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31 January 2018

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

Dear Sir/Madam

**QBE INSURANCE GROUP'S FINANCIAL STRENGTH RATINGS AFFIRMED BY S&P;
OUTLOOK REVISED TO STABLE FROM POSITIVE**

Please find attached an announcement for release to the market.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'Carolyn Scobie', is written over a light blue circular stamp.

Carolyn Scobie
Company Secretary

Attachment



QBE

MARKET RELEASE

31 January 2018

QBE INSURANCE GROUP'S FINANCIAL STRENGTH RATINGS AFFIRMED BY S&P; OUTLOOK REVISED TO STABLE FROM POSITIVE

S&P Global Ratings (S&P) last night affirmed the A- issuer credit rating (ICR) on QBE Insurance Group Limited (QBE) and the A+ ICRs and financial strength ratings on QBE's core operating companies.

At the same time, S&P has revised to "stable" from "positive" its rating outlook on QBE and on QBE's core operating companies.

The stable outlook indicates S&P's expectation that QBE's headline and underlying earnings will rebound in 2018 and 2019, reflecting lower attritional claims, an improved expense base and the progressive benefits flowing from further remediation of its North American, Asia Pacific and Latin American Operations. S&P's revised outlook acknowledges some delay in the full realisation of remediation benefits, particularly in North America.

Commenting on this update from S&P, Pat Regan, QBE Group CEO, said: "Following an especially challenging year which included an unprecedented cost of catastrophes, the affirmation of QBE's current ratings is pleasing and confirms the continued strength of QBE's balance sheet."

- ENDS -

For further information, please contact:

Investor Relations

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QBE Insurance Group Limited is listed on the Australian Securities Exchange, is one of the top 20 global insurance and reinsurance companies as measured by net earned premium and has operations in 36 countries.

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 premium rates; 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 strong reinsurance panel; 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.