

QBE Americas Group

Financial Strength Rating

Local Currency
A+/Stable/—

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Major Rating Factors

Strengths:

- Core status to the parent, QBE Insurance Group Ltd.
- Strong competitive position in the U.S. specialty insurance business.
- Strong operating performance.
- Very strong consolidated capital adequacy.

Weaknesses:

- Business depends on outsourcing, though with strong oversight.
- Lower profit margin in the next couple of years.
- Parent's rapid growth through acquisition strategy.

Rationale

The ratings on members of QBE Americas (see list in ratings detail section) reflect their core statuses to QBE Insurance Group Ltd. (QBE Group). The ratings also reflect QBE America's strong competitive position in the specialty insurance business, strong operating performance, and very strong capital adequacy. These favorable rating factors are partially offset by the group's business dependence on outsourcing, lower profit margin in the near term, and QBE Group's rapid growth through acquisition strategy. These companies are now collectively called, QBE Americas.

Standard & Poor's Ratings Services considers QBE Americas to be core to QBE Group based on our group rating methodology. Praetorian and Winterthur US Holdings Inc. have been successfully integrated with QBE Group's other U.S. operations in the past couple of years. All

essential functions have been centralized through a shared service, which will be able to handle claims, finance, human resources, legal, compliance, actuarial, and enterprise risk management (ERM) functions for the group going forward. In addition to increased synergies and some cost efficiencies, the group has centralized its reinsurance structures across the organization. QBE Group continues to provide explicit support to the specialty, regional, and reinsurance segments via various-quota share reinsurance agreements offered through Equator Reinsurances Ltd., a wholly owned captive of QBE Group.

QBE Americas has a strong competitive position with a clear niche in the specialty program business in the U.S. The group's expertise in this market and its long-standing relationships with managing general agencies (MGAs) and third-party administrators (TPAs) have helped retain good, profitable business in the past several years. The group also has good competitive positions regionally in the standard lines property casualty insurance market through QBE Regional, and less complex reinsurance products offered through QBE Reinsurance Corp. QBE Americas continues to be a significant part of QBE Group's overall global business strategy in terms of premium writings and operating earnings.

QBE Americas continues to demonstrate strong operating earnings despite competitive pricing pressure. The group's statutory combined ratio averaged 95.4% during the past five years (2004-2008), and its average pretax return on revenue (ROR) was 10% during this period. Disciplined underwriting, enhanced by groupwide strong ERM, has helped sustain underwriting profitability in the past couple of years.

QBE Americas' consolidated capital adequacy is considered very strong, based on Standard & Poor's model. The group's capital adequacy is a strength to the rating. The group's statutory surplus declined to \$1.765 billion in 2008 from \$2.065 billion in 2007 because of a significant \$320 million dividend payment to its parent in 2008, compared with a much smaller \$83 million dividend payment in 2007. The quality of capital is very good because of the group's high-quality ultraconservative investment portfolio and strong operating earnings.

QBE Group's global growth strategy mainly depends on acquisitions, as seen in the past few years. The group acquired Praetorian and Winterthur in 2007 and North Pointe Holdings Corp. in 2008 in the U.S. Although the group has a strong track record of executing and successfully integrating its acquisitions, the underlying risks from operations, reserve adequacy, claims handling, and underwriting standards still exist. The group's strong ERM culture, strong risk controls, and extensive due diligence before any potential acquisition partially mitigates Standard & Poor's concern about these risks.

The specialty program business is dependent on outsourcing because these businesses are produced largely by MGAs. The risks associated with such dependence are lack of risk controls and corporate oversight in underwriting, pricing, reserving, and claims handling. However, QBE Group's corporate culture aims to avoid the same types of mistakes program business writers have made in the past. Therefore, this weakness is more general than specific to QBE Americas.

Profit margins will be lower in the next couple of years as pricing remains competitive. Despite such

competitive pressure, we expect QBE Americas to continue to report underwriting profitability by exercising strong underwriting discipline and cycle management. Nonetheless, reduced top-line growth will constrain the group's overall profitability. Additional premium growth and fee income expected from the group's recent acquisitions of a handful of managing underwriting agencies partially mitigate these concerns because they will mostly offset the reduced premiums caused by the current competitive environment.

