

AXIS Capital



**Keefe, Bruyette and Woods
2009 Insurance Conference
New York, NY**

David Greenfield, *CFO*



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Well-diversified leader in the global P&C markets

- Established global insurance and reinsurance platforms
- Well-diversified mix of specialty and niche businesses
- Geographic diversification globally

Disciplined and proven underwriter

- Proven steward of capital (generated profitability in every year since inception in 2001)
- Conservative reserving practices
- Well-managed exposure
- Platform built to execute in all phases of (re)insurance cycle

Strong balance sheet with solid financial performance

- Conservative balance sheet with total assets of \$15.4 billion and total capitalization of \$5.4 billion
- High-quality, conservative investment portfolio
- Ratings of A+ (S&P - Stable), A2 (Moody's - Stable) and A (A.M. Best - Stable)
- S&P ERM evaluation: Strong
- 14% compound annual growth in diluted book value and accumulated dividends since 2002

Experienced management, underwriting and claims teams

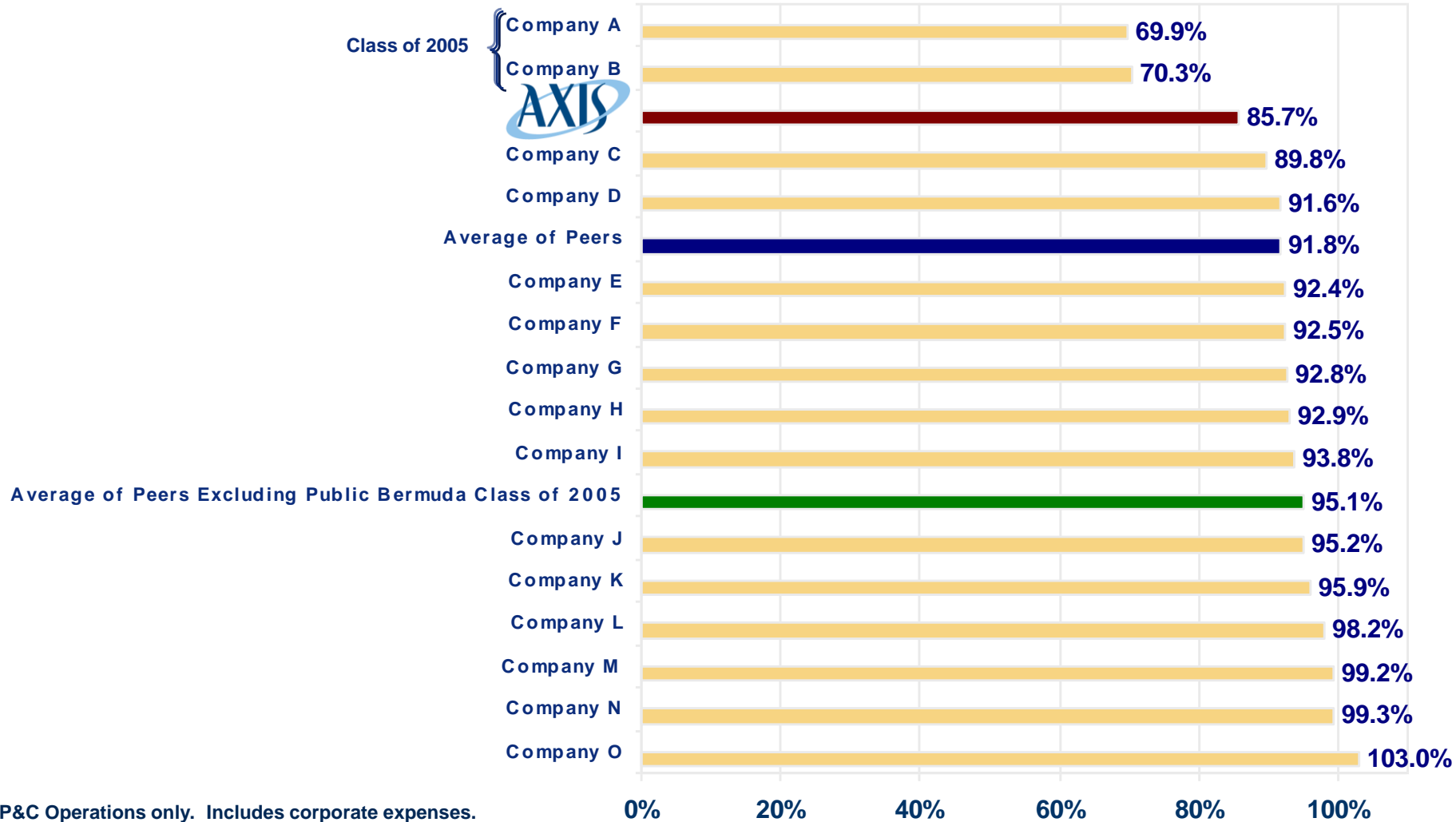


Consistent and Strong Franchise

- ① **Since our inception, our return on equity has averaged 16.5%**
- ① **Franchise performed strongly in 2008**
 - **Despite the third most costly catastrophe on record, an unprecedented financial market meltdown and continued intense market competition, we achieved a return on equity of over 8%**
 - **Gustav/Ike**
 - Excellent risk management
 - Well-understood exposures
 - **AXIS market share less than 1% of estimated \$60Bn in 2008 worldwide cat and major property and energy risk losses**
 - Particularly important given our franchise risk preference for short-tail business
- ① **Strong start to 2009 despite challenges of the current economic environment**

