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16 September 2020

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

Dear Sir/Madam

**QBE response to UK FCA test case decision**

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", enclosed in a thin black rectangular border.

Carolyn Scobie  
**Company Secretary**

Attachment



# QBE

## MARKET RELEASE

16 September 2020

### QBE RESPONSE TO UK FCA TEST CASE DECISION<sup>1</sup>

The High Court of England and Wales yesterday handed down its decision in the test case commenced by the UK Financial Conduct Authority (FCA) in June 2020.

The test case was undertaken by the FCA to resolve legal issues concerning the interpretation of common business interruption policy wordings, including some policy wordings of QBE's UK operations, in the context of whether those policy wordings respond to COVID-19 and related government mandated nationwide lockdowns.

The Court ruled in favour of QBE with respect to two out of three of QBE's notifiable disease policy wordings examined and in favour of insurers generally with respect to denial of access policy wordings. However, the Court ruled in favour of insureds with respect to one of QBE's notifiable disease policy wordings and QBE is considering its options to appeal that decision.

Based on the notified claims affected by the FCA test case and having regard to individual policy sub-limits, QBE's estimate of its UK business interruption claims exposure is around \$170M before allowing for recoveries under the Group's catastrophe reinsurance protections.

Consistent with the Group's previous announcements, QBE believes that catastrophe reinsurance will limit the net cost of business interruption claims in our UK insurance business to \$70M (which formed part of the \$335M net cost of COVID-19 allowed for in our recently announced 1H20 result).

The FCA test case decision is highly complex and will take time for the industry to fully consider and for claims to be resolved. All parties involved now have an opportunity to apply to the Court for permission to appeal some or all of the ruling with a decision on any such application expected to be made in October. Given the possibility of appeals and further legal action, the estimated gross cost to QBE could increase or decrease, however, the net cost to QBE is not expected to vary.

<sup>1</sup> All figures in US\$ unless otherwise stated

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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 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 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.

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