in conditional rights to QBE shares, vesting in two equal tranches over 12 and 24 months after the grant date, subject to service conditions and malus provisions during the vesting period.

Any STI for the period until 25 October 2020 shall be delivered in accordance with the existing STI and deferral arrangements for other group executives.

Equity Award

Mr Pryce will be eligible for an award of Conditional Performance Rights (rights) award equal to GBP 1,100,000 which is subject to achieving strategic performance hurdles over the period in the interim role. The rights award is expected to be granted in November 2020 with vesting over an extended period starting in 2024 through to 2026. The performance hurdles will reflect strategic objectives to be agreed with the Board and will be designed to create alignment with shareholder interests. Further details on the rights award will be available as soon as finalised and no later than in the 2020 Annual Report.

In total Mr Pryce will have more than two thirds of his target at-risk remuneration delivered in QBE equity, deferred for up to 5 years from grant, creating strong shareholder alignment beyond his tenure as interim Group CEO.

5. Minimum shareholding requirement

Mr Pryce will continue to be required to maintain a minimum shareholding (including unvested conditional rights not subject to a performance condition) of value no less than 150% of fixed remuneration, noting Mr Pryce currently holds well in excess of this amount.

6. Termination

Mr Pryce may resign at any time on giving 6 months' notice and QBE may terminate Mr Pryce's employment on giving 6 months' notice. QBE will pay all remuneration due to Mr Pryce during the notice period and any statutory entitlements owing to Mr Pryce on termination of his employment.

STI awards on termination are subject to the respective plan rules. In summary, "good leaver" (i.e. retirement, redundancy, ill-health or termination with notice) provisions apply such that:

- for the year of termination, a pro-rata STI award may be granted at the discretion of the Board and in consideration of company and individual performance. If such an award is made, 50% will be paid in cash following full-year results and 50% awarded in conditional rights with vesting to occur in two equal tranches over 12 and 24 months in accordance with the STI Rules;
- deferred STI conditional rights are retained in the plan subject to the terms of the plan; and
- unvested conditional rights from awards made prior to commencement as interim Group CEO are retained in the relevant plan with vesting subject to the same performance conditions and vesting dates as though service had continued.

If Mr Pryce resigns or his employment is terminated on grounds justifying summary dismissal, only accrued fixed remuneration and statutory entitlements will be paid.

Payments and benefits will be subject to any shareholder approvals that may be required by law.

7. Post-employment restrictions

Mr Pryce is subject to non-compete and non-solicitation restrictions for a period of 6 months following termination.

- ENDS -