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April 13, 2007

VIA FEDEX

Mr. Tim Vande Hey, CFE
Insurance Financial Examiner
Advanced Mergers, Acquisitions and Licensing Specialist
Bureau of Financial Analysis and Examinations
Office of the Commissioner of Insurance
125 S. Webster Street
Madison, Wisconsin 53702

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 (collectively, hereinafter "WUSH") by QBE Holdings, Inc. ("QBE Holdings") and QBE Insurance Group Limited ("QBE Limited", and together with QBE Holdings, hereinafter either the "QBE" or the "Applicants") - Case No. 07-C30732

Dear Mr. Vande Hey:

This letter responds to your March 26, 2007 letter to Peter T. Maloney, Senior Vice President, Corporate Counsel and Corporate Secretary of QBE Reinsurance Corporation, in connection with the Office of the Commissioner of Insurance's review of the proposed acquisition of control of WUSH.

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.*

   QBE's U.S. management was contacted by the investment bankers involved with the sale of WUSH in the Summer 2006. At the time, QBE was implementing its strategy of building a strong rural and Midwestern U.S. insurance presence. QBE initiated that strategy in 2005 with the acquisition of National Farmers Union Property and Casualty Company ("National

Farmers"), a Colorado domiciled insurer, and followed in the summer of 2006 with the acquisition of OneBeacon's agri-business division in Lenexa, Kansas. QBE was simultaneously pursuing a strategy of diversifying its business sources, by seeking to include independent agents in an existing framework of general and company agents.

The acquisition of WUSH presented an opportunity to conclusively execute both strategies. Therefore, in September 2006, QBE became involved in the bidding process for WUSH that was arranged by the investment bankers. During the months of October and November 2006, QBE management conducted due diligence through data room access, external due diligence resources, and meetings with, and presentations from, WUSH management. On November 2 and 20, 2006, QBE's U.S. management made recommendations in favor of pursuing the acquisition of WUSH to the QBE Insurance Group and local U.S. boards of directors and received approval for the submission of a bid. Some of the key factors considered by management and the boards of directors in deciding to pursue an acquisition were the following: (i) WUSH's demonstrated conservative underwriting philosophy; (ii) well-regarded brand names in Unigard and General Casualty; (iii) product lines that diversified QBE's existing lines; (iv) product lines that QBE sought to further emphasize, such as agri-business; (v) geographic diversification; (vi) a loyal independent agency force; (vii) experienced management; and (viii) excellent physical and IT infrastructure.

In late November 2006, QBE submitted a proposal for the acquisition and, after several weeks of negotiation, reached agreement on the terms of a stock purchase agreement. QBE's plan was and remains for WUSH's business to be conducted in the normal course. Other than changing the WUSH holding company name to QBE Regional Companies (N.A.) and integrating WUSH within the QBE family, as are discussed in response to question 11 below, QBE anticipates no material changes in the conduct of WUSH's operations.

2. *Did QBE receive any fairness opinions with respect to the acquisition? If available, please provide copies.*

   No, QBE did not receive any fairness opinions with respect to the acquisition based on the fact that QBE has closed numerous acquisitions over the years and did not feel such opinions were necessary.

3. *Please discuss from a historical perspective the QBE Group and its current writings around the world.*

   The QBE Insurance Group is an international general insurance and reinsurance group underwriting most major commercial and personal lines of business through operations in 44 countries. The QBE Insurance Group operates in all key insurance markets with more than 7,900 staff worldwide.

The QBE Insurance Group's founding company, The North Queensland Insurance Company Limited, was established in Queensland, Australia in 1886. By 1890, it had established over 36 agencies throughout the Asia-Pacific region and Europe providing general insurance services. In 1973, North Queensland merged with Bankers and Traders Insurance Company Limited and Equitable Life and General Insurance Company Limited. The renamed QBE Limited was listed on the Australian Securities Exchange on October 3, 1973. QBE Limited is domiciled in Australia, where its principal executive office and registered office is located at Level 2, 82 Pitt Street, Sydney, New South Wales 2000, Australia.