Outlook

The outlook on the group parallels that of its parent, QBE Group, because of its core status to the parent. The outlook also reflects Standard & Poor's expectation that QBE Americas will maintain disciplined underwriting and strong cycle management through strong group ERM and local coordination. Standard & Poor's also expects QBE Americas' consolidated statutory combined ratio to be less than 100% and its pretax ROR to be 8%-10% in the next two years. In addition, we expect the group's consolidated capital adequacy to remain at a very strong level in the next two years.

Competitive Position: Strong Based On Market Leadership In Specialty Program Business And A Strong Reputation With Producers

QBE Group manages business in four geographic regions: Europe, Australia, the Americas, and Asia-Pacific. The QBE Americas division is split into four business segments: Reinsurance, Specialty, Regional, and Latin America. QBE Americas' reinsurance and specialty program businesses play a strategic and significant role in its parent's global strategy. The group also benefits from strong implicit and explicit parental support, demonstrated by QBE Group's capital contributions, retrocession cover, and management of the group's invested assets.

Table 1

QBE Americas Group/Selected Statistics					
	<i>—Year ended Dec. 31—</i>				
<i>(Mil. \$)</i>	<i>2008</i>	<i>2007</i>	<i>2006</i>	<i>2005</i>	<i>2004</i>
Total revenue	2,539.6	2,847.3	781.2	722.0	542.0
Net income	82.3	131.6	59.9	61.4	30.2
Combined ratio (%)	99.1	101.8	90.5	91.7	93.9
Return on revenue (%)	8.2	7.3	13.3	12.4	8.6
Total assets	5,744.5	6,206.8	1,504.0	1,403.0	1,115.5
Statutory surplus	1,765.4	2,066.0	545.6	539.5	435.6
Capital adequacy	Very Strong	Very Strong	N.A.	N.A.	N.A.

N.A.—Not available.

Table 2

QBE Americas Group/Business Statistics					
	<i>—Year ended Dec. 31—</i>				
<i>(Mil. \$)</i>	<i>2008</i>	<i>2007</i>	<i>2006</i>	<i>2005</i>	<i>2004</i>
Commercial auto liability	258.9	319.8	24.9	23.7	33.5
Commercial multiple peril non liability	248.2	258.5	135.2	104.5	105.0

Table 2

QBE Americas Group/Business Statistics (cont. 'd)

<i>(Mil. \$)</i>	—Year ended Dec. 31—				
	2008	2007	2006	2005	2004
Private passenger auto liability	247.3	279.6	85.4	82.6	42.7
Workers' compensation	217.5	271.7	0.0	0.8	0.0
Reinsurance A-D	201.3	157.5	160.4	142.7	119.2
Other liability	185.9	211.5	56.1	52.7	45.4
Other premiums	931.3	1,017.7	322.0	295.8	197.6
Total net premiums written	2,290.4	2,516.3	784.0	702.7	543.3
Total change in net premiums written (%)	(9.0)	221.0	11.6	29.3	(99.9)

Specialty business

The specialty segment has a strong competitive position in program business in the U.S. enhanced by its leadership and long-standing relationships with the MGAs and TPAs. The group has a strong footprint in the U.S. specialty program business market, which we expect to continue in the near future as it carefully exercises strong risk controls through robust ERM process and applies strong cycle management to maintain profitability despite market pressures.

The specialty segment is the leading contributor to QBE Americas' overall profitability and an integral player in QBE Group's global insurance operations. The specialty segment produced \$1.6 billion in gross written premiums in 2008, and it is projected to reach \$2.1 billion for 2009. The group has recently acquired four managing underwriting agencies: ZC Sterling, Deep South, Community Association Underwriters, and SIU. These acquisitions will help QBE Americas achieve greater controls of business at the source in terms of market share and quality of risks. This will be particularly helpful, as new business growth remains constrained by the current competitive environment.

The specialty underwriting process requires strict quantitative and qualitative criteria and benchmarks that are carried out by the practice leaders in a multidisciplinary process through roundtable discussions before making a decision to write business, new or renewal. In addition, the rate changes and the performance of the MGAs are monitored regularly through an internally developed monitoring process to determine an action plan on programs. Dynamic financial analysis is also used regularly for each program to quantify exposures and profitability.

This disciplined approach to writing specialty business, along with favorable pricing conditions, produced strong underwriting profitability during the past five years. The group's cycle management is executed through enhanced product offerings and services to the less-cyclical small- to midsize specialty business market by using multiple distribution channels, regularly monitoring its portfolio and business mix for profit optimization, and aligning its business interests with the MGAs through profit-based compensation arrangements.

