AXIS Capital Holdings Limited

Financial Condition Report
For the year ended December 31, 2023

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1. COMPANY HISTORY

AXIS Capital Holdings Limited ("AXIS Capital") is a Bermuda-based holding company for the AXIS group of companies, collectively (the "Company"). AXIS Capital was incorporated on December 9, 2002, under the laws of Bermuda. The Company is a global specialty underwriter and provider of insurance and reinsurance solutions. The Company's principal operating subsidiaries are located in Bermuda, the United States ("U.S."), Europe, Singapore and Canada.

2. BUSINESS AND PERFORMANCE

2.1. Name of Insurance Group

AXIS Capital Holdings Limited

2.2. Name and Contact Details of Approved Group Supervisor

Name: The Bermuda Monetary Authority
Jurisdiction: Bermuda
Address: BMA House
43 Victoria Street, Hamilton, Bermuda
Phone number: 441-295-5278

2.3. Name and Contact Details of Approved Group Auditor

Organisation: Deloitte Ltd.
Address: Corner House
20 Parliament Street, Hamilton, Bermuda
Phone number: 441-292-1500

2.4. Ownership Details

The following table sets forth information as of March 15, 2024 regarding beneficial ownership of our common shares for each person or group known to us to be the beneficial owner of more than 5% of our common shares[(1)]:

Owner Name	Number of Common Shares	Ownership Percentage
T. Rowe Price Investment Management, Inc. (2)	5,928,188	7.0 %
The Vanguard Group , Inc. (3)	8,707,110	10.3 %
T-VIII PubOpps LP (4)	6,777,806	8.0 %

(1) Unless otherwise indicated, the number of common shares beneficially owned and percentage of outstanding common shares are based on 84,687,376 common shares outstanding as of March 15, 2024. Beneficial ownership is determined in accordance with the rules of the SEC and includes sole or shared voting or investment power with respect to such shares. Except as indicated in the footnotes to the table, based on information provided by the persons named in the table, such persons have sole voting and investment power with respect to all common shares shown as beneficially owned by them. Our bye-laws reduce the total voting power of any shareholder owning 9.5% or more of our common shares to less than 9.5% of the voting power of our capital stock, but only in the event that a U.S. Shareholder, as defined in our bye-laws, owning 9.5% or more of our common shares is first determined to exist.

(2) The number of common shares beneficially owned and the information set forth below is based solely on information contained in Amendment No. 3 to Schedule 13G filed on February 14, 2024 by T. Rowe Price Investment Management, Inc., 101 E. Pratt Street, Baltimore, MD 21201, and includes common shares beneficially owned as of December 31, 2023. T. Rowe Price has sole voting power over 2,347,474 common shares and sole dispositive power over 5,928,188 common shares.

(3) The number of common shares beneficially owned and the information set forth below is based solely on information contained in Amendment No. 11 to Schedule 13G/A filed on February 13, 2024 by The Vanguard Group, 100 Vanguard Blvd., Malvern, PA 19355, and includes common shares beneficially owned as of December 31, 2023. Vanguard has sole dispositive power over 8,577,326 common shares. Vanguard has shared voting power over 44,473 common shares and shared dispositive power over 129,784 common shares. Vanguard's aggregate amount beneficially owned is 8,707,110 common shares.

(4) The number of common shares beneficially owned and the information set forth below is based solely on information contained in Amendment No. 1 to Schedule 13D filed on August 28, 2020 by T-VIII PubOpps LP ("T8"), T-VIII PubOpps GP LLC ("T8 GP"), Trident VIII, L.P. ("Trident VIII"), Trident Capital VIII, L.P. ("Trident VIII GP") and Stone Point Capital LLC ("Stone Point") (collectively, the "Stone Point Reporting Persons"), 20 Horseneck Lane, Greenwich, CT 06830 and includes common shares beneficially owned as of July 24, 2020. The Stone Point Reporting Persons have shared voting power over 6,777,806 common shares. T8, T8 GP, Trident VIII and Trident VIII GP each have shared dispositive power over 6,777,806 common shares.

2.5. Group Structure

See Appendix 1 - Organizational Chart

2.6. Insurance Business Written

The following table provides gross premiums written and net earned premiums by segment and line of business:

Year ended December 31	2023		2022	
	Gross Premiums Written	Net Earned Premiums	Gross Premiums Written	Net Earned Premiums
Insurance Segment:				
Professional lines	$ 1,140,695	$ 764,558	$ 1,322,966	$ 817,924
Property	1,736,586	878,849	1,357,489	755,986
Liability	1,256,951	496,381	1,138,645	459,775
Cyber	649,160	323,025	644,746	309,004
Marine and aviation	771,162	567,292	652,687	479,499
Accident and health	333,559	306,061	258,399	209,548
Credit and political risk	252,651	125,534	210,649	102,419
Total Insurance	**6,140,764**	**3,461,700**	**5,585,581**	**3,134,155**
Reinsurance Segment:				
Liability	642,801	403,239	719,831	484,681
Accident and health	396,668	341,806	411,891	368,747
Professional lines	379,222	205,404	400,807	250,911
Credit and surety	351,083	236,408	298,565	192,926
Motor	201,466	155,942	239,794	205,774
Agriculture	126,300	121,628	128,012	122,289
Marine and aviation	62,260	65,658	93,371	78,504
Run-off lines				
Catastrophe	30,175	33,963	222,810	156,232
Property	21,513	44,508	103,492	135,480
Engineering	4,273	13,525	10,441	30,627
Total run-off lines	55,961	91,996	336,743	322,339
Total Reinsurance	**2,215,761**	**1,622,081**	**2,629,014**	**2,026,171**
Total	**$ 8,356,525**	**$ 5,083,781**	**$ 8,214,595**	**$ 5,160,326**

The following table provides gross premiums written by geographical location of our subsidiaries as follows:

	Gross Premiums Written	
Year ended December 31,	**2023**	**2022**
U.S.	$ 4,484,789	$ 4,342,707
Ireland	1,837,177	1,931,815
Lloyd's of London	1,759,990	1,567,458
Bermuda	274,569	372,615
Total	**$ 8,356,525**	**$ 8,214,595**

2.7. Investment Performance

The following table provides a breakdown of the Company's investments:

As at December 31,	**2023**	**2022**
Fixed maturities, at fair value	$ 12,910,593	$ 12,001,637
Equity securities, at fair value	588,511	485,253
Mortgage loans, held for investments, at fair value	610,148	627,437
Other investments, at fair value	949,413	996,751
Equity method investments	174,634	148,288
Short-term investments, at fair value	17,216	70,310
Total Investments	**$ 15,250,515**	**$ 14,329,676**

The following table provides a breakdown of fixed maturities and equity securities by asset type, at fair value:

As at December 31,	**2023**	**2022**
Fixed Maturities:		
U.S. government and agency	$ 3,007,528	$ 2,639,330
Non-U.S. government	723,959	562,029
Corporate debt	4,560,843	4,329,328
Agency RMBS(1)	1,634,661	1,202,785
CMBS(2)	839,696	947,778
Non-Agency RMBS	153,396	133,534
ABS(3)	1,832,151	2,030,498
Municipals(4)	158,359	156,355
Total Fixed Maturities	**$ 12,910,593**	**$ 12,001,637**
Equity Securities:		
Common stocks	$ 2,546	$ 7,473
Preferred Stocks	5,601	72
Exchange-traded funds	287,275	269,806
Bond mutual funds	293,089	207,902
Total Equity Securities	**$ 588,511**	**$ 485,253**

(1) Residential mortgage-backed securities ("RMBS") originated by U.S. government-sponsored agencies.
(2) Commercial mortgage-backed securities ("CMBS").
(3) Asset-backed securities ("ABS") include debt tranched securities collateralized primarily by auto loans, student loans, credit card receivables and collateralized loan obligations ("CLOs").
(4) Municipals include bonds issued by states, municipalities and political subdivisions.

At December 31, 2023, our fixed maturities had a weighted average credit rating of AA- , a book yield of 4.2% and an average duration of 3.0 years.

The following table provides a breakdown of other investments by asset type, at fair value:

As at December 31,	2023	2022
Multi-strategy funds	$ 24,619	$ 32,616
Direct lending funds	192,270	258,626
Private equity funds	301,712	265,836
Real estate funds	317,325	298,499
CLO-Equities	5,300	5,016
Other privately held investments	108,187	136,158
Total Other Investments	**$ 949,413**	**$ 996,751**

The investment strategies for the above funds are as follows:

- *Multi-strategy funds*: Seek to achieve above-market returns by pursuing multiple investment strategies to diversify risks and reduce volatility. This category includes funds of hedge funds which invest in a large pool of hedge funds across a diversified range of hedge fund strategies.
- *Direct lending funds*: Seek to achieve attractive risk-adjusted returns, including current income generation, by investing in funds which provide financing directly to borrowers.
- *Private equity funds*: Seek to achieve attractive risk-adjusted returns by investing in private transactions over the course of several years.
- *Real estate funds*: Seek to achieve attractive risk-adjusted returns by making and managing investments in real estate and real estate securities and businesses.

The following table provides the annualized returns on investments (excluding investment expenses) by asset class:

Year ended December 31,	2023	2022
Cash and cash equivalents	3.7%	1.3%
Fixed maturities	6.7%	(7.5)%
Equity securities	14.4%	(22.3)%
Other investments	2.1%	5.9%
Equity method investments	2.7%	1.3%
Mortgage loans, held for investments	4.7%	3.7%
Short-term investments	10.9%	5.6%

2.8. Material Income and Expenses

The Company's main revenue source is premiums. The Company purchases reinsurance to reduce exposure to significant losses. Gross premiums written increased by $142 million or 2% in 2023 compared to 2022 with a $555 million increase in the insurance segment partially offset by a $413 million reduction in the reinsurance segment.

In the insurance segment, gross premiums written in 2023 increased by $555 million, or 10%, compared to 2022. The increase was primarily attributable to property, marine and aviation, liability, accident and health, and credit and political risk lines, partially offset by a decrease in professional lines.

The increases in property, marine and aviation, liability, and credit and political risk lines were due to favorable rate changes and new business. The increase in accident and health lines was due to new business. The decrease in professional lines reflected the unattractive pricing environment for U.S. public D&O business, together with a lower level of activity in transactional liability business.

In the reinsurance segment, gross premiums written in 2023 decreased by $413 million, or 16%, compared to 2022. The decrease was primarily attributable to catastrophe, property, liability, motor, marine and aviation, professional lines, accident and health, and engineering lines, partially offset by an increase in credit and surety lines.

The decreases in catastrophe and property lines were associated with the exit from these lines of business in June 2022. The decrease in liability lines was related to non-renewals of U.S. regional multi-line business that included a high proportion of property exposures and a decreased line size on a significant contract following the exit from catastrophe and property lines of business, together with non-renewals and decreased line sizes associated with repositioning the portfolio, partially offset by new business.

The decrease in motor lines was due to non-renewals and decreased line sizes associated with repositioning the portfolio and the timing of the renewal of a significant contract, partially offset by premium adjustments attributable to significant contracts associated with favorable market conditions, and new business. The decrease in marine and aviation lines was driven by non-renewals of marine business and the exit from aviation business effective January 1, 2023

The decrease in professional lines was attributable to lower premium adjustments associated with favorable market conditions in 2023, compared to 2022, together with the non-renewals of several under-performing contracts, partially offset by new business and increased line sizes. The decrease in accident and health lines was related to lower premium adjustments in 2023, compared to 2022, together with the timing of renewals of two significant contracts, partially offset by the increased line size of a significant contract.

The decrease in engineering lines was attributable to premium adjustments related to a significant contract in 2022. The increase in credit and surety lines was driven by new business, including mortgage business, partially offset by the timing of the renewal of a significant contract and premium adjustments related to several surety contracts.

In the insurance segment, net premiums earned in 2023 increased by $328 million, or 10%, compared to 2022. The increase was primarily driven by increases in gross premiums earned in property, liability, marine and aviation, accident and health, credit and political risk, and cyber lines, together with a decrease in ceded premiums earned in professional lines. These amounts were partially offset by increases in ceded premiums earned in property, liability, and marine and aviation lines together with a decrease in gross premiums earned in professional lines.