In 1986, the QBE Insurance Group commenced reinsurance operations with the acquisition of an Australian reinsurer, Sydney Reinsurance Company Limited (formerly Storebrand International Reinsurance), and expanded its reinsurance business in 1988 through the purchase of two European reinsurance companies.

In the past decade, the QBE Insurance Group has experienced substantial growth, largely through acquisitions, with gross written premium increasing from A$629 million (U.S.$515 million) for the year ended June 30, 1990 to A$10.372 billion (U.S.$8.498 billion) for the year ended December 31, 2006. Major acquisitions have included: Australian-based multiline underwriter Australian Eagle Insurance Company Limited, which was acquired in 1992; New York-based reinsurer American Royal Reinsurance Company, which QBE acquired in 1993 and has since renamed QBE Reinsurance Corporation; London-based Allstate Reinsurance Company Limited, which was acquired in 1996; and, the originally Australian-based trade credit business, which was acquired in 1997. In December 1999, QBE acquired Iron Trades, a United Kingdom direct insurer. In August 2000, QBE acquired Limit, which currently manages five active Lloyd's syndicates and makes QBE currently the second largest manager and third largest provider of capacity in the Lloyd's market. In June 2004, QBE purchased ING's 50% share in the QBE Mercantile Mutual joint venture in Australia, including ING's Australian general insurance underwriting businesses. In December 2006, QBE announced the acquisition of Praetorian Financial Group, Inc. ("PFG") in the United States. In addition, please see the response to question 1 above regarding the acquisition of National Farmers and One Beacon agri-business division.

Today, QBE's presence in the Americas is comprised of four main streams of insurance and reinsurance business: (1) the U.S. specialist insurance program business which focuses on niche products and markets through managing agents; (2) QBE's general insurance business which comprises regional brands that focus on small to medium clients and distributes insurance products through independent and company agents; (3) the Latin American division comprised of general insurance operations in Argentina, Brazil and Colombia, and reinsurance business through its joint venture with QBE Del Istmo in Colombia, Mexico, Panama and Peru; and (4) QBE's reinsurance business, which supports predominantly small to medium U.S. insurers with limited exposure to major catastrophes.

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.*

   The Pre- & Post- Pro Forma Income Statements and Balance Sheets for QBE Holdings and QBE Limited are attached hereto as Exhibit A-1 and Exhibit A-2, respectively. QBE requests that the Department of Insurance treat all information disclosed on Exhibit A-2, with respect to the pro forma financial statements of QBE Limited, as strictly confidential. QBE Limited is a public company listed on the Australian Securities Exchange and its pro forma financial statements constitute trade secrets and proprietary commercial and financial information, which should not be disclosed to the marketplace. This Exhibit A-2 has been marked confidential and should not be reproduced nor its contents directly or indirectly disclosed to the public without the prior written consent of QBE.

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 pro forma 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.*

   Identify the portion each source is expected to fund.

   The purchase price will be funded from each source as follows: Excess capital, approximately 28%; Dividend reinvestment and underwriting, approximately 9%; Short-term debt, approximately 15%; Long-term debt, approximately 36%; and capital raised through equity offerings, approximately 12%.

   Explain how dividend reinvestment is expected to fund a portion of the purchase price.

   The dividend reinvestment and dividend underwriting are methods by which QBE Limited's cash funds are maintained.

A "dividend reinvestment" involves shareholders electing to receive QBE stock in lieu of cash dividends. This retains cash in QBE Limited. In addition, where shareholders elect to receive cash dividends, QBE Limited can retain cash through "dividend underwriting." This replaces the cash paid to shareholders as dividends by securing an underwriting agreement from one or more investment bankers who agree to purchase QBE Limited shares for cash equal to the amount of proposed cash dividends.

