



Code of Conduct

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Introduction

Purpose

The QBE Code of Conduct outlines a set of policies of general business ethics that apply to all employees when conducting or undertaking any activity on behalf of QBE. It contains basic principles and standards of professional behavior that should be observed at all times.

A Company Policies and Conflict of Interest Committee (the "Committee") has been designated among the Boards of Directors to provide guidance on the Code by counseling employees as the need arises.

The Code does not create any contractual rights or obligations, nor does it create a contract of employment for any specific term.

Code application

When undertaking any activity on behalf of the organization, QBE expects all employees to comply with legal and regulatory compliance requirements, together with well-accepted customs and social values. Be reminded that QBE maintains and that you have already confirmed or will confirm in writing that you have read QBE's Employee Handbook, Travel and Expense Policy, and Corporate Information Security Policy, all and each of which further sets forth QBE's expectations of you.

Scope

This Code of Conduct applies to all directors and employees of the United States companies within QBE the Americas, which include: QBE Investments (North America) Inc.; QBE Holdings, Inc.; QBE Management, Inc.; QBE Reinsurance Corporation; National Farmers Union Property and Casualty Company; United Specialty Insurance Company; QBE Insurance Corporation; QBE Specialty Insurance Company, QBE Regional Companies (N.A.), Inc. and its subsidiaries, and Praetorian Financial Group, Inc. and its subsidiaries, and (collectively, the "Company").

The rules and procedures set forth in this Code are to be read, understood and adhered to by every director and employee. The Acknowledgment of this policy and procedure must be signed and returned to QBE the Americas Human Resources as receipt and understanding of QBE's business ethics at the time of your employment or appointment as a director, or acknowledged through whatever other mechanisms QBE provides from time to time, including the annual acknowledgement executed by the Company's directors and officers.

Integrity

QBE Code of Ethics

The QBE Code of Ethics states:

"We will carry on our business in an open and honest manner with our *customers, shareholders, employees, regulatory bodies, outside suppliers, intermediaries* and the *community* at large."

QBE Vision

QBE's vision is:

"To be internationally recognized as a highly successful general insurance and reinsurance group, a builder of shareholders' wealth, a developer of "CAN DO" people and an organization that excels in the continuous delivery of new and proven quality products and services".

QBE Values

QBE believes in:

- ◆ increasing long term wealth of shareholders
 - ◆ customer satisfaction and retention
 - ◆ employee motivation
 - ◆ integrity
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QBE Code of Conduct Policy

Employees of QBE will at all times:

- ◆ act honestly and with integrity
 - ◆ **show respect for people and location**
 - ◆ **be reliable and conscientious**
 - ◆ demonstrate loyalty and commitment to the company
 - ◆ promote a positive image
 - ◆ respond constructively to complaints/criticism
 - ◆ maintain respect for, and the confidentiality of, the business information they receive
 - ◆ strive for increased effectiveness
 - ◆ be caring and empathetic with staff and customers in order to create an environment of utmost integrity valued by all stakeholders (customers, shareholders, employees, regulatory bodies, outside suppliers, intermediaries and the community at large).
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Employees

Complying with Policies and laws

All QBE employees are expected to comply with all policies and procedures in operation within QBE and to familiarize themselves with these procedures on an ongoing basis.

The activities of the Company must always be in full compliance with applicable laws and regulations. Employees are expected to read all such materials when issued and should periodically refresh themselves on the laws and regulations that pertain to their area of business. Advice of counsel should be sought when a question arises regarding any law or regulation.

Corporate Information Security Policy

The security of corporate information assets must be a high priority for all employees. Sensitive financial and personal information of the Company, its clients and its policyholders must always be protected. Such information exists as spoken word, handwritten materials, typed and printed material, computer stored data, computer code and programs and computer generated reports.

Disclosure, destruction or theft of corporate information may result in reduced profitability and a less competitive position in the marketplace for QBE. Similarly, the disclosure of sensitive personal information puts both the person at issue and the Company at risk, and employees are required to take all precautions against disclosure of such information.

It is a condition of employment or appointment as a director that every employee or director acknowledge and execute the QBE Corporate Information Technology Security Policy and Guidelines.