In the reinsurance segment, net premiums earned in 2023 decreased by $404 million, or 20%, compared to 2022. The decrease was primarily driven by decreases in gross premiums earned in catastrophe, property, liability, motor, professional lines, engineering, marine and aviation, and accident and health lines, together with increases in ceded premiums earned in motor, accident and health, credit and surety, professional lines and liability lines. These amounts were partially offset by decreases in ceded premiums earned in catastrophe lines and increases in gross premiums earned in credit and surety lines.

The Company's most significant expense is net losses and loss expenses on net premiums earned. Other significant expenses are costs incurred to acquire business and general and administrative expenses. The Company's combined ratio increased in 2023 to 99.9% from 95.8% in 2022. The increased combined ratio in 2023 was due to increased net losses and loss expenses and general and administrative expenses ratios, partly offset by a reduction in the acquisition cost ratio. The increased loss ratio was due to adverse prior year reserve development in 2023 (8.1%) compared to favourable development in 2022 (0.5%) and an increased current accident year loss ratio, excluding catastrophe and weather-related losses of 55.9% in 2023 compared to 55.5% in 2022. These increases were partially offset by a reduced catastrophe and weather-related loss ratio contributing 2.7% to the incurred loss ratio in 2023 compared to 7.8% in 2022.

The following table provides the Company's more significant expenses:

Year ended December 31,	**2023**		**2022**	
	Amount	**% of Net Earned Premiums**	**Amount**	**% of Net Earned Premiums**
Net losses and loss expenses	$ 3,393,102	66.7%	$ 3,242,410	62.8%
Acquisition costs	1,000,945	19.7%	1,022,017	19.8%
General and administrative expenses	684,446	13.5%	680,343	13.2%
Underwriting expenses/combined ratio	**$ 5,078,493**	**99.9%**	**$ 4,944,770**	**95.8%**

3. GOVERNANCE STRUCTURE

3.1. Board and Senior Executives

3.1.1. Board and Senior Executives Roles and Responsibilities

Board of Directors

Name	**Board Position**
Vincent C. Tizzio	Chief Executive Officer, President and Director (effective May 4, 2023)
Henry B. Smith	Chair of the Board of Directors
W. Marston Becker	Independent Director
Charles A. Davis	Independent Director
Anne Melissa Dowling	Independent Director
Elanor R. Hardwick	Independent Director
Michael Millegan	Independent Director
Thomas C. Ramey	Independent Director
Axel Theis	Independent Director
Barbara A. Yastine	Independent Director
Lizabeth H. Zlatkus	Independent Director

Senior Executives

Name	Position
Vincent C. Tizzio	Chief Executive Officer, President and Director (effective May 4, 2023)
Conrad D. Brooks	Chief Administrative and Legal officer
Peter Vogt	Chief Financial Officer
Daniel Draper	Chief Underwriting Officer
David Phillips	Chief Investment Officer

Role of Board, Management and Employees

The Company's business is conducted by its employees, managers and officers under the management of the Chief Executive Officer ("CEO") and the oversight of the Board. The Board is elected by the shareholders to oversee the actions and results of management and to advance the shareholders' interests in maximizing value over the long-term.

Director Responsibilities

The Board is ultimately responsible for maintaining the integrity of the Company. The Board is also responsible for:

- Evaluating and approving sound business strategies in order to deliver sustainable long-term value for stakeholders;
- Selecting, evaluating and determining compensation for the CEO;
- Establishing appropriate corporate governance structures;
- Ensuring the integrity of financial statements;
- Assessing major risk factors and reviewing policies to manage and mitigate risk; and
- Assuring the Company's business is conducted on an ethical basis in compliance with applicable laws, rules and regulations.

In discharging their responsibilities, directors shall exercise their business judgment to act in ways they reasonably believe to reflect the best interests of the Company and its shareholders. Directors are entitled to rely on the integrity of management, outside advisors and outside auditors.

The proceedings and deliberations of the Board and its committees are confidential. Directors shall maintain the confidentiality of information received in connection with their service as a director.

Duties of Non-Management Directors

Non-management directors must meet at regularly scheduled executive sessions without management present. In addition, if the non-management directors include any directors who are not "independent", the independent directors alone shall hold at least one meeting per year. These meetings will address such topics as determined by the Lead Independent Director or other non-management or independent directors, and the Chair and the CEO will be briefed on the substance of the issues addressed at these meetings, as appropriate.

Compliance with Company Policies

The Company shall maintain policies including a Corporate Disclosure Policy, Insider Trading Policy and a Code of Business Conduct and Whistleblower Policy, the latter two of which shall address the procedures for reporting potential and actual violations relating to any law, rule, regulation or Company policy. All directors are required to comply with the Company's policies.

Board Committees

Committees shall be established by the Board to facilitate and assist in the execution of the Board's responsibilities. The Board may establish and maintain committees as appropriate under the circumstances.

Standing Committees

The Board shall have, at all times, an Audit Committee, a Human Capital and Compensation Committee, a Corporate Governance, Nominating and Social Responsibility Committee, a Finance Committee and a Risk Committee.

All members of these committees, with the exception of the Finance Committee and Risk Committee, shall be independent directors under the independence requirements of the New York Stock Exchange and other requirements set forth in applicable laws, rules and regulations.

The Board will appoint committee members with the assistance of the Corporate Governance, Nominating and Social Responsibility Committee. Committee members may be periodically rotated as appropriate, with a general expectation that each committee chair serves a term to be established at the time that such chair is appointed. Directors will be polled from time to time as to their preference for committee service.

Each committee shall have a written charter that sets forth the purpose, duties and responsibilities of each committee as well as the qualifications of each committee member. Each charter will require an annual self-evaluation of the committee’s performance and the adequacy of the committee’s charter.

The roles and responsibilities of the Committees are as follows:

Executive Committee
The Executive Committee may exercise the authority of the Board when a quorum of the Board is not available, except in cases where the action of the entire Board is required by our memorandum of association, our bye-laws or applicable law.

Audit Committee
The Audit Committee has general responsibility for the oversight of the integrity of our financial statements, our compliance with legal and regulatory requirements, our independent auditor’s qualifications and independence and the performance of our internal audit functions and independent auditors. The Committee appoints, retains and determines the compensation for our independent auditors, pre- approves the fees and services of the independent auditors and reviews the scope and results of their audit. The Audit Committee has been established in accordance with Rule 10A-3 of the Exchange Act. Each member of the Audit Committee is a non-management director and is independent based on the listing standards of the NYSE and our Corporate Governance Guidelines. Our Board has determined that each of Mr. Ramey and Theis and Ms. Yastine and Zlatkus qualify as an audit committee financial expert pursuant to the rules and regulations of the SEC.

Human Capital and Compensation Committee
The Human Capital and Compensation Committee recommends compensation for our Chief Executive Officer to the Board, and it approves compensation to certain other executives in light of our established corporate performance goals and reviews and approves overall officer, management and employee compensation policies, incentive compensation plans, equity-based plans and director compensation. In addition, the Human Capital and Compensation Committee has primary oversight of the Company's human capital management efforts, including talent development, DEI, human rights, and employee engagement (as delegated by the Corporate Governance, Nominating and Social Responsibility Committee). Each member of this Committee is independent as defined in the listing standards of the NYSE and in accordance with our Corporate Governance Guidelines, including the heightened standards applicable to compensation committee members, and is a “non-employee director” for purposes of Rule 16b-3 under the Exchange Act.

Corporate Governance, Nominating and Social Responsibility Committee
The Corporate Governance, Nominating and Social Responsibility Committee takes a leadership role in shaping our corporate governance by identifying and recommending qualified director nominees, overseeing the purpose, structure and composition of our Board committees and periodically reviewing our Code of Business Conduct and Corporate Governance Guidelines. The Committee also establishes and oversees our Board and committee evaluation process which occurs annually. Additionally, the Committee oversees our ESG and sustainability initiatives which are considered to be an essential part of our governance. The Committee delegates oversight of human capital management, a component of the Company's ESG program, to the Company's Human Capital and Compensation Committee. Each member of this Committee is a non-management director and is independent as defined in the listing standards of the NYSE and in accordance with our Corporate Governance Guidelines.

Finance Committee
The Finance Committee oversees the investment and treasury functions of the Company, including the investment of funds and financing facilities. Its responsibilities include: approving our investment policies and guidelines, reviewing the performance of the investment portfolio, monitoring the need for additional financing, overseeing compliance with outstanding debt facility covenants and making recommendations to the Board concerning the Company's dividend policy.

Risk Committee
The Risk Committee assists the Board in its oversight of risks to which the Company is exposed and monitors compliance with our aggregate risk standards and risk appetite. The Risk Committee also reviews compensation practices to determine whether our policies and plans are consistent with the Company's risk framework and do not encourage excessive risk taking.

3.1.2. Remuneration Policy and Practices

Director Compensation

The form and amount of director compensation shall be determined by the Board upon the recommendation of the Human Capital and Compensation Committee. In doing so, the Board and the Human Capital and Compensation Committee shall be guided by the following principles:

- Director compensation should be comparable to companies of similar size, complexity and industry;
- Director compensation should align the interests of directors with those of the shareholders;
- The structure of director compensation should be transparent; and
- Compensation for committee service may vary depending upon required time commitment and nature of duties and responsibilities, so long as the additional compensation is of the same form available to all directors.

Employee directors are not paid additional compensation for their service as directors.

Independence Concerns

In determining the form and amount of director compensation and director independence, it must be considered that directors' independence may be jeopardized if director compensation exceeds what is customary. Similar concerns are raised if substantial charitable contributions are made to an organization with which the director is affiliated, or if the Company provides other types of indirect compensation to a director (including, for example, entering into a consulting contract with a director or an organization with which the director is affiliated).

Review

The Human Capital and Compensation Committee shall conduct an annual review of director compensation, as well as an annual review of the principles for determining compensation form and amount.

Executive Compensation

We are a global specialty underwriter and provider of insurance and reinsurance solutions. As the global specialty marketplace is highly competitive, it is critical that we recruit, retain and motivate top talent. To achieve this goal, we have designed our executive compensation programs to retain and reward leaders who create long-term value for our shareholders. The combination of fixed and variable compensation that we pay to our Named Executive Officers ("NEO") is structured to reward above-median performance with above-median levels of compensation and conversely, to provide below-median compensation for below-median performance. A large portion of our NEOs' compensation is variable, or performance-based, and consists of annual incentive awards and long-term equity awards, while the fixed component of their compensation is designed to reflect their significant level of responsibility. The primary consideration for our compensation decisions continues to be the assessment of Company performance based on: (i) certain short-term and long-term financial metrics; and (ii) both business unit and individual performance.

(1) The term "Named Executive Officers" refers to Vincent Tizzio, Peter Vogt, David Phillips, Conrad Brooks, Daniel Draper and Albert Benchimol who were executive officers of the Company in 2023. Mr. Tizzio succeeded Mr. Benchimol as President and Chief Executive Officer on May 4, 2023. Mr. Tizzio previously served as CEO, Specialty Insurance and Reinsurance. Mr. Benchimol served as our President and Chief Executive Officer until May 4, 2023 and as a strategic advisor until his departure from AXIS on December 31, 2023.

Risk Management and Compensation

In line with the Company's requirements for managing compensation risk, the Human Capital and Compensation Committee seeks to ensure that our executive compensation program does not encourage executives to take risks that are inconsistent with the long-term success of the Company.

Human Capital and Compensation Committee Consultant

Our Human Capital and Compensation Committee has sole authority to select, retain and terminate any consultants or advisors used to provide independent advice to the Human Capital and Compensation Committee and evaluate executive compensation, including sole authority to approve the fees and any other retention terms for such consultant or advisor.

3.1.3. Supplementary Pension or Early Retirement Schemes

The Company maintains defined contribution plans to provide retirement benefits to eligible employees. Contributions to the plans, which are managed externally, are based on eligible compensation.

For eligible U.S. employees, the Company provides a non-qualified deferred compensation plan that enables employees to make contributions to the plan that are in excess of those permitted under the Company's 401(k) Plan. In addition, employees are permitted to make additional contributions from any bonus received and to benefit from discretionary employer contribution to the Plan.

