17TH ANNUAL

THE BERMUDIAN BUSINESS Deloitte.

BERMUDA INSURANCE SURVEY 2011

with analysis by ***Standard & Poor's***

BERMUDA MARKET SURVEY 2011:

Better Than Expected Operating Performance in 2010, But Tougher Road Ahead

BY LALINE CARVALHO, DIRECTOR

2010 turned out to be a better year for Bermuda-based insurers and reinsurers than originally anticipated. Despite declining premium rates in most lines of business and higher than normal catastrophe activity early in the year, a relatively benign North Atlantic hurricane season and few catastrophe losses during the second half of 2010 contributed to strong overall performance for the year. Participants in our Bermuda Market Survey reported an average combined ratio of 84% for 2010, with return on equity (ROE) reaching 13.5%, and aggregate capital and surplus growing by a healthy 7%. Despite this better than expected performance, 2010 still pales in comparison to record-breaking operating profitability reported by market players in 2009. During that year, very light catastrophe activity and strong

THE BERMUDA TOP 10

BY CAPITAL & SURPLUS		($000s)
1	ACE Limited	22,973,842
2	XL Group plc	10,684,949
3	PartnerRe Ltd.	7,206,919
4	AXIS Capital Holdings Limited	5,624,970
5	Arch Capital Group Ltd.	4,513,003
6	RenaissanceRe Holdings Ltd.	3,939,214
7	Validus Holdings, Ltd.	3,504,831
8	Catlin Group Limited	3,446,870
9	Aspen Insurance Holdings Limited	3,242,000
10	Oil Insurance Limited	3,200,635

BY PREMIUMS EARNED		($000s)
1	ACE Limited	13,503,720
2	XL Group plc	5,031,137
3	PartnerRe Ltd.	4,776,471
4	Catlin Group Limited	3,219,029
5	AXIS Capital Holdings Limited	2,947,410
6	Arch Capital Group Ltd.	2,552,483
7	Aspen Insurance Holdings Limited	1,898,000
8	Everest Reinsurance (Bermuda), Ltd.	1,780,586
9	Validus Holdings, Ltd.	1,761,123
10	Hiscox Ltd.	1,749,144

BY TOTAL ASSETS		($000s)
1	ACE Limited	83,355,227
2	XL Group plc	45,023,351
3	PartnerRe Ltd.	23,364,371
4	AXIS Capital Holdings Limited	16,445,731
5	Arch Capital Group Ltd.	15,770,792
6	Catlin Group Limited	12,080,883
7	Allied World Assurance Company Holdings, AG	10,427,631
8	Alterra Capital Holdings Ltd.	9,917,288
9	Aspen Insurance Holdings Limited	8,832,000
10	RenaissanceRe Holdings Ltd.	8,138,278

BY NET INCOME		($000s)
1	ACE Limited	3,107,938
2	AXIS Capital Holdings Limited	856,723
3	PartnerRe Ltd.	852,552
4	Arch Capital Group Ltd.	842,588
5	Oil Insurance Limited	781,780
6	RenaissanceRe Holdings Ltd.	702,613
7	Allied World Assurance Company Holdings, AG	665,005
8	XL Group plc	643,377
9	Validus Holdings, Ltd.	402,564
10	Everest Reinsurance (Bermuda), Ltd.	391,862

investment performance led our survey participants to report a strong average combined ratio of 73%, a much higher ROE of 22%, and an impressive increase of 37% in their aggregate capital and surplus (all figures exclude Oil Casualty, which substantially distort survey results).

Although not as good as 2009, the sector's performance in 2010 helped further strengthen the capital position of Bermuda writers, most of whom offer a combination of insurance and reinsurance coverages around the world. Following a 16% drop in our survey participants' aggregate capital and surplus to $61 billion at year-end 2008 (mostly driven by realized and unrealized investment losses stemming from the capital market crisis), the sector's results in 2009 and 2010, which we consider strong, drove aggregate capital and surplus to a record $90 billion at year-end 2010. We believe that the majority of Bermuda (re)insurers rated by Standard & Poor's ended 2010 in a significant excess capital position, with capital adequacy levels in the 'AA' to 'AAA' range, according to our capital adequacy model.

However, we believe that several key challenges face the sector in 2011:

First, the abundance of capital among primary insurance and global reinsurance providers in recent years has contributed to increasing pricing pressure on commercial insurance and global reinsurance premium rates. This trend has been further exacerbated by weaker demand for insurance and reinsurance coverage due to the global economic slowdown that followed the capital market crisis in 2008. During 2010, premium rate declines were observed in most lines of business (including insurance and reinsurance, as well as property and casualty), and across most geographic regions. Premium rates for U.S. commercial insurance risks in particular have been under significant pressure, and are a key factor behind the continuation of Standard & Poor's negative outlook on U.S. commercial lines insurers. The most recent January 1, 2011 reinsurance renewal season saw further premium rate deterioration, with premium rates for global property/catastrophe risks seeing reductions in the 6%-10% range. Casualty reinsurance, which has experienced premium rate decreases since mid-2004, has generally remained flat to down. Few areas, such as global marine and energy, and credit, bond, and political risk saw some price improvements. Because of the continuation in price deterioration, Bermuda (re)insurers entered 2011 with significantly reduced projected profitability margins for most of their books of business.

Second, similar to other U.S. insurers and global reinsurers, Bermuda (re)insurers' calendar-year operating results continue to benefit from significant favorable loss reserve development for (mostly casualty) business underwritten during the 2003-2007 period. In the case of Bermuda writers, loss reserve releases related to the 2003-2007 underwriting years has contributed to a reduction in these companies' calendar-year combined ratios of as much as 5 to 25 percentage points in 2008, 2009, and 2010. During this three year period, loss reserve releases reported by Bermuda (re)insurers exceeded $10 billion.

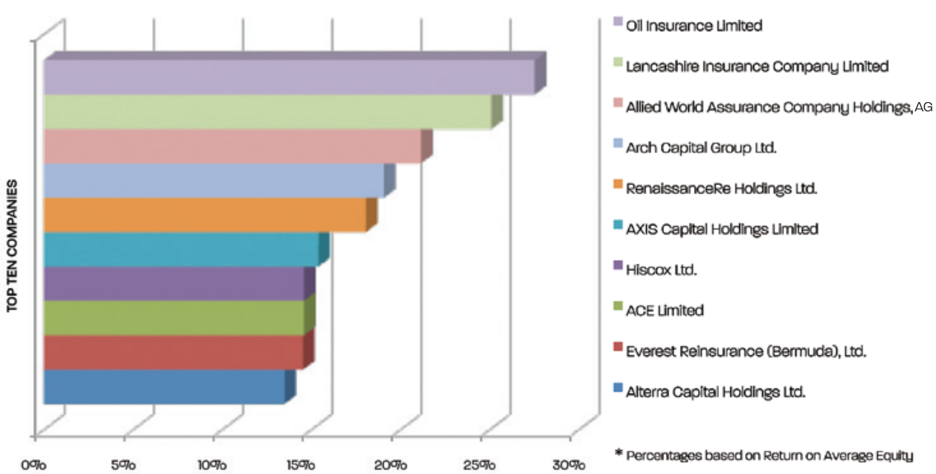
Excluding the benefit of these loss reserve releases, the 2010 combined ratio for many Bermuda players (and particularly those with casualty as a larger proportion of their business mix) would be closer to or above 100%. We believe (re)insurers on the island are likely to see further loss reserve releases for underwriting years 2003-2007 during 2011, and to a lesser extent in 2012. However, we don't believe this trend is sustainable, particularly as underwriting years 2008 through 2010 were not as profitable. In our view, claims liabilities generally remain adequately reserved among most Bermuda (re)insurers rated by Standard & Poor's. However, we believe some of these companies, along with other U.S. commercial lines insurers and global reinsurers, could see adverse loss reserve development in their 2008-2010 underwriting years during future calendar years.

Very low interest rates and overall anemic investment market conditions present a third significant challenge for insurers and reinsurers in 2011. With the prospect of diminishing investment returns on their large investment portfolios, these companies are facing reduced earnings streams on both the underwriting and investment sides of their business. The current environment significantly differs from previous underwriting cycles, when (re)insurers sought to make up for deteriorating underwriting margins through high investment returns. Based on current investment market conditions, underwriters will have much diminished ability to make up for underwriting losses through investment returns. This is particularly the case for Bermuda (re)insurers, given the very liquid and conservative nature of their investment portfolios. With a significant proportion of their assets allocated to cash and short term investments, and the short duration of their investment portfolios (in the 2.0 to 2.5 year range for many of the companies), we expect investment returns to remain low through the remainder of 2011 and likely into 2012.

Finally, Bermuda (re)insurers' sizeable property/catastrophe writings as a proportion of their overall business mix continues to expose companies on the island to significant earnings and balance sheet volatility from natural and man-made catastrophe losses. To this point, 2011 is already shaping up to produce much weaker operating performance for the island, following very significant natural catastrophe losses incurred since the beginning of the year.