AXIS Underwriting Has Outperformed

Average P&C Combined Ratio 2004-2008⁽¹⁾



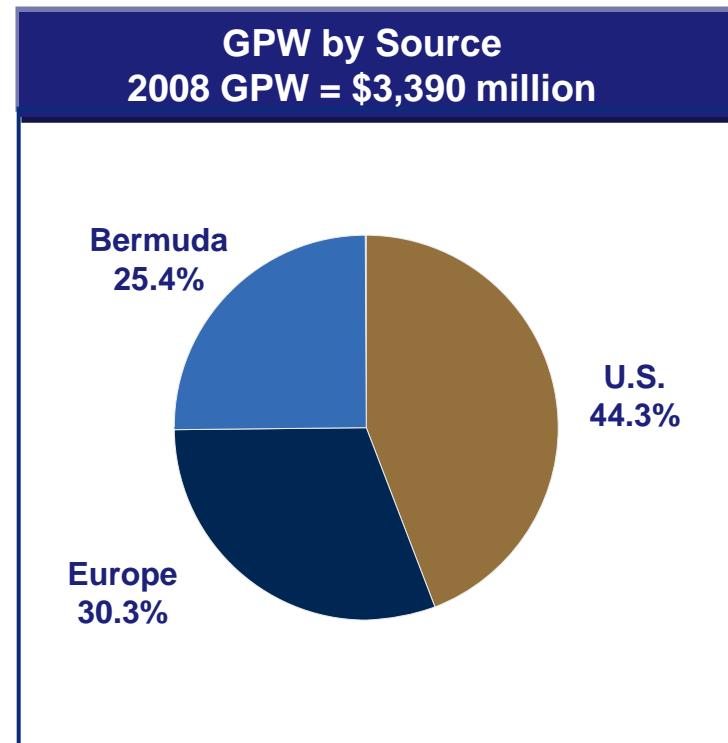
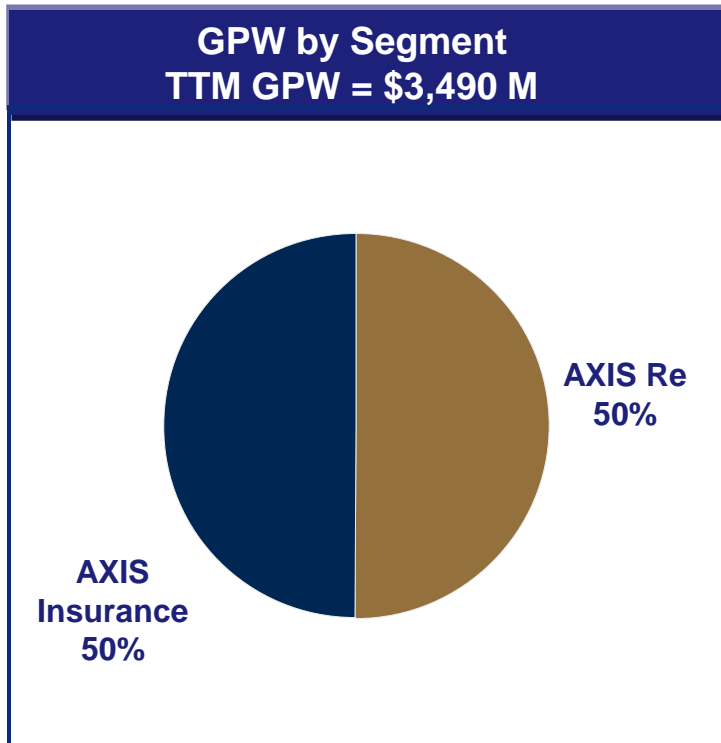
(1) P&C Operations only. Includes corporate expenses.

Source: Company Reports

Note: Peer Universe includes Bermuda (re)insurers. For companies with less than 5 years of history, average combined ratio is measured from 2006 through 2008.



Well-positioned to navigate all phases of insurance/reinsurance cycle with established, diversified presence in both insurance and reinsurance markets globally



