



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Jim Doyle, Governor
Sean Doherty, Commissioner

Wisconsin.gov

March 26, 2007

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Mr. Peter T. Maloney
Senior Vice President, Corporate Counsel
and Secretary
QBE Reinsurance Corporation
Wall Street Plaza
88 Pine Street
New York, NY 10005

Re: Acquisition of Control of General Casualty Company of Wisconsin, Blue Ridge Indemnity Company, Blue Ridge Insurance Company, MassWest Insurance Company, Inc., Regent Insurance Company, Southern Guaranty Insurance Company, Southern Pilot Insurance Company, and Southern Fire & Casualty Company (hereinafter Winterthur Wisconsin U.S. Holdings) by QBE Holdings, Inc. and QBE Insurance Group Limited (hereinafter either the "QBE" or the "Applicants") - Case No. 07-C30732

Dear Mr. Maloney:

Responses to the following items are requested in connection with this Office's review of the proposed acquisition of control Winterthur Wisconsin U.S. Holdings.

Background and Deliberations of Applicants

1. Please describe the process, time frame, and deliberations by QBE's management and boards of directors concerning the current plan to acquire Winterthur Wisconsin U.S. Holdings. Include any deliberations or discussions of plans or options considered that go beyond the immediate acquisition of shares.
2. Did QBE receive any fairness opinions with respect to the acquisition? If available, please provide copies.
3. Please discuss from a historical perspective the QBE Group and its current writings around the world.

Financing Arrangement/Projections

4. Please provide the Pre & Post Pro Forma Income Statement and Balance Sheet for QBE Holdings, Inc. and QBE Insurance Group Limited.
5. The Form A indicates that the acquisition will be funded from QBE Limited's internal excess capital, dividend reinvestment, short-term debt, long term debt and capital raised through a

public equity offering, the proceeds of which will be contributed to QBE Re as a capital contribution. Please provide the following additional information:

- Identify the portion each source is expected to fund.
 - Explain how dividend reinvestment is expected to fund a portion of the purchase price.
 - Provide proforma financial statements for the period 2007 through 2011 which demonstrate how the short-term debt and long-term debt resulting from this acquisition will be serviced.
 - Provide the expected terms of both the short-term and long-term debt.
6. Please identify the long term debt held by the QBE Group as of the most recent date, the cash flow needs to service this debt over the next three years, and the anticipated cash flows that will be available to service the debt.
7. Please explain QBE's view of what represents a proper level of capitalization for U.S. insurance subsidiaries.

Plans for Winterthur Wisconsin U.S. Holdings

8. Please discuss QBE's current presence within the U.S. property and casualty market. Include specific presence in Wisconsin.
9. Please explain QBE's perception of the U.S. property and casualty market and its long term plans related to this market.
10. Please identify and discuss the intended benefits/purpose of acquisitions either proposed or completed within the last three years by the QBE group in the U.S.
11. Please describe how the acquisition of Winterthur Wisconsin U.S. Holdings is expected to enhance and align with the current business strategy of QBE within its U.S. operations.
12. Winterthur Wisconsin U.S. Holdings currently plays a significant role in the property and casualty marketplace in the State of Wisconsin for both personal and commercial lines. Please explain how QBE views this presence and whether expectations is to remain a significant writer in the state.
13. Please identify whether QBE has any intentions of merging or redomesticating any insurers connected with this transaction.
14. Please identify whether QBE anticipates any name changes of any insurers connected with this transaction.

The Holding Company System, its Governance and Resources

15. Please provide an organizational chart depicting the relationship of affiliates after the proposed acquisition.
16. Please explain the reason for the amendment to the Form A dated March 16, 2007.


17. Please describe any material and pending litigation in which the parties to the proposed acquisition are involved. Has QBE retained independent counsel that is actively representing them concerning these matters? We are not requesting release of attorney-client privileged information or communications, if any, only whether there is active representation by independent counsel on these matters.
18. Please confirm that there will be no changes to any assets or liabilities on the statutory statements of WUSH insurers related to the acquisition by QBE, and whether there will be any goodwill or acquisition expenses related to the acquisition that will be pushed down to any members of Winterthur U.S. Holdings.
19. Please describe the anticipated operational and systems integration of Winterthur Wisconsin U.S. Holdings into QBE's domestic and foreign operations. Please include discussion related to functions that are expected to transfer from, or to, the Sun Prairie offices.
20. Please identify any anticipated employment impact in the State of Wisconsin as a result of the acquisition.

Regulatory Matters

21. Please identify all regulatory actions or approvals by any federal or state jurisdictions triggered by the proposed acquisition of shares, other than that of Wisconsin's Office of the Commissioner of Insurance, and describe the status of these required regulatory actions and approvals. Please update your filing with copies of decisions as received.
22. Please identify all regulatory actions or approvals required by foreign countries triggered by the proposed acquisition and describe the status of these required regulatory actions and approvals. Please update your filing with copies of decisions as received.

After you have had an opportunity to review these requests, please contact me to discuss a reasonable time frame in which we may anticipate a response. If you have questions on this or any other matter in which I may be of some assistance, please call me at (608) 267-5297.

Sincerely,



Tim Vande Hey, CFE
Insurance Financial Examiner – Advanced
Mergers, Acquisitions and Licensing Specialist
Bureau of Financial Analysis and Examinations

cc: Charles R. Welsh (via E-mail)
Alan J. Levin (via E-mail)
John Emmanuel (via E-mail)