QBE Limited has completed a dividend underwriting for final dividend 2006, and may possibly do so for interim dividend 2007 and final dividend 2007. For the final dividend 2006, approximately 80% of QBE Limited stockholders elected to receive their dividends in cash. Accordingly, the investment bankers effectively forward "bought" stock and subscribed for an appropriate number of shares to match the cash dividend payment.

On March 21, 2007, QBE Limited announced that in connection with the dividend reinvestment plans and dividend underwriting, it had raised A$452 million (U.S. $363 million). The dividend underwriting raised A$365.4 million (U.S. $293 million) and the dividend reinvestment plans raised A$86.6 million (U.S. $70 million).

The dividend underwriting ensures that there is no net reduction of shareholders' funds following the payment of a cash dividend. This means that in effect cash is preserved and cash normally allocated for the purpose of a dividend is replaced so it can then be reinvested elsewhere, such as this acquisition.

Provide pro forma 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.

Pro forma 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 are attached as Exhibit A-1 and Exhibit A-2.

Provide the expected terms of both the short-term and long-term debt.

In addition to cash on hand and funds raised through the equity offerings, QBE Limited is able to turn to the capital markets and raise up to U.S.$1.400 billion in short and long-term debt to assist financing the acquisitions. On April 4, 2007, the QBE Limited board of directors agreed on a strategy for the proper mix of long-term and short-term debt. Although the final mix depends upon market conditions, at this stage, QBE Limited has secured a number of in principle commitments from bankers and draft documentation is under way. In addition to cash on hand and cash raised through equity offerings, QBE Limited has options for long-term debt financing. If market conditions do not favor long-term debt on the desired launch date of the relevant transaction, QBE Limited will utilize more short-term debt so it can close the acquisition.

Details of the short-term and long-term funding options available to QBE Limited are set forth on Exhibit B. QBE requests that the Department of Insurance treat all information disclosed on Exhibit B as strictly confidential. Its contents constitute trade secrets and proprietary commercial and financial information. This Exhibit B has been marked confidential and should not be reproduced nor its contents directly or indirectly disclosed to the public without the prior written consent of QBE.

Of the potential U.S.$1.400 billion of debt, as more specifically described in Exhibit B, total borrowings for the U.S. group including the proposed internal debt borrowings that will be available for the acquisitions are not presently anticipated to exceed U.S.$500 million on an estimated overall capital base of U.S.$2.8 billion following the acquisitions. Any additional acquisition funds not presently held by QBE Holdings will come from contributions of capital or the issuance of equity to affiliates.

It is important to note that there is no financing contingency under the stock purchase agreement. QBE Limited has access to both the short-term and long-term markets in ways that are likely to be more capital efficient than through the use of existing sources of funds. The short-term and long-term financing options described in Exhibit B set forth a list of arrangements QBE Limited can pursue and may pursue prior to closing in order to provide capital efficient debt funding in combination with existing and new equity funding as described in this letter.

The debt to equity ratio for the QBE group pre- and post- the acquisitions is set out below:

- As of December 31, 2006, net assets were A$6.283 billion (U.S. $5.026 billion) and borrowings were A$2.364 billion (U.S. $1.891 billion), for a debt/equity ratio of 38%.

- Projected as of December 31, 2007, net assets are A$8.430 billion (U.S. $6.744 billion) and borrowings are A$3.845 billion (U.S. $3.076 billion), for a debt/equity ratio of 46%.

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.*

   Descriptions of long term debt held by the QBE Group is referenced in Note 24 to the 2006 Annual Report of QBE Limited (pages 108-110), attached hereto as Exhibit C. Projected cash flow for QBE Limited is attached hereto as Exhibit D. QBE requests that the Department of Insurance treat all information disclosed on Exhibit D as strictly confidential. Its contents constitute trade secrets and proprietary commercial and financial information. This Exhibit D has been marked confidential and should not be reproduced nor its contents directly or indirectly disclosed to the public without the prior written consent of QBE.