In 2016, the Company established the AXIS Executive Restricted Stock Unit Retirement Plan (the "Plan") to reward certain eligible long-term employees of the Company for their dedicated service. The Plan was implemented in 2017. Subject to certain conditions being met, eligible employees do not forfeit all of their outstanding share-settled restricted stock units, share-settled performance restricted stock units or cash-settled restricted stock units on or following their retirement. Absent the Plan, outstanding restricted stock units are generally forfeited upon termination of employment.

3.1.4. Material Transactions with Shareholder Controllers, Board or Senior Executives

In 2023, the Company paid $184 million of dividends to common and preferred shareholders.

We have established procedures for reviewing transactions between us and any director, executive officer or holder of five percent or more of our voting securities, or an immediate family member of any such person. These procedures help us evaluate whether any such related person transaction could impair the independence of a director or present a conflict of interest on the part of a director or executive officer. With the assistance of the Company’s General Counsel, our Corporate Governance, Nominating and Social Responsibility Committee, a committee comprised of independent directors, is required to consider and approve all transactions in which AXIS participates, a related person may have a direct or indirect material interest in the transaction and the aggregate amount involved may exceed $120,000. When reviewing transactions, the Corporate Governance, Nominating and Social Responsibility Committee considers any factors it deems relevant, including (i) whether the transaction is in the ordinary course of business of the Company, (ii) whether the transaction is on terms no less favorable than terms available to an unaffiliated third party, (iii) the related party’s interest in the transaction, (iv) the approximate dollar value of the transaction, (v) the purpose of the transaction, (vi) the disclosure obligations of the Company, (vii) the conflict of interest provisions of our Code of Business Conduct, and (viii) any other information that may be considered material.

Related persons include any of our directors, director nominees or executive officers, certain of our shareholders and their respective immediate family members. A conflict of interest occurs when an individual’s private interest interferes, or appears to interfere, in any way with our interests.

Our Code of Business Conduct requires all directors, officers and teammates who may have either a potential or apparent conflict of interest to promptly disclose such conflict to our General Counsel. We seek affirmative confirmation of compliance with our Code of Business Conduct from our directors, officers and teammates annually. Additionally, each year, our directors and executive officers complete questionnaires that require the identification of any arrangements or transactions in which they or their family members have an interest. Further, directors are requested to disclose any new conflicts of interest at each quarterly board meeting, and they would be expected to recuse themselves from any matters involving a potential conflict.

Stanley Galanski joined our Board in January 2024. Mr. Galanski's son is employed by a Company affiliate in a non-executive officer position and received total annual compensation of approximately $737,014 in 2023.

The following is a summary of related party transactions between the Company and affiliates of Stone Point, a private equity firm that specializes in the insurance and financial services industry, including owning several specialized investment managers. Charles Davis is the Chief Executive Officer of Stone Point. From a process perspective, while the Finance Committee approves the Company's strategic asset allocation ranges, each individual investment was approved by management's Investment and Finance Management Committee and as previously noted, by our Corporate Governance, Nominating and Social Responsibility Committee (i.e., Mr. Davis was not involved in management's decision to invest in Stone Point-affiliated entities).

- In the ordinary course of business, the Company engages SKY Harbor Capital Management, LLC, a portfolio company of investment funds managed by Stone Point, to manage certain of our high yield debt portfolios representing approximately 9% of our total investments. In 2023, we paid $3 million to SKY Harbor Capital Management, LLC in fees relating to these portfolios.
- We have an investment of $17 million in the Freedom Consumer Credit Fund, LLC Series B, the manager of which is Freedom Financial Asset Management,LLC, an indirect subsidiary of Pantheon Partners, LLC ("Pantheon"). Investment funds managed by Stone Point own approximately 14.5% of Pantheon. During 2023, fees paid to Freedom Financial Asset Management, LLC totaled $1 million.
- We have a $87 million investment in Stone Point's private equity fund, Trident VIII L.P. ("Trident VIII") and co-investments of $26 million. In 2023, we paid and accrued $2 million in fees to Stone Point in connection with our investment in Trident VIII. We pay no fees to Stone Point in connection with our co- investments.
- We have a $24 million investment in Stone Point's private equity fund, Trident IX L.P. ("Trident IX"). In 2023, fees paid to Stone Point in relation to Trident IX were $700,000.
- We have $9 million of co-investments with Gordon Brothers, a majority-owned portfolio company of Stone Point's Trident VII L.P. fund that participates in distressed corporate restructurings. In 2023, we paid $100,000 in aggregate fees to Gordon Brothers with respect to these co-investments.
- We have a $43 million investment in Rialto Real Estate IV-Property ("Rialto") and co-investments of $19 million with Rialto Real Estate Fund IV-Property, a fund managed by a portfolio company of Stone Point's private equity fund, Trident VII L.P. In 2023, we paid Rialto Capital Management $2 million in fees in connection with these investments.
- We have a $18 million investment in Stone Point Credit Corporation. In 2023, $500,000 in fees were paid relating to this investment. In connection with our seed investment in Stone Point Credit Corporation, the Company received an investment in Stone Point Credit LLC currently valued at $100,000. We pay no fees to Stone Point in connection with this investment. In addition, we have a $18 million investment in Stone Point Credit Corporation bonds. In 2023, AXIS earned $1 million in interest in connection with this transaction. The coupon rate on the bonds is 5.83%.
- We have a $5 million investment in a syndicated accounts receivable loan for which Sound Point Capital Management L.P., an affiliate of certain principals of Stone Point, is the lead originator. We pay no fees to Sound Point Capital in connection with our investment.
- We have a $7 million investment in a loan to Eagle Point Credit Management LLC, which is majority-owned by Trident IX.
- We have a $6 million investment in cumulative preferred shares of Aspida Holdings Ltd. This investment was syndicated to the Company by Stone Point.
- We have a $22 million investment in Monarch Point Re, a newly created collateralized reinsurer which is jointly sponsored by the Company and Stone Point. In 2023, we paid Stone Point $60,000 in fees in connection with this investment

The Corporate Governance, Nominating and Social Responsibility Committee reviewed each of the Stone Point affiliate transactions before approval to confirm each transaction was no less favorable than those provided to other investors. In addition, the Committee reviews all relationships with Stone Point affiliates annually and whenever a new transaction is proposed to the Committee.

3.2 Fitness and Propriety Requirements

3.2.1. Fit and Proper Process for Assessing Board and Senior Executives

Board of Directors

For the Board to satisfy its oversight responsibilities effectively, the Board seeks members who combine the highest standards of integrity with significant accomplishment in their chosen fields. The Corporate Governance, Nominating and Social Responsibility Committee is responsible for recommending qualified candidates for directorships to be filled by the Board or by our shareholders. Directors are expected to bring a diversity of experiences, skills and perspectives to our Board. The Committee considers qualities of intelligence, honesty, perceptiveness, good judgment, high ethics and standards, integrity and fairness to be of paramount importance. It also examines experience, diversity, knowledge and skills in business judgment, leadership, strategic planning, general management practices and crisis response. In addition, the Committee looks for candidates with financial expertise and a willingness and ability to commit the time required to fully discharge their responsibilities to the Board. The Committee evaluates candidates on their qualifications and not based of the manner in which they were submitted for consideration.

The Committee views diversity as an essential element of our Board's composition and effectiveness. Attributes that will be additive to our overall Board's diversity, such as race, gender identity, age, sexual orientation, ethnicity and national origin are considered in the identification and evaluation of our director candidates.

Chief Executive Officer

The Board shall be responsible for selecting the CEO. CEO selection should be guided by the following principles:

- The CEO of AXIS should uphold the highest standards of integrity;
- The CEO of AXIS should demonstrate strong leadership with respect to strategy, personnel and stakeholder engagement; and
- The CEO of AXIS should be capable of successfully directing the Company's operations and results.

The Human Capital and Compensation Committee will facilitate the CEO's annual performance review and present the review to the full Board. This evaluation should be based on the above principles, in addition to an objective assessment of the Company's business performance and the accomplishment of short-, medium- and long- term strategic goals. The Human Capital and Compensation Committee will then formulate a recommendation on CEO compensation for the full Board's approval. Prior to approving the CEO's compensation, the full Board will review the Human Capital and Compensation Committee's report and recommendation to ensure that the CEO is providing the best leadership for the Company, both in the long- and short-term.

All Employees

All of AXIS' employees, directors and officers are required to comply with the AXIS Capital business ethics policies which include Code of Business Conduct, Whistleblower Policy and Insider Trading Policy. AXIS requires that all employees, directors and officers conduct business with integrity and comply with all applicable laws and regulations. The AXIS Business Ethics Policies set forth the standards of business conduct consistent with AXIS' core values of professionalism and integrity. To reinforce familiarity and understanding of the guiding principles of these policies, each year, all employees, officers and directors are required to acknowledge their acceptance and certify their compliance with each of the policies.

As part of the recruitment process, a candidate will be assessed to determine whether he or she is fit for the particular role; specifically with reference to competency and capability.

AXIS will consider information about a person's competency and capability for a position, which includes the following:

- the responsibilities of the position;

- the person's demonstrated capacity to successfully undertake the responsibilities of the position and the establishment/ maintenance of an effective control regime;
- the person's knowledge of the business and responsibilities of the position; and
- any professional qualifications, formal and informal training.

Also, as part of the recruitment process, a candidate will be assessed to determine whether he or she meets AXIS's standards for probity; specifically with reference to honesty, integrity, fairness, ethical behaviour and financial soundness.

AXIS will consider a candidate's record as a good indicator of character, as well as other information indicative of honesty, integrity, fairness and ethical behaviour.

3.2.2. Qualifications, Skills and Expertise of Board and Senior Executives

Directors

Vincent C. Tizzio (effective May 4, 2023)
Vincent C. Tizzio is President and CEO of AXIS Capital. Mr. Tizzio has a proven track record as a business leader at both large global and mid-size insurance carriers, with a deep and expansive understanding of the specialty space, and an ability to grow strong organizational cultures. At AXIS, Mr. Tizzio has led the Company to consistently deliver record premium growth for its specialty insurance business; implemented the repositioning of AXIS Re as a specialist reinsurer; expanded its offerings specifically designed for small-to-mid-sized businesses; launched efforts to grow AXIS' digital capabilities; and further scaled its global platform. Prior to joining AXIS, Mr. Tizzio served as EVP and Head of Global Specialty at The Hartford where he led a multi-billion dollar business focused on delivering a broad array of specialty products through wholesale and retail channels. Previously, he had served for 7 years as President and CEO of Navigators Management Company, leading the organization until its acquisition by The Hartford in 2019. Prior to that, Mr. Tizzio worked at Zurich Financial Services and AIG, serving in progressive senior leadership roles within both companies. Mr. Tizzio received a B.A. degree in finance and sociology from Adelphi University. He serves on the boards of the Maguire Academy of Risk Management at Saint Joseph's University in Philadelphia, the Maurice R. Greenberg School of Risk Management at St. John's University in New York, and the Association for Bermuda Insurers and Reinsurers (ABIR). He is on the boards of the Monmouth Medical Center, the Visiting Nurse Association, Embrace Partners, and the Postgraduate Center for Mental Health. Mr. Tizzio is also a longstanding board member of the Freedom House, an organization committed to helping people with addiction, and a founder of Feed Belly Farm, which helps to provide food to people in need.

Henry B. Smith
Henry B. Smith has served as a director since May 2004 and as Chair since September 2020. Mr. Smith served as the Chief Executive Officer and President of W.P. Stewart & Co., Ltd. from May 2005 to March 2006. Mr. Smith is the former Chief Executive Officer of the Bank of Bermuda Limited, a position he held from March 1997 until March 2004. He joined the Bank of Bermuda in 1973 as a management trainee and held various senior positions within the Bank of Bermuda, including Executive Vice President and Chief Operations Officer, Executive Vice President, Europe and Senior Vice President and General Manager, Retail Banking.