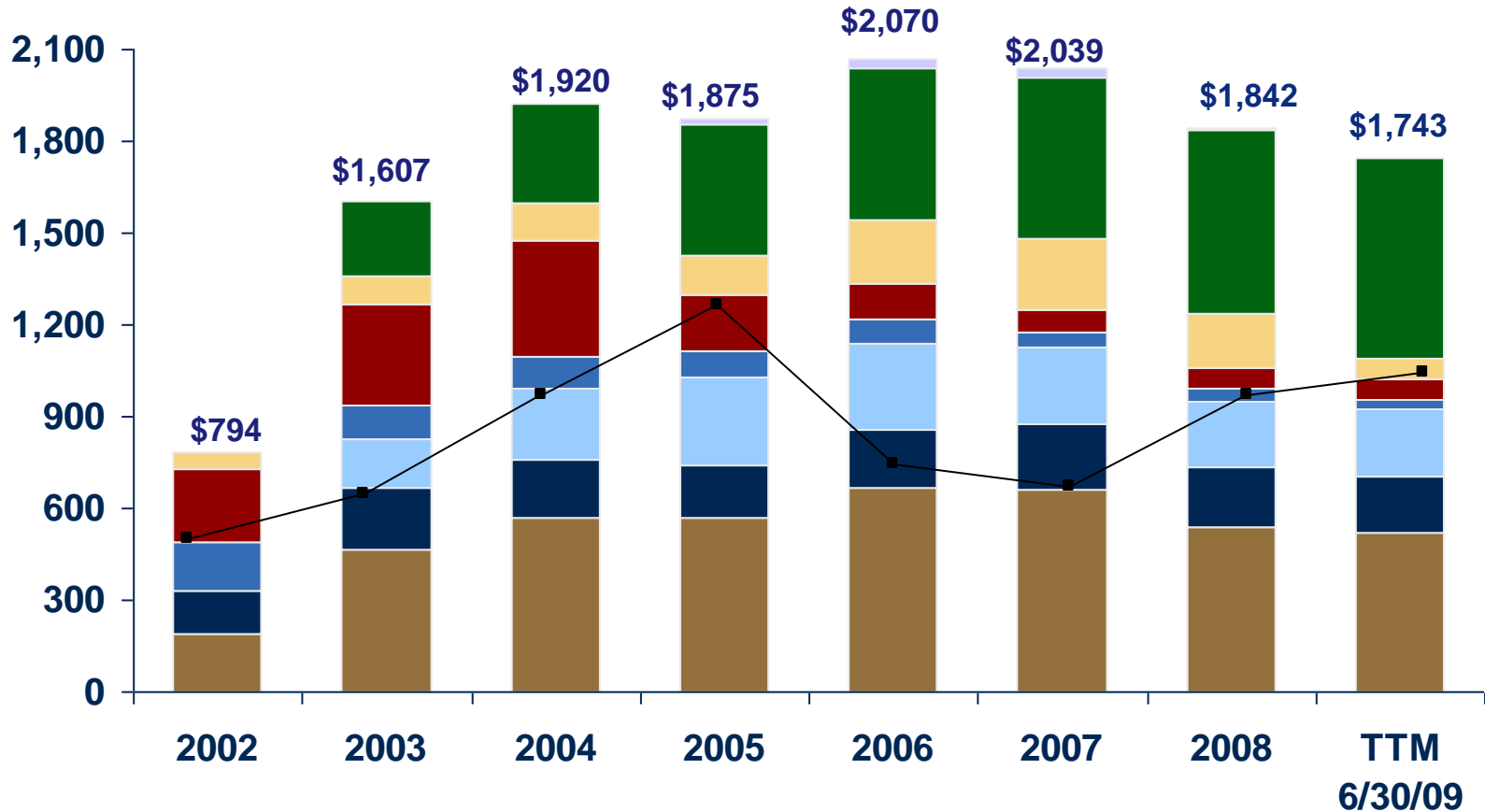
Soft Market Execution Successful

- ④ **Robust global platform built deliberately at the “right” time allowed access to wide array of business supporting execution of soft-market strategy**

- ④ **Price adequacy varied by line and by geography**
 - **Critically, terms and conditions have not deteriorated significantly**
 - **We substantially reduced participation in price-inadequate lines (e.g. aviation)**
 - **Price adequacy for natural perils exposure varied by region and we reduced participation in price-inadequate regions (e.g. non-U.S. for AXIS Insurance)**
 - **We continue to navigate amongst classes within the casualty space**
 - **Product structuring and risk selection continue to significantly influence profitability outcome**
 - **Reinsurance purchasing key component of soft-market strategy**

AXIS Insurance – GPW and Combined Ratio Since Inception

(\$ in millions)

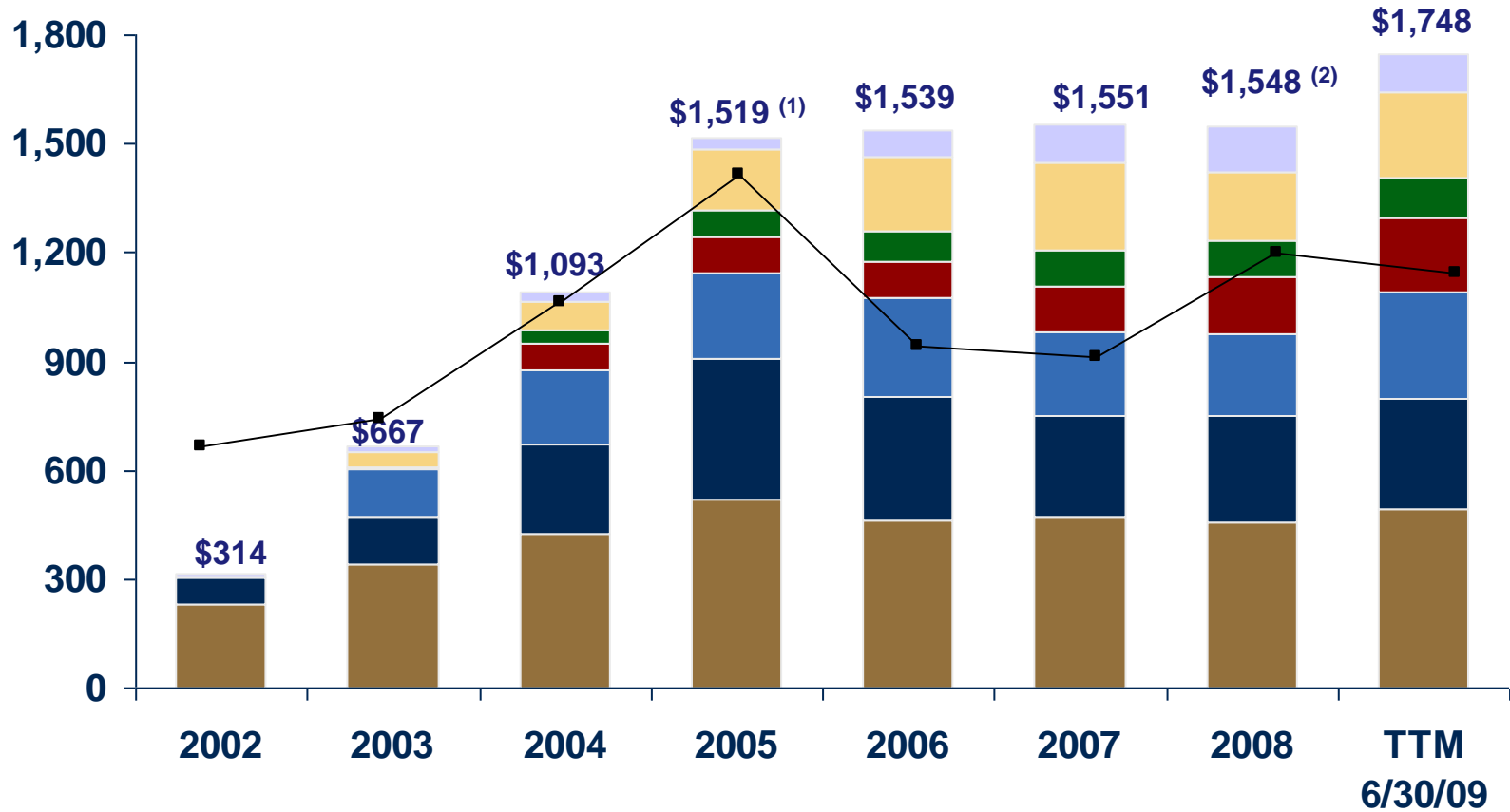


Combined Ratio: 62% 68% 81% 93% 72% 69% 81% 84%



AXIS Re – GPW and Combined Ratio Since Inception

(\$ in millions)