7. *Please explain QBE's view of what represents a proper level of capitalization for U.S. insurance subsidiaries.*

   QBE determines capital adequacy in response to U.S. regulatory, insurance rating agency, and its own capital allocation models. QBE ensures that its U.S. insurance subsidiaries are capitalized so that NAIC risk based capital requirements are exceeded and that its subsidiaries' solvency is secure. In calculating its gross and net leverage ratios and future capital needs, QBE is also responsive to maintaining and improving its A.M. Best and S&P ratings, ensuring sufficient capital in its companies to support the desired ratios in its A.M. Best (BCAR) and S&P (CAR) scores. Moreover, QBE models capital allocation based on its own allocation model, which applies stochastic dynamic financial analysis and allocates capital to its geographic divisions based on targeted returns on equity.

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.*

   QBE Limited's U.S. operations are comprised of five insurers: QBE Reinsurance Corporation, a Pennsylvania domiciled reinsurer licensed in 33 jurisdictions, 10 of which it is licensed for reinsurance only; QBE Insurance Corporation, a Pennsylvania domiciled property and casualty insurance company licensed in 51 jurisdictions; QBE Specialty Insurance Company, a North Dakota domiciled surplus lines insurer eligible for surplus lines in 44 jurisdictions; National Farmers, a Colorado domiciled property and casualty insurance company licensed in 51 jurisdictions; and, United Security Insurance Company, a Colorado domiciled property and casualty insurance company licensed in 18 jurisdictions.

   In the U.S., the companies' largest jurisdictions by premium (*i.e.*, excess of $25 million in direct written premium) are: Alabama, California, Colorado, Florida, New Jersey, New York

and North Dakota. The companies are significant writers of commercial multi-peril, business owner, contractors, habitational, agricultural, farmowners, group accident and health, standard and non-standard automobile business and property and casualty reinsurance covering small to mid-size regional insurance companies across the U.S.
In addition, QBE's Lloyds syndicates and London market surplus lines company, QBE International Insurance Company Ltd., write U.S. insurance and reinsurance, including U.S. catastrophe-exposed property and energy business.

On December 13, 2006, QBE announced the execution of a Stock Purchase Agreement among Hannover Finance, Inc., Hannover Ruckversicherung AG, QBE Reinsurance Corporation and QBE Limited for the acquisition of PFG. On March 2, 2007, QBE Reinsurance Corporation assigned its rights and obligations under the Stock Purchase Agreement to QBE Holdings. Upon satisfaction of all conditions to closing, QBE Holdings would control 100% of the issued and outstanding capital stock of Praetorian Insurance Company ("PIC"), an Illinois insurance company and wholly-owned subsidiary of PFG, Redland Insurance Company ("Redland"), a New Jersey insurance company and wholly-owned subsidiary of PFG, and Praetorian Specialty Insurance Company ("PSIC"), a Delaware surplus lines company and wholly-owned subsidiary of PIC.

QBE Reinsurance Corporation, QBE Insurance Corporation, National Farmers and United Security Insurance Company are each licensed as foreign insurers in the State of Wisconsin. QBE Reinsurance Corporation did not write any direct premiums in 2006 in Wisconsin. United Security Insurance Company wrote $13,713 in direct premiums, QBE Insurance Corporation wrote $4,095,696 in direct premiums and National Farmers wrote $1,193,509 in direct premiums in Wisconsin in 2006. QBE Specialty Insurance Company is an eligible surplus lines insurer in Wisconsin and did not write direct premiums in Wisconsin in 2006. Major classes of business in the State of Wisconsin in 2006 were condominium associations, regional telecommunication companies, and stop loss coverage on employer health insurance programs.

9. *Please explain QBE's perception of the U.S. property and casualty market and its long-term plans related to this market.*

QBE's core business is primary insurance. The U.S. is the largest property and casualty market in the world. QBE has no plans to become involved in life insurance or other financial services' businesses. QBE sold its Australian life operations in 1976 and is currently selling its remaining Central European life operations.

