

(Re)insurance

Bermuda market overview

Excerpt from

Bermuda Insurance Quarterly

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Q2 2009

OPERATING RATIOS

QUARTERLY LOSS RATIOS

	Q2 2009	Q2 2008	Q2 2007
ACE	58.2%	58.5%	61.4%
Arch	57.0%	57.3%	56.6%
Aspen	54.8%	47.4%	60.5%
Allied World	53.3%	66.2%	58.1%
Axis	53.5%	54.6%	51.7%
Endurance	62.4%	60.7%	49.6%
Everest Re	59.2%	64.2%	62.0%
Flagstone Re	30.8%	39.7%	69.1%
Hiscox	n/a	n/a	n/a
IPC	(8.7)%	(7.5)%	88.2%
Max Capital	65.1%	55.4%	69.8%
Montpelier	23.6%	20.5%	38.8%
PartnerRe	53.6%	54.2%	54.6%
Platinum	53.7%	36.2%	55.6%
Renaissance Re	17.6%	30.3%	38.7%
Validus	38.0%	39.5%	32.1%
White Mtn	58.9%	68.6%	61.6%
XL Capital	60.8%	62.2%	56.9%

QUARTERLY EXPENSE RATIOS

	Q2 2009	Q2 2008	Q2 2007
ACE	29.5%	29.3%	26.2%
Arch	30.2%	29.8%	27.5%
Aspen	32.9%	30.8%	27.9%
Allied World	29.8%	27.0%	21.9%
Axis	26.9%	26.6%	23.7%
Endurance	27.2%	28.3%	29.4%
Everest Re	28.7%	30.2%	27.2%
Flagstone Re	37.9%	36.3%	25.5%
Hiscox	n/a	n/a	n/a
IPC	32.3%	17.7%	17.4%
Max Capital	25.7%	24.0%	25.8%
Montpelier	37.9%	37.2%	31.2%
PartnerRe	29.9%	31.7%	30.7%
Platinum	23.2%	32.2%	25.2%
Renaissance Re	26.2%	23.2%	24.0%
Validus	33.9%	31.5%	23.2%
White Mtn	40.7%	39.5%	41.9%
XL Capital	32.2%	30.1%	29.4%

QUARTERLY COMBINED RATIOS

	Q2 2009	Q2 2008	Q2 2007
ACE	87.7%	87.8%	87.6%
Arch	87.2%	87.1%	84.1%
Aspen	87.7%	78.2%	88.4%
Allied World	83.1%	93.2%	80.0%
Axis	80.4%	81.2%	75.4%
Endurance	89.6%	89.0%	79.0%
Everest Re	87.9%	94.4%	89.2%
Flagstone Re	68.7%	76.0%	94.6%
Hiscox	n/a	n/a	n/a
IPC	23.6%	10.2%	105.6%
Max Capital	90.8%	79.4%	95.6%
Montpelier	61.5%	57.7%	70.0%
PartnerRe	83.5%	85.9%	85.3%
Platinum	76.9%	68.4%	80.8%
Renaissance Re	43.8%	53.5%	62.7%
Validus	71.9%	71.0%	55.3%
White Mtn	99.6%	108.1%	103.5%
XL Capital	93.0%	92.3%	86.3%

FINANCIAL STRENGTH RATINGS

A M BEST RATING

	June 30, 09	June 30, 08	S&P RATING	June 30, 09	June 30, 08
ACE	A+	A+	A+	A+	
Arch	A	A	A	A	
Aspen	A	A	A	A	
Allied World	A	A	A-	A-	
Axis	A	A	A+	A	
Endurance	A	A	A	A	
Everest Re	A+	A+	A+	AA-	
Flagstone Re	A-	A-	NR	NR	
Hiscox	A	A-	A	NR	
IPC	A-	A	A-	A-	
Max Capital	A-	A-	NR	NR	
Montpelier	A-	A-	A-	A-	
PartnerRe	A+	A+	AA-	AA-	
Platinum	A	A	NR	NR	
Renaissance Re	A+	A+	AA-	AA-	
Validus	A-	A-	NR	NR	
White Mtn	A-	A-	A-	A-	
XL Capital	A	A	A	A+	

NR — Not rated by S&P

ANALYSIS / PRICewaterhouseCOOPERS Q2 2009

Premiums

● Gross premiums written and net premiums earned for the group decreased marginally in comparison with the previous year.

