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12 September 2017

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

Dear Sir/Madam

**GROUP CHIEF EXECUTIVE OFFICER SUCCESSION**

Please find attached an announcement for release to the market.

Yours faithfully,

A handwritten signature in purple ink, appearing to read 'Carolyn Scobie', is written over a faint, larger version of the same signature.

Carolyn Scobie  
**Group General Counsel and Company Secretary**

Encl.



## MARKET RELEASE

12 September 2017

### QBE INSURANCE GROUP ANNOUNCES GROUP CHIEF EXECUTIVE OFFICER SUCCESSION

QBE today announced that John Neal, Group Chief Executive Officer will be stepping down after five years in the role. The Board of Directors has appointed Patrick (Pat) Regan, Chief Executive Officer Australian and New Zealand Operations and previously Group Chief Financial Officer, to succeed John on 1 January 2018, with a four month leadership transition. Pat will remain on the Board as an executive director.

John Neal began with the company in QBE's European Operations in 2003 and moved to Sydney in 2011 as Chief Executive Officer, Global Underwriting Operations. He was appointed to the role of Group Chief Executive Officer in 2012. He will be stepping down from the role of Group Chief Executive Officer effective from 31 December 2017.

QBE Group Chairman, Marty Becker said: "On behalf of the Board, I would like to sincerely thank John Neal for his dedication and leadership of QBE over the last five years. John has led the business through a significant transformation and a challenging period in the insurance industry globally and has been working closely with the Board to ensure a smooth transition for his succession."

John Neal said, "It has been an honour to lead the organisation for the last five years and I am pleased with the work that has been done to transform QBE into a truly global franchise with an enviable position as a top 20 global insurance and reinsurance company. I am delighted that Pat will succeed me and know that he is very well placed to lead the organisation going forward."

Marty Becker said, "We are delighted to appoint Pat Regan to the position of Group Chief Executive Officer. Pat joined the Group in 2014 with extensive global experience in the insurance sector. Before joining QBE, Pat was the Chief Financial Officer at Aviva plc and prior to that was the Group Chief Operating Officer and Chief Financial Officer at Willis Group Holdings and Group Financial Controller at Royal & Sun Alliance.

"In the last 12 months Pat has led a strong turnaround in the Australian & New Zealand Operations highlighting his operational skills and business acumen and, in his previous role as Group Chief Financial Officer, had been pivotal in stabilising the balance sheet and enhancing the Group's capital management.

"The Board has undertaken a detailed succession planning process over the last two years, and has carried out an internal and external candidate review process for this appointment. The Board is delighted that Pat will succeed John Neal as Group Chief Executive Officer," he said.

Commenting on his appointment, Pat Regan said "QBE has some clear strengths and great franchises, as well as talented and dedicated people and I am delighted to be appointed to lead the Group. One of my first priorities will be to lead a search for my successor as Chief Executive Officer of our Australian and New Zealand Operations."

**Pat Regan (bio)**

Pat Regan joined QBE in 2014 as Group Chief Financial Officer and was appointed to the role of Chief Executive Officer, Australian and Zealand Operations in August 2016.

Prior to joining QBE he was the Chief Financial Officer at Aviva plc in London (2010 to 2014), Group Chief Operating Officer and Chief Financial Officer at Willis Group Holdings (2006 - 2010), Group Financial Controller at Royal & Sun Alliance (2004 – 2006) and AXA SA's Finance and Claims Director for the UK General Insurance business (2001 – 2004). Pat has also held senior positions at GE Capital Bank, GE Global Consumer Finance and Grant Thornton.

Pat is a graduate of Leeds University (Bachelor of Science – Mathematics, First Class) and a Member of the Institute of Chartered Accountants of England and Wales.

## QBE Insurance Group Limited

### Summary of key terms and conditions of employment of Mr Patrick (Pat) Regan

#### 1. Appointment

Appointed as the Group Chief Executive Officer effective 1 January 2018. Mr Regan will remain a director on the QBE Insurance Group Limited Board.

#### 2. Term

This is a permanent full-time appointment with no fixed term. Ongoing employment is subject to the termination provisions of Mr Regan's employment agreement and conditions of his 457 visa.

#### 3. Responsibilities and Authorities

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

#### 4. Remuneration

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

##### i Fixed Remuneration

Base salary of A\$2,000,000 (gross) per annum inclusive of cash salary, salary sacrifice benefits and any associated fringe benefit tax (FBT);

QBE shall meet the cost of insurance on death, total and permanent disablement, salary continuance and non-resident medical insurance and any FBT thereon.

Mr Regan will be considered for an increase to his base salary of \$100,000 (gross) at each of the first two anniversaries of his commencement, subject to approval of the Board, after taking into account his performance, the performance of QBE and other factors.

##### ii At-Risk Reward

Executive Incentive Plan (EIP)

Discretionary annual incentive award under the terms of the QBE Insurance Group Limited Executive Incentive Plan for meeting targets relating to Group key business drivers and individual performance objectives. The achievement by Mr Regan of the business and personal objectives set annually by the Board gives rise to a potential EIP award of 233% of base salary. Outperformance in respect of these objectives may result in a potential maximum EIP award of 350% of base salary. Any EIP awarded under the plan will be delivered in two parts:

- 20% in cash following the end of the performance year; and
- 80% in conditional rights to QBE shares, vesting in four equal tranches over 12, 24, 36 and 48 months after the grant date, subject to service conditions and malus provisions during the vesting period.

Any awards made under the EIP are subject to approval by the Board and then shareholders at the subsequent Annual General Meeting.

## 5. Minimum shareholding requirement

Mr Regan will be required to maintain a minimum shareholding (including unvested conditional rights not subject to a performance condition) of value no less than 300% of his base salary within 3 years of his appointment.

## 6. Termination

Mr Regan may resign at any time on giving 12 months' notice and QBE may terminate Mr Regan's employment on giving 12 months' notice. QBE will pay all remuneration due to Mr Regan during the notice period and any statutory entitlements owing to Mr Regan on termination of his employment.

EIP 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 EIP award may be granted at the discretion of the Board and in consideration of company and individual performance. If such an award is made, 20% will be paid in cash following full-year results and 80% awarded in conditional rights with vesting to occur in four equal tranches over 12, 24, 36 and 48 months in accordance with the EIP Rules;

Deferred EIP 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 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 Regan 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.

## 6. Post-employment restrictions

Mr Regan is subject to non-compete and non-solicitation restrictions for a period of 12 months following termination.

- 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 37 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 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 strong 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.