Regional business

The group's regional segment operates through four brands: General Casualty (62% of gross written premiums in 2008), Unigard (20%), National Farmers Union (NFU; 12%), and QBE Agri (6%). The regional brands offer personal, commercial, and agriculture products in small- to medium-size markets, and operate through 11 companies. QBE Regional targets accounts with average premium size of \$10,000 or less. The group's local business presence with ready access to underwriting and superior claims services helps retain its customers. In the past few years the group's retention ratio averaged greater than 80%, and the pricing trend remains modestly down.

Measured by 2008 gross written premiums, 34% of the regional business is in personal lines, 53% is in commercial, and 13% is in agriculture. The personal lines premium in 2008 consisted of 61% personal auto, 37% property, and 2% other. The commercial lines' premium in 2008 consisted of 38% commercial package, 27% workers' compensation, 24% commercial auto, and 12% in other commercial mono lines. In personal lines, the group primarily focuses on preferred, standard, and non-standard classes.

Regional business is generated through approximately 2,000 independent agents, of whom 71% have been with the group for more than 10 years. The group ranks in the top two carriers among 42% of its independent agents and in the top four among 67% of its agents. Nearly 84% of the independent agencies have represented the group for more than five years, and 71% have for more than 10 years. The group focuses its relationships with its "Premier Partners," which have historically produced better profitability compared with the other agents.

Reinsurance segment

The reinsurance business is offered by QBE Re in the brokered reinsurance market in the U.S., where it targets stable and small regional cedants. QBE Re offers excess of loss and pro rata reinsurance products via treaty and facultative coverages in both property and casualty lines. Until 2008, a significant part of QBE Re's retained premium was sourced via internal quota share from QBEIC, which is one of QBE Americas' specialty program business writers. The group eliminated the quota share agreement as of Jan. 1, 2009, and all the specialty program businesses were placed under the specialty pillar. QBE Re's risk appetite is small as determined by very low limits that range from \$1 million to \$2 million for its non-property catastrophe business and \$2.5 million to \$4 million in property catastrophe business. The total reinsurance premium was small in 2008 at \$374 million, which is about 12% of QBE Americas' overall premium. The pricing in the reinsurance sector has shown some positive movements, as experienced by QBE Re's recent renewal pricing on Jan. 1, 2009. Because of the group's well-capitalized position, we expect the reinsurance business to show some moderate growth in the next couple of years as more evidence of firming of reinsurance pricing emerges.

Diversification

The group is well diversified into classes of business, geography, and production sources. The specialty business is 19% casualty, 7% workers' compensation, 20% property, 8% personal lines, 20% commercial auto, 9% health, 11% specialty and affinity, 5% through North Pointe, and 1% credit and

surety business, as measured by 2008 gross written premium. QBE Regional operates through four regional brands: General Casualty (62%), Unigard (20%), NFU (12%), and Agri Business (6%) as measured by written premium in 2008. The reinsurance business is also diversified into many sub lines. The reinsurance business is split between 68% in excess of loss and 32% pro rata businesses.

Prospective

Standard & Poor's expects the group's overall premium will modestly increase in 2009 as a result of recent acquisitions and some organic growth. However, the recent acquisitions of North Pointe and ZC Sterling in 2008 could mitigate such decline and balance the group's overall premium writings in 2009. We expect the group to expand its U.S. and Latin America businesses organically, helped by its recent acquisitions in these regions. However, the organic growth will continue to be pressured in the next couple of years because of continuing competitive pressures in the U.S. across all business segments. Nevertheless, the group's competitive position will remain strong as the group maintains its underwriting discipline and strong ERM culture. Despite increased price competition in the property/casualty insurance market, we believe the specialty group will be able to sustain its strong competitive edge. However, if the price deterioration were to continue for a long period, the group could face increased pressure to remain competitive in its key markets.