Combined Ratio: 62% 66% 85% 106% 78% 76% 92% 91%

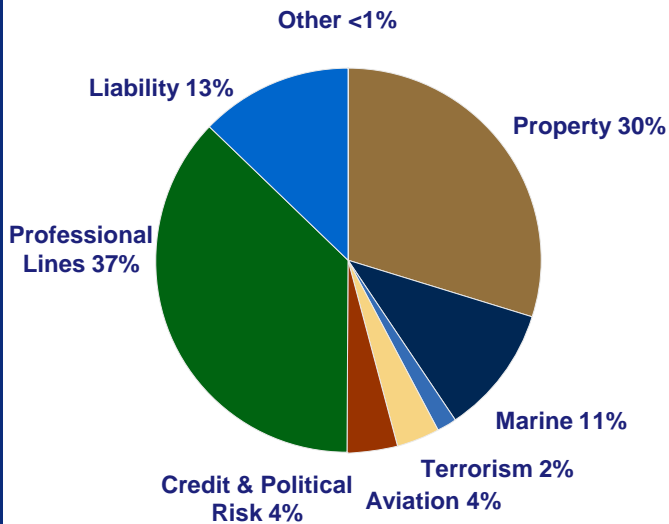
Catastrophe
 Property
 Professional Lines
 Credit & Bond
 Motor
 Liability
 Engineering/Other
 Combined Ratio

(1) Includes KRW reinstatement premiums of \$88 million.
 (2) Includes Ike/Gustav reinstatement premiums of \$28 million.



AXIS Insurance – Highlights

TTM 6/30/09 GPW by Line of Business Total GPW = \$1,743 M



TTM 6/30/09 Financial Highlights

Net Premiums Earned	\$1,161 M
Underwriting Profit	127 M ⁽¹⁾
Combined Ratio	84.1% ⁽¹⁾

- 🌐 Pricing is broadly firming with loss-affected and capital-consuming lines firming significantly
- 🌐 Current margins within the company's target range
- 🌐 Franchise perception constantly strengthening
- 🌐 Continue to avoid classes of business lacking long-term underwriting return potential
- 🌐 Continuing to build sustainable competitive advantages

(1) Includes \$93 million in pre-tax net losses related to Hurricane Ike

North America

- Nationwide network of 11 offices in U.S.
- Flexibility to write on admitted and non-admitted basis in all 50 states
- Top 15 E&S carrier in the U.S.
- Canada Branch

Bermuda

- Global capability with few exceptions
- Ability to transact with both Bermuda and London wholesale markets

Europe

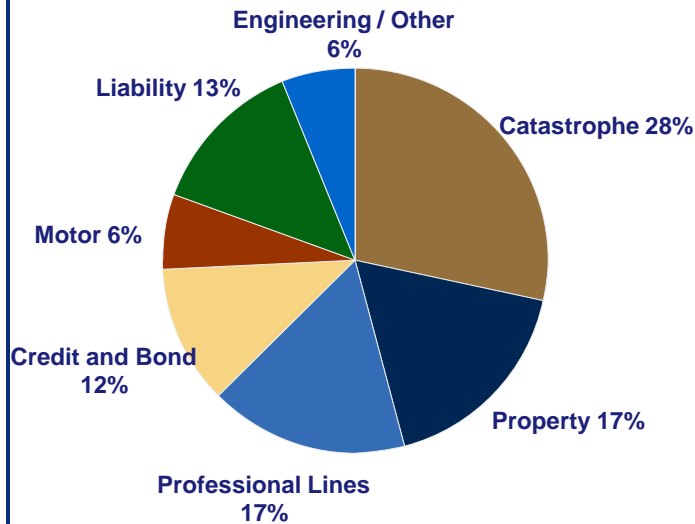
- London and Dublin
- Surplus-lines eligible in 48 U.S. states
- Freedom of Services permissions in many EU countries
- Business written in 188 countries since inception

Australia/Asia

- Singapore Branch
- Australia Branch

AXIS Re – Highlights

TTM 6/30/09 GPW by Line of Business Total GPW = \$1,748 M



TTM 6/30/09 Financial Highlights

Net Premiums Earned	\$1,560 M
Underwriting Profit	140 M ⁽¹⁾
Combined Ratio	91.1% ⁽¹⁾

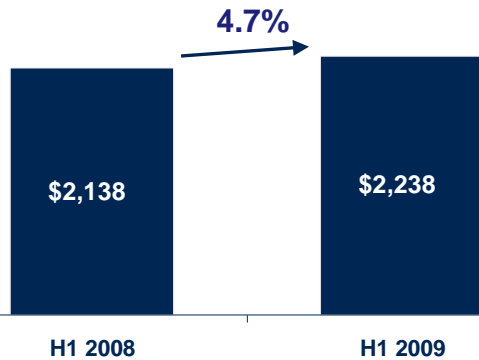
(1) Includes \$261 million in pre-tax net losses related to Hurricane Ike