W. Marston Becker
W. Marston Becker joined our Board in June 2020. Mr. Becker has over 35 years of insurance industry experience. From 2014 until April 2020, Mr. Becker served as Chairman of QBE Insurance Group. From 2006 to 2013, he served as Chairman and Chief Executive Officer of Alterra Capital Holdings Limited, serving as a director from 2004 to 2013. He also served on the board of Selective Insurance Group, Inc. from 2006 until 2011. From 2002 to 2005, Mr. Becker was Chairman and Chief Executive Officer of Trenwick Group, Ltd. From 2002 until 2008, Mr. Becker was Chairman and Chief Executive Officer of the run-off for LaSalle Re Holdings Limited. He was non-executive Chairman of Hales & Company, a boutique insurance industry investment bank and private equity investor specializing in the insurance brokerage industry, from 2001 to 2004. Mr. Becker also served as Chairman and Chief Executive Officer of Orion Capital Corporation from 1996 to 2000 and was President and Chief Executive Officer of McDonough Caperton Insurance Group, Inc. from 1987 to 1994, previously serving in other executive positions since 1978. He currently serves as a director of Encova Mutual Insurance Company, Amynta Group and the Mountain Companies and Chairman of MVB Financial Corp. He is an advisory board member of the American

Securities Fund, Cohesive Capital and Madison Dearborn Partners. Mr. Becker is a certified public accountant and an admitted attorney in West Virginia. He holds both a BS and JD from the West Virginia University.

Charles A. Davis
Charles A. Davis has served as a director since our inception. Since June 2005, Mr. Davis has been a member and the Chief Executive Officer of Stone Point Capital LLC ("Stone Point"). From 1998 until May 2005, he was with MMC Capital, Inc., a subsidiary of Marsh & McLennan Companies, Inc., serving as the Chief Executive Officer from 1999 to 2005 and Chairman from 2002 to 2005. He also served as a Vice Chairman of Marsh & McLennan Companies, Inc. from 1999 to November 2004. Prior to joining MMC Capital in 1998, Mr. Davis spent 23 years at Goldman, Sachs & Co., where, among other positions, he served as head of Investment Banking Services worldwide, head of the Financial Services Industry Group, a General Partner, a Senior Director and a Limited Partner. Mr. Davis previously served as a director of The Hershey Company from 2007 to May 2021. He is currently on the Board of The Progressive Corporation.

Anne Melissa Dowling
Anne Melissa Dowling joined our Board in January 2020. She previously served as Director of Insurance for the State of Illinois from 2015 to 2017 and as Deputy (and Acting) Commissioner of Insurance for the State of Connecticut from 2011 to 2015. Ms. Dowling previously held executive management roles in the areas of investments, treasury, strategic planning, marketing and governance at Massachusetts Mutual Financial Group, Connecticut Mutual Life Insurance Company, Travelers Insurance Company and at Aetna Life & Casualty where she began her career in 1982. She currently serves on the boards of Prosperity Group Holdings, Keystone Agency Advisors and Insurance Capital Group and as a senior advisory board member for Bain Capital Insurance. She is a former director of Spectranetics Corporation (SPNC) and a former advisory board member of Carpe Data. Ms. Dowling received an M.B.A. from Columbia Business School and a B.A. from Amherst College. She holds the Chartered Financial Analyst (CFA) designation.

Elanor R. Hardwick
Elanor R. Hardwick has served as a director since November 2018. From 2018 to June 2020, Ms. Hardwick served as Chief Digital Officer of UBS, leading the bank's innovation and digitization activities across all business lines and functions globally. From 2016 to 2018, Ms. Hardwick served as Head of Innovation of Deutsche Bank. Previously, she was Chief Executive Officer of Credit Benchmark Ltd., a FinTech start-up and provider of credit risk data, leading the company from its foundation in 2012. Prior to that, Ms. Hardwick held a succession of senior leadership positions at Thomson Reuters, including Global Head of Strategy, Investment and Advisory; Global Head of Professional Publishing; and Head of Strategy for Europe and Asia. Ms. Hardwick has also worked at Morgan Stanley International, Booz-Allen & Hamilton and the United Kingdom's Department of Trade and Industry. Since July 2020, Ms. Hardwick has served as a director of Alpha Bank and since April 2022, has served as a member of the supervisory counsel of Luminor Holding AS. She currently serves as an External Member of the Audit Committee of the University of Cambridge. Ms. Hardwick earned an M.B.A. from Harvard Business School and an M.A. from the University of Cambridge.

Michael Millegan
Mr. Millegan joined our Board in April 2021 and is founder and Chief Executive Officer of Millegan Advisory Group-3 LLC, a strategic advisory firm for early-stage companies. Formerly with Verizon, Mr. Millegan held various executive leadership and management roles at Verizon over the course of his 33-year tenure in the areas of digital technology and platforms, cybersecurity, supply chain management, sales, marketing and operations including serving as President of Verizon Global Wholesale Group, Area President of Verizon Midwest Region and Senior Vice President of Verizon Enterprise Operations. He currently serves as a director on the Boards of Portland General Electric Company and Wireless Telecom Group, Inc. and previously served as a director of CoreSite Realty Corporation from February 2021 until December 2021. Mr. Millegan holdsB.A. from Angelo State University and M.B.A. from Angelo State University.

Thomas C. Ramey
Thomas C. Ramey was elected as a director in July 2009. Mr. Ramey was Chairman and President of Liberty International, a wholly owned subsidiary of Liberty Mutual Group, from 1997 to 2009. He also served as Executive Vice President of Liberty Mutual Group from 1995 through 2009. Prior to joining Liberty, he was President and Chief Executive Officer of American International Healthcare, a subsidiary of AIG, and founder and President of an international healthcare trading company. He is currently a trustee of the Brookings Institution. Mr. Ramey was formerly a Director of The Warranty Group, the International Insurance Society, the Coalition of Services Industries and Chairman of the International Fund for Animal Welfare. He was also formerly a member of the Chongqing, China Mayor's International Advisory Council.

Axel Theis
Dr. Theis joined our Board in April 2021. Formerly with Allianze SE, Dr. Theis held various management roles during his 33-year career with Allianz SE leading (re)insurance and asset management businesses of significant scale across the European and global markets. He served as a member of the Allianz Board of Management from 2015 to 2020; Chief Executive Officer of Allianz Global Corporate & Specialty SE from 2006 to 2014; and Chief Executive Officer of Allianz Global Risks Ruckversicherungs from 2004 to 2006. He also served on Allianz's U.K. subsidiary board as Chairman from 2015 to 2018, as a member of the U.S. and Irish subsidiaries of Allianz from 2015 to 2018 and as Chairman of Allianz' French credit insurance company, Euler Hermes, from 2015 to 2019. Dr. Thies holds a Ph.D. from the Eberhard Karls Universität Tübingen.

Barbara A. Yastine
Barbara A. Yastine has served as a director since July 2018. Ms. Yastine previously served as Chair, President and Chief Executive Officer of Ally Bank from March 2012 to September 2015, and as Chief Administrative Officer of Ally Financial, overseeing the risk, compliance, legal and technology areas, and Chair of Ally Bank, from May 2010 to March 2012. Prior to joining Ally Financial, she served as a Principal of Southgate Alternative Investments, a start-up diversified alternative asset manager, beginning in June 2007. She served as Chief Financial Officer for investment bank Credit Suisse First Boston from October 2002 to August 2004. From 1987 through 2002, Ms. Yastine worked at Citigroup and its predecessor companies. Ms. Yastine also served as a director and Co-Chief Executive Officer of Lebenthal Holdings, LLC from September 2015 to June 2016. Ms. Yastine currently serves as a member of the Board of Directors of Primerica Inc., Zions Bancorporation, Alkami Technology Inc. and is a former director of First Data Corporation. She received a B.A. in Journalism and an M.B.A. from New York University.

Lizabeth H. Zlatkus
Lizabeth H. Zlatkus was appointed as a director in March 2019. Until her retirement from The Hartford Financial Services Group, Ms. Zlatkus held many senior leadership positions during her tenure from 1983 to 2011 including Chief Financial Officer and Chief Risk Officer of the firm and Co-President of Hartford Life Insurance Companies. She also served as Executive Vice President of two of The Hartford's largest divisions, the international operations and the group life and disability divisions. Ms. Zlatkus currently serves as a director on the board of Pathward Financial, Inc. (formerly known as Meta Financial Group, Inc.). She is also Chair of The Connecticut Science Center Trustee Board, serving on its executive committee since 2012. Additionally, Ms. Zlatkus was formerly a director of Boston Private Financial Holdings, Inc., Legal & General Group, Plc, Computer Sciences Corporation, Indivior, PLC and Zinnia (formerly known as SE2). She also previously served as Regulatory Chair for the North American Chief Risk Officers Council, as a member on the Hewlett Packard Financial Services Board of Advisors, as a member of the LOMA Board of Directors, as Trustee of the Connecticut Women's Hall of Fame, and as a member of the Pennsylvania State University Business School Board, where she served as Chair from 2012 – 2015.

Chief and Senior Executives

Vincent C. Tizzio
See bio above.

Peter Vogt
Peter Vogt was appointed Chief Financial Officer of AXIS Capital in January 2018. He previously served as the Company's Deputy CFO from July 1, 2017 until his appointment as CFO in January 2018 and as the Chief Operating Officer of AXIS Insurance from 2013 to June 2017. Mr. Vogt joined AXIS in 2010 as CFO and COO of the Company's Accident & Health business unit. Prior to AXIS, Mr. Vogt served as CFO of Penn Mutual Life Insurance Company. He also held the CFO role at CIGNA's Group Insurance business. Mr. Vogt started his career at Hartford Life Insurance Company where, over nearly 14 years, he held a series of actuarial roles and eventually led sales, marketing and product development for its corporate retirement business. Mr. Vogt holds a BBA in Actuarial Science from Temple University and is a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries.

Conrad D. Brooks
Conrad D. Brooks is Chief Administrative and Legal Officer of AXIS Capital. Prior to his appointment to the role in January 2024, he served as AXIS's General Counsel since January 2017 and as the company's Corporate Counsel for nearly a decade before that. Mr. Brooks joined AXIS from McKenna Long & Aldridge LLP (now Dentons), where he was a partner and served as practice team leader in the firm's corporate and securities practice. A former officer in the United States Navy, Mr. Brooks received his BS from the University of Illinois, his MBA (Finance) from Old Dominion University and his JD from Georgia State University College of Law.

David Phillips
David Phillips joined AXIS Capital as Chief Investment Officer in April 2014. With over 25 years of experience in investments, Mr. Phillips previously served as Head of Investments for PartnerRe. Prior to PartnerRe, he was the Director of Research and a Portfolio Manager at Oppenheimer Capital, an institutional money manager based in New York City. Mr. Phillips is a CFA® charterholder and received an MBA from the Wharton School of the University of Pennsylvania and an AB from Princeton University.

Daniel Draper
Dan Draper was appointed Group Chief Underwriting Officer in September 2022. He had previously served for more than two years as Group Head of Underwriting at AXIS. Prior to that, he had been Group Chief Risk and Actuarial Officer at VIBE. Before joining VIBE, Mr. Draper spent eight years with AXIS, holding a number of leadership roles that included Group Chief Actuary, Chief Risk Analytics Officer, and Insurance Segment Chief Risk Officer. Before that, he held managerial positions at the Financial Services Authority, XL Capital, and Ernst & Young. Mr. Draper received a Masters in Engineering from the University of Bath and is a Fellow of the Institute and Faculty of Actuaries.

3.3. Risk Management and Solvency Self-Assessment

3.3.1. Risk Management Process and Procedures to Effectively Identify, Measure, Manage and Report on Risk Exposures

AXIS has an established Group-Wide Enterprise Risk Management ("ERM") framework with a mission to promptly identify, assess, manage, monitor, and report risks that affect the achievement of our strategic, operational and financial objectives. The key objectives of the framework are to:

- Protect our capital base and earnings by monitoring risks against our stated risk appetite and limits;
- Promote a sound risk management culture through disciplined and informed risk taking;
- Enhance value creation and contribute to an optimal risk-return profile by providing the basis for efficient capital deployment;
- Support our group-wide decision making process by providing reliable and timely risk information; and
- Safeguard our reputation.

The risk management framework applies to all lines of business and corporate functions across our Company.

Risk Governance

At the heart of our ERM framework is a governance process with responsibilities for identifying, assessing, managing, monitoring, and reporting risks. We articulate roles and responsibilities for risk management throughout the organization, from the Board of Directors and the Chief Executive Officer to our business and corporate functions, thus embedding risk management throughout the Company.

