



4 March 2022

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

Dear Sir/Madam

**QBE ANNOUNCES SALE OF WESTWOOD AGENCY BUSINESS
QBE COMMENTS ON RECENT FLOODING IN AUSTRALIA AND UKRAINE CONFLICT**

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", followed by a period.

Carolyn Scobie
Company Secretary

Attachment



MARKET RELEASE

4 March 2022

QBE ANNOUNCES SALE OF WESTWOOD AGENCY BUSINESS

QBE has entered into an agreement with Baldwin Risk Partners (NASDAQ:BRP) for the sale of its wholly owned North American agency, Westwood Insurance Agency ("Westwood"), for consideration of \$375M. Westwood is a leading national full service personal lines agency, specialising in builder sourced homeowners' insurance.

QBE Group CEO, Andrew Horton, said: "QBE's strategy in North America is focused on building its Commercial, Specialty and Crop insurance portfolios. Whilst an attractive franchise, the Westwood business does not align with this strategy, and following this transaction QBE will no longer own any agency businesses in North America."

Westwood has relationships with a number of insurers including QBE. In FY21, QBE underwrote ~\$200M of gross written premium placed through Westwood, predominantly in homeowners, and QBE will continue to provide underwriting capacity to Westwood for a period of at least three years post-sale.

In FY21, Westwood reported profit before tax of ~\$30M which was recorded as agency fee income within North America underwriting expenses.

Including transaction and restructuring costs, and noting that the majority of remaining North America goodwill, \$358M at 31 December 2021, is expected to be allocated to Westwood, the transaction is expected to result in a modest post-tax accounting gain on sale.

The transaction is expected to increase the Group's APRA PCA multiple by ~0.05x which will help support growth and investment portfolio repositioning. The transaction is subject to regulatory approval and is expected to complete on 1 May 2022.

QBE COMMENTS ON RECENT FLOODING IN AUSTRALIA AND UKRAINE CONFLICT

Heavy rain and flooding has impacted a number of regions across Queensland and New South Wales in recent days. QBE has received ~3,000 claims relating to the event, predominantly in personal lines, and expects further claims to be lodged over coming weeks. We remain focused on supporting the safety of our customers and their communities, and have scaled up our claims and support response accordingly. While still too early to determine the financial impact of the event for QBE, the Group has a maximum event retention of \$125M for non-peak events in the Australia Pacific Division. QBE's FY22 catastrophe allowance is \$962M including a 1Q22 allowance of \$248M.

QBE is deeply saddened and concerned by the events unfolding in Ukraine. While the situation is dynamic, QBE has limited exposure to the country and any insured losses associated with the conflict would not have a material impact to the Group.

- ENDS -

For further information, please contact:

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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 change 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.