Given these challenges, short-term and

RETURN ON EQUITY

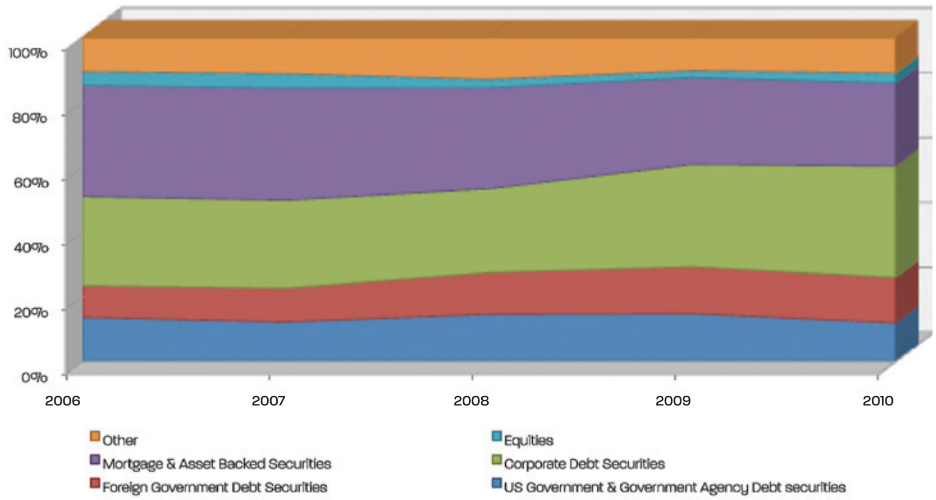


* Percentages based on Return on Average Equity

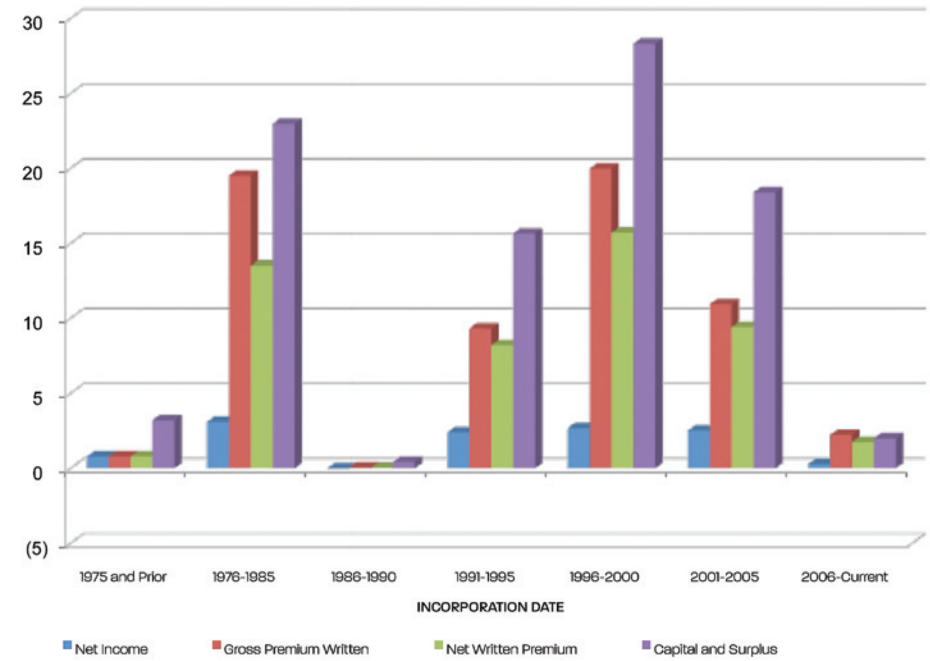
long-term profitability prospects for the Bermuda (re)insurance sector seem less certain. The 5-year average ROE for companies participating in our survey this year (based on a simple average calculation and excluding OCIL) stood at a seemingly reasonable 14.5%. However, there was very significant earnings volatility experienced during this 5-year period, with ROEs ranging from as low as a negative 3% in 2008 (reflecting the capital market crisis and U.S. hurricanes Ike and Gustav) to a peak of 22% in 2009.

Facing lower investment returns and diminishing underwriting margins, many Bermuda (re)insurance management teams entered 2011 with much lower projected ROEs in their 2011 business plans, in the 8%-12% range. Given the historical earnings volatility experienced by these companies, we believe these target returns are low on a risk-adjusted basis. They also leave little room for companies to absorb significant catastrophe losses that may occur throughout the year, such as those incurred during the first quarter of 2011. Furthermore, the achievement of strong, risk-adjusted profitability over the long-term (or over what (re)insurers like to refer to as the 'underwriting cycle') may become increasingly difficult for companies on the island if they are not able to push for improved pricing in their property and casualty lines of business in the near future.

INVESTMENT PORTFOLIO BY %



NET INCOME, PREMIUM (GROSS & NET) AND CAPITAL & SURPLUS BY INCORPORATION DATE (ALL AMOUNTS IN BILLIONS OF U.S. DOLLARS)



THE WILD CARD: WILL CATASTROPHE LOSSES CONTINUE TO INCREASE IN FREQUENCY AND SEVERITY?

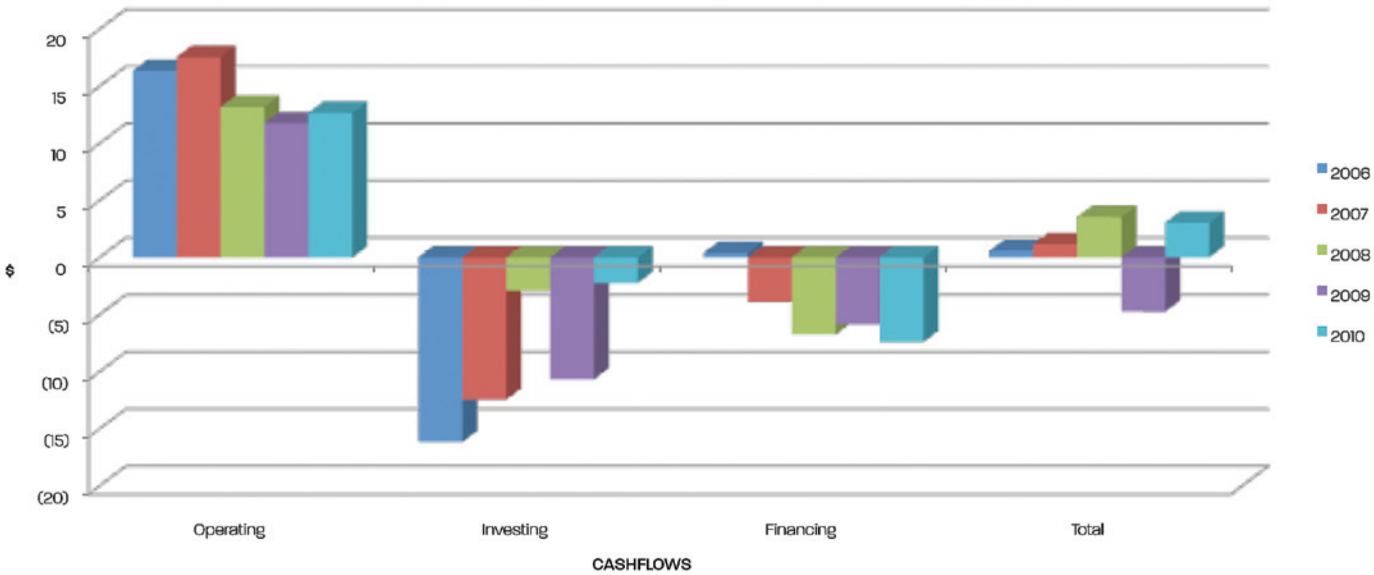
At the time of writing this article, just a few days had passed since the March 11 Japanese earthquake and the fires and tsunami that followed. As the world continues to watch in shock images of the destruction and aftermath of this disaster (including the unfolding nuclear disaster at the Fukushima Daiichi nuclear plant), it seems certain that this will be one of the costliest catastrophes ever recorded. Although these are still early days, many observers believe that economic losses from this event could hit at least $100 billion.

Reports from the U.S. Geological Survey indicate that Japan's 2011 Great Tohoku earthquake measured 9.0, making it the strongest earthquake ever recorded in the region. An early estimate by catastrophe risk modeling firm AIR Worldwide (AIR) puts insured losses from the earthquake at $15 billion -$35 billion. If the higher number proves accurate, it would be the largest insured earthquake loss in history. By comparison, insured losses from the 1994 Northridge, California, earthquake totaled $20.3 billion (in 2009 dollars).

The AIR estimate for the Tohoku earthquake does not include damages from the tsunami and is net of recoveries from Japan Earthquake Reinsurance, a reinsurance company founded by 20 domestic Japanese nonlife insurers that exclusively writes earthquake coverage for residential properties. The property losses—predominantly in northeast Japan so far—are hard to quantify because the damage was caused by the earthquake, fires, and the tsunami. Early estimates are highly uncertain because of the complexity and severity of this loss, and the estimate could change depending on policy exclusions and contract language (which is why the precise cause of the destruction matters). Whatever the final figure, we believe that because of various policy exclusions, insurance companies likely won't suffer sizeable property or liability losses from whatever happens to Japan's damaged nuclear power plants.

Because Japanese nonlife companies reinsure a significant proportion of their commercial insurance risks to global reinsurance

CASHFLOWS (ALL AMOUNTS IN BILLIONS OF U.S. DOLLARS)



writers, we expect reinsurers to see a material hit to their earnings in 2011 due to the Tohoku earthquake. In addition, we also believe that global multiline insurers writing material property/casualty lines in Japan are also likely to take a significant earnings hit in 2011. Among these will be a significant number of Bermuda (re)insurers, given the island's important role in offering global insurance covers and property/catastrophe reinsurance protection to companies around the world.

Where possible, Standard & Poor's has assessed the modeled exposure of its rated reinsurers to Japanese earthquake risk, and we believe that the impact from the March 11 earthquake is manageable from a capital perspective, even under extreme assumptions. As a result, at this time we don't expect a significant number of rating actions on global reinsurers (including Bermuda-based (re)insurers that we rate) specifically because of this event. Standard & Poor's outlook on the global reinsurance sector remains stable, in large part because of these companies' strong balance sheets (including strong capital and liquidity) and strong enterprise risk management. According to our risk-adjusted capital model, the Bermuda-based (re)insurers we rate are collectively well capitalized, and their capital adequacy ratios are mostly redundant at the respective rating levels (capital was redundant by $24 billion at year-end 2009). However, there is a wide divergence within the group, as some companies are significantly overcapitalized for the rating level compared with the median, while others have a smaller cushion.

Still, the reduction in earnings for reinsurers due to the Tohoku earthquake could heighten their vulnerability if there's another major disaster in 2011. This remains the wild card for the sector, particularly given the continued increase in frequency and severity of natural and man-made catastrophes over the past decade. The Japanese earthquake follows several other significant catastrophe losses incurred by the industry during the first two months of 2011. The most important consisted of the February 22, Christchurch earthquake in New Zealand. At this stage insurers and reinsurers are expected to incur around $6 billion–$12 billion in insured losses from the Christchurch earthquake, while the New Zealand government estimates that total economic losses borne by individuals, businesses, and the government as well as insurers, will fall between $10 billon and $15 billion. Significant floods in Australia in January of 2011 and the February 2, 2011 tropical cyclone Yasi (also in Australia) further add to the losses.

Although the frequency and severity of future natural and man-made catastrophe losses is impossible to predict, the trend of recent years could be a troubling indicator. Over the past decade, insurers and reinsurers have had to cope with some of the costliest catastrophes in history. Among them were Hurricane Katrina in 2005 with estimated insured costs of $71.2 billion (in 2009 dollars, according to Swiss Re), the September 11, 2001 terrorist attacks ($22.8 billion), Hurricane Ike in 2008 ($19.9 billion), Hurricane Ivan in 2004 ($14.6 billion), and Hurricanes Wilma and Rita in 2005 ($13.8 billion and $11.1 billion, respectively).

Bermuda (re)insurers, along with other global reinsurance players, have taken significant steps to learn from these large loss events and better protect their earnings and balance sheet in the case of future catastrophes. Most writers on the island have curtailed their risk appetite for catastrophe-exposed risks, improved risk aggregation techniques, strategically looked for line of business and geographic diversification, and continued to invest heavily in catastrophe modeling and enterprise risk management tools. As a result, we believe Bermuda (re)insurers are currently among some of the most sophisticated risk managers among global reinsurers and primary insurance writers that Standard & Poor's rates.