● Positive factors included property catastrophe rate increases of between 10 percent and 20 percent and expansion into new markets, including Lloyd's.

● These were offset by continued challenges with casualty pricing, underwriting discipline and the negative impact of foreign exchange.

Earnings

● The Bermuda companies continued to perform well in the first half of 2009 compared to the insurance market generally, with increased net earnings and earnings per share.

● Investment income continued to increase over the levels seen in Q1 and Q4 of 2008.

● Combined ratios remained static overall with a continued absence of significant catastrophe events for the relevant periods.

Capital management

● The positive results and recovery of the capital markets have meant that equity levels for the group are close to those seen at Q2 2008, following the sharp declines in Q3 and Q4 of 2008.

● Share repurchase activity remained low in comparison with 2008, although there is potential for increased activity later in the year, depending on the outcome of the hurricane season, and assuming share prices remain low.

● Financial strength ratings held steady for most of the group.

● Subsequent to quarter end, Validus and IPC announced a plan to amalgamate, with the deal being subject to shareholder approval in September 2009.

GROSS PREMIUMS WRITTEN \$M

	Q2 2009	Q2 2008	Q2 2007
ACE	5,117	5,293	4,637
Arch	912	887	1,102
Aspen	534	529	504
Allied World	493	447	531
Axis	915	874	959
Endurance	559	518	507
Everest Re	974	905	935
Flagstone Re	329	271	181
Hiscox	n/a	n/a	n/a
IPC	128	105	109
Max Capital	397	369	242
Montpelier	184	188	188
PartnerRe	846	968	908
Platinum	215	234	294
Renaissance Re	855	808	846
Validus	425	380	174
White Mtn	957	1,026	1,046
XL Capital	1,652	1,947	2,231

NET PREMIUMS EARNED \$M

	Q2 2009	Q2 2008	Q2 2007
ACE	3,266	3,428	3,008
Arch	699	706	751
Aspen	429	397	451
Allied World	334	269	303
Axis	707	680	694
Endurance	434	453	418
Everest Re	957	942	999
Flagstone Re	187	142	112
Hiscox	n/a	n/a	n/a
IPC	96	85	99
Max Capital	229	235	138
Montpelier	141	119	129
PartnerRe	826	956	889
Platinum	232	258	296
Renaissance Re	380	377	358
Validus	328	309	133
White Mtn	898	922	961
XL Capital	1,430	1,682	1,930

Q2 EARNINGS (LOSS) DATA

	Net income (loss) attributable to common shareholders (\$m)			Fully diluted earnings (loss) per share (\$)		
	Q2 2009	Q2 2008	Q2 2007	Q2 2009	Q2 2008	Q2 2007
ACE	535	746	649	1.58	2.20	1.93
Arch	152	192	199	2.43	2.92	2.65
Aspen	105	120	108	1.22	1.39	1.19
Allied World	114	79	123	2.22	1.56	1.96
Axis	159	231	252	1.06	1.47	1.51
Endurance	145	99	131	2.42	1.56	1.85
Everest Re	273	153	283	4.43	2.47	4.45
Flagstone Re	68	42	15	0.80	0.49	0.17
Hiscox	n/a	n/a	n/a	n/a	n/a	n/a
IPC	174	43	24	3.11	0.78	0.37
Max Capital	44	74	94	0.76	1.26	1.45
Montpelier	159	44	51	1.81	0.51	0.53
PartnerRe	465	(35)	96	8.10	(0.64)	1.66
Platinum	98	100	88	1.90	1.82	1.34
Renaissance Re	271	136	183	4.32	2.13	2.53
Validus	138	76	71	1.74	0.98	1.17
White Mtn	180	(9)	103	20.35	(0.87)	9.49
XL Capital	80	238	545	0.23	1.34	3.00