Management And Corporate Strategy: Experienced Team Focuses On Maximizing Underwriting Profitability

QBE Americas shares the same corporate culture as the QBE Group, which has extensive insurance industry experience. The corporate strategy is built on underwriting excellence, product innovation through diversification, continuing enhancement to the ERM process, and maximizing business potential from multiple sources. Management includes business leaders, underwriting practice leaders, and partnership managers in each product segment. These people are responsible for, and their performances are directly tied to, the results achieved in their respective segments. Management has strong oversight over all areas of its operations through various risk controls and constant monitoring of results. Following the recent acquisitions of Praetorian and Winterthur, the QBE Americas division is now structured into four key operations: regional insurance, specialty insurance, reinsurance, and Latin America. Each of these divisions' presidents will report to the chief executive officer, with the intent of creating a common underwriting process and best practices across each of the four business segments. The company created a central services management committee, which provides consistent and cost-efficient services to each of the four business segments.

Operational management

A large part of the group's business depends on third-party sources like MGAs and TPAs, and there are operational risks associated with such dependence. However, the corporate culture is aimed at avoiding the types of mistakes made by many failed program writers during the late 1990s, which failed to exercise sufficient risk controls and frequent audits. The specialty MGAs are required to submit all data in predefined fields automatically. The underwriting process requires extensive quantitative and qualitative standards to be accepted for any new business. There are extensive risk controls at all levels to make sure that there are no compromises anywhere while reviewing a business, new or renewal. The specialty group has a rigorous program selection process, which includes an intensive program-

acceptance process, an in-house economic capital model that is used to analyze each program, strong due diligence through roundtable discussions, constant monitoring of performances, and frequent audits (underwriting, claims, accounting, and actuarial combined) that ensure control systems in place are respected. Management meets with the program managers monthly, the underwriting is monitored quarterly, and claims audits are held semiannually. Furthermore, the senior management team must sign off on every program.

Financial management

The group's financial strategy is influenced by QBE Group's overall financial strategy, which focuses on maximizing underwriting profitability in both insurance and reinsurance markets with a target return on equity (ROE) of 15%. The QBE Group buys retrocession on a worldwide basis and distributes it among its subsidiaries based on each subsidiary's risk exposure and capital management. Therefore, QBE Americas benefits from economies of scale realized at the parent level. QBE Americas manages its risk exposures to a 1-in-250-year event. Also, given the focus on regional accounts, QBE Re does not provide large lines to its cedants. In its quota-share business, it can provide a capacity between \$500,000 and \$10 million; however, it uses retrocession to carefully manage its net retention. The typical excess-of-loss cover is \$1.5 million in excess of \$25 million.

Enterprise Risk Management: Strong And Influenced By The Parent's ERM Strategy

Standard & Poor's considers QBE Americas' ERM capabilities to be strong, which is influenced by the strong ERM capabilities of its parent, QBE Group. The QBE Group considers continuing development of the risk management framework as a high priority. It has developed a more comprehensive and integrated risk management system since the Sept. 11, 2001, terrorist attacks by making efforts to better understand and control its exposures around the group.

As part of the insurer's risk management framework, the group's senior management is required to explicitly document risks the company faces, which are measured against board-approved tolerances. This approach controls the risk identification, measurement, mitigation, and risk rating and reporting process across the QBE group.

Risk management functions have high visibility and priority across the group and are controlled through the chief risk officer. The board's participation in the management of risk across each business unit, combined with the need for business unit managers to manage their own respective risks, supports the group's strong risk management culture.

QBE Americas' well-established ERM is core to all business decisions. The most significant risk to the group is the outsource model in the specialty business, which had significant dependence on specialty MGAs and TPAs in the past, but reduced recently due to its recent acquisition of some of these MGAs. However, the group's strong corporate oversight—with significant risk controls, frequent audits, and use of technology—mitigates some of these concerns. The company uses an internal capital-allocation model and an ROE model to identify and manage risks to meet its underwriting hurdles and to make strategic decisions. The compensation structure of senior management is tied directly to the profitability and risk selections as per the corporate objectives.

Accounting

QBE Americas reports its financial statements based on U.S. statutory accounting. The annual audit, conducted by PricewaterhouseCoopers, includes assessments of the accounting principles used and significant estimates made by management, as well as an evaluation of the overall financial statement. The group has a history of some adverse prior-year reserve developments, primarily from its reinsurance segments. Standard & Poor's has incorporated a modest amount of reserve deficiency in its risk-based capital model based on its own reserve analysis. However, capital adequacy remains very strong.