Risk governance is executed through a three lines of defence model, with the business units (“first line”) responsible for the identification, assessment, management, mitigation and monitoring of risks on a day-to-day basis; the Group Risk function (“second line”) providing oversight and guidance on risk management across the business by supporting and challenging the first line in their identification, assessment, management and mitigation of risk; and Internal Audit (“third line”) providing independent assurance on the effectiveness of governance, risk management, and internal controls (see below for further details on the Risk Management Organization).

Our risk policies are a formal set of documents that outline key drivers of risk and responsibilities for managing individual and aggregate risks. Our qualitative and quantitative risk reporting framework provides transparency and early warning indicators to senior management with regard to our overall risk profile, adherence to risk appetite and limits and management actions at the Group and Legal entity level.

Various governance and control bodies coordinate to help ensure that objectives are being achieved, risks are identified, and appropriately managed, and internal controls are in place and operating effectively.

The key elements of the governance framework, as it relates specifically to risk management, are described below.

Board of Directors’ Level

The Risk Committee of the Board of Directors ("Risk Committee") assists the directors in overseeing the integrity and effectiveness of our ERM framework and ensuring that our risk mitigation activities are consistent with that framework. The Risk Committee reviews, approves, monitors our overall risk strategy, risk appetite, and key risk limits, and receives regular reports from the Group Risk function to ensure any significant risk issues are being addressed by management. The Risk Committee further reviews, with management and Internal Audit, the Group’s risk policies and satisfies itself that effective systems of risk management and controls are established and maintained. Among its other responsibilities, the Risk Committee

reviews and approves our annual Own Risk and Solvency Assessment ("ORSA") report. The Risk Committee also assesses the independence and objectivity of our Group Risk function, approves its terms of reference, and reviews its ongoing activities.

The Risk Committee also conducts a review and provides a recommendation to the Board of Directors regarding the appointment and/or removal of the Chief Risk Officer. The Risk Committee meets with the Chief Risk Officer in separate executive sessions on a regular basis.

The Finance Committee of the Board of Directors oversees the Group's investment of funds and adequacy of financing facilities. This includes approval of the Group's strategic asset allocation plan. The Audit Committee of the Board of Directors, which is supported by Internal Audit, is responsible for overseeing internal controls and compliance procedures, and also reviews with management and the Chair of the Risk Committee, the Group's policies regarding risk assessment and risk management.

Group Executive Level

The Executive Committee formulates our business objectives and risk strategy within the overall risk appetite set by the Board of Directors. It allocates capital resources and sets limits across the Group, with the objective of balancing return and risk. While the Executive Committee is responsible overall for risk management, it has delegated some authority to the executive level Risk Management Committee ("RMC") consisting of the Chief Executive Officer, Chief Financial Officer, Chief Underwriting Officer, Chief Risk Officer, Group Chief Actuary - Reserving and Capital, and Chief Admisnistrative and Legal officer.

The RMC is responsible for overseeing the integrity and effectiveness of the Group's ERM framework and ensuring that the Group's risk assumption and risk mitigation activities are consistent with that framework, including a review of the annual business plan relative to our risk limits. In addition to the RMC there is an established framework of separate yet complementary management committees and subcommittees, focusing on particular aspects of ERM including the following:

<u>Management Committees</u>

- The Operating Committee oversees the day-to-day operations of the organization, ensuring decisions are aligned and prioritized with the Company's strategic goals and values.

- The Global Underwriting Committee oversees the integrity and effectiveness of the Company's Underwriting Governance Framework ensuring the Company's underwriting activities are consistent with that framework.

- The Investment & Finance Committee oversees the Group's investment activities which includes monitoring market risks, the performance of our investment managers and the Group's asset-liability management, liquidity positions and investment policies and guidelines. The Investment & Finance Committee also prepares the Group's strategic asset allocation and presents it to the Finance Committee of the Board of Directors for approval.

- The Capital Management Committee oversees the integrity and effectiveness of the Company's Capital Management Policy, including the capital management policies of the Company's legal entities and branches, and oversees the availability of capital within the Group.

- The Group Reserving Committee ensures appropriate oversight and validation of the Group loss reserves.

RMC Sub-Committees

- The Exposure Management Committee oversees the Group's exposure management framework for Catastrophe and Non Catastrophe lines, including the validation of modelling, threats framework, accumulation practices and monitoring of management appetites.

- The Reinsurance Security Committee ("RSC") sets out the financial security requirements of our reinsurance counterparties and approves our counterparties, as needed.

- The Internal Model Committee oversees the Group's internal model framework, including the key model assumptions, methodology and validation framework.

- The Operational Risk Committee oversees the Group's operational risk framework for identifying, assessing, managing, monitoring, and reporting of operational risk and facilitates the embedding of effective operational risk management practices throughout the Group.

- The Emerging Risks Working Group oversees the processes for identifying, assessing, managing, monitoring, and reporting current and potential emerging risks.

- The Climate Change Working Group focuses specifically on climate-related risks and opportunities and oversees climate risk initiatives.

Risk Management Organization

As a general principle, management in each of the lines of business and corporate functions is responsible in the first instance for the risks and returns of its decisions. Management is the 'owner' of risk management processes and is responsible for managing our business within defined risk limits.

The Chief Risk Officer reports to the Chief Financial Officer and the Chair of the Risk Committee, leads our independent Group Risk function, and is responsible for oversight and implementation of the Group's ERM framework, as well as providing guidance and support for risk management practices. Group Risk is responsible for developing methods and processes for identifying, assessing, managing, monitoring, and reporting risk. This forms the basis for informing the Risk Committee and RMC of the Group’s risk profile. Group Risk develops our ERM framework and oversees the adherence to this framework at the Group and legal entity level. Our Chief Risk Officer regularly reports risk matters to the Chief Financial Officer, Executive Committee, RMC, and the Risk Committee.

Internal Audit, an independent, objective function, reports to the Audit Committee of the Board of Directors on the effectiveness of our risk management framework. This includes assurance that key business risks have been adequately identified and managed appropriately and that our system of internal control is operating effectively. Internal Audit also coordinates risk-based audits, compliance reviews and other specific initiatives to evaluate and address risk within targeted areas of our business.

Our risk governance structure is further complemented by our legal team which seeks to mitigate legal and regulatory compliance risks with support from other teams. This includes ensuring that significant developments in law and regulation are observed and that we react appropriately to impending legislative and regulatory changes and applicable court rulings.

Risk Appetite and Limit Framework

Our integrated ERM framework considers material risks that arise both internally and externally, that could impact our business. Material risks that might accumulate and have the potential to produce substantial losses are subject to our group-wide risk appetite and limit framework. Our risk appetite, as authorized by the Board of Directors, represents the amount of risk that we are willing to accept in pursuit of our strategic objectives, within the constraints imposed by our capital resources as well as the expectations of our stakeholders as to the type of risk we hold within our business. At an annual aggregated level, we also monitor and manage the potential financial loss from the accumulation of risk exposure in any one year.

Specific risk limits are defined and translated into a consistent framework across our identified risk categories and across our legal entities and are intended to limit the impact of individual risk types or accumulations of risk. Individual limits are established through an iterative process to ensure that the overall framework complies with our group-wide requirements on capital adequacy and risk accumulation.

We monitor risks against our documented risk appetite and defined limits and report any deviations through our risk reporting framework..

3.3.2. Implementation of Risk Management and Solvency Self-Assessment Systems and Integration into Strategic Planning, Organizational and Decision Making Process

Our management Executive Committee formulates our business objectives and risk strategy within the overall risk appetite set by our Board. It allocates capital resources and sets limits across the Group, with the objective of balancing return and risk.

An important component of our ERM framework is the solvency self-assessment process (the ORSA or GSSA process), which consolidates data and information from a number of underlying business processes to enable a comprehensive assessment of the Company's solvency position based on its current, prospective and stressed risk profile and associated capital requirements.

The purpose of this process is to support short-term decision making and longer-term strategic management and ensure the Company has sufficient capital at all times in line with the Company's risk appetite and solvency targets (see section 3.3.3 for a description of the Company's Target Capital Range concept).

The ORSA is a continuous and dynamic process which is incorporated into the Company's ERM Framework and Risk Management cycle which provide a continuous assessment of all material risks the Company is exposed to, with quarterly reporting to the RMC and Risk Committee on material changes to the risk profile and associated capital requirements. An important aspect of the process is the forward-looking assessment of any changes to the risk profile and capital requirements introduced by prospective business plans or major strategic initiatives. The risk analysis performed includes a review of the impact on the prospective risk exposures relative to risk appetite and risk limits, capital and solvency requirement projections relative to solvency targets, and associated management actions to mitigate excess risk exposures and finance any additional solvency requirements. The results of the ORSA are reported to the Risk Committee and support the Board's approval of prospective business plans and strategic initiatives.

ORSA triggers are defined and monitored to identify events with the potential to materially impact the most recent ORSA results, for example, changes to the risk profile or capital.

3.3.3. Relationship between Solvency Self-Assessment, Solvency Needs and Capital and Risk Management Systems

As described above, the ORSA process provides a comprehensive assessment of the Company's solvency position based on its current, prospective and stressed risk profile and associated capital requirements. An important characteristic of the process is that it establishes a link between our risk management framework, including risk appetite, risk limits and the risk assessment process, and the Company's capital management framework, including the process for calculating capital requirements and determining solvency needs. This is embedded in the Company's capital management strategy through our Target Capital Range ("TCR") concept.

The TCR defines the preferred level of capital needed to absorb shock losses and still satisfy our minimum solvency targets in relation to key capital benchmarks including our "own view" of risk from our internal capital model and regulatory and rating agency capital requirements:

- *Internal risk capital:* We use our internal capital model to assess the capital consumption of our business, measuring and monitoring the potential aggregation of risk at extreme return periods.
- *Regulatory capital requirements:* In each country in which we operate, the local regulator specifies the minimum amount and type of capital that each of the regulated entities must hold in support of their liabilities and business plans. We target to hold, in addition to the minimum capital required to comply with the solvency requirements, an adequate buffer to ensure that each of our regulated entities meets its local capital requirements.
- *Rating agency capital requirements:* Rating agencies apply their own models to evaluate the relationship between the required risk capital of a company and its available capital resources. The assessment of capital adequacy is usually an integral part of the rating agency process. Meeting rating agency capital requirements and maintaining strong credit ratings are strategic business objectives of the Company.

The TCR identifies the point at which management needs to consider raising capital, amending our business plan or executing capital management activities well before capital approaches the minimum requirements ("early warning indicator"). This allows us to take appropriate measures to ensure the continued strength and appropriateness of our capital and solvency positions and enables us to take advantage of opportunities as they arise. Such measures are performed as and when required and include traditional capital management tools (e.g. dividends, share buy-backs, issuance of shares or debt) or through changes to our risk exposure (e.g. recalibration of our investment portfolio or changes to our reinsurance purchasing strategy).

The TCR also considers an amount of capital beyond which capital could be considered "excess". Where we do not find sufficiently attractive opportunities and returns for our excess capital, we may return capital to our shareholders through share repurchases and/ or dividends. In doing so, we seek to maintain an appropriate balance between higher returns for our shareholders and the security provided by a sound capital position.

Any material changes to the Company’s risk profile are monitored through the Risk Appetite and Limit framework, with management actions implemented where necessary, and reflected in the Company’s capital requirements appropriately, as per the TCR framework. Deviations from the target ranges will trigger necessary management actions to ensure the Company remains within its solvency targets. The Risk Committee and RMC meet quarterly and review the Group’s latest risk and capital positions relative to its risk limits and TCR.

3.3.4. Solvency Self-Assessment Approval Process

The Board has ultimate responsibility for oversight of the effectiveness of the Company’s ERM framework including the solvency self-assessment (ORSA or GSSA) process. The results of the ORSA process are formally documented in an annual report and presented to the Risk Committee for approval. The production of the ORSA report is coordinated by the Group Risk function with input from a number of business functions, including underwriting, finance, investments, actuarial, treasury and risk funding. Before being submitted to the Risk Committee for approval, the report goes through a number of reviews and iterations based on feedback provided from business functions and members of the Executive Committee through the Risk Management Committee.