Although the underwriting sophistication of (re)insurance writers on the island increases confidence in their ability to manage zonal exposures and overall risk aggregations, we believe the unpredictable nature of catastrophe events—and difficulty in appropriately pricing for them—will continue to represent a key challenge for the sector. A good example of this is in the large number of non-U.S. catastrophe events incurred since the beginning of 2010. Historical records indicate that from

1990 through 2009 the U.S. saw a significantly greater number of large catastrophe events compared to other parts of the world. Not surprisingly, U.S. catastrophe risk coverage remains one of the most expensive to purchase in the world. And despite recent reductions in premium rates for U.S. property/catastrophe risk in 2009 and 2010, most market participants continue to view U.S. property/catastrophe risk as offering the highest expected profit margins to reinsurers.

In contrast, non-U.S. property/catastrophe coverages have traditionally been priced at lower expected profitability margins, partially reflecting the lower frequency of large catastrophe events outside the U.S. during the last two decades. The last 15 months have broken away from this trend, however, with particularly high catastrophe activity in various parts of the world. In addition to the most recent events in Japan, New Zealand, and Australia during the first three months of 2011, 2010 also saw a preponderance of non-U.S. catastrophe events. This included the Chile earthquake in February of 2010, which is estimated to have produced insured losses of $8 billion (according to Swiss Re). The industry also incurred significant insured losses from the first New Zealand earthquake in September of 2010 (in the $2.8 billion range), and from winter storm Xynthia in Western Europe (at an estimated $2.7 billion).

Modeling uncertainty also remains a risk even for the most sophisticated companies, and the ability to add a buffer to pricing to account for this factor is important. This is particularly crucial if modeled losses severely under-estimate actual damages, as was the case for Hurricane Katrina. Catastrophe models are continuously being revised based on new or improved data, in the hopes of decreasing modeling risk. The new version of the Risk Management Solutions (RMS) hurricane model released in February 2011 is expected to cause potential increases in probable maximum loss estimates for many insurers (and some reinsurers) with exposures in the Eastern coast of the U.S. and the Gulf area, based on revised assumptions of increased potential hurricane damages in inland areas. So far, however, it does not appear that these model changes will be a catalyst for global property/catastrophe pricing improvements, with the exception of few individual companies and locations.

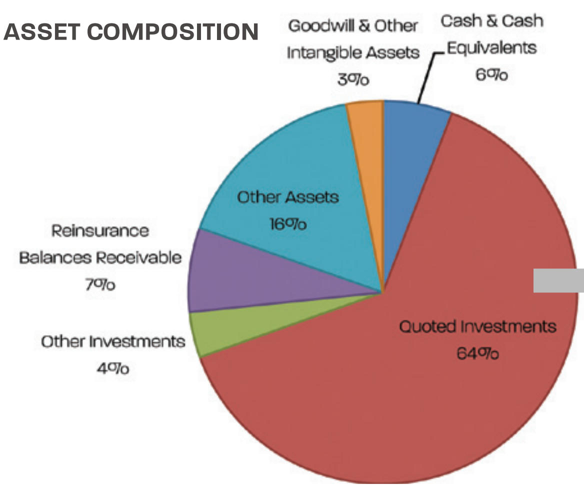
Given these factors, Bermuda (re)insurers will need to rely on increasingly improved risk management and risk modeling tools to successfully manage through future catastrophe activity. Furthermore, their ability to obtain appropriate pricing for their catastrophe-exposed risks is expected to remain a key determinant to their ability to provide their shareholders with returns in line with these companies' inherently volatile books of business.

THE TOP 10

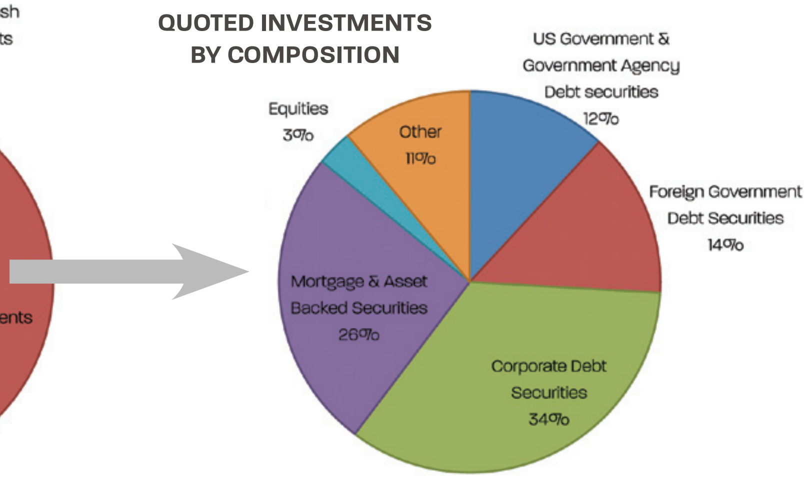
ACE and XL dominated the Top 10 list in our Bermuda market survey this year, ranking as the #1 and #2 largest players based on total capital and surplus of $23.0 billion and $10.7 billion, respectively, at year-end 2010. They also topped the charts based on premiums, with ACE ranking #1 with $13.5 billion in net premiums earned in 2010, followed by XL at #2 with premiums earned of $5 billion. Neither ACE nor XL have their holding companies domiciled in Bermuda. In 2008 ACE moved its ultimate holding company domicile to Switzerland from the Cayman Islands, while XL re-domiciled to Ireland (also from the Cayman Islands) in 2010. However, both groups have large operations in Bermuda and are important employers on the island. Similar to prior years, ACE and XL continue to rank very differently in terms of operating performance, with ACE remaining one of the best performers among surveyed participants and XL one of the weakest. In 2010 ACE ranked as #8 based on reported ROE of 14.6%, while XL stood at #18 with a significantly lower ROE of 6.5%. Nevertheless, XL's 2010 ROE represented a significant improvement over the 2007-2009 calendar years, following significant restructuring of this group's underwriting and investment portfolios in recent years.

PartnerRe ranked as the third largest player in 2010 based on total capital and surplus of $7.2 billion and based on premiums earned of $4.8 billion. PartnerRe solidified its position as one of the largest global reinsurers following its acquisition of Swiss-based reinsurer PARIS RE S.A. in the fourth quarter of 2009. PartnerRe is one of the few remaining 'pure' reinsurers (along with Bermuda-based Platinum Underwriters, which did not participate in our survey this year), with no participation in primary insurance writings. Reflecting its role as a significant provider of property/catastrophe and property per-risk covers around the world and losses it incurred due to the Chilean earthquake and other catastrophe events in 2010, PartnerRe reported a more modest (but still

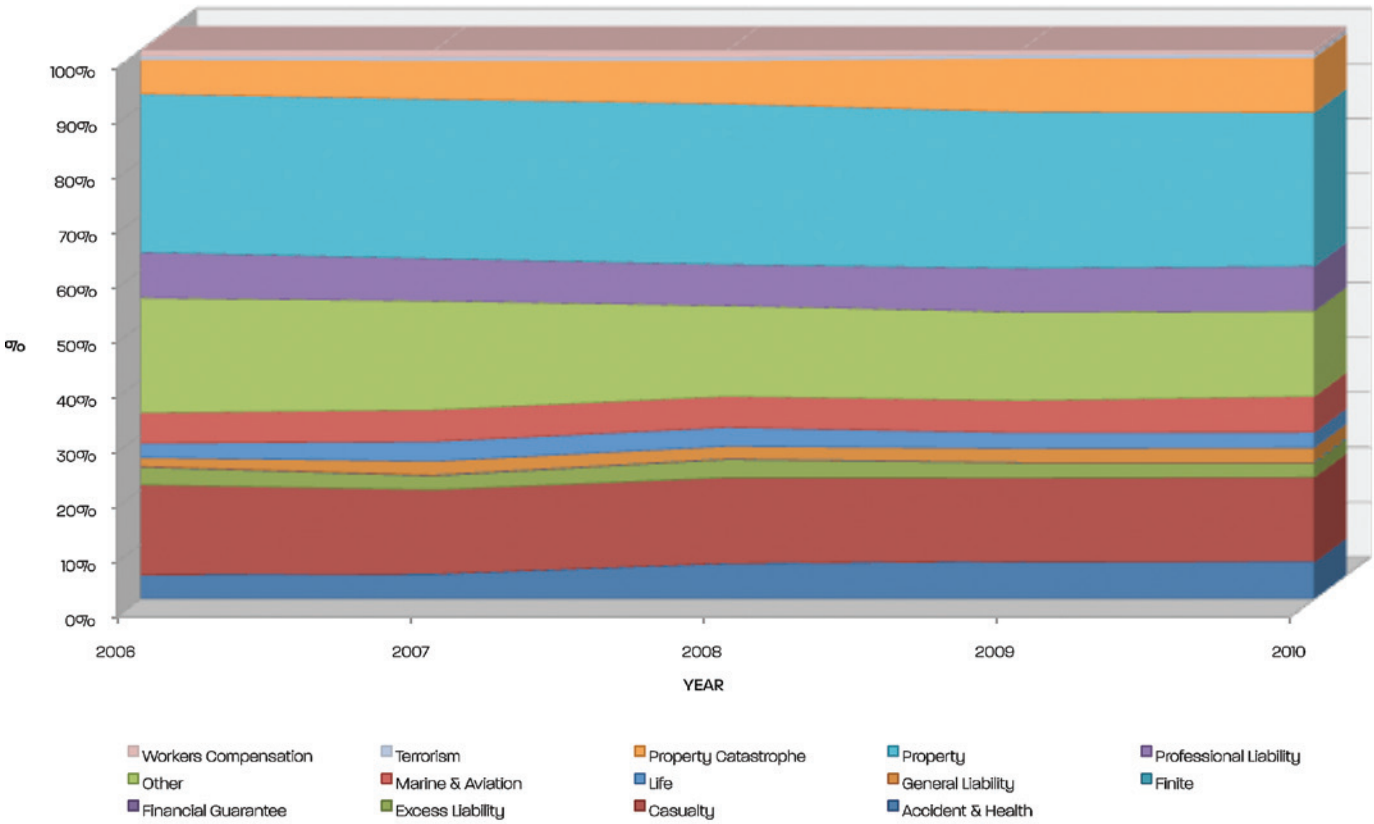
TOTAL ASSET COMPOSITION



QUOTED INVESTMENTS BY COMPOSITION



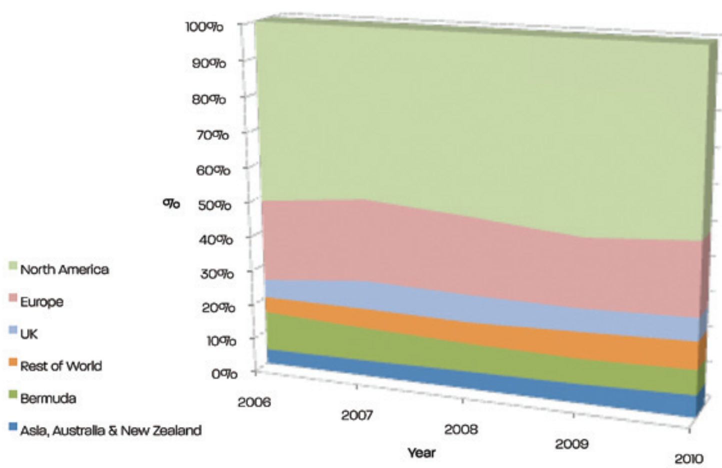
GROSS PREMIUMS BY LINE OF BUSINESS



good, in our view) ROE of 11.4% in 2010, ranking #13 among survey participants. In comparison, PartnerRe's ROE for 2009—a very light catastrophe year—stood at 26%.