Operating Performance: Historically Strong, Though Competitive Pressure Could Reduce Profit Margins In The Future

Standard & Poor's considers QBE Americas' operating performance to be strong. The group's recent acquisitions of Praetorian and Winterthur enhanced its overall earnings despite a highly competitive market in the U.S. Strong ERM, primary focus on short-tailed risks, and favorable pricing cycle a few years ago benefited the group's underwriting profitability. However, prior-year adverse reserve developments in the reinsurance segment hurt the group's operating results in recent years. QBE Americas has significant gross natural catastrophe exposures. However, internal retrocession and external reinsurance would largely mitigate these losses. Despite the group's recent strong underwriting performance, it will be increasingly challenged to maintain the same level of underwriting profitability because of continuing pricing pressure in all segments and lines.

Table 3

QBE Americas Group/Operating Statistics					
	—Year ended Dec. 31—				
<i>(Mil. \$)</i>	<i>2008</i>	<i>2007</i>	<i>2006</i>	<i>2005</i>	<i>2004</i>
Total revenues	2,539.6	2,847.3	781.2	722.0	542.0
Pretax operating income (excluding realized gains)	207.9	207.3	104.0	89.2	46.7
Net income	82.3	131.6	59.9	61.4	30.2
Return on revenue (%)	8.2	7.3	13.3	12.4	8.6
Return on assets (%)	1.4	3.4	4.1	4.9	3.0
Return on statutory surplus (%)	4.3	10.1	11.0	12.6	7.6
Loss ratio (%)	61.7	66.4	56.4	58.2	61.5
Expense ratio (%)	36.7	34.8	34.1	33.5	32.5
Policyholders' dividend ratio (%)	0.7	0.6	0.0	0.0	0.0
Combined ratio (%)	99.1	101.8	90.5	91.7	93.9
Operating ratio (%)	7.1	6.3	14.8	12.9	8.2
Portfolio performance					
Net investment income	149.6	215.1	38.7	31.4	11.0
Net yield (%)	3.2	7.2	3.7	3.5	1.6
Net capital gain or loss	(129.8)	(42.0)	(31.7)	(4.8)	3.4
Portfolio composition					
Cash and short-term investments (%)	62.2	69.8	62.2	35.2	22.7
Bonds (%)	26.5	23.8	21.5	56.0	64.2

Table 3

QBE Americas Group/Operating Statistics (cont. 'd)

<i>(Mil. \$)</i>	—Year ended Dec. 31—				
	2008	2007	2006	2005	2004
Preferred and common stocks (%)	8.3	4.2	15.9	7.5	13.0
Real estate and mortgage loans (%)	2.1	2.0	0.1	0.1	0.1
Other invested assets (%)	0.8	0.2	0.3	1.2	(0.0)
Invested assets to total assets (%)	77.2	79.1	70.1	72.5	68.8
Average maturity of bond portfolio (years)	3.1	1.2	1.5	1.8	1.8

QBE Americas continues to report strong underwriting results despite the continuing competitive market pressure and the challenging investment environment. The group's statutory combined ratio averaged 95.4% over the past five years (2004-2008), with underwriting profitability in each of the five years except 2007, which was influenced by QBE Group's pre-acquisition reserve strengthening. In addition, the group's pretax return on revenue (ROR) averaged 10% over the past five years.

Current performance

As of March 31, 2009, QBE Americas' consolidated IFRS combined ratio was 93.2% with Specialty, Regional, and Reinsurance segment combined ratios of 92.9%, 91.7% and 100.5% respectively.

Prospective

Despite the current continuing pricing pressure, the group will be able to remain underwriting profitable in the next couple of years through disciplined underwriting and strong cycle management, which are essential for such a competitive environment. The group's service fees generated from the recently acquired managing underwriting agencies will also improve the group's operating performance. Standard & Poor's also expects QBE Americas' consolidated statutory combined ratio to be less than 100% and its pretax ROR to be 8%-10% in the next two years. Also, with the creation of a centralized shared service, we expect the group to show modest improvements in its overall expenses in the long run.