The report is generally prepared with a year-end reference date, allowing a clean cut off period and includes a forward-looking assessment of the short to medium term risk profile changes and associated capital requirements and solvency needs. This ensures that the ORSA acts as a year-end report which allows management to review the collective implications of the various decisions made through the course of the year and take a strategic, forward-looking view of future risks and capital needs.

3.4. Internal Controls

3.4.1. Internal Control Systems

Internal control is defined as the processes, policies, guidelines, and standards of practice in place to mitigate and manage risk to acceptable levels.

The AXIS internal control framework is based on the framework developed by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in 1992, and updated in 2013.

The AXIS internal controls are documented and maintained in a central risk and control repository, and individual control owners certify each quarter to the adequate design and continued operating effectiveness of their respective controls.

The internal control framework includes the following five interrelated components:

- *Control Environment:* The primary responsibility of the Board of Directors is to provide effective governance over the Company's affairs for the benefit of its shareholders, and to help broaden the perspective of executive management. The Board has established the Audit Committee to facilitate and assist in the execution of its responsibilities. In terms of internal control oversight, it is the responsibility of the Audit Committee to review and periodically discuss with the Board the adequacy and effectiveness of the Company's internal control structure. There are several oversight committees such as the RMC which help set the management tone in terms of the control environment. AXIS operates with a three lines of defense model.
- *Risk Assessment:* The Internal Controls policy lists the risks ('Risk universe') to which the Company is exposed which the Risk Committee of the Board and RMC annually evaluate. Separate risk policies are defined for key risks within the universe which affirm the Company's approach, appetite and risk mitigation/control philosophy for managing each risk. Risk assessments are regularly conducted by the business (overseen by Group Risk) across the risk universe for the Company. The assessments take into consideration the control environment and the results of control activities as well as other factors e.g. external environment, management of the risk in relation to defined risk appetite and operational issues encountered in the management of the risk. The results of the assessments support upwards reporting and messaging to the Board.
- *Control Activities:* Each risk within the risk universe identifies an individual Risk Owner, normally a member of the AXIS Group Executive Committee, having appropriate experience and knowledge of the risk. The Risk Owner is responsible for designing and implementing an adequate and efficient control environment to manage their respective risks. Activities include, but are not limited to, reconciliations, documented roles and responsibilities, clear authority limits, peer reviews, appropriate segregation of duties and metrics reporting.
- *Information and Communication:* In terms of communication, AXIS has clear reporting and communication lines in place. Role profiles make clear each individual's role, their reporting lines and functional terms of reference set out responsibilities by function. Clear organizational and structure charts are also maintained. There is an escalation policy in place to ensure matters are reported upwards as required by employees. The AXIS Whistle-blower Policy also provides various lines of communication for reporting violations and concerns.
- *Monitoring:* The effectiveness of the internal control framework is independently validated via regular internal audit reviews which are conducted on a rotational basis with findings reported to the Audit Committee. There are also Management Initiated Audits ("MIAs") done on claims and underwriting transactions which are reported to the Management Audit Committee. There are various monitoring activities performed by the second line of defence, Group Risk and Legal/Compliance.

The internal control framework is regularly reviewed and updated and annually assessed by the external auditors. The Internal Audit department also validates that the COSO 2013 framework is present and functioning as part of its annual internal audit plan.

3.4.2. Compliance Function

Legal and Compliance, with the support of other departments, seeks to, among other things, ensure that laws and regulations are observed, react appropriately to all impending legislative changes or new court rulings, and provide legally appropriate solutions for transactions and business processes.

Some of our key controls are described below:

- *Qualified and Experienced Legal Staff:* Employ and properly utilize qualified attorneys, paralegals and regulatory, finance and other professionals throughout the Company to monitor regulatory requirements and ensure compliance. Engage external counsel consultants and other external advisors, when required, to complement internal staff efforts.
- *Monitoring Regulatory Landscape / Engagement with Regulators:* In addition to ongoing monitoring of new and changing regulation within each jurisdiction, there is also regular engagement with regulators, ensuring that regulatory and compliance matters are appropriately reported and discussed.
- *Financial Disclosure Controls:* The AXIS Fair Disclosure Policy and Corporate Disclosure Policy govern the reporting and public disclosure of material information relating to the Group.
- *Legal Review of Third Party Contracts:* All material written arrangements with third parties, including technology contractors, investment managers, reinsurers, property managers and brokers, among others, are reviewed by the legal department in order to identify with management potential issues that could impact the Company. Legal staff actively manage all non-policy related matters that could result in an adverse financial, reputational or impact to the Company.
- *Business Conduct Standards:* The legal department works to ensure compliance of applicable laws, rules and ethics standards by (1) developing and implementing policies, procedures and guidelines, such as a corporate policies, compliance manuals and legal memoranda; (2) providing training to the Company on compliance; and (3) working with staff to interpret and apply applicable laws, rules and standards as we conduct our business.
- *Management Initiated Audits:* Underwriting and claim MIA's review for any potential compliance issues.
- *Sanctions Compliance:* AXIS works to ensure compliance with all applicable sanctions regimes. AXIS has group sanctions policy and guidelines which set forth requirements and standards to be followed to avoid any violation of applicable sanctions by any AXIS entity or employee. AXIS uses sanction screening tools to mitigate the risk of binding business or paying claims that is prohibited under applicable sanction regimes.

3.5. Internal Audit Function

Internal Audit, an independent and objective function, reports to the Audit Committee of the Board on the effectiveness of our risk management framework. The Chief Audit Executive has a direct reporting line to the Chair of the Audit Committee to ensure independence. To ensure independence the performance evaluation of the Chief Audit Executive is done by the Chair of the Audit Committee in conjunction with Group General Counsel. The audit plan and any changes thereto is approved by the Audit Committee. The Internal Audit function has unfettered access to all records, systems, properties and AXIS personnel enshrined in the Group internal audit charter.

Internal Audit provides assurance that key business risks have been adequately identified and managed appropriately and that our system of internal control is properly designed and operating effectively. Internal audit also coordinates risk-based audits, compliance reviews and other specific initiatives to evaluate and address risk within targeted areas of our business.

Internal Audit is staffed with audit professionals with experience in the insurance industry and varied skill sets such as financial reporting, risk management, actuarial science, IT, operations, etc. Subject matter experts are used when the need arises.

3.6. Actuarial Function

The main purpose of the Actuarial function is to effectively support the Company's reserving framework and governance, including principles, policies, standards of practice, processes and controls and reporting.

The Actuarial function has the following duties and responsibilities:

- calculation and recommendation of the technical provisions;
- ensuring the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of the technical provisions;
- peer reviewing and signing off on work product and recommendations that relate to governance and control function responsibilities. This includes the peer reviewing of pricing and planning loss ratios as necessary;
- ensuring the sufficiency and quality of the data used in the calculation of technical provisions;
- ensuring the sufficiency of processes and controls supporting the AXIS reserving framework and maintaining comprehensive documentation for all aspects of this framework;
- contributing to the effective implementation of the risk management system, in particular with respect to the risk modeling underlying the calculation of the capital requirements;
- establishing and maintaining a reserving platform, infrastructure and reporting capabilities to support U.S. GAAP, local statutory and management needs; and
- ensuring that the reserving framework is applied effectively in the Company.

The Actuarial function is independent from other functions within the AXIS Group.

3.7. Outsourcing

AXIS Capital has policies in place with respect to contractors, consulting services and outsourcing activities. These policies apply to all entities operating within the AXIS Group and include, but are not limited to, the following components:

Engagement

- Vetting of all independent contractors including, but not limited to, financial strength, commitment to the service being provided, physical and legal existence.
- Use of competitive bidding process for the more significant engagements.
- Completion of risk review for services deemed material.

Governance and monitoring

- Annual performance and risk management assessment for material vendors as reviewed by the Group Vendor Management Office with escalation provisions.
- Relationship management with employees including communication, personal time off and organisational hierarchies.

Internal Audit undertakes independent reviews of the outsourced operation on a regular basis to provide independent assurance that the outsourcing process in being implemented in line with the Company policy.

Intra-Group Outsourcing

AXIS' operating companies are party to a Central Administrative Services and Support Agreement whereby in the normal course of business they provide each other various services including, but not limited to: internal audit, human resources, information technology, claims management and risk management.

3.8. Other Material Information

Not applicable.

4. RISK PROFILE

4.1. - 4.3. Material Risks, Measurement and Mitigation Methods

Our risk landscape comprises insurance, strategic, market, liquidity, credit, and operational risks that arise as a result of undertaking our business activities. We provide definitions of these risk categories as well as descriptions of management of these risks below. Across these risk categories, we identify and evaluate emerging threats and opportunities through a framework that includes the assessment of potential surprise factors that could affect exposures.

Our risk landscape is reviewed and reported on a regular basis to ensure that it remains up-to-date based on the evolving risk profile of the Company. In addition, we undertake ongoing risk assessments across all enterprise risks, the output of which is captured in our risk register which is reviewed and reported through our governance structure.

Insurance Risk

Insurance risk is the inherent uncertainty as to the occurrence, amount and timing of insurance and reinsurance liabilities transferred to us through the underwriting process.

Since our inception in 2001, we have expanded our international presence, with underwriting offices in Bermuda, the U.S., Europe, Singapore, and Canada. Our disciplined underwriting approach coupled with a peer review process has enabled us to manage this growth in a controlled and consistent manner.

A key component of the Group's underwriting risk governance is our peer review processes which allow for a collaborative review of risk and pricing and ensures that underwriting is within established guidelines and procedures. Underwriting guidelines are in place to provide a framework for consistent pricing and risk analysis and ensuring alignment to the Group's risk appetite. Limits are set on underwriting capacity, and cascade authority to individuals based on their specific roles and expertise.

We also have significant audit coverage across our lines of business, including Management Initiated Audits ("MIAs"). MIAs are audits of underwriting and claims files performed by teams independent of those who originated the transactions, the purpose of which is to test the robustness of our underwriting and claims processes and to recognize any early indicators of future trends in our operational risk environment.

Pricing
Premiums for (re)insurance contracts are intended to cover expected claim costs, acquisition costs, operating costs, and an adequate level of profit margin commensurate to the risk being assumed. Premium amount is typically agreed upfront, whereas the claim cost materialises over an extended period, especially for liability lines. Social, economic, and legal environments may evolve differently over that period compared to the original expectation. Additionally, inherent variability in claim counts and amounts could result in higher overall claim costs than expected in a given year. These factors could lead to a shortfall in premiums charged at the time of underwriting the policy. Premium risk can increase in times of heightened uncertainty in claim cost trends and at times when demand-supply imbalance results in competitive pricing.

We mitigate premium risk in our portfolio through four main levers. Firstly, we take a vigilant and cautious approach on claims cost trends, and we review these assumptions regularly and frequently. Secondly, in some of our contracts we include loss and / or exposure adjustment features that flex premium and / or acquisition costs in response to higher than expected exposures and / or claim costs. Thirdly, we employ underwriting action and reinsurance protection to minimise volatility in our claims experience by managing aggregation of limits and by maintaining balance between portfolio margin and limits deployed. Most importantly, we exercise active cycle management whereby we grow the portfolio at times when pricing is in surplus and we shrink the portfolio at times when pricing is in deficit.

Reinsurance Purchasing

Another key component of our mitigation of insurance risk is the purchase of reinsurance to protect our short and long tail lines of business on a treaty (covering a portfolio of risks) and facultative (single risk) basis.

For treaty reinsurance, we purchase proportional and non-proportional cover.

Under proportional reinsurance, we cede an agreed percentage of the premiums and the losses and loss expenses on the policies we underwrite. We primarily use proportional reinsurance on our liability, professional lines and cyber insurance portfolios, as well as on select property insurance portfolios, where we protect against higher loss frequency rather than specific events. We also purchase proportional reinsurance for our accident & health, casualty, credit and surety, liability, professional lines, and motor reinsurance portfolios, which includes cessions to our Strategic Capital Partners.