Guidelines

In order to assist in complying with the Company's policy in this area, the following procedures should be followed:

1. Supervisory officers have the responsibility of ensuring that all members of their staff are familiar with the Company's entire policy on the use of confidential information.
2. Information concerning the Company and clients or participants in insurance or other business transactions with the Company (collectively referred to as "Participants") can only be released to third persons, organizations or governmental bodies that seek it only with the consent of the Participant involved or if required by law or government regulation. All requests pursuant to legal process (such as subpoenas or court orders) or inquiries of any nature from criminal or civil investigators must be promptly referred to the General Counsel. No information may be released, nor should the Participant involved be contacted, without the approval of the General Counsel.
3. Any material non-public information concerning a Participant should be communicated only where there exists a justifying business need for the communication. This restriction applies to the communications outside as well as inside the Company. In order to safeguard the confidentiality of such information, do not leave sensitive memoranda or other materials in places where they may be read by others, and do not discuss such information in public places.
4. In view of the serious repercussions both to yourself and the Company, which may arise under U.S. securities laws as a result of trading on material non-public information, you are cautioned to avoid even the appearance of impropriety. Since it is often difficult to determine what information could give rise to legal liability if it were released, you should err on the side of caution and assume that all confidential information would do so.
5. If you become aware of a possible leak or violation of the Company's policies, immediately inform your supervisory officer or if you believe it more appropriate, make a report under QBE's Whistleblowing Procedures.

Confidentiality

All employees will have access to confidential resources such as manuals, reports and other Company documents during the course of their employment. Because the insurance industry is very competitive, employees are required to keep all information they receive about QBE's operations confidential. Confidential information obtained as a result of employment with the Company is not to be used for the purpose of furthering any private interest or as a means of making any personal gain. Use or disclosure of such information could result in civil or criminal penalties, both against the employee concerned and the Company.

Revealing any type of confidential information to unauthorized persons or tampering with or altering company records and/or property can result in disciplinary action including termination.

If an employee leaves QBE, no confidential records or information of any kind are to be retained, used or disclosed by the departing employee.

This obligation applies to confidential information of any member of the QBE group of companies or any further information concerning its customers or policyholders.

Be reminded that you must respect the confidential nature of the information you handle. Perfectly legal conduct may become suspect because of a poor choice of words or a misleading tone. In an investigation or litigation, all documents and other materials (including personal diaries, home files, e-mail, voicemail, and handwritten notes) may be open to disclosure. You must assume that everything you say or write (except in connection with requesting or receiving legal advice – which is a narrow exception) will be available to the government, a plaintiff or any other investigator. You do a disservice to yourself and the Company if you create false impressions by a failure to conduct yourself seriously and deliberately in your communications.

Conflict of Interest

QBE expects all employees to maximize their full working time and efforts to QBE's interests and to minimize any activity that may distract from or conflict with QBE's interests.

In particular, you *may not*:

1. have any employment, consulting or other business relationship with a competitor, customer, agent, broker or outside supplier of QBE.
2. invest in any competitor, customer or outside supplier of QBE, unless the investment is made with the use of publicly available information and does not exceed five percent (5%) of the equity of any such publicly traded company.
3. invest in the securities of another company, with whom you regularly deal, unless the investment is made with the use of publicly available information and does not exceed five percent (5%) of the equity of any such publicly traded company.
4. enter into transactions with other businesses for which you are an officer, director or substantial shareholder, *unless you have the advance written permission of the General Counsel, Chief Executive Officer, or the Company Policies and Conflict of Interest Committee.*

If you have an existing investment in another Company engaged in a transaction with the Company, this *must* be disclosed and approved as well.

Outside Employment

Outside employment may also constitute a conflict of interest if it places an employee in the position of appearing to represent QBE, involves providing goods or service substantially similar to those of QBE, or lessens the efficiency normally expected of employees in their jobs.

Nondisclosure of outside employment may result in termination of QBE employment if a conflict of interest is held to exist.

You are not permitted to act without the written approval of the General Counsel, Chief Executive Officer, or the Committee as:

1. An official of any organization with the exception of social and religious organizations; or
 2. A candidate for public office, elected or appointed.
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Cooperation and Candor

All employees are required to keep their supervisor fully informed of all matters concerning the Company's affairs and business activities in order to ensure that senior management will be fully informed on a timely basis as to all such matters. Moreover, in dealing with the Company's internal and independent auditors or attorneys, complete candor is compulsory.