AXIS and Arch were the next largest players on the island, ranking #4 and #5 based on capital and surplus of $5.6 billion and $4.5 billion, respectively. AXIS took the #5 spot as the largest based on 2010 net premiums earned of $2.9 billion, just behind Catlin, which stood at #4 with net premiums earned of $3.2 billion. Arch posted net premiums earned of $2.6 billion in 2010, ranking #6 based on this measure.

GROSS PREMIUMS BY GEOGRAPHIC REGION*



* At 2010, the above graph represents 95% of the gross premium written of all participants, as all participants did not report this data.

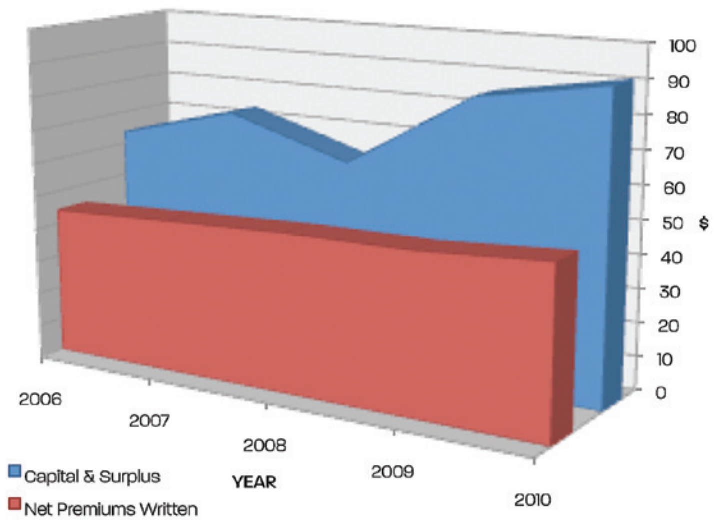
Other large players participating in our survey this year included long-standing property/catastrophe writer RenaissanceRe, which is considered by many market participants as one of Bermuda's main providers of property/catastrophe capacity. At year-end 2010, RenRe ranked as #6 among survey participants with $3.9 billion in total capital and surplus. Validus, one of the Bermuda Class of 2005 players, has grown substantially in recent years through a combination of organic and acquisition growth, bringing it to #7 in our ranking based on total capital and surplus of $3.5 billion at year-end 2010. Most Class of 2005 players have grown significantly since their inception, providing a significant amount of capacity for property and other short-tail lines of business.

It is important to note that many Bermuda players have been actively cutting back their writings in recent years, as a reflection of increasingly competitive market conditions. A number of companies have significantly cut back their U.S. casualty reinsurance writings, where pricing is currently viewed by the majority of market participants as among the most competitive. Many management teams have also placed greater emphasis on shorter-tail lines of business, where they have seen greater potential for profitability compared to most casualty lines. Increased line of business and geographical diversification—including more significant participation in Lloyd's syndicates—has also been a key strategic goal for a number of players on the island, as management teams try to reduce their exposure to unfavourable market conditions in any one line of business or geographic region. This search for greater diversification has also been one of the key motivations feeding merger and acquisition activity on the island, particularly with regard to the Class of 2005.

Additionally, with property/catastrophe and property per-risk premium rates also coming under greater pressure over the past year, Bermuda writers are shifting how they choose to participate in different reinsurance programs, depending on their view of potential profitability margins. This may include shifting program layers, what proportion of programs companies are willing to underwrite, as well as whether they prefer to underwrite their reinsurance risks on an excess–of-loss or proportional basis. All of these changes can significantly impact reported premium writings (upwards or downwards), even if risk exposures remain constant. Because of this, we believe premium volume is not a good proxy for understanding risks currently being undertaken by (re)insurers on the island. We also believe it does not indicate which companies will be the most successful in producing strong, risk-adjusted earnings in the future. Unless premium rate trends in property and casualty begin to show signs of improvement soon, we expect most management teams on the island to continue to place significant focus on cycle management, with many continuing to report further declines in premium writings and cutting back risk exposures on the most competitive lines.

It is also interesting to note that even though our survey participants reported $11.7 billion in aggregate net income and $13.8 billion in comprehensive income (when fully accounting for unrealized gains and losses) in 2010, these companies showed only a $6.2 billion (or 7%) increase in their year-end 2010 aggregate capital and surplus levels relative to 2009. This largely reflected over $5 billion in common share repurchase activity among Bermuda-market (re)insurers during 2010. It also reflected the desire by management teams on the island to curb their excess capital position amid dim prospects for profitable growth.

NET PREMIUMS WRITTEN TO CAPITAL & SURPLUS
(ALL AMOUNTS IN BILLIONS OF U.S. DOLLARS)



We expect share repurchase activity to diminish substantially in 2011, however, in light of substantially reduced earnings prospects for the sector following sizeable catastrophe losses in the first quarter.

THE CHOICE OF DOMICILE

Since 2001, Bermuda has become an increasingly important underwriting centre. Accounting for reinsurance placements alone, Bermuda represented around 8% of total global reinsurance writings at year-end 2009. This figure effectively doubled from a decade earlier. The island has taken a particularly important role in the underwriting of large property/catastrophe programs and other complex, global risks. As a result, most third-party underwriters based in Bermuda today (excluding captives), consist of global players offering a combination of insurance and reinsurance covers.

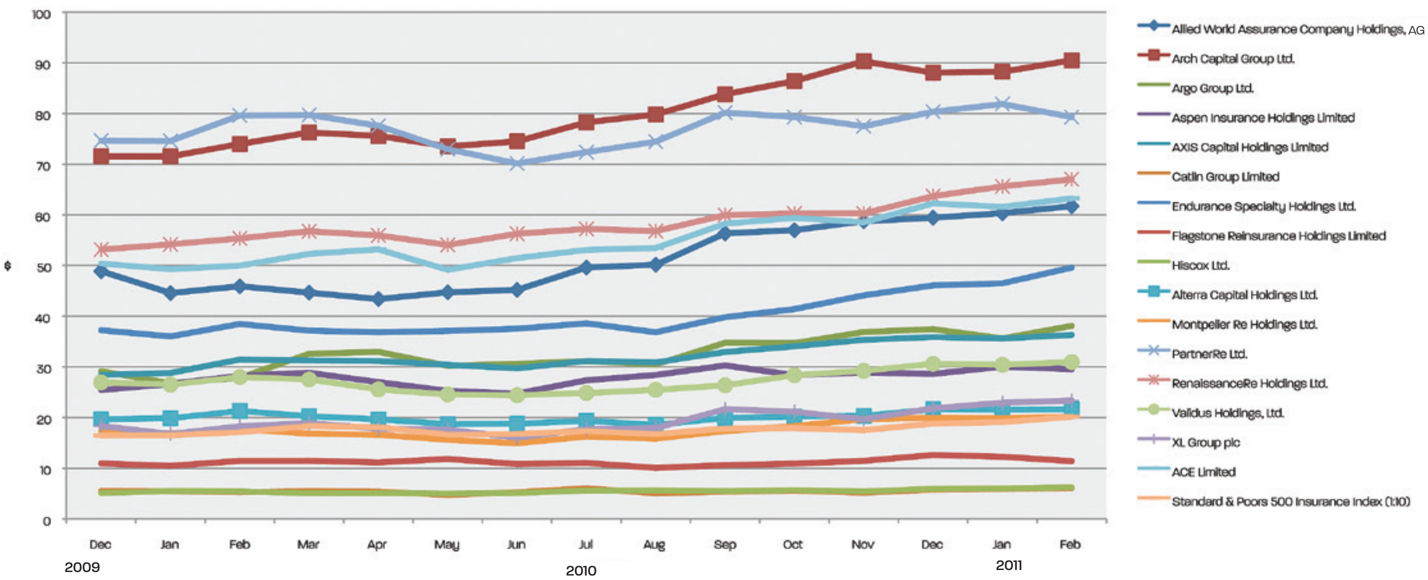
Bermuda offers several advantages to insurance and reinsurance companies wishing to establish their operations on its shores, which help explain the island's high profile over the past decade. In addition to its proximity to the U.S. and favourable tax system, Bermuda's regulatory system generally provides companies with both quick approval to start up their businesses and the ability to rapidly change their policies and prices, which means they can respond quickly to changing market conditions. Of these benefits, we view Bermuda's ability to approve new reinsurance formations in a matter of a few weeks (versus several months in other jurisdictions) as a key advantage. This is valuable for reinsurance capital providers when attempting to take advantage of greater demand for reinsurance and better pricing during the months immediately following high catastrophe activity—as we saw in 2001 and 2005.

Despite these benefits, recent regulatory changes in Europe related to the Solvency II Directive and continued concerns about potential changes in Bermuda's status with regard to U.S. tax legislation have increased the attractiveness of a number of European countries as potential reinsurance domiciles. These have included locations such as Ireland, Switzerland, the Netherlands, Luxemburg, and the U.K. (including increased interest in Lloyd's).

Some reinsurance management teams are starting to look at Europe as potentially offering a more sophisticated regulatory environment based on planned changes in that region related to Solvency II. This is despite the relatively aggressive stance the Bermuda Monetary Authority (BMA) has taken in recent years with regard to its oversight of Bermudian insurers and reinsurers. The BMA has made significant enhancements, such as the introduction of a risk-based capital adequacy model and several other measures, to achieve regulatory equivalence with Solvency II. As a result of advances the BMA has made, the Committee of European Insurance and Occupational Pensions Supervisors (CEIOPS) has recommended to the European Commission that Bermuda, along with Switzerland, be in the first wave of "third country" equivalence assessments under Solvency II. In Standard & Poor's opinion, the BMA is somewhat better prepared than several continental European supervisors for Solvency II.