We use non-proportional reinsurance, whereby losses up to a certain amount (i.e., our retention) are borne by us. By using non-proportional reinsurance, we can limit our liability with a retention, which reflects our willingness and ability to bear risk, and is therefore in line with our risk appetite. We primarily purchase the following forms of non-proportional reinsurance:

- *Excess of loss per risk:* our reinsurer(s) indemnify us for loss amounts in excess of our retention for all individual policies effected, as defined in the treaty terms and conditions. Per risk treaties are an effective means of risk mitigation against large single losses (e.g. a large fire claim).
- *Catastrophe excess of loss:* provides aggregate loss cover for our insurance portfolio against the accumulation of losses incurred from a single event (e.g. windstorm).

We have a centralized Risk Funding department, which coordinates external treaty reinsurance purchasing (including retrocession) across the Group and a separate AXIS ILS (Insurance Linked Securities) team, which coordinates the sourcing and structuring of third-party capital to support AXIS underwriting. Risk funding and AXIS ILS are overseen by our Reinsurance Purchasing Group ("RPG"). The RPG, which includes, among others, our Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, Chief Underwriting Officer and representatives from the business leadership team, approves each treaty placement, and aims to ensure that appropriate diversification exists within our approved counterparty panels.

Facultative reinsurance provides risk transfer on a case by case basis. In certain circumstances, we use facultative reinsurance to complement treaty reinsurance by covering additional risks over and above what is already covered by treaties. Facultative reinsurance is monitored by the risk funding team.

Natural Peril Catastrophe Risk

Natural catastrophes such as hurricanes, windstorms, earthquakes, floods, tornados, hail and fire represent a challenge for risk management due to their accumulation potential and occurrence volatility. In managing natural catastrophe risk, our internal risk limit framework aims to limit the loss of capital due to a single event and the loss of capital that would occur from multiple (but perhaps smaller events) in any year. Within this framework, we have an established risk limit for single event, single zone probable maximum loss ("PML") within defined zones and at various return periods. For example, at the 1-in-250-year return period, we are not willing to expose more than 10% of common equity to a single event within a single zone.

The table below shows our net PML to a single natural peril catastrophe event within certain defined single zones which correspond to peak industry catastrophe exposures at January 1, 2024 and 2023:

Estimated Net Exposure (in millions of U.S. dollars)		**2024**			**2023**		
Territory	**Perils**	**50 Year Return Period**	**100 Year Return Period**	**250 Year Return Period**	**50 Year Return Period**	**100 Year Return Period**	**250 Year Return Period**
Southeast	U.S. Hurricane	**$ 114**	**$ 131**	**$ 149**	$ 74	$ 96	$ 125
Northeast	U.S. Hurricane	**9**	**26**	**59**	11	35	72
Mid-Atlantic	U.S. Hurricane	**41**	**85**	**111**	26	59	99
Gulf of Mexico	U.S. Hurricane	**104**	**124**	**143**	67	86	121
California	Earthquake	**115**	**137**	**163**	65	98	144
Europe	Windstorm	**59**	**87**	**107**	39	57	77
Japan	Earthquake	**41**	**67**	**114**	50	115	195
Japan	Windstorm	**10**	**12**	**21**	39	106	146

The return period refers to the frequency with which losses of a given amount or greater are expected to occur. A zone is a geographic area in which the insurance risks are considered to be correlated to a single catastrophic event. Estimated losses from a modeled event are grouped into a single zone, as shown above, based on where the majority of the total estimated industry loss is expected to occur. In managing zonal concentrations, we aim to ensure that the geography of single events is suitably captured, but distinct enough that they track specific types of events. For example, our definition of Southeast wind encompasses five states, including Florida, while our definition of Gulf Wind encompasses four states, including Texas.

Our PMLs take into account the fact that an event may trigger claims in a number of lines of business. For instance, our U.S. hurricane modeling includes the estimated pre-tax impact to our financial results arising from our catastrophe, property, engineering, energy, marine and aviation lines of business. Our PMLs include assumptions regarding the location, size and magnitude of an event, the frequency of events, the construction type and a property's susceptibility to damage, and the cost of rebuilding the property. Loss estimates for non-U.S. zones will be subject to foreign exchange rates, although we may mitigate this currency variability from a book value perspective.

As indicated in the table above, our modeled single occurrence 1-in-100 year return period PML for a Southeast U.S. hurricane, net of reinsurance, is approximately $131 million. According to our modeling, there is a one percent chance that on an annual basis, losses incurred from a Southeast hurricane event could be in excess of $131 million. Conversely, there is a 99% chance that on an annual basis, the loss from a Southeast hurricane will fall below $131 million.

PMLs are based on results of stochastic models that consider a wide range of possible events, their losses and probabilities. It is important to consider that an actual event does not necessarily resemble one of the stochastic events and the specific characteristics of an actual event can lead to substantial differences between actual and modeled loss.

We have developed our PML estimates by combining judgment and experience with the outputs from the catastrophe model, commercially available from Verisk Analytics, Inc., which we also use for pricing catastrophe risk. This model covers the major peril regions where we face potential exposure. Additionally, we have included our estimate of non-modeled perils and other factors which we believe provides us with a more complete view of catastrophe risk.

Our PML estimates are based on assumptions that are inherently subject to significant uncertainties and contingencies. These uncertainties and contingencies can affect actual losses and could cause actual losses to differ materially from those expressed above. We aim to reduce the potential for model error in a number of ways, the most important of which is by ensuring that management's judgment supplements the model outputs. Models are continuously validated at the line of business and at a

group level by our catastrophe model validation team. These validation procedures include sensitivity testing of models to understand their key variables and, where possible, back testing the model outputs to actual results.

Estimated net losses from peak zone catastrophes may change from period to period as a result of several factors, which include but are not limited to, updates to vendor catastrophe models, changes to internal modeling, underwriting portfolios, reinsurance purchasing strategy and foreign exchange rates.

Man-made Catastrophe Risk

Consistent with our management of natural peril catastrophe exposures, we take a similarly focused and analytical approach to the management of man-made catastrophes. Man-made catastrophes, which include such risks as train collisions, airplane crashes or terrorism, and other intentionally destructive acts, including cyber-attacks, are harder to model in terms of assumptions regarding intensity and frequency. For these risks we couple the vendor models, where available, with our bespoke modeling and underwriting judgment and expertise. This allows us to take advantage of business opportunities related to man-made catastrophe exposures particularly where we can measure and limit the risk sufficiently as well as obtain risk-adequate pricing.

As an example of our approach, our assessment of terrorism risk is based on a mixture of qualitative and quantitative data (e.g., for estimating property damage, business interruption, mortality and morbidity subsequent to an attack of a predefined magnitude), which we use to limit and manage our aggregate terrorism exposure. We use commercially available vendor modeling and bespoke modeling tools to measure accumulations around potential terrorism accumulation zones on a deterministic and probabilistic basis. We supplement the results of our modeling with underwriting judgment.

Reserving Risk

The estimation of reserves for losses and loss expenses ("loss reserves") is subject to uncertainty as the settlement of claims is dependent on future events and developments. There are many factors that would cause loss reserves to increase or decrease, which include, but are not limited to emerging claims and coverage issues, changes in the legislative, regulatory, social and economic environment and unexpected changes in loss inflation. The estimation of loss reserves could also be adversely affected by the failure of our loss limitation strategy and/or the failure of models used to support key decisions.

We calculate loss reserves in accordance with actuarial best practice based on substantiated methodologies and assumptions. In addition, we have well established processes in place for determining loss reserves, which we ensure are consistently applied. Our loss reserving process demands data quality and reliability and requires a quantitative and qualitative review of overall reserves and individual large claims. Within a structured control framework, claims information is communicated on a regular basis throughout our organization, including to senior management, to provide an increased awareness of losses that have occurred throughout the insurance markets. The detailed and analytical reserving approach that follows is designed to absorb and understand the latest information on reported and unreported claims, to recognize the resultant exposure as quickly as possible, and to record appropriate loss reserves in our consolidated financial statements.

Reserving for long-tail lines of business represents a significant component of reserving risk. When loss trends prove to be higher than those underlying our reserving assumptions, the risk is greater because of a stacking-up effect: loss reserves recorded in our consolidated financial statements cover claims arising from several years of underwriting activity and these reserves are likely to be adversely affected by unfavorable loss trends. We manage and mitigate reserving risk on long-tail business in a variety of ways. First, the long-tail business we write is part of a well-balanced and diversified global portfolio of business.In 2023, long-tail net premiums written (namely liability and motor business) represented 18% of total net premiums written, and long-tail net loss reserves represented 39% of total net loss reserves. We also purchase reinsurance on liability business to manage our net positions. Second, we follow a disciplined underwriting process that utilizes available information, including industry trends.

Claims Handling Risk

In accepting risk, we are committing to the payment of claims and therefore these risks must be understood and controlled. We have claims teams dedicated to our main lines of business. Our claim teams include a diverse group of experienced professionals, including claims adjusters and attorneys. We also use approved external service providers, such as independent adjusters and appraisers, surveyors, accountants, investigators, and specialist attorneys, as appropriate.

We maintain claims handling guidelines which include details on claims reporting controls and claims reporting escalation procedures in all our claims teams. Large claims matters are reported on a weekly basis in claims summaries that are circulated to our underwriters, senior management and others involved in the reserving process. To maintain communication between underwriting and claims teams, claims personnel regularly report at underwriting meetings and frequently attend client meetings.

We foster a strong culture of review among our claims teams. This includes MIAs, whereby senior claims handlers and/ or external audit resources audit a sample of claim files. The process is designed to ensure consistency between the claims teams and to develop Group-wide best practices.

When we receive notice of a claim, regardless of size, it is recorded in our claims and financial systems. In addition, we produce alerts regarding significant events and potential losses, regardless of whether we have exposure. These alerts allow a direct notification to be communicated to underwriters and senior management worldwide. Similarly, for natural peril catastrophes, we have developed a catastrophe database, along with catastrophe coding in certain systems, that allows for the gathering, analyzing, and reporting of loss information as it develops from early modeled results to fully adjusted and paid losses.

Strategic Risk

Strategic risks affect or are created by an organization’s business strategy and strategic objectives. Our review of strategic risk evaluates not only internal and external challenges that might cause our chosen strategy to fail but also evaluates major risks that could affect our long-term performance and position.

We believe it is imperative that we consider the business risks associated with, and mitigated by, each strategy. We also view strategic risk not only as the negative impact of risk but also the sub-optimization of gain. Fundamentally, we believe that we are set up for success if we analyze both value protection and value creation.

Environmental, Social and Governance (ESG) and sustainability have become major topics that encompass a wide range of issues, including climate change and other environmental risks. In line with our strategy, we have put in place a number of measures in order to identify, assess, manage and monitor potential exposure to climate risks for example physical, transition and liability risks.

At least on a quarterly basis, the Executive Committee meets and receives holistic information about execution against strategy and makes decisions to adjust and/or advance strategy. In addition, strategies employed throughout our business in support of the broader enterprise strategy are reviewed in the context of a broader governance structure by business leadership and are ultimately approved by the Board of Directors.

Market Risk

Market risk is the risk that our financial instruments, which include derivatives, may be negatively impacted by movements in financial market prices or rates such as equity prices, interest rates, credit spreads and foreign currency exchange rates. Fluctuations in market prices or rates primarily affect our investment portfolio.

Through asset and liability management, we aim to ensure that market risks influence the economic value of our investments and our loss reserves and other liabilities in the same way, thus mitigating the effect of market fluctuations. For example, we

reflect important features of our liabilities, such as maturity patterns and currency structures, on the assets side of the balance sheet by acquiring investments with similar characteristics.

We supplement our asset-liability management with various internal policies and limits. As part of our strategic asset allocation process, different strategic asset classes are simulated and stressed in order to evaluate the ‘optimal’ portfolio, given return objectives and risk constraints. Our investments team manages asset classes to control aggregation of risk and provide a consistent approach to constructing portfolios and the selection process of external asset managers. We have limits on the concentration of investments by single issuers and certain asset classes, and we limit the level of illiquid investments (refer to 'Liquidity Risk' below).

We stress test our investment portfolios using historical and hypothetical scenarios to analyze the impact of unusual market conditions and to ensure potential investment losses remain within our risk appetite. At an annual aggregated level, we manage the total risk exposure to our investment portfolio so that the ‘total return’ investment loss in any one year is unlikely to exceed a defined percentage of our common equity at a defined return period.