Investments And Liquidity: A Conservative And High-Quality Investment Portfolio

The QBE Americas division has a conservative investment strategy. The group's investment philosophy is to take risks only in the liability side of the balance sheet and not in the assets supporting the liabilities. The invested assets are managed at the group level. However, the U.S. subsidiaries allocate the funds for optimal asset/liability management and liquidity needs. As of Dec. 31, 2008, QBE Americas' investment portfolio consisted of 63% in cash and short-term investments, modest 27% fixed-income securities, 8% common stocks, and 2% real estate and others. The group has no exposures to subprime mortgages. The fixed-income portfolio is invested in very highly rated securities with average asset quality of 'AA' and an ultra short average duration of 0.8 years. The average duration of liabilities is about 3.1 years. The extremely short duration of the fixed-income portfolio makes it more readily accessible if needed in a rising interest rate environment without a significant negative effect on investment income.

Table 4

QBE Americas Group/Financial Statistics					
	— Year ended Dec. 31—				
<i>(Mil. \$)</i>	<i>2008</i>	<i>2007</i>	<i>2006</i>	<i>2005</i>	<i>2004</i>
Total assets	5,744.5	6,206.8	1,504.0	1,403.0	1,115.5
Statutory surplus	1,765.4	2,066.0	545.6	539.5	435.6
Capital adequacy ratio	Very Strong	Very Strong	N.A.	N.A.	N.A.
Loss and loss adjustment expense reserves/statutory surplus (x)	1.3	1.2	1.0	0.9	0.9
Common stock to surplus (%)	20.9	10.0	30.8	14.0	22.9
Reinsurance utilization ratio (%)	12.4	30.7	30.6	32.0	38.5
Reinsurance recoverables to surplus (%)	128.6	274.3	1,042.8	940.6	824.7
Underwriting cash flow ratio (%)	87.6	121.8	119.1	109.1	113.4
Operating cash flow ratio (%)	92.9	124.3	118.5	108.2	113.5

N.A.—Not available.

The Group's ample cash position and conservative investments will ensure sufficient liquidity to meet policyholders' obligations.

Capitalization: Very Strong Capital Adequacy Is A Strength To The Rating

QBE America's consolidated capital adequacy is considered very strong based on Standard & Poor's model. The group's capital adequacy is a strength to the rating. The group's statutory surplus declined to \$1.765 billion in 2008 from \$2.065 billion in 2007 because of a significant \$320 million dividend payment to its parent in 2008 compared with a much smaller \$83 million dividend payment in 2007. The quality of capital is very good because of the high-quality ultraconservative investment portfolio supporting the capital and the group's strong operating earnings.

Prospective

We expect the group's capital adequacy to remain very strong for the next couple of years. The group's statutory surplus will be enhanced through continued earnings from its relatively low-risk classes. The group's consistent and less-volatile investment income from its conservative and high-quality investment portfolio also will enhance surplus.

Reserves

Standard & Poor's views the group's overall reserve as adequate, with a modest amount of deficiency in its assumed reinsurance business. However, the reinsurance business constitutes a modest 12% of the overall group's premium in 2008, and therefore will be less of a concern going forward. QBE Americas' prior-year reserve development as a percentage of surplus averaged an unfavorable 3.7% from 2004 to 2008, which was hurt by QBE Re's prior-year reserve developments. The group's predominant specialty business with relatively short duration of liabilities mitigates some of the uncertainties related to long-tail reserves from assumed reinsurance business. In the specialty segment, the group performs extensive reserve analysis on each program. Also, the group regularly monitors case reserves, and its management sets low tolerance limits for case reserves by individual programs.

Reinsurance

QBE Americas' corporate reinsurance programs are consolidated at the group level. This centralized reinsurance strategy is cost-effective and also increases economies of scale. Currently there is a 40% internal quota share between the specialty companies and Equator Re that covers both new and renewal businesses. Equator Re is a wholly owned Bermuda captive of the QBE Group. The current property catastrophe treaty for the Americas division covers such losses up to \$625 million in excess of \$55 million per occurrence. In addition, the group has stand-alone terrorism coverage of \$40 million in excess of \$10 million (including losses from nuclear, biological, chemical, and radioactive attacks), a property per risk treaty and a property risk excess coverage for the northwest and southeastern regional businesses. In addition, the Americas division has an extensive casualty excess of loss coverage covering workers' compensation, clash, and umbrella policies.

Financial Flexibility: Strong Based On Parental Support

The company's financial flexibility is strong because of the support it receives from QBE Group through explicit and implicit capital contributions through various internal quota share reinsurance arrangements, and management of its investment portfolio. Also enhancing the group's financial flexibility is its strong parent, QBE Group, a large global insurer with access to the global financial markets.

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