- 🌐 Focus on non-life treaty reinsurance diversified across products
- 🌐 Maintain balance between proximity to client and long-term returns (Strategically located centers in NY, Bermuda and Zurich)
- 🌐 Capital base of top 10 reinsurer, but small enough to grow in targeted areas
- 🌐 Strong relationships with cedants supported by consistency of approach
- 🌐 Operate in broadly syndicated marketplace where we strive to be in the upper quartile of the pricing market

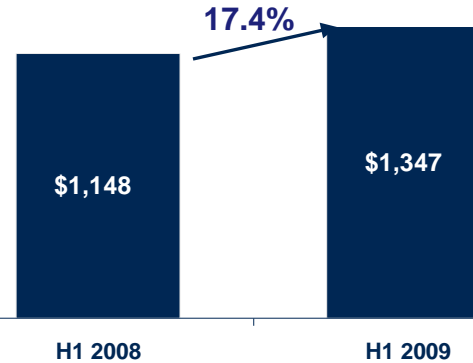
AXIS Capital – H1 2009 Results

(\$ in millions)

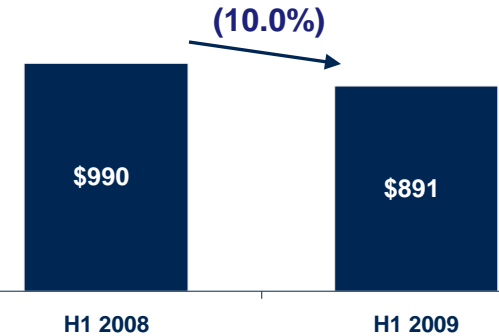
Consolidated Gross Premiums Written



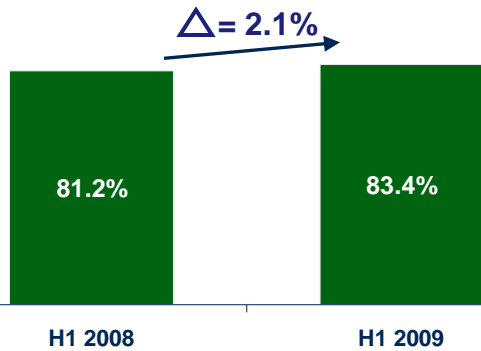
AXIS Re Gross Premiums Written



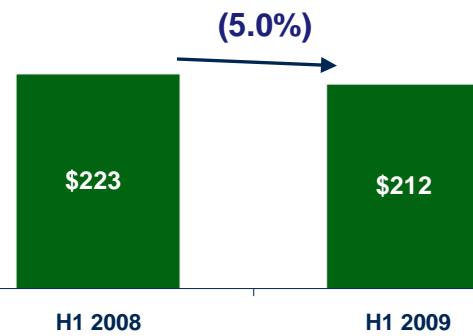
AXIS Insurance Gross Premiums Written



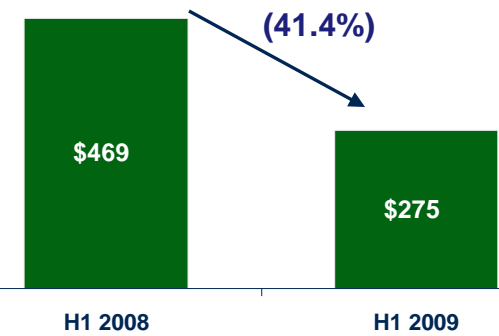
Consolidated Combined Ratio



Consolidated Net Investment Income



Consolidated Net Income to Common Shareholders

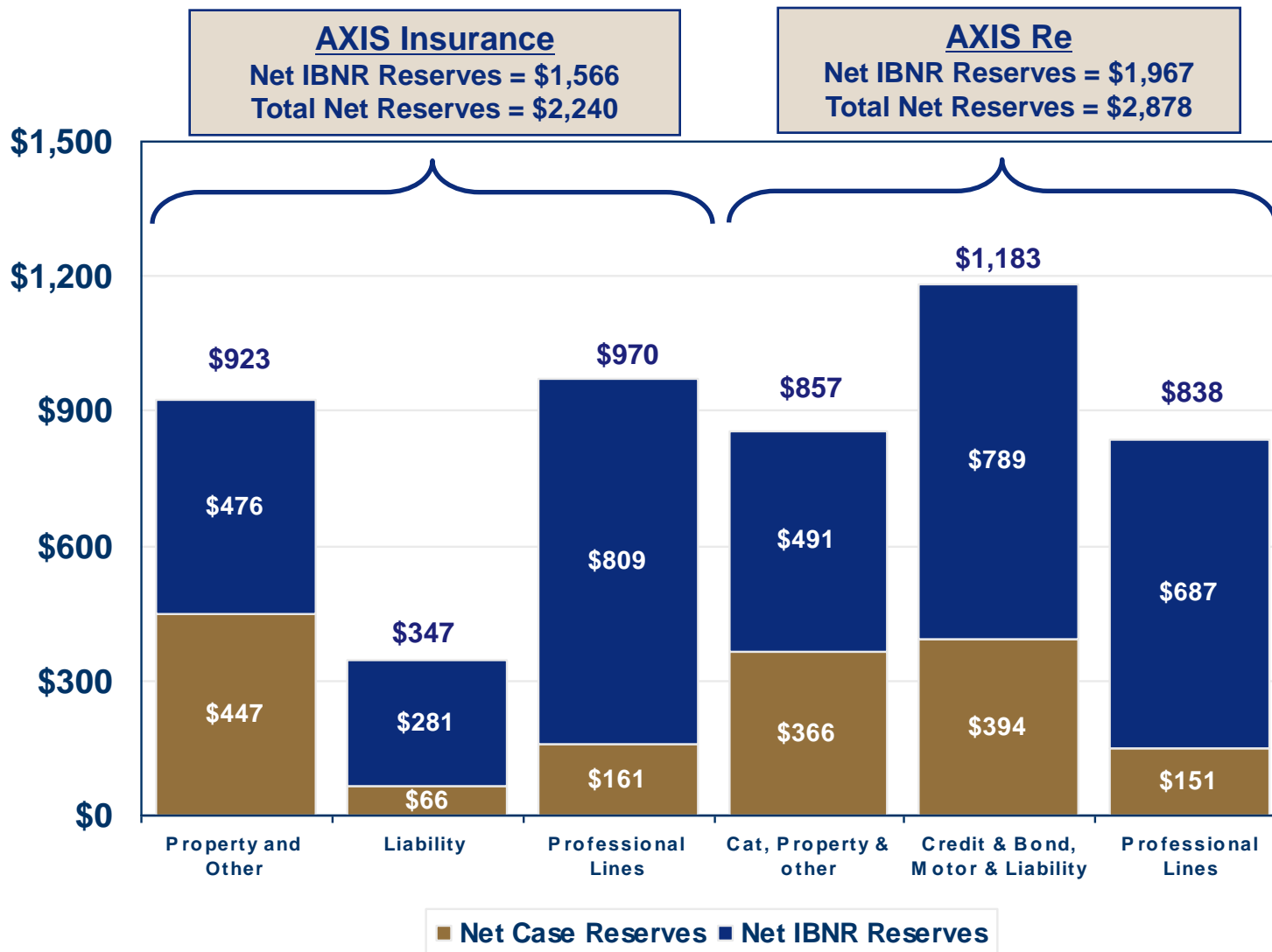