Although we have seen examples of a few (re)insurers that have recently re-domesticated their holding companies to European domiciles (including XL, Allied World, and Flagstone), many management teams on the island remain committed to Bermuda as their

STOCK PRICE OVER 2010/2011



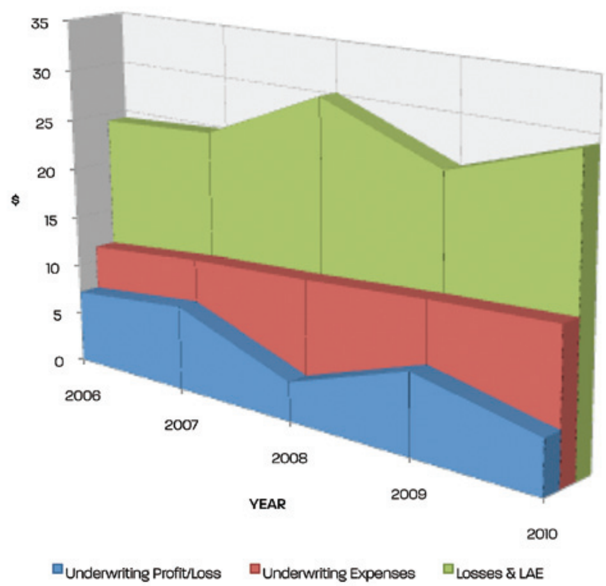
primary domicile. In addition, even if Bermuda (re)insurers re-domicile to other countries, we expect them to maintain significant operations and staff in Bermuda through either wholly-owned operating subsidiaries or Bermuda-based branches, given the island's importance as a key underwriting hub for global placements. Furthermore, recent economic turmoil in some European sovereigns (including Ireland), is likely to slowdown the pace of re-domestication from Bermuda to Europe, at least in the near term.

Because most Bermuda (re)insurance writers are global in nature and already have numerous operating subsidiaries in several parts of the world, a change in the country of domicile is unlikely to have a significant impact on their business. Therefore, Standard & Poor's would not expect to take any rating actions on holding companies or core operating companies as a result of taxation or domicile changes.

THE ROAD AHEAD

Up until this point, the several catastrophe losses incurred during 2010 and the first two months of 2011 have only led to improved pricing for insurance and reinsurance covers in each of the local markets affected by these events. They have failed to provide enough momentum for more significant price increases for (re)insurance risks on a global basis, and across lines of business. The same can be said about the most recent version of the RMS hurricane model which, at least on its own, was not expected by most market participants to generate a significant change in pricing trends.

COMPOSITION OF NET PREMIUMS EARNED
(ALL AMOUNTS IN BILLIONS OF U.S. DOLLARS)



Given that only a few days have passed since the aftermath of the March 11 Japanese earthquake and Tsunami as we write this article, it is not yet fully clear what impact this more significant event will have on insurance and reinsurance pricing for the remainder of 2011.

At least at this stage, it appears that global reinsurers may suffer enough losses during the first quarter of 2011 to push for some improvement in reinsurance pricing for the upcoming renewal season in June and July. However, it is still too early to tell how much improvement may be expected, and whether it will extend beyond these two renewal periods.

Significant price improvements across most lines of business and geographic regions are needed, in our opinion, as decreasing underwriting margins and low investment returns continue to dampen earnings prospects for Bermuda (re)insurers and their global peers. Not surprisingly, companies participating in our survey ranked 'renewal pricing rates', 'growing market share versus profitability', 'managing investment returns', and 'cost control' as their key business issues for 2011.

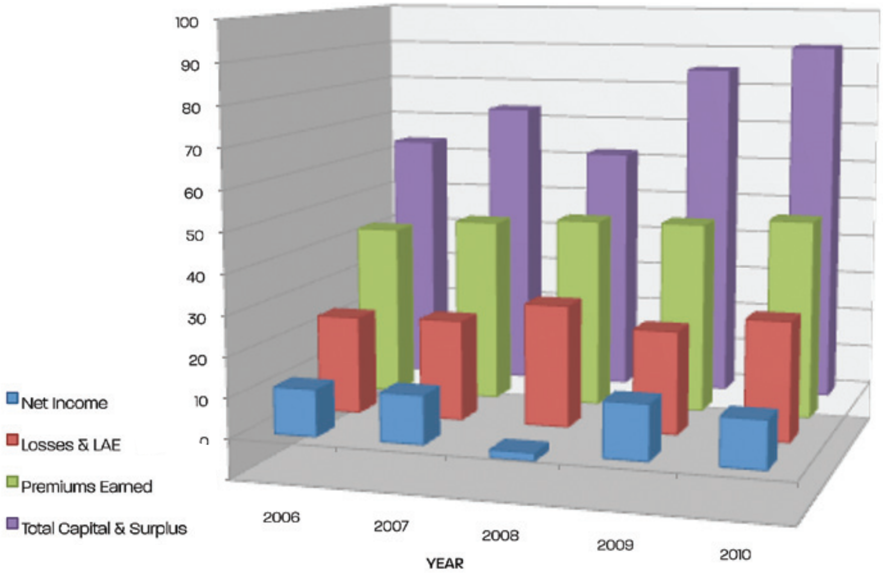
We expect the cumulative effect from the first quarter 2011 catastrophes to lead many Bermuda (re)insurers to report losses ranging from a quarter's worth of earnings to potentially a full year's earnings. Depending on how active the North Atlantic hurricane season turns out to be this year, and whether other significant loss events occur, we believe some outliers may post an operating loss for the full 2011 year.

Luckily for Bermuda market participants, these events have taken place at a time the market enjoyed a significant excess capital position. We expect some of this excess capital to be taken up by losses from the first quarter events in Japan, New Zealand, and Australia. At this stage we don't expect any major capital raising initiatives among Bermuda players stemming from the recent catastrophes. However, we believe Bermuda (re)insurers may be at higher risk of needing to access the capital markets in case another major catastrophe event happens over the next 6-12 months.

Beyond these more immediate risks, several longer-term questions remain. Among the most important are whether insurance and reinsurance pricing will see any meaningful

Continued on page 42

NET INCOME, LOSSES & LAE, PREMIUMS EARNED AND TOTAL CAPITAL & SURPLUS (ALL AMOUNTS IN BILLIONS OF U.S. DOLLARS)



PUBLICLY-TRADED COMPANIES

	STOCK EXCHANGE SYMBOL	COMMON STOCK PRICE		52 WEEK HIGH/LOW		P/E RATIO (2)		BOOK VALUE PER COMMON SHARE		MARKET/BOOK VALUE RATIO		BASIC EARNING PER SHARE		FULLY DILUTED EARNINGS	
		Curr	*Prior*	*Curr*	*Prior*	*Curr*	*Prior*	*Curr*	*Prior*	*Curr*	*Prior*	*Curr*	*Prior*	*Curr*	*Prior*
ACE Limited	ACE	62.25	50.40	62.37/ 47.50	55.14/ 31.84	6.80	6.66	68.59	58.44	0.91	0.86	9.15	7.57	9.11	7.55
Allied World Assurance Company Holdings, AG	AWH	59.44	46.07	60.41/ 40.60	48.74/ 33.00	4.16	3.76	80.75	64.61	0.74	0.71	14.30	12.26	13.32	11.67
Alterra Capital Holdings Ltd.	ALTE	21.64	22.30	24.99/ 17.02	23.69/ 13.00	6.78	5.16	26.30	28.01	0.82	0.80	3.19	4.32	3.17	4.26
Arch Capital Group Ltd.	ACGL	88.05	71.55	92.05/ 65.70	72.25/ 44.68	5.66	5.21	89.98	73.01	0.98	0.98	15.55	13.74	15.55	13.74
Argo Group Ltd.	AGII	37.45	29.14	40.14/ 25.59	36.66/ 25.33	13.38	7.63	58.41	52.37	0.64	0.56	2.80	3.82	2.76	3.81
Aspen Insurance Holdings Limited	AHL & AHL BH	28.62	25.45	31.60/ 23.80	28.44/ 18.46	7.53	4.37	40.96	35.43	0.70	0.72	3.80	5.82	3.62	5.64
AXIS Capital Holdings Limited (1)	AXS	35.88	28.41	37.15/ 27.22	31.46/ 17.92	5.32	8.46	45.60	37.84	0.79	0.75	6.74	3.36	6.02	3.07
Catlin Group Limited (2)	CGL	3.70	3.40	£3.93/ 3.20	£4.49/ 2.83	5.81	3.61	8.34	7.68	1.00	1.00	0.98	1.52	0.93	1.47
Endurance Specialty Holdings Ltd.	ENH	46.07	37.23	34.86/ 46.64	38.44/ 19.71	7.20	4.30	57.25	47.74	0.80	0.78	6.73	9.14	6.38	8.69
Flagstone Reinsurance Holdings, S.A.	FSR	12.60	10.94	13.14/ 9.49	12.45/ 7.24	–	–	16.07	14.37	–	–	1.23	2.87	1.23	2.87
Hiscox Ltd. (3)	HSX.L	£3.81	£3.17	£3.81/ 3.17	£3.62/ 2.71	8.08	4.22	5.23	4.81	1.14	1.06	0.73	1.18	0.70	1.14
Montpelier Re Holdings Ltd.	MRH	19.94	17.32	20.59/ 14.30	17.95/ 10.55	6.71	3.23	24.53	21.08	0.81	0.82	2.97	5.36	2.97	5.36
PartnerRe Ltd. (4)	PRE	80.35	74.66	82.00/ 70.06	80.99/ 54.65	7.54	3.12	93.77	84.51	0.86	0.88	10.65	23.93	10.46	23.51
RenaissanceRe Holdings Ltd.	RNR	63.69	53.15	64.50/ 50.81	57.37/ 39.37	5.13	3.94	62.58	51.68	1.02	1.03	12.42	13.50	12.31	13.40
Validus Holdings, Ltd.	VR	30.61	26.94	30.66/ 23.14	27.24/ 20.93	8.98	2.83	35.76	31.38	–	–	3.41	9.51	3.34	9.24
XL Group plc	XL	21.82	18.33	22.22/ 15.59	18.95/ 2.67	9.54	6.77	29.78	24.60	0.73	0.75	1.74	0.61	1.73	0.61

(1) AXIS Capital Holdings Limited's diluted book value per share is $39.37 for 2010 and $33.65 for 2009

(2) Catlin Group Limited stock price denominated in GBP but reports in USD.

(3) Hiscox Ltd.'s common stock price and 52 week high/low are denominated in GBP; all other amounts shown in USD.

(4) PartnerRe Ltd. P/E ratio based on fully diluted earnings per share.

– Information not provided by respondent.

