

BEFORE THE DEPUTY INSURANCE COMMISSIONER  
OF THE  
COMMONWEALTH OF PENNSYLVANIA

In Re: : Pursuant to Sections 1401, 1402, and  
: 1403 of the Insurance Holding  
Application of QBE Reinsurance : Companies Act, Article XIV of the  
Corporation and QBE Insurance : Insurance Company Law of 1921, Act of  
Corporation Requesting Exemption from : May 17, 1921, P.L. 682, as amended, 40  
the Requirements of 40 P.S. §991.1402 : P.S. §§991.1401, 991.1402, and  
for the Restructuring of the Holding : 991.1403  
Company System that includes QBE :  
Reinsurance Corporation and QBE :  
Insurance Corporation : Order No. ID-RC-09-15

DECISION AND ORDER

AND NOW, on this 11<sup>th</sup> day of June, 2009, Stephen J. Johnson, Deputy Insurance Commissioner of the Commonwealth of Pennsylvania (“Deputy Commissioner”), hereby makes the following Decision and Order:

Pursuant to the Insurance Holding Companies Act and in consideration of the documents, presentations, and reports received, as well as other inquiries and studies as permitted by law, the Deputy Commissioner hereby makes the following findings of fact:

FINDINGS OF FACT

Identity of Parties

1. QBE Insurance Corporation (“QBE Insurance”) is a stock casualty insurance company organized pursuant to the laws of the Commonwealth of Pennsylvania with its principal place of business located in New York, New York.
2. QBE Reinsurance Corporation (“QBE Re”) is a stock property insurance company organized pursuant to the laws of the Commonwealth of Pennsylvania with its principal place of business located in New York, New York. QBE Insurance is a direct wholly-owned subsidiary of QBE Re.

3. QBE Holdings, Inc. (“QBE Holdings”) is a holding company organized pursuant to the laws of Delaware with its principal place of business located in New York, New York. QBE Re is a direct wholly-owned subsidiary of QBE Holdings.
4. QBE Investments (North America), Inc. (“QBE Investments”) is a holding company organized pursuant to the laws of Delaware with its principal place of business located in New York, New York. QBE Investments directly owns 87.10% of the common shares and 100% of the preferred shares of QBE Holdings
5. QBE Insurance Group Limited (“QBE Group”) is a holding company organized pursuant to the laws of Australia with its principal place of business located in Sydney, Australia. QBE Investments is an indirect wholly-owned subsidiary of QBE Group.
6. QBE Group is quoted on the Australian Securities Exchange. No person controls QBE Group.
7. QBE Group is the sole ultimate controlling person of QBE Re and QBE Insurance.

#### Filing of the Request

8. On June 2, 2009, the Pennsylvania Insurance Department (“Department”) received an initial request (which together with all material received subsequently is collectively referenced as “Request”) from QBE Re and QBE Insurance for approval to effectuate a corporate restructuring that would result in a change in control of the QBE Re and QBE Insurance within the holding company system.
9. The Insurance Holding Companies Act, Article XIV of the Insurance Company Law of 1921, Act of May 17, 1921, P.L. 682, as amended, 40 P.S. §§991.1401 et seq. (“Insurance Holding Companies Act”), provides that all changes in control of domestic insurers must be filed with the Department for approval or disapproval.
10. The Request was filed pursuant to Section 1402 of the Insurance Holding Companies Act.
11. Section 1402(g) of the Insurance Holding Companies Act provides for the exemption from the requirements of Section 1402(b) if the transaction:
  - a) does not have the effect of changing or influencing the control of a domestic insurer, or
  - b) is otherwise not comprehended within the purposes of the section.

### The Transaction

12. As described in the Request, QBE Investments will form QBE Atlantic LLC as a direct wholly-owned Delaware domiciled limited liability company.
13. As described in the Request, QBE Atlantic LLC will become the 87.10% common shareholder and 100% preferred shareholder of QBE Holdings.
14. As described in the Request, QBE Group would remain the sole ultimate controlling person of QBE Re and QBE Insurance following the transaction.
15. The Deputy Commissioner finds that the transaction described in the Request does not have the effect of changing or influencing the control of a domestic insurer.
16. If any of the above Findings of Fact are determined to be Conclusions of Law, they shall be incorporated in the Conclusions of Law as if fully set forth therein.

### CONCLUSIONS OF LAW

1. Under Section 1402 of the Insurance Holding Companies Act, the Department has jurisdiction to review and approve the acquisition of controlling securities of a domestic insurer if, after consummation thereof, the acquiring person would be in control of the domestic insurer.
2. The Request was properly filed pursuant to and in accordance with Section 1402(g) of the Insurance Holding Companies Act.
3. The restructuring of the holding company system proposed in the Request is not being contemplated to change or influence the ultimate control of QBE Re and QBE Insurance, and, therefore, is exempt from the requirements of Section 1402(b) of the Insurance Holding Companies Act.
4. If any of the above Conclusions of Law are determined to be Findings of Fact, they shall be incorporated in the Findings of Fact as if fully set forth therein.

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Company System that includes QBE	:	
Reinsurance Corporation and QBE	:	
Insurance Corporation	:	Order No. ID-RC-09-15

ORDER

Upon consideration of the foregoing, the Deputy Insurance Commissioner of the Commonwealth of Pennsylvania, hereby makes the following Order:

An approving determination for the request for exemption from the requirements of 40 P.S. §991.1402(b) for the restructuring of the holding company system containing QBE Reinsurance Corporation and QBE Insurance Corporation, as set forth in the Request, is hereby granted.

This Order is effective immediately and valid for one year from the date of signature, provided there are no significant changes from the Request.

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STEPHEN J. JOHNSON  
Deputy Insurance Commissioner  
Office of Corporate and Financial Regulation