Strong Balance Sheet and Liquidity

- 🌐 **Significant reserve redundancies since inception**
 - Nearly all from short-tail lines
 - Cautious approach to medium and long-tail lines reflected in limited releases from these lines
- 🌐 **Proactive reserving**
 - Reserving for major cats
 - Professional lines
 - Credit-exposed lines
- 🌐 **Strong cash flows and high-quality, short-duration, liquid investment portfolio**
- 🌐 **Limited credit risk from reinsurance recoverables**
- 🌐 **Immaterial goodwill and other intangible assets**
- 🌐 **Strong enterprise risk management**
- 🌐 **Capital and liquidity levels in excess of requirements**
 - Priority is reinvestment in business
 - Opportunistic capital is critical, particularly in uncertain times

Net Reserve Position

(\$ in millions) **IBNR represents 69% (\$3.5 Bn) of net reserves at June 30, 2009**

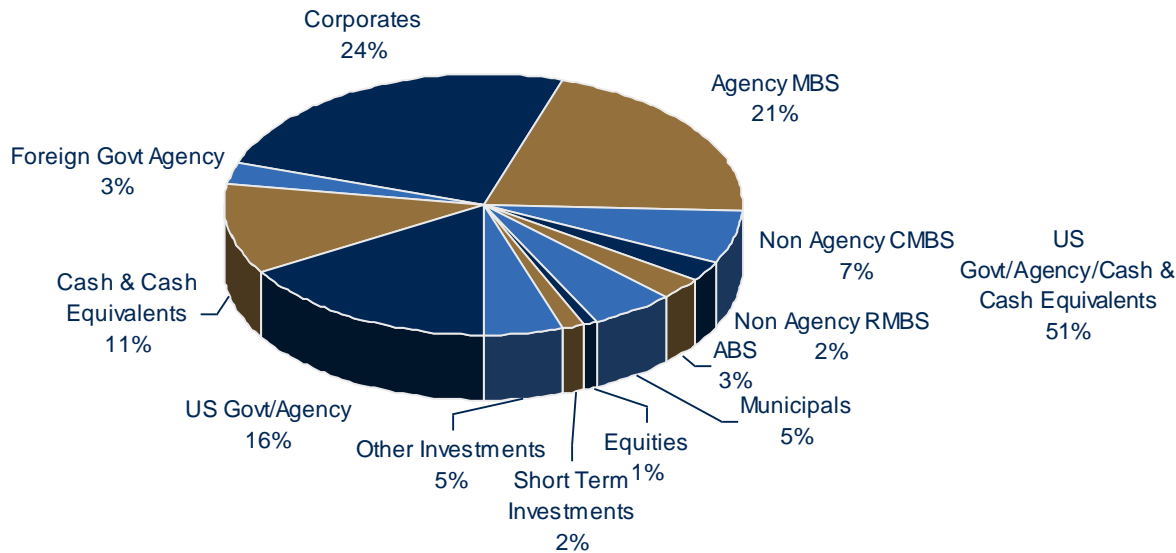


High Quality, Well-Diversified Investment Portfolio

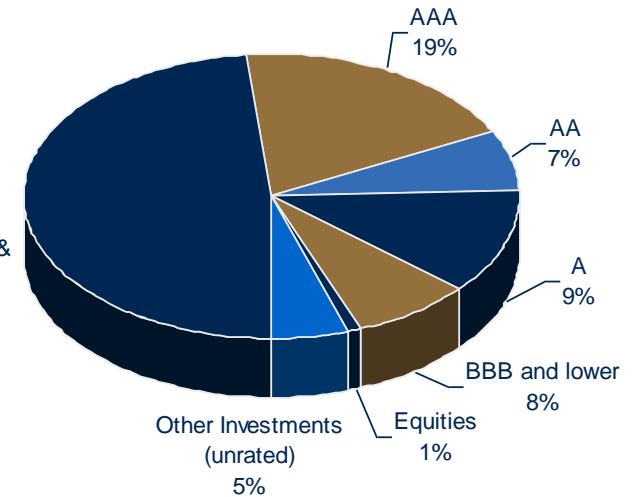
(As of June 30, 2009)