17TH ANNUAL **BERMUDIAN BUSINESS** AND **DELOITTE**

(In US $000s)

	S&P'S RATING (1)	OUTLOOKS (3)	PERIOD END	BASIS OF ACCOUNTING FOR SURVEY RESPONSE	CAPITAL & SURPLUS CURRENT	CAPITAL & SURPLUS PRIOR	PREMIUMS EARNED CURRENT	NET INCOME CURRENT	INSURANCE REGULATION CLASS	DATE OF INCORPORATION
ACE Limited	AA-	Stable	12/31/10	US GAAP	22,973,842	19,667,648	13,503,720	3,107,938	Class 4	8/30/85
Allied World Assurance Company Holdings, AG	A-	Positive	12/31/10	US GAAP	3,075,820	3,213,295	1,359,548	665,005	Class 4	11/13/01
Alterra Capital Holdings Ltd.	A-	Positive	12/31/10	US GAAP	2,918,270	1,564,633	1,172,486	302,335	Class 4	8/20/99
Amlin AG	A	Stable	12/31/10	Other	1,571,323	1,580,570	643,110	159,463	Class 4	10/28/05
Arch Capital Group Ltd.	A+	Stable	12/31/10	US GAAP	4,513,003	4,323,349	2,552,483	842,588	Class 4	3/1/95
Argo Group Ltd (4)	A-	Stable	12/31/10	US GAAP	1,626,100	1,614,900	1,211,600	122,800	Class 4	10/5/99
Aspen Insurance Holdings Limited	A	Stable	12/31/10	US GAAP	3,242,000	3,305,000	1,898,000	312,000	Class 4	5/23/02
AXIS Capital Holdings Limited	A+	Stable	12/31/10	US GAAP	5,624,970	5,500,244	2,947,410	856,723	Class 4	11/8/01
Catlin Group Limited	A	Stable	12/31/10	US GAAP	3,446,870	3,278,051	3,219,029	336,802	Class 4	6/25/99
Endurance Specialty Holdings Ltd.	A	Stable	12/31/10	US GAAP	2,848,153	2,787,283	1,741,113	364,738	Class 4	11/30/01
Everest Reinsurance (Bermuda), Ltd. (2)	A+	Stable	12/31/10	Bermuda Statutory	2,818,655	2,572,527	1,780,586	391,862	Class 4	3/1/00
Flagstone Reinsurance Holdings, S.A.	NR	N/A	12/31/10	US GAAP	1,134,733	1,211,018	852,084	97,084	Class 4	11/10/05
Hiscox Ltd.	A	Stable	12/31/10	Other	1,987,798	1,805,270	1,749,144	276,483	Class 4	12/12/06
Lancashire Insurance Company Limited	A-	Stable	12/31/10	Other	1,394,500	1,268,100	546,600	334,200	Class 4	10/28/05
Montpelier Re Holdings Ltd.	A-	Stable	12/31/10	US GAAP	1,628,800	1,728,500	625,400	212,000	Class 4	11/14/01
Oil Casualty Insurance, Ltd.	BBB+	Stable	12/31/10	US GAAP	431,503	450,785	25,948	(19,287)	Class 3	5/14/86
Oil Insurance Limited	A-	Stable	12/31/10	US GAAP	3,200,635	2,481,884	783,688	781,780	Class 2	12/14/71
PartnerRe Ltd.	AA-	Negative	12/31/10	US GAAP	7,206,919	7,645,727	4,776,471	852,552	Class 4	8/24/93
RenaissanceRe Holdings Ltd.	AA-	Stable	12/31/10	US GAAP	3,939,214	3,840,786	864,921	702,613	n/a	6/7/93
Tokio Millennium Re	AA-	Stable	12/31/10	US GAAP	1,187,644	1,241,504	348,235	65,043	Class 3B	3/15/00
Validus Holdings, Ltd.	A-	Stable	12/31/10	US GAAP	3,504,831	4,031,120	1,761,123	402,564	Class 4	10/19/05
XL Group plc	A	Stable	12/31/10	US GAAP	10,684,949	9,615,090	5,031,137	643,377	Class 4	3/16/98
					89,825,799	83,516,266	48,541,752	11,713,579		

(1) All the ratings in this table are financial strength ratings of the lead rated operating companies with each group as of March 21, 2011.
(2) All Everest Reinsurance (Bermuda) Ltd.'s financial information provided in this survey is unaudited.
(3) Outlooks can be positive, negative, or stable, and signal a potential change in an interactive rating over the next 2-3 years.
(4) For Argo Group Ltd., ratings refer to the financial strength ratings on the lead companies in Argo Group U.S.
NR Not Rated by Standard & Poor's.
N/A Not applicable
– Information not provided by respondent.

INSURANCE SURVEY

TYPE OF INSURANCE AS % OF PREMIUMS		BREAKDOWN OF PREMIUM AS CLASS OF BUSINESS RISK														BREAKDOWN OF GROSS PREMIUM BY GEOGRAPHIC REGION					
DIRECT	REINSURANCE	MARINE & AVIATION	FINANCIAL GUARANTEE	ACCIDENT & HEALTH	PROPERTY	PROPERTY CATASTROPHE	PROFESSIONAL LIABILITY	EXCESS LIABILITY	GENERAL LIABILITY	CASUALTY	FINITE	WORKERS COMPENSATION	LIFE	TERRORISM	OTHER	UK	NORTH AMERICA	EUROPE	ASIA, AUSTRALIA & NEW ZEALAND	BERMUDA	REST OF WORLD
81%	19%	0%	0%	19%	38%	0%	0%	0%	0%	40%	0%	0%	3%	0%	0%	0%	60%	22%	13%	0%	5%
70%	30%	0%	0%	0%	13%	0%	21%	27%	8%	1%	0%	0%	0%	0%	30%	0%	57%	11%	1%	31%	0%
54%	46%	12%	0%	2%	31%	0%	23%	10%	8%	9%	0%	2%	0%	0%	3%	0%	76%	15%	0%	0%	10%
0%	100%	1%	0%	1%	20%	38%	0%	0%	0%	0%	0%	0%	0%	0%	40%	43%	40%	6%	6%	0%	5%
74%	26%	2%	0%	2%	30%	6%	13%	13%	0%	0%	0%	6%	0%	1%	27%	0%	71%	18%	5%	3%	3%
–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
44%	56%	0%	0%	0%	21%	14%	0%	0%	0%	24%	0%	0%	0%	0%	41%	7%	73%	5%	5%	0%	10%
51%	49%	8%	0%	0%	25%	12%	27%	0%	13%	0%	0%	0%	0%	1%	14%	0%	46%	32%	0%	22%	0%
67%	33%	26%	0%	3%	18%	15%	11%	0%	14%	3%	0%	0%	0%	4%	6%	57%	20%	6%	5%	12%	0%
54%	46%	2%	2%	0%	17%	15%	8%	13%	0%	14%	0%	0%	0%	0%	29%	1%	65%	2%	2%	30%	0%
0%	100%	2%	0%	3%	46%	0%	7%	12%	19%	4%	0%	5%	0%	0%	0%	16%	76%	5%	0%	3%	0%
8%	92%	0%	0%	0%	24%	43%	0%	0%	0%	0%	0%	0%	0%	0%	33%	0%	40%	13%	6%	0%	41%
70%	30%	7%	0%	1%	24%	3%	21%	0%	0%	0%	0%	0%	0%	2%	41%	25%	39%	13%	1%	0%	22%
71%	29%	18%	0%	0%	46%	26%	0%	0%	0%	0%	0%	0%	0%	10%	0%	0%	37%	7%	3%	0%	53%
19%	81%	0%	0%	0%	10%	40%	0%	0%	0%	0%	0%	0%	0%	0%	50%	32%	7%	0%	0%	61%	0%
80%	20%	0%	0%	0%	0%	0%	0%	100%	0%	0%	0%	0%	0%	0%	0%	–	–	–	–	–	–
100%	0%	0%	0%	0%	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	–	–	–	–	–	–
0%	100%	12%	0%	0%	18%	15%	0%	0%	0%	11%	0%	0%	15%	0%	30%	0%	36%	43%	10%	0%	11%
1%	99%	0%	0%	0%	2%	86%	0%	0%	0%	0%	0%	0%	0%	0%	12%	0%	68%	6%	1%	0%	25%
0%	100%	2%	0%	0%	0%	77%	0%	0%	1%	0%	0%	3%	0%	2%	15%	0%	0%	0%	0%	100%	0%
23%	77%	33%	0%	1%	17%	29%	0%	0%	0%	0%	0%	1%	0%	2%	17%	0%	30%	8%	2%	0%	60%
64%	36%	12%	0%	0%	23%	6%	25%	0%	0%	0%	0%	0%	6%	0%	28%	0%	40%	48%	0%	12%	0%

BALANCE SHEET DATA FISCAL 2010

(In US $000s)

	ASSETS								
	CASH & CASH EQUIVALENTS	QUOTED INVESTMENTS	OTHER INVESTMENTS	REINSURANCE BALANCES RECEIVABLE	OTHER ASSETS	GOODWILL AND OTHER INTANGIBLE ASSETS	TOTAL ASSETS	LOSS RESERVES	UNEARNED PREMIUM RESERVE
ACE Limited	771,672	49,715,097	1,692,190	4,232,962	22,278,879	4,664,427	83,355,227	40,497,193	6,329,502
Allied World Assurance Company Holdings, AG	853,368	6,660,946	522,608	1,114,875	950,582	325,252	10,427,631	4,879,188	962,203
Alterra Capital Holdings Ltd.	905,606	6,577,619	378,128	588,537	1,408,322	59,076	9,917,288	5,181,714	905,487
Amlin AG	28,661	1,569,376	567,073	250,197	95,712	-	2,511,019	509,745	312,686
Arch Capital Group Ltd.	362,740	11,543,608	74,297	1,763,985	2,002,929	23,233	15,770,792	8,098,454	1,370,075
Argo Group Ltd	83,500	4,061,200	154,200	1,203,900	730,000	249,100	6,481,900	3,152,200	654,100
Aspen Insurance Holdings Limited	1,179,000	6,056,000	30,000	822,000	724,000	21,000	8,832,000	3,820,000	859,000
AXIS Capital Holdings Limited	929,515	11,004,870	519,296	2,921,212	967,607	103,231	16,445,731	7,032,375	2,333,676
Catlin Group Limited	2,649,698	5,371,227	-	1,229,369	2,114,261	716,328	12,080,883	5,548,711	1,885,542
Endurance Specialty Holdings Ltd.	609,852	5,200,711	376,652	827,609	181,954	782,627	7,979,405	3,319,927	842,154
Everest Reinsurance (Bermuda), Ltd. (1)	246,251	6,043,241	194,247	1,058,449	368,570	-	7,910,758	4,210,309	644,007
Flagstone Reinsurance Holdings S.A.	389,118	1,488,396	119,764	318,455	355,539	47,930	2,719,202	721,314	378,804
Hiscox Ltd. (2)	527,546	3,860,798	10,811	726,541	1,039,290	100,650	6,265,636	2,679,054	900,337
Lancashire Insurance Company Limited	456,700	1,462,900	11,800	3,400	295,800	-	2,230,600	429,000	287,000
Montpelier Re Holdings Ltd.	232,300	2,442,200	90,100	283,200	166,900	4,700	3,219,400	784,600	264,000
Oil Casualty Insurance, Ltd.	34,991	694,288	25,019	165,730	40,300	-	960,328	312,979	27,141
Oil Insurance Limited	247,788	5,298,109	-	-	347,903	-	5,893,800	2,309,945	-
PartnerRe Ltd.	2,111,084	13,945,462	2,124,523	2,076,884	2,472,170	634,248	23,364,371	12,417,014	1,599,139
RenaissanceRe Holdings Ltd. (3)(4)	277,738	4,116,697	1,983,515	322,080	1,423,558	14,690	8,138,278	1,257,843	286,183
Tokio Millennium Re	137,758	1,021,262	180,055	105,781	190,889	4,928	1,640,673	213,020	179,071
Validus Holdings, Ltd.	620,740	5,097,381	21,478	311,130	870,863	139,286	7,060,878	2,035,973	728,516
XL Group plc	3,022,868	30,405,888	2,020,751	171,327	8,563,009	839,508	45,023,351	20,531,607	3,484,830
	16,678,494	**183,637,276**	**11,096,507**	**20,497,623**	**47,589,037**	**8,730,214**	**288,229,151**	**129,942,165**	**25,233,453**

(1) All Everest Reinsurance (Bermuda) Ltd's financial information provided in this survey is unaudited.

