

Mortgage & Lender Services Update



July 16, 2015

On July 15, QBE entered into an agreement with National General Holdings Corp. to purchase QBE's Mortgage & Lender Services (MLS) business (representing all mortgage and auto products and services) inclusive of Seattle Specialty Insurance Services Inc. and Collateral Protection Insurance Group, with an expected close date in September, 2015.

In 2013, QBE developed a strategy to become a leading specialist insurance and reinsurance provider in North America. The underlying principles to achieve this do not easily align with the operationally intense nature of the MLS business as a managing general agency. This is why QBE decided to sell its US Agencies business earlier this year, and it is also what led QBE to explore strategic options for the MLS business. After a thorough search and review process, the sale of the MLS business unit to National General was determined to offer the best structure for QBE and the MLS business. We are pleased to affirm that this sale positions MLS to provide its valuable services to the industry well into the future.

National General has a proven track record for developing operations-focused businesses and is committed to growing the MLS business. This acquisition affords National General the opportunity to:

- Further expand its client base
- Offer additional services to the MLS financial institution relationships
- Leverage its extensive IT experience to develop further MLS offerings
- Employ its focus on operational excellence and infrastructure to optimize the MLS business

The above will position MLS to nimbly adapt to industry challenges while empowering the company's capabilities to further thrive. Pending customary regulatory approvals, we anticipate that MLS employees, including the leadership team, will become employees of National General when the transaction closes.

We are pleased that this sale allows the MLS business to remain fully intact, inclusive of the transition of all current executive and senior leadership and staff. National General plans to maintain the recently-enhanced MLS servicing platforms and applications, along with our current geographic locations. To facilitate a thoughtful and orderly transition, following the close of the sale, QBE and National General will enter into a multi-month Transition Services Agreement (TSA). This agreement will help ensure MLS continues to meet and exceed our clients' expectations and service levels.

"We are excited about this new opportunity with National General, and we believe it best positions MLS to continue to offer the high-quality service and products that our clients have come to know and expect from us with a parent that fully understands and commits to the operational complexity and rigor the industry requires," said Frank Dunn, Executive Vice-President of MLS. "QBE and National General are committed to ensuring a smooth transition and making this a positive experience for our clients."

Michael Karfunkel, Chairman and Chief Executive Officer of National General, stated: "This acquisition facilitates National General's entry into the lender-placed insurance segment for auto and homeowners risks with an industry leading platform and management team. While the lender-placed business has had difficulties in the past, we believe it is now an area of great opportunity after numerous changes that have been enacted throughout the industry. We are excited to add this complementary niche business to our profitable and growing personal lines franchise, and we believe it is a natural fit with our homeowners and auto expansion efforts. We look forward to working with the existing management team and employees and providing them with the broad resources and capabilities that National General has to offer. We expect the transaction to be immediately accretive to earnings."

Additional updates will be provided as the transition progresses. If you have questions, please contact your Executive Relationship Manager or Client Development Executive.

About National General

National General Holdings Corp., headquartered in New York City, is a specialty personal lines insurance holding company that traces its roots to 1939. National General provides homeowners, personal and commercial automobile, umbrella, recreational vehicle, motorcycle, supplemental health and other niche insurance products. The company has over 3,000 employees across the United States, an aggregate market capitalization of over \$2 billion and a financial strength rating of "A- " (excellent) from A.M. Best. National General sells the majority of its products through over 24,000 independent agents and brokers, more than a dozen affinity partners and direct-marketing programs.