Total Cash and Investments: \$10.9 Billion

Total Portfolio Allocation



Total Portfolio Ratings Allocation



Portfolio Characteristics of Fixed Maturity Investments	
Average duration	3.1 years
Average credit quality	AA+

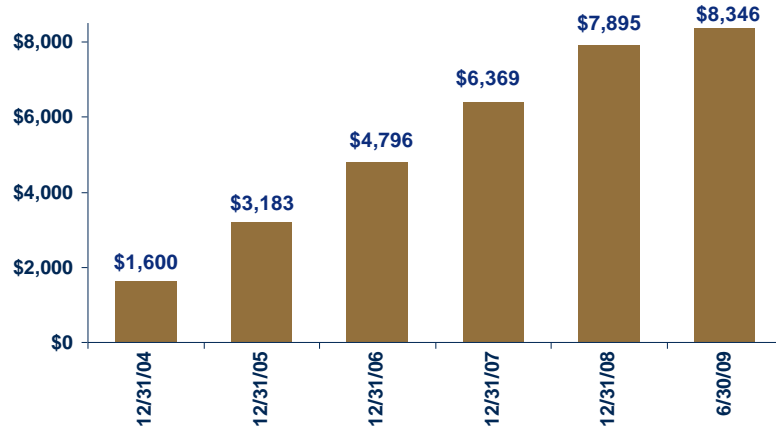
Note: Other investments include hedge funds, CLO equity tranches, credit funds and short duration high yield funds



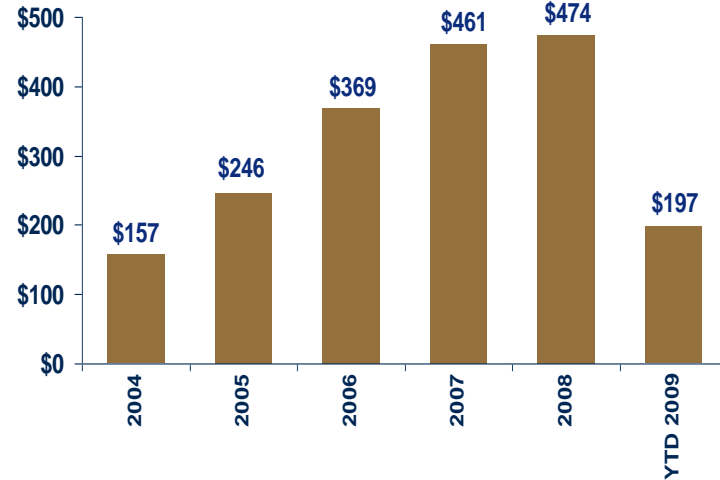
Strong Cash Flow and Investment Income

(\$ in millions)