(2) Hiscox Ltd. balance sheet amounts were translated from GBP to USD using the year end closing rate of $1.57.

(3) Included in other liabilities is $757.7 million related to RenaissanceRe Holdings Ltd.'s redeemable noncontrolling interest in DaVinciRe Holdings Ltd.

(4) On November 18, 2010, RenaissanceRe Holdings Ltd. entered into a definitive stock purchase agreement with QBE Holdings, Inc. to sell substantially all of its U.S.-based insurance operations. Assets and liabilities of discontinued operations held for sale of $872.1 million and $598.5 million, respectively, have been included in "other assets" and "other liabilities", respectively, for this survey.

LIABILITIES AND CAPITAL & SURPLUS										
DEBT	OTHER LIABILITIES	TOTAL LIABILITIES	COMMON STOCK	PREFERRED STOCK	ADDITIONAL PAID IN CAPITAL	RETAINED EARNINGS	UNREALISED INVESTMENT GAINS (LOSSES)	OTHER	TOTAL CAPITAL & SURPLUS	TOTAL LIABILITIES AND CAPITAL & SURPLUS
4,967,564	8,587,126	60,381,385	10,161,181	-	5,623,086	5,925,378	1,399,252	(135,055)	22,973,842	83,355,227
797,700	712,720	7,351,811	600,055	-	170,239	2,361,202	57,135	(112,811)	3,075,820	10,427,631
440,476	471,341	6,999,018	110,963	-	2,026,045	682,316	98,946	-	2,918,270	9,917,288
-	117,265	939,696	10,204	-	848,704	567,000	-	145,415	1,571,323	2,511,019
400,000	1,389,260	11,257,789	534	130	435,195	4,422,553	204,503	(549,912)	4,513,003	15,770,792
376,500	673,000	4,855,800	31,200	-	711,400	847,500	147,600	(111,600)	1,626,100	6,481,900
499,000	412,000	5,590,000	-	-	1,388,000	1,529,000	240,000	85,000	3,242,000	8,832,000
994,110	460,600	10,820,761	1,934	500,000	2,059,708	4,267,608	159,992	(1,364,272)	5,624,970	16,445,731
-	1,199,760	8,634,013	3,591	589,785	1,954,979	1,187,644	-	(289,129)	3,446,870	12,080,883
528,411	440,760	5,131,252	47,218	8,000	613,915	2,040,449	129,812	8,759	2,848,153	7,979,405
-	237,787	5,092,103	1,250	-	1,327,096	1,309,735	263,532	(82,958)	2,818,655	7,910,758
251,122	233,229	1,584,469	845	(178,718)	904,235	414,549	-	(6,178)	1,134,733	2,719,202
32,117	666,330	4,277,838	31,866	-	409,464	1,468,821	-	77,647	1,987,798	6,265,636
-	120,100	836,100	1,000	-	-	410,700	26,200	956,600	1,394,500	2,230,600
327,700	214,300	1,590,600	100	-	1,258,700	408,900	(6,200)	(32,700)	1,628,800	3,219,400
150,334	38,371	528,825	305	-	-	431,198	-	-	431,503	960,328
-	383,220	2,693,165	540	443,835	-	2,756,260	-	-	3,200,635	5,893,800
750,000	1,391,299	16,157,452	84,033	20,800	3,419,864	4,761,178	-	(1,078,956)	7,206,919	23,364,371
549,155	2,105,883	4,199,064	54,110	550,000	-	3,312,392	19,823	2,889	3,939,214	8,138,278
-	60,938	453,029	250,000	-	400,000	510,089	25,937	1,618	1,187,644	1,640,673
536,674	254,884	3,556,047	17,151	-	1,860,960	1,632,175	-	(5,455)	3,504,831	7,060,878
2,464,410	7,857,555	34,338,402	3,165	10	10,001,927	513,777	10,644	155,426	10,684,949	45,023,351
14,065,273	**28,027,728**	**197,268,619**	**11,411,245**	**1,933,842**	**35,413,517**	**41,760,424**	**2,777,176**	**(2,335,672)**	**90,960,532**	**288,229,151**

OPERATING DATA FISCAL 2010

(In US $000s)

	LOSS RATIO (1)		EXPENSE RATIO (1)		COMBINED RATIO (1)		RATIO (XX TO 1)		% CHANGE FROM PRIOR PERIOD				
	CURRENT	PRIOR	CURRENT	PRIOR	CURRENT	PRIOR	NET PREMIUMS TO CAPITAL & SURPLUS	LOSS RESERVE TO CAPITAL & SURPLUS	CAPITAL & SURPLUS	NET PREMIUM WRITTEN	LOSS RATIO (6) (WEIGHTED AV. 5YR.)	GROSS PREMIUM WRITTEN	CEDED PREMIUMS
ACE Limited	59.20%	58.80%	31.00%	29.50%	90.20%	88.30%	59.67%	176.28%	16.81%	3.07%	60.28%	19,511,163	(5,803,507)
Allied World Assurance Company Holdings, AG	52.07%	45.87%	32.81%	30.18%	84.88%	76.05%	45.27%	158.63%	-4.28%	5.40%	54.38%	1,758,397	(365,942)
Alterra Capital Holdings Ltd.	61.41%	71.28%	29.82%	25.59%	91.23%	96.87%	35.62%	177.56%	86.51%	16.22%	73.99%	1,410,731	(371,163)
Amlin AG	64.36%	37.30%	18.21%	20.16%	82.57%	57.46%	41.42%	32.44%	-0.59%	4.59%	49.62%	680,590	(29,702)
Arch Capital Group Ltd.	59.46%	58.21%	32.90%	29.97%	92.36%	88.18%	55.64%	179.45%	4.39%	-9.12%	59.27%	3,266,787	(755,747)
Argo Group Ltd	64.17%	60.29%	39.01%	36.60%	103.18%	96.90%	67.38%	193.85%	0.69%	-22.91%	61.92%	1,527,100	(431,400)
Aspen Insurance Holdings Limited (3)	65.81%	52.00%	30.93%	32.14%	96.74%	84.15%	58.30%	117.83%	-1.91%	2.89%	58.04%	2,077,000	(187,000)
AXIS Capital Holdings Limited (14) (15)(16)	56.90%	51.00%	29.21%	30.21%	86.11%	81.21%	55.96%	125.02%	2.27%	11.76%	54.93%	3,750,536	(602,996)
Catlin Group Limited	57.54%	57.60%	32.30%	31.50%	89.84%	89.10%	96.25%	160.98%	5.15%	4.72%	55.79%	4,069,079	(751,326)
Endurance Specialty Holdings Ltd.	59.62%	53.06%	29.16%	30.69%	88.78%	83.75%	61.93%	116.56%	2.18%	9.82%	55.13%	2,053,236	(289,492)
Everest Reinsurance (Bermuda), Ltd. (9)	67.14%	60.61%	31.29%	29.37%	98.43%	89.98%	65.99%	149.37%	9.57%	6.14%	62.75%	2,043,749	(183,830)
Flagstone Reinsurance Holdings S.A.	62.22%	37.34%	39.49%	37.39%	101.71%	74.73%	77.89%	63.57%	-6.30%	11.53%	48.15%	1,097,850	(213,996)
Hiscox Ltd. (5) (11) (12)	50.10%	41.80%	39.20%	44.20%	89.30%	86.00%	88.03%	134.77%	10.11%	9.30%	46.60%	2,215,387	(465,518)
Lancashire Insurance Company Limited	27.53%	15.36%	25.92%	25.04%	53.45%	40.40%	41.46%	30.76%	9.97%	12.45%	30.27%	584,100	(5,900)
Montpelier Re Holdings Ltd.	48.34%	24.20%	15.78%	14.04%	64.12%	38.24%	41.06%	48.17%	-5.77%	11.06%	37.88%	720,000	(51,200)
Oil Casualty Insurance, Ltd.	305.61%	-17.05%	2.87%	3.91%	308.48%	-13.14%	7.64%	72.53%	-4.28%	66.24%	211.70%	56,708	(23,742)
Oil Insurance Limited	53.94%	58.21%	-0.10%	1.56%	53.84%	59.77%	24.49%	72.17%	28.96%	-12.06%	74.60%	783,688	-
PartnerRe Ltd. (7)	65.94%	52.70%	29.11%	21.90%	95.05%	74.60%	65.29%	172.29%	-5.74%	19.16%	61.09%	4,885,266	(180,150)
RenaissanceRe Holdings Ltd. (4)	14.95%	-8.01%	30.18%	29.21%	45.13%	21.20%	21.55%	31.93%	2.56%	1.27%	19.77%	1,165,295	(316,330)
Tokio Millennium Re	53.65%	19.72%	26.73%	37.47%	80.38%	57.19%	35.22%	17.94%	-4.34%	16.02%	21.94%	509,173	(90,846)
Validus Holdings, Ltd.	56.08%	36.13%	30.15%	32.81%	86.23%	68.94%	50.25%	58.09%	-13.06%	26.85%	47.21%	1,990,566	(229,482)
XL Group plc (8) (13)	63.84%	61.51%	30.94%	32.14%	94.78%	93.65%	46.79%	192.15%	11.13%	5.39%	62.65%	6,261,331	(1,261,743)
												62,417,732	**(12,611,012)**

(1) Loss, expense & combined ratio only for non-life business.

(2) Return on Equity = Net Income / Average of CY Capital & Surplus and PY Capital & Surplus.

(3) Operating ROE is a non-GAAP financial measure which (1) is calculated using operating income and (2) excludes from average equity, the average after-tax unrealized appreciation or depreciation on investments and the average after-tax unrealized foreign exchange gains or losses and the aggregate value of the liquidation preferences of our preference shares.

(4) On November 18, 2010, RenaissanceRe Holdings Ltd. entered into a definitive stock purchase agreement with QBE Holdings, Inc. to sell substantially all of its U.S.-based insurance operations. Income from discontinued operations of $62.7 million has been included in "other income" for this survey.