The WUSH acquisition assists QBE's strategy of building four major streams of business in the Americas. WUSH employs 2,150 staff and has an excellent infrastructure for the expansion of QBE's property and casualty insurance stream. WUSH gives QBE a strong footprint in western, midwest and northeast U.S. states for small to medium property and casualty business through a large base of independent agents.

The acquisition of WUSH furthers QBE's focused diversification strategy and completes its infrastructure needs and distribution requirements for the U.S. QBE will have a strong presence in specialist insurance programs, property and casualty insurance and reinsurance, and an increasing presence in Latin America.

As noted above, the U.S. marketplace presents the largest market for QBE's core business. QBE is committed to the U.S. marketplace, as demonstrated by its U.S. acquisitions since 1993 and the U.S. business written by its London operations.

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.*

QBE Reinsurance Corporation acquired control of National Farmers, and National Farmers' wholly owned subsidiary, United Security Insurance Company, on September 30, 2005. National Farmers and United Security Insurance Company complement the existing wholesale insurance and reinsurance activities of QBE in the U.S., provide greater geographic risk dispersion, and further diversify the portfolio of the overall QBE group of companies by adding additional personal and agricultural lines of business.

In September 2006, QBE continued its strategy of diversification with the acquisition of OneBeacon's agri-business division. From its Kansas offices, the QBE agri-business division writes farm and ranch, commercial agricultural and companion lines throughout the U.S. with a concentration in 12 core, mainly Midwestern, states. Again, geographic diversification was a key component. Further, the acquisition of the agri-business division allowed QBE to increase its position as a U.S. agricultural insurer. With the acquisition of WUSH, QBE would be one of the leading agricultural insurers in the U.S.

In December 2006, QBE announced, subject to regulatory approval, the acquisition of PFG and its insurance subsidiaries, PIC, PSIC and Redland. PIC and Redland, like QBE Insurance Corporation, write business through general agents and program managers, but write a book more weighted towards commercial casualty and workers compensation. The acquisition allows expansion in an area in which QBE has developed significant expertise, *i.e.*, program business, while it also achieves further product line diversification. PSIC, like QBE Specialty Insurance Company, is a surplus lines company, which complements QBE's existing insurance activities in the U.S. and is consistent with QBE's focus on specialty insurance programs and small to medium regional markets 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.*

    As discussed in response to question one above, the acquisition of WUSH complements the acquisitions of National Farmers in late 2005 and the OneBeacon agri-business in 2006. WUSH writes business mainly through two well-known brand names, General Casualty and Unigard. This acquisition will add 1,700 independent agents in 33 states focusing on small to medium sized client business. QBE gains by obtaining new business distribution sources, greater geographic spread in less catastrophic exposed jurisdictions, and writing business with an attractive risk profile. Further, WUSH business provides QBE with excellent infrastructure, including IT, to grow the general insurance business through the independent agency system in the U.S. The acquisition will increase QBE's annualized general insurance gross written premium in the U.S. to close to $2.2 billion.

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.*

    QBE recognizes the key role played by the WUSH companies in the Wisconsin marketplace, which it views as a stable and attractive insurance jurisdiction, and in which QBE intends to remain as a significant writer. The general business plan for WUSH will not change following the transaction. WUSH will continue to specialize in property and casualty insurance risks written through independent agents in states where the insurers are licensed, including Wisconsin.

13. *Please identify whether QBE has any intentions of merging or redomesticating any insurers connected with this transaction.*

    QBE has no intentions of merging or redomesticating any insurers connected with this transaction, although it could be a possibility in the long term if it is in policyholder and stockholder interests. As the Office of the Commissioner is aware, WUSH has previously undertaken successful consolidation to improve business processes.

14. *Please identify whether QBE anticipates any name changes of any insurers connected with this transaction.*

    QBE does not anticipate any name changes of any insurers connected with this transaction. "QBE" will replace the "Winterthur" name in certain companies in the holding company structure, and the Winterthur trademark and name will be disassociated from the insurers, being replaced with a QBE affiliation statement, such as "General Casualty Insurance Company of Wisconsin, a member of the QBE group".