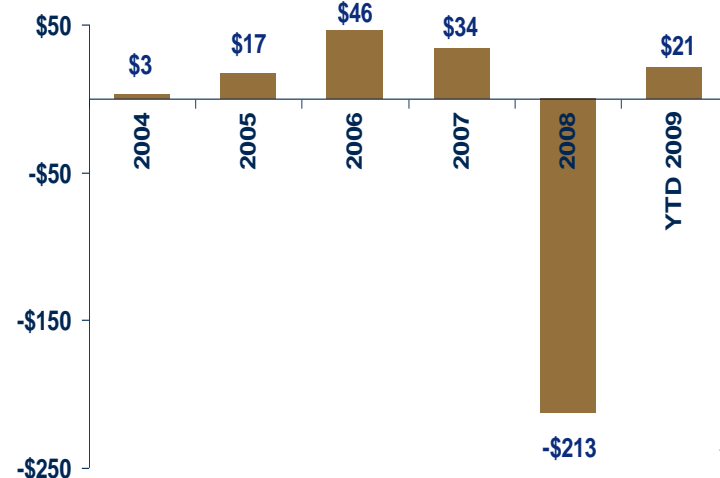
Cumulative Cash Flow from 1/1/04



Investment Income from Cash/Fixed Income ⁽¹⁾



Investment Income from All Other ⁽¹⁾



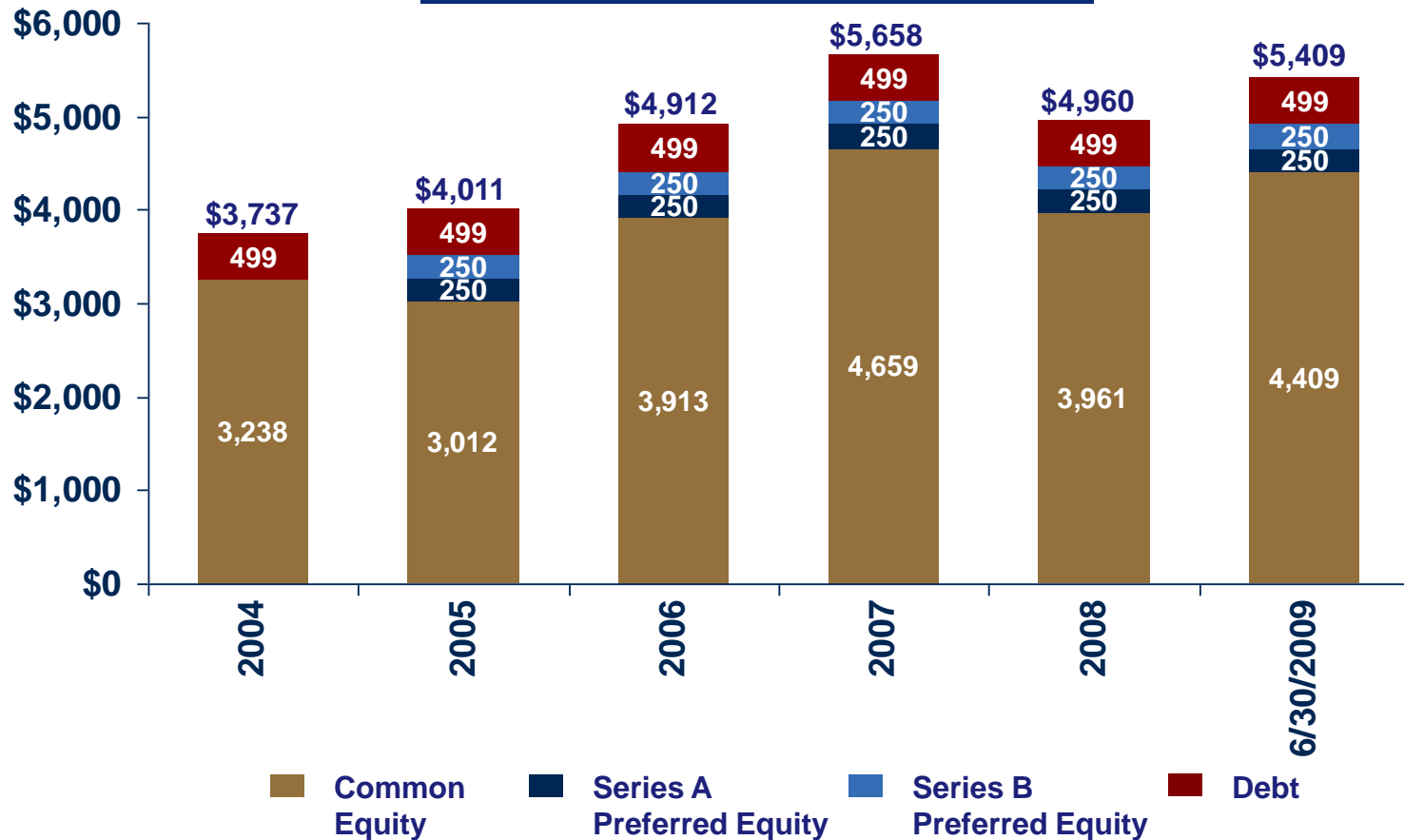
(1) Excludes Net Investment Expenses

Financial Flexibility

(\$ in millions)

6/30/09 Capitalization Ratios

Debt / Total Capital 9.2%
Debt + Preferred / Total Capital 18.5%



- 🌐 **Board**
 - Review and approve recommendations of Board Risk Committee
- 🌐 **Risk Committee of the Board**
 - Assist Board in its oversight and review of risks to which AXIS is exposed
 - To provide a reasonable framework under which AXIS's key objectives can be achieved
 - Review (and recommend for approval) Risk Standards ("RS") to provide risk framework
 - RS provide principles, guidelines and risk tolerances under which business will operate
 - RS provide a guide to the risk appetite of the business
- 🌐 **Risk Management Committee ("RMC")**
 - Draft, set, maintain and update RS (including risk tolerances)
 - Monitor aggregation, risk tolerances and emerging risks
 - Provides the interface between the RS and the AXIS business
- 🌐 **Chief Risk Officer**
 - Implements an ERM framework to monitor and measure the risk within our business
 - Implements Economic Capital Model to provide CEO and RMC with ability to measure the business against the defined risk appetite
 - Actively monitors aggregation risks across our business
- 🌐 **Business**
 - Manage to the risk tolerances as defined by CEO and RMC.

Principles of our Risk Framework

- 🌐 **Controlled risk taking:** our financial strength and sustainable value creation are integral to our existence
 - We operate within a clearly defined risk policy and risk control framework
- 🌐 **Clear accountability:** we operate on the principle of delegated and clearly defined authority
 - Individuals are accountable for the risks they take on and incentives are aligned to overall business objectives
- 🌐 **Independent risk controlling:** to avoid conflicts of interests
 - Risk Management Committee and team monitor group risk-taking activities
- 🌐 **Open risk culture:** risk transparency and responsiveness to change are integral to our risk control process
 - We institutionalize knowledge-sharing processes at all levels

Earnings Quality through Organic Growth Initiatives

We are prepared to execute hard market strategy in many P&C lines and continue to improve overall earnings quality with ongoing strategic initiatives.

Distribution-oriented Initiatives

- Enhancing operational fit
- Acquisitions of underwriting teams / integration of best-in-class MGAs with strategic significance
- Access to specialty small/middle market business
- New branches in Australia and Canada

New Products / Markets

- Global Accident & Health

Leverage Current Market Position

- Continue to drive increased submissions
- Focus on relationships with long-term reinsurance dependent cedants
- Broaden relationships with existing cedants


AXIS Has Delivered Excellent Returns...

AXIS has increased dividend every year since we began paying dividends

12/31/03 – 12/31/08	Actual
Average Annual Growth in Diluted BVPS	10.1%
Dividends (as % of beginning diluted BVPS)	2.9%
Average Annual Value Creation ⁽¹⁾	13.0%
Average ROACE	15.7%
Average Operating ROACE	16.3%

(1) Value Creation = Diluted Book Value Growth + Dividend Return

Bermuda Performance 2004 - 2008

Company	Cumulative Value Creation (2004-2008)	Average Annual Value Creation (2004-2008)
Company A	101.3%	15.8%
 Company B	72.1%	13.0%
Company C	69.5%	12.8%
Company D	68.5%	12.1%
Company E	62.8%	11.1%
Company F	57.6%	11.4%
Company G	51.4%	9.4%
Company H	45.2%	13.5%
Company I	45.0%	10.1%
Company J	36.6%	7.1%
Company K	36.2%	6.9%
Company L	22.5%	6.6%
Company M	17.0%	6.9%
Company N	14.4%	5.6%
Company O	0.8%	4.9%
Company P	(49.5%)	(8.3%)

Source: Company Reports, SNL

Note: Value Creation = Diluted Book Value Growth + Dividend Return



Questions?

David Greenfield, *CFO*