U.S. Securities Law

You are reminded that when confidential information is both "material" and "inside", federal securities laws generally forbid the purchase or sale of securities of the company in question not only by any of its employees who know of such information, but also by any person who has been told about the insurance information by the employee (a "tippee") until such time as the information is publicly known. Information becomes "public" when it is published in a newspaper, appears on the Dow Jones tape or appears in print in some other publication of general interest to the investment community. "Material" information is any information a reasonable investor may consider important in deciding whether to buy, sell or hold securities. "Inside" information is generally derived directly from the company issuing the securities. However, "inside" information does not necessarily have to originate from the company whose stock price will be influenced. Nor does the company itself have to be aware of it. You at some point in your employment may become aware of such inside information about a company and thus become a "tippee" to whom federal security laws may apply. When in doubt, consult immediately with the General Counsel, Chief Executive Officer, or the Committee and refrain from any trading activity.

Senior managers are reminded that QBE's Internal Share Trading Guidelines dictate the timing of their buying and selling of QBE shares, and thus should be consulted before trading.

Anti-trust Policy

In its many business activities, the Company engages in vigorous, but fair and ethical, competition. Excluded are practices that are considered to be anticompetitive or unethical. Discussions and agreements, oral or written, with competitors concerning pricing or other non-competitive policies are not permitted.

The Company requires full compliance with the antitrust and competition laws wherever it does business. Employees in our business often encounter representatives of its competitors in professional and social environments. Accordingly, conversation, however casual, about industry-related subjects is inevitable. While it may be impossible to avoid such conversation entirely, QBE's employees must nevertheless understand and conduct themselves in accordance with this Policy.

QBE and its competitors must unilaterally set their own business terms. Antitrust and competition laws prohibit agreements with competitors that limit, eliminate or are intended to manage competition. Although such agreements can take any form, the most common include price-fixing, bid-rigging, market-share allocations, customer allocations, territorial allocations, and other agreements on terms upon which businesses would usually compete. Never agree with our competitors on any term of trade or business strategy concerning

products that both we and they offer to the market. Such terms include pricing, volume of business, underwriting terms or standards, brokerage commissions or other fees, market share, customers, types of business written or not written, coverage terms and territories.

Pricing, marketing, underwriting and other related decisions, such as terms of coverage, should be made unilaterally by QBE to enhance QBE's business interests and to serve its customers more efficiently and effectively. Such decisions or conduct should never occur if intended solely to influence others' market conduct or to injure market participants or clients. Note that if you are a QBE underwriter, you may have already affirmed in writing, or may be required to affirm, that in your employment with QBE you have not been involved in bid-rigging or similar practices in cooperation with other insurers and/or brokers.

Do not discuss competitively sensitive matters with competitors. Do not discuss with competitors competitively sensitive issues (such as those set forth above) concerning products that we and the competitor offer. Note that trade associations do not immunize unlawful discussions or conduct among competitors. Trade associations should remind their members of this and have rules concerning anti-competitive discussions. In this regard, employees are encouraged to review with the General Counsel the rules or regulations of any group, association, or trade organization that an employee of the Company is requested to join.

Think before you act. If you receive a phone call, email or other communication from a competitor requesting competitively sensitive information, or become aware of a potential antitrust violation, you should report the contact promptly to the General Counsel, the Chief Executive Officer or the Committee. If one or more competitors engage in discussions in your presence that you believe may be improper or expose the Company to antitrust risk, you must remove yourself from those discussions. Serious risk may result even from listening to improper comments by a competitor; for example, you later might be viewed as a party to any illegal agreement by others that results.

Customers

Dealing honestly with insureds, agents, brokers and outside suppliers

It is a condition of employment that all employees deal honestly with insureds, agents, brokers and outside suppliers, and adhere to the following:

1. Contract negotiation – in negotiating contracts, employees should be accurate and complete in all representations. The submission of a proposal, quotation or other documents or statement that is false, incomplete or misleading can result in civil and/or criminal liability for QBE and the employee(s) involved in such a practice.
2. Product quality – QBE is committed to developing and delivering quality insurance products that meet all contractual obligations and QBE's quality standards.

Employees may not use any property of the Company for personal purpose or use the Company's name or any of its resources to enhance their own opportunities in personal transactions or outside relationships.

Gifts, entertainment and other business courtesies

Our success in the marketplace results from providing superior products and services at competitive prices. While conducting the Company's business, QBE does not seek to gain improper advantage by offering bribes, kickbacks, similar remuneration, or business

courtesies, such as entertainment, to any individual or organization for the purpose of influencing them to obtain or retain business for, or to direct business to, the Company.