(5) Hiscox Ltd.'s return on equity of 16.5% as presented in its annual report is calculated based on adjusted opening equity which takes into consideration the weighted average of capital from share option exercises less weighted average payment of capital to shareholders by dividend and treasury stock.

(6) Loss ratio (5 year average) = sum of loss and LAE (five years) / sum of premiums earned (5 years). For those respondents that provided less than five years of data, the average has been calculated over the number of periods provided.

(7) PartnerRe Ltd.'s ratios exclude life business.

(8) XL Group plc underwriting income /(loss) on general operations excludes life and financial operations.

(9) All Everest Reinsurance (Bermuda), Ltd's financial information provided in this survey is unaudited.

(10) Alterra Capital Holding's ratios include long-term life and annuity business.

(11) Hiscox Ltd. income statement translated from GBP to USD using average rate of

CURRENT PERIOD															
NET PREMIUMS WRITTEN	CHANGE IN UPR	PREMIUMS EARNED	LOSSES & LAE	COMMISSIONS & BROKERAGE	OTHER UNDERWRITING EXPENSES	UNDERWRITING GAIN/(LOSS)	INVESTMENT INCOME EARNED (EXCLUDING REALIZED GAINS/ LOSSES)	REALIZED CAPITAL GAIN/(LOSS)	CHANGE IN UNREALIZED GAINS/(LOSSES)	INTEREST EXPENSE ON DEBT	OTHER INCOME (EXPENSES)	TAX BENEFIT (EXPENSE)	NET INCOME	COMPREHENSIVE INCOME (LOSS)	RETURN ON EQUITY (2)
13,707,656	(203,936)	13,503,720	7,936,322	2,337,303	1,857,736	1,372,359	2,070,102	432,010	-	(223,682)	16,326	(559,177)	3,107,938	3,879,194	14.58%
1,392,455	(32,907)	1,359,548	707,883	159,489	286,557	205,619	244,143	213,535	71,910	(40,242)	(3,015)	(26,945)	665,005	614,180	21.15%
1,039,568	132,918	1,172,486	720,054	187,464	162,157	102,811	222,458	12,829	1,398	(28,275)	(4,730)	(4,156)	302,335	375,850	13.49%
650,888	(7,778)	643,110	413,906	86,803	30,246	112,155	16,410	(10,172)	58,368	-	(18,572)	1,274	159,463	159,463	10.12%
2,511,040	41,443	2,552,483	1,517,715	435,837	403,927	195,004	364,878	241,430	-	(30,007)	79,151	(7,868)	842,588	908,565	19.07%
1,095,700	115,900	1,211,600	777,500	472,600	-	(38,500)	133,600	36,800	3,800	(22,900)	2,500	(32,700)	82,600	122,800	4.46%
1,890,000	8,000	1,898,000	1,249,000	328,000	259,000	62,000	232,000	51,000	2,000	(17,000)	9,000	(27,000)	312,000	380,000	9.40%
3,147,540	(200,130)	2,947,410	1,677,132	488,712	372,363	409,203	406,892	210,848	(15,750)	(55,876)	(59,914)	(38,680)	856,723	947,911	15.40%
3,317,753	(98,724)	3,219,029	1,852,143	684,459	471,494	210,933	140,072	211	64,516	-	(9,953)	(25,477)	336,802	341,775	10.02%
1,763,744	(22,631)	1,741,113	1,038,100	264,228	243,556	195,229	200,358	18,544	-	(34,762)	(7,471)	(7,160)	364,738	451,161	12.94%
1,859,919	(79,333)	1,780,586	1,195,456	535,754	21,413	27,963	286,437	104,831	-	(1,032)	5,025	(31,362)	391,862	418,282	14.54%
883,854	(31,770)	852,084	530,136	164,820	171,693	(14,565)	31,482	54,828	3,382	(10,352)	28,256	4,053	97,084	97,882	8.28%
1,749,869	(725)	1,749,144	882,950	417,341	266,017	182,836	95,263	20,057	39,697	(15,602)	4,590	(50,358)	276,483	18,137	14.58%
578,200	(31,600)	546,600	150,500	113,000	28,700	254,400	48,500	31,100	-	-	200	-	334,200	331,400	25.10%
668,800	(43,400)	625,400	302,300	98,700	-	224,400	74,100	25,700	18,000	(24,600)	(106,900)	1,300	212,000	208,700	12.63%
32,966	(7,018)	25,948	79,300	745	-	(54,097)	20,706	19,358	17,765	(13,135)	(9,884)	-	(19,287)	(19,287)	-4.37%
783,688	-	783,688	422,732	-	(802)	361,758	106,562	155,306	174,049	(215)	(15,680)	-	781,780	781,780	27.52%
4,705,116	71,355	4,776,471	3,283,618	972,537	-	520,316	672,782	194,023	207,459	(44,413)	(568,831)	(128,784)	852,552	771,681	11.48%
848,965	15,956	864,921	129,345	94,961	166,042	474,573	203,955	118,838	24,777	(21,829)	(103,825)	6,124	702,613	723,116	18.06%
418,327	(70,092)	348,235	186,839	59,037	34,053	68,306	33,881	4,746	-	-	(42,385)	495	65,043	4,120	5.36%
1,761,084	39	1,761,123	987,586	292,899	238,201	242,437	134,103	32,498	45,952	(26,468)	(22,832)	(3,126)	402,564	401,960	10.68%
4,999,588	31,549	5,031,137	3,211,800	739,154	817,689	262,494	1,198,038	(304,646)	-	(213,643)	(136,129)	(162,737)	643,377	1,886,639	6.50%
49,806,720	**(412,884)**	**49,393,836**	**29,252,317**	**8,933,843**	**5,830,042**	**5,377,634**	**6,936,722**	**1,663,674**	**717,323**	**(824,033)**	**(965,073)**	**(1,092,284)**	**11,770,463**	**13,805,309**	

$1.54633 for the relevant year.

(12) Hiscox Ltd. expense ratio and combined ratio excluding FX impact is 39.7% (2009: 40.4%) and 89.8% (2009: 82.2%), respectively.

(13) XL Group plc return on equity is based on average ordinary shareholders' equity and excludes preference share capital of $1.1billion in 2010 and $1.2 billion in 2009; and non-controlling interest in equity of consolidated subsidiaries of $2.3 million in 2010 and $2.2 million in 2009.

(14) AXIS Capital Holdings Ltd.'s expense ratio per the 10-K is 31.8% for 2010 and 28.3% for 2009, which include corporate expenses of $75.4m and $77.1m for 2010 and 2009 respectively.

(15) AXIS Capital Holdings Limited's combined ratio per the 10-K is 88.7% for 2010 and 79.3% for 2009, which include corporate expenses of $75.4m and $77.1m for 2010 and 2009 respectively.

(16) AXIS Capital Holdings Limited's return on equity per the 10-K is 16.2% for 2010, preferred shares are excluded from this calculation.

COMPANY **OFFICERS**

	CHIEF EXECUTIVE OFFICER	CHIEF UNDERWRITING OFFICER	CHIEF FINANCIAL OFFICER
ACE Limited	Evan G. Greenberg	–	Philip V. Bancroft
Allied World Assurance Company Holdings, AG	Scott Carmilani	Frank D'Orazio	Joan Dillard
Alterra Capital Holdings Ltd.	W. Marston Becker	Greg Richardson & John Boylan	Joe Roberts
Amlin AG	Philippe Regazzoni	n/a	Gregoire Mauchamp
Arch Capital Group Ltd.	Constantine Iordanou	–	John C.R. Hele
Argo Group Ltd	Mark Watson	Andrew Carrier	Jay Bullock
Aspen Insurance Holdings Limited	Christopher O'Kane	Kate Vacher (Underwriting Director)	Richard Houghton
AXIS Capital Holdings Limited	John Charman	–	Albert Benchimol
Catlin Group Limited	Stephen Catlin	Paul Brand	Benjamin Meuli
Endurance Specialty Holdings Ltd.	David S. Cash	Joan De Lemps	Michael J. McGuire
Everest Reinsurance (Bermuda), Ltd.	Mark de Saram	–	–
Flagstone Reinsurance Holdings, S.A.	David Brown	Guy Swayne (International) & Gary Prestia (North America)	Patrick Boisvert
Hiscox Ltd.	Bronek Masojada	Robert Childs	Stuart Bridges
Lancashire Insurance Company Limited	Greg Lunn	Charles Mathias	Elaine Whelan
Montpelier Re Holdings Ltd.	Christopher Harris	–	Michael Paquette
Oil Casualty Insurance, Ltd.	Robert D. Stauffer	Jerry Rivers	Ricky E. Lines
Oil Insurance Limited	Robert D. Stauffer	George F. Hutchings	Ricky E. Lines
PartnerRe Ltd.	Costas Miranthis	Emmanuel Clarke (Global (Non-U.S)), Tad Walker (N.A.)	Bill Babcock
RenaissanceRe Holdings Ltd.	Neill Currie	Kevin O'Donnell	Jeffrey Kelly
Tokio Millennium Re	Tatsuhiko Hoshina	Jerome Faure	–
Validus Holdings, Ltd.	Edward J. Noonan	Kean Driscoll	Joseph E. (Jeff) Consolino
XL Group plc	Michael S. McGavick	–	Irene Esteves

– Information not provided by respondent.
n/a position is not applicable for the company

Continued from page 35

improvements in the coming months; whether interest rates and inflation will eventually rise and how this could affect (re)insurers' investment portfolios and loss reserve liabilities; and whether (re)insurers will continue to face increasing frequency and severity of catastrophe losses.

If judged by the current discount that the common shares of most publicly-owned Bermuda (re)insurers are trading at relative to their book values, it appears that investors currently don't see potential returns in this sector as attractive. If Bermuda (re)insurers are to prove these assumptions wrong, they will need to show that they can successfully manage the risks they face while delivering strong and sustainable risk-adjusted returns that are commensurate with their risk profiles. In order to accomplish this, they will need to successfully deploy the best tools they have at hand. Among these are their sophisticated modeling and risk aggregation capabilities, their flexible and increasingly diversified global operating platforms, their strong enterprise risk management practices, and strong capital and liquidity positions. Last, but not least, improved pricing momentum will prove another key factor driving these companies' success or disappointment in coming years. BB

HOW THE SURVEY WAS DONE

For this 17th annual *Bermudian Business*/Deloitte Bermuda Insurance Survey, financial data was obtained from Bermuda-based insurance and reinsurance companies with fiscal years ending in 2010.

Deloitte compiled the financial data provided by survey participants. Industry commentary and analysis contained in the survey was prepared by Standard & Poors based upon the compiled financial data.

The 17th annual *Bermudian Business*/Deloitte Bermuda Insurance Survey will go online at both the Bermudian Business and Deloitte websites—**www.bermudianbusiness.com** and **www.deloitte.com/bm**.