15. *Please provide an organizational chart depicting the relationship of affiliates after the proposed acquisition.*

Enclosed as Exhibit E is 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.*

The Amendment to the Form A, dated March 16, 2007, was filed as a result of QBE Reinsurance Corporation's transfer and assignment of its rights and obligations under the Stock Purchase Agreement to its immediate parent, QBE Holdings. QBE Reinsurance Corporation assigned it rights and obligations because of what would have been a restriction on its ability to pay dividends. Under U.S. statutory accounting principles, the goodwill QBE is paying for WUSH would have been treated as a non-admitted asset and charged against QBE Reinsurance Corporation's unassigned funds. The carried goodwill would essentially have blocked QBE Reinsurance Corporation's ability to pay dividends out of the U.S., because ordinary dividends may only be paid out of positive unassigned funds. As a result, QBE Reinsurance Corporation assigned its rights and obligations under the stock purchase agreement to QBE Holdings.

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.*

There are no material and pending litigation in which QBE Holdings or QBE Limited are involved.

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.*

There will be no changes to any assets or liabilities on the statutory statements of WUSH related to the acquisition by QBE, and there will be no goodwill or acquisition expenses related to the acquisition that will be pushed down to WUSH.

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.*

    QBE expects that by year-end, WUSH will undergo integration into QBE's operations involving such actions as e-mail and data integrations, establishment of reporting structures, integration of investment management with QBE's investment management division, roll out of QBE's OPENUPQBE program and code of conduct, and establishment of other corporate governance and enterprise risk management controls.

    At present, QBE has not developed plans for the transfer of external operational and systems functions to Sun Prairie, although Sun Prairie's facilities leave that as an attractive future option. QBE can confirm that there are no plans to transfer such functions from Sun Prairie.

20. *Please identify any anticipated employment impact in the State of Wisconsin as a result of the acquisition.*

    QBE does not anticipate any 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.*

    Through its Acquisition of WUSH, QBE will also acquire control of Unigard Insurance Company, Unigard Indemnity Company and Unigard Pacific Insurance Company, which are all Washington domiciled companies; General Casualty Company of Illinois, an Illinois domiciled company; and Hoosier Insurance Company, an Indiana domiciled company. Form A applications are pending in the states of Illinois, Indiana, Washington, and California, where Unigard Insurance Company and Unigard Indemnity Company are deemed to be commercially domiciled.

    It is anticipated that Southern Guaranty Insurance Company of Georgia, a subsidiary of Winterthur U.S. Holdings, Inc., will be sold by to a third party purchaser prior to the closing of the proposed transaction. QBE's understanding is that a stock purchase agreement for the sale is currently being negotiated. QBE intends to file a provisional Form A application with the Georgia Department of Insurance to be reviewed in the event that the sale to the third party is not consummated prior to the close of the proposed transaction.

A Hart-Scott-Rodino filing was made with the Federal Trade Commission ("FTC") on January 20, 2007. The FTC granted early termination of the review period on February 20, 2007.

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.*

QBE has provided informal notice of the proposed acquisition to the Australian Prudential Regulation Authority ("APRA") which regulates the Australian insurance market. No approval from APRA is required for the acquisition; however, as noted in the response to question 5 above, QBE Limited may potentially issue certain long-term debt related to this acquisition. QBE would need to obtain APRA's approval to treat any such debt as Tier 1 capital.

If you should have any additional questions or require any additional materials, please do not hesitate to contact me.

Sincerely,

Charles R. Welsh

Charles R. Welsh

Enclosures

cc: Peter T. Maloney, Esquire (with enclosures)
Duncan A. Ramsay, Esquire (with enclosures)
Alan J. Levin, Esquire (without enclosures)
John N. Emmanuel, Esquire (with enclosures)