Employees must not provide any insured, agent, broker or outside supplier with gifts or promotional items unless of a small value. As a gift, employees may pay for reasonable refreshments and/or entertainment expenses for insureds, agents, brokers or other outside suppliers.

Acceptance of business courtesies

It is against Company policy to accept anything of more than nominal value from someone doing business with QBE, whether or not the gratuity is offered or appears to be offered in exchange for any type of favorable treatment or advantage.

To avoid even the appearance of impropriety, employees should not accept any gifts or promotional items unless of a small value and reasonable under the circumstances. Employees may accept meals, drinks or entertainment only if such courtesies are reasonable in the circumstances. Such courtesies must also be directly connected with business discussions.

No employee can accept the provision of travel or accommodation by an outside party as part of an entertainment activity.

The following exceptions apply:

1. paid trips or guest accommodations that involve formal representation of the Company;
2. gifts received because of kinship, marriage or social relationships entirely beyond and apart from any business relationship; or
3. fees or other compensation received from an organization in which membership or an official position is held as approved by the Company.

Any individual who solicits or accepts any payment or other benefit from a person with the understanding that such benefits will influence that individual's conduct in relation to the affairs of his or her employer may be guilty of a criminal offense.

Customers

Employees may not provide or pay for any meal, refreshment, entertainment, travel or lodging expenses to insureds, agents, brokers or outside suppliers unless reasonable under the circumstances.

Dealing with government officials

Employees may not promise, offer or make any payments in money, products or services to any official or government employee in exchange for, or in order to, induce favorable business treatment, for the performance of ministerial or clerical duties, or to affect any government decision, other than statutory or similar fees.

The offering or making of any such payments to a government official could result in severe legal penalties (civil and criminal) to the employee as well as to the Company.

Shareholders and the Community

Records and accounts

All Company payments and other transactions must be properly authorized by management and be accurately and completely recorded in QBE's books and records in accordance with generally accepted accounting standards and established corporate accounting principles. Employees must not make false, incomplete or misleading entries. All receipts and expenditures must be supported by documents that properly describe entries in accounting records.

No undisclosed or unrecorded corporate funds shall be established for any purpose nor should any Company funds be placed in any personal or non-corporate account. All corporate assets must be properly protected and asset records regularly compared with actual assets, with proper action taken to reconcile any differences.

Record Retention

QBE has policies, and follows state insurance laws, to establish retention periods for records created or received in the normal course of business. A record is any information, regardless of physical format, that has been created or received in the transaction of QBE's business. Formats of records may include hard copy, electronic, magnetic tape, disk, audio, video, optical image, etc.

The alteration, destruction or falsification of corporate documents or records may constitute a criminal act. Destroying or altering documents with the intent to obstruct a pending or anticipated official government proceeding is a criminal act and could result in large fines and a prison sentence of up to twenty (20) years.

Before any destruction of any records, an employee must consult QBE's document retention procedures. Employees are required to follow and abide by the terms of those procedures. If the procedure is not clear, questions arise, or there is a pending or anticipated official proceeding, then the General Counsel must approve any document destruction.

Political contributions and activities

It is against Company policy to contribute or donate QBE funds, products, services or other resources for any political cause, party or applicant *without the advance written approval of the General Counsel, Chief Executive Officer, or the Committee.*

Employees engaged in any political activity do so at their own discretion and without involving QBE or its assets.

Media/Press Communication

No employee is permitted to communicate directly with the media/press concerning QBE's business activities whether via conversation, papers, speeches or public presentations, unless *specific permission has been granted by the Chief Executive Officer or the officers directly authorized by him to grant such permission.*

Breaching the QBE Code of Conduct

Compliance

All employees are responsible for ensuring that they strictly adhere to the provisions outlined in this Code of Conduct. For clarification or guidance on any points, please consult your Manager, your local Human Resources Manager or Group Human Resources.

Breaches

Employees should refer to QBE's Whistleblowing Procedures for making reports of unethical practices including breaches of this Code.

Disciplinary Action

Breaches of this Code may result in disciplinary action ranging from warnings to termination – or even filing of a criminal or civil complaint. Employees will be informed of the charges against them and will be given the opportunity to explain their actions before any disciplinary action is imposed.

Acknowledgement

I have read and understood the policies and procedures related to QBE's Code of Conduct.

Signature

Date

Name

Business Unit