CUMULATIVE YTD EARNINGS DATA

	Net income (loss) attributable to common shareholders (\$m)			Fully diluted earnings (loss) per share (\$)		
	Q2 2009	Q2 2008	Q2 2007	Q2 2009	Q2 2008	Q2 2007
ACE	1,102	1,123	1,350	3.27	3.31	4.02
Arch	292	382	398	4.67	5.71	5.24
Aspen	221	194	223	2.61	2.24	2.46
Allied World	245	210	237	4.79	4.12	3.81
Axis	275	469	479	1.84	2.95	2.88
Endurance	220	174	229	3.65	2.70	3.22
Everest Re	381	231	580	6.19	3.70	9.05
Flagstone Re	104	75	50	1.21	0.87	0.64
Hiscox	182	167	158	0.48	0.41	0.39
IPC	182	126	97	3.25	2.12	1.48
Max Capital	88	82	174	1.54	1.38	2.70
Montpelier	211	44	124	2.42	0.50	1.29
PartnerRe	599	86	257	10.43	1.54	4.42
Platinum	183	202	158	3.47	3.58	2.42
Renaissance Re	368	273	374	5.90	4.18	5.16
Validus	232	142	128	2.94	1.83	2.11
White Mtn	211	(66)	195	23.82	(6.27)	18.03
XL Capital	258	450	1,094	0.76	2.54	6.06

MARKET CAPITALISATION

	Q2 2009		Q2 2008		Q2 2007	
	Common shares issued	Market value \$	Common shares issued	Market value \$	Common shares issued	Market value \$
ACE	336,097,451	44.23	333,249,308	55.09	329,009,343	62.52
Arch	60,980,806	58.58	61,943,100	66.32	71,273,285	72.54
Aspen	83,021,860	22.34	81,321,201	23.67	88,544,590	28.07
Allied World	49,524,492	40.83	48,977,635	39.62	60,405,307	51.25
Axis	137,710,000	26.18	139,653,000	29.81	147,924,000	40.65
Endurance	57,090,980	29.30	59,641,896	30.79	64,591,095	40.04
Everest Re	60,852,944	71.57	61,643,803	79.71	63,198,640	108.64
Flagstone Re	84,864,844	10.30	85,346,325	11.79	85,297,891	13.32
Hiscox	374,142,000	4.78	368,326,000	4.14	396,578,000	5.68
IPC	56,193,170	27.34	50,280,448	26.55	60,659,489	32.29
Max Capital	56,598,975	18.46	56,095,884	21.33	60,127,859	28.30
Montpelier	87,448,434	13.29	93,368,434	14.75	103,067,067	18.54
PartnerRe	57,950,306	64.95	57,666,349	69.13	57,079,534	77.50
Platinum	49,778,459	28.59	48,688,706	32.61	60,077,313	34.75
Renaissance Re	62,345,000	46.54	62,862,000	44.67	72,266,000	61.99
Validus	76,151,473	21.98	74,243,477	21.15	58,482,600	n/a
White Mtn	8,857,586	228.91	10,552,376	429.00	10,842,538	606.02
XL Capital	342,175,328	11.46	179,051,979	20.56	181,884,099	84.29

n/a = data not publicly available

SHAREHOLDERS' EQUITY (\$M)

	Q2 2009	Q2 2008	Q2 2007
ACE	16,561	16,327	15,184
Arch	4,030	3,886	3,704
Aspen	2,973	2,854	2,591
Allied World	2,741	2,378	2,418
Axis	4,909	5,263	4,694
Endurance	2,476	2,534	2,380
Everest Re	5,545	5,568	5,338
Flagstone Re	1,095	1,280	1,086
Hiscox	1,592	1,627	1,463
IPC	2,014	2,017	1,965
Max Capital	1,363	1,490	1,473
Montpelier	1,597	1,572	1,541
PartnerRe	4,768	4,409	3,937
Platinum	1,953	1,969	1,991
Renaissance Re	3,404	3,373	3,460
Validus	2,152	2,057	1,324
White Mtn	3,204	4,597	4,575
XL Capital	7,473	8,769	11,522

n/a = data not available

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