We mitigate foreign currency risk by seeking to match our estimated insurance and reinsurance liabilities payable in foreign currencies with assets, including cash and investments that are denominated in the same currencies. Where necessary, we use derivative financial instruments for economic hedging purposes. For example, in certain circumstances, we use forward contracts to economically hedge portions of our un-matched foreign currency exposures.

Liquidity Risk

Liquidity risk is the risk that we may not have sufficient financial resources to meet our obligations when they are due or would have to incur excessive costs to do so. As an insurer and reinsurer, our core business generates liquidity primarily through premiums, investment income, and the maturity/sale of investments. Our exposure to liquidity risk stems mainly from the need to pay claims on potential extreme loss events and regulatory constraints that limit the flow of funds within the Group. To manage these risks, we have a range of liquidity policies and procedures in place which are described below:

- We maintain cash and cash equivalents and a high quality, liquid investment portfolio to meet expected outflows, as well as those that could result from a range of potential stress events. We place limits on the maximum percentage of cash and investments which may be in an illiquid form as well as on the minimum percentage of unrestricted cash and liquid investment grade fixed income securities.
- We maintain committed borrowing facilities, as well as access to diverse funding sources to cover contingencies. Funding sources include liquid cash and invested assets, external debt issuances and lines of credit.

Credit Risk

Credit risk represents the risk of incurring financial loss due to the diminished creditworthiness (reduced financial strength and, ultimately, possibly default) of our third-party counterparties. We distinguish between: various forms of credit exposure; the risk of issuer default from instruments in which we invest, such as corporate bonds; counterparty exposure in a direct contractual relationship, such as reinsurance; the credit risk related to our premiums receivable, including those from brokers and other intermediaries; and the risk we assume through our insurance contracts, such as our credit and political risk, and credit and surety lines of business.

Credit Risk Aggregation

We monitor and manage the aggregation of credit risk on a group-wide basis, allowing us to consider exposure management strategies for individual companies, countries, regions, sectors, and any other relevant inter-dependencies. Our credit exposures are aggregated based on the origin of risk. Credit risk aggregation is managed through minimizing overlaps in underwriting, financing, and investing activities. As part of our credit aggregation framework, we assign aggregate credit limits by country

and by single counterparty (or parent of affiliated counterparties). These limits are based and adjusted for a variety of factors including the prevailing economic environment and the nature of the underlying credit exposures.

Our credit aggregation measurement and reporting process is facilitated by our credit risk exposure database, which contains relevant information on counterparty details and credit risk exposures. The database is accessible by management throughout the Group, thus providing transparency to allow for the implementation of active exposure management strategies. We also license third-party tools to provide credit risk assessments. We monitor all our credit aggregations and, where appropriate, adjust our internal risk limits and/or take specific actions to reduce our risk exposures.

Credit Risk relating to Cash and Investments

In order to mitigate concentration and operational risks related to cash and cash equivalents, we limit the maximum amount of cash that can be deposited with a single counterparty and limit acceptable counterparties based on current rating, outlook, and other relevant factors.

Our fixed maturity investment portfolio, which represents approximately $12.9 billion or 43% of our total assets, is exposed to potential losses arising from the diminished creditworthiness of issuers of bonds. Our investment portfolio is managed by external investment managers in accordance with our investment guidelines. We limit credit risk through diversification and issuer exposure limits graded by ratings and, with respect to custodians, through contractual and other legal remedies. Excluding government and agency securities, we limit our concentration of credit risk to any single corporate issuer to 1% of our investment grade fixed maturities portfolio for securities rated A- or above and less than 1% of our investment grade fixed maturities portfolio for securities rated below A-.

Credit Risk relating to Reinsurance Recoverable Assets

We are exposed to the credit risk of a reinsurer failing to meet its obligations under our reinsurance contracts. To help mitigate this, our purchases of reinsurance are subject to financial security requirements specified by our Reinsurance Security Committee ("RSC"). The RSC maintains a list of approved reinsurers, performs credit risk assessments for potential new reinsurers, regularly monitors approved reinsurers with consideration for events which may have a material impact on their creditworthiness, recommends counterparty tolerance levels for different types of ceded business and monitors concentrations of credit risk. This assessment considers a wide range of individual attributes, including a review of the counterparty's financial strength, industry position and other qualitative factors. Generally, the RSC requires reinsurers who do not meet specified requirements to provide collateral.

Credit Risk relating to Premium Receivables

The diversity of our client base limits credit risk associated with insurance and reinsurance premiums receivable. In addition, for insurance contracts we have contractual rights to cancel coverage for non-payment of premiums, and for reinsurance contracts we have contractual rights to offset premium receivables against corresponding payments for losses and loss expenses.

Brokers and other intermediaries collect premiums from customers on our behalf. We have procedures in place to manage and monitor credit risk from intermediaries with a focus on day-to-day monitoring of the largest positions.

These contractual rights contribute to the mitigation of credit risk, together with the monitoring of aged premium receivable balances. In light of these mitigating factors and considering that a significant portion of premium balances receivable are not currently due based on the terms of the underlying contracts, we do not utilize specific credit quality indicators to monitor our premium receivable balances.

Credit Risk relating to our Underwriting Portfolio

In the insurance segment, we provide credit insurance primarily for lenders (financial institutions) and commodity traders seeking to mitigate the risk of non-payment from their borrowers and trading counterparties. This product complements our traditional political risk insurance business. For the credit insurance contracts, it is necessary for the buyer of the insurance, most often a bank or commodity trader, to hold an insured asset, most often an underlying loan, or sale and purchase contract in order to claim compensation under the insurance contract. The majority of the credit insurance provided is for single-name illiquid risks, primarily in the form of senior secured bank loans but also unsecured payment obligations in the case of shorter term trade credit, that can be individually analyzed and underwritten. As part of the underwriting process, an evaluation of creditworthiness and reputation of the obligor is critical. We generally require our clients to retain a share of each transaction that we insure. A key element to our underwriting analysis is the assessment of recovery in the event of default and, accordingly, the strength of the collateral and the enforceability of rights to the collateral are paramount.

Generally, we do not underwrite insurance for structured finance products that would expose us to mark-to-market losses. In addition, our credit insurance contracts typically do not include terms which would introduce liquidity risk, most notably in the form of a collateralization requirement upon a ratings downgrade.

We also provide protection against sovereign default or sovereign actions that result in impairment of cross-border investments for banks and corporations. Our contracts generally include conditions precedent to our liability relating to the enforceability of the insured transaction and restricting amendments to the transaction documentation, obligations on the insured to prevent and minimize losses, subrogation rights, including rights to have the insured asset transferred to us, and waiting periods. Under most of our policies, a loss payment is made in the event the debtor failed to pay our client when payment is due subject to a waiting period of up to 180 days.

In the reinsurance segment, we provide reinsurance of credit and surety bond insurers exposed to the risks of financial loss arising from non-payment of trade receivables or other credit obligation covered by a policy (credit insurance) or non-performance of obligations (surety). Our credit insurance exposures are concentrated primarily within developed economies, while our surety bond exposures are concentrated primarily in Latin America and developed economies. We provide coverage to the mortgage industry through insurance and reinsurance of mortgage insurance companies and U.S. government-sponsored entity credit risk sharing transactions. We focus on credit risk transfer from Federal Home Loan Mortgage Corporation and Federal National Mortgage Association, in the single-family, fixed rate, conforming mortgage space. We also provide this cover globally in a select number of developed countries. Our exposure to credit risk (credit, surety and mortgage) is monitored and managed through robust underwriting within defined parameters for credit quality and concentration, continuous monitoring of the housing and credit markets, as well as limits on our PML resulting from a severe economic downturn.

Operational Risk

Operational risk represents the risk of loss as a result of inadequate processes, system failures, human error or external events, including but not limited to direct or indirect financial loss, reputational damage, customer dissatisfaction and legal and regulatory penalties.

Group Risk is responsible for coordinating and overseeing a group-wide framework for operational risk management. As part of this oversight, we facilitate the identification, assessment and management of key operational risks through risk assessments, and these are recorded on our risk register. We also maintain an operational loss-event database which helps us monitor and analyze potential operational risk issues, identify any trends, and, where necessary, put in place improvement actions to avoid occurrence or recurrence of operational loss events. We further supplement this with deep dive reviews to identify the key drivers of risk and review and challenge the appropriateness of current mitigation strategies and make recommendations for improvement.

We manage transaction type operational risks through the application of process controls throughout our business. In testing these controls, we supplement the work of our internal audit team with regular underwriting and claim MIAs, as discussed above.

We have specific processes and systems in place to focus on high priority operational matters, such as information security, managing business resilience, and third party vendor risk which are described below:

- Major failures and disasters which could cause a severe disruption to working environments, facilities, and personnel, represent a significant operational risk to our business. Our Business Continuity Management framework strives to protect critical business services and the functions which support these business services from these effects to enable us to carry out our core tasks in time and at the quality required.
- We have developed a number of Information Technology ("IT") platforms, applications and security controls to support our business activities worldwide. Dedicated security standards are in place for our IT systems to ensure the proper use, availability and protection of our information assets.
- We have enhanced our governance processes for the prioritization of projects, to ensure greater transparency of decision-making process, the alignment of teams working on the same projects, consistency of approach and alignment to strategy.
- Our use of third party vendors exposes us to a number of increased operational risks, including the risk of security breaches, fraud, non-compliance with laws and regulations or internal guidelines and inadequate service. We manage material third party vendor risk, by, among other things, performing a thorough risk assessment on potential large vendors, reviewing a vendor’s financial stability, ability to provide ongoing service and business resilience planning.

4.4. Investment of Assets in Accordance with Prudent Person Principle

The Company has Market Risk and Liquidity Risk Policies which set out approach to management of risk, including roles & responsibilities and principles of risk management. The Market Risk and Liquidity Risk Policies include a clearly defined risk management strategy which is consistent with the Company’s overall business strategy to ensure that there is a coordinated and integrated approach to risk management and a common risk language that is understood across the business.

Assets are invested in accordance with the Market Risk and Liquidity Risk Policies and the Company's Amended and Restated Statement of Investment Policy and Objectives, which minimizes investment risk by implementing a sound risk governance framework and the application of effective systems and controls to ensure that AXIS only invests in assets where it can properly identify, measure, monitor, manage, control and report the risks and appropriately take these into account in the assessment of its overall solvency needs. The Company's Amended and Restated Statement of Investment Policy and Objectives aims to ensure all the assets are invested in such a manner as to ensure the security, quality, liquidity and profitability of the portfolio of assets.

The risk management framework around investment of assets includes the governance, controls and procedures designed to ensure:

- The prudent investment of capital and cash flow from underwriting;
- The investment portfolios meet the liquidity needs that arise from potential claims;
- Asset cash flows are closely matched to anticipated liability cash flows;
- Assets and liabilities are reasonably matched by currency in order to protect against the economic impact of foreign exchange rate movements;
- The investment portfolios accommodate the regulatory requirements and investment limitations imposed upon AXIS’ operating entities and subsidiaries;
- Effective monitoring of adherence with investment policies and guidelines; and
- Effective monitoring of compliance with the Investment, Liquidity, and Foreign Exchange risk limits.

4.5. Stress Testing and Sensitivity Analysis to Assess Material Risks, including Methods and Assumptions Used and Outcomes

Stress and scenario testing forms part of our solvency self-assessment (ORSA or GSSA) process and allows us to better understand our business by assessing the Company's ability to meet solvency and liquidity requirements in stressed conditions. A stress test aims to assess the impact of single events by evaluating a number of statistically defined possibilities. Scenario testing focuses on assessing the simultaneous impact on the business of a wide scale event or series of events. Stress and scenario tests are complemented by reverse stress testing which is designed to help us understand what could cause the business model to become unviable in the short to mid-term.

The selection of the stress and scenario tests ensures coverage of all material risks, including emerging risks and topical areas of Board and/ or regulatory focus. The selected tests are reviewed and approved annually by the Risk Committee. The Group Risk function coordinates the stress and scenario testing exercise in conjunction with other key functions, with results presented to the Risk Committee and included in the annual ORSA report.

The output from the tests includes, as a minimum, the following:

- a detailed description of the stress/ scenario
- the impact on the Company's solvency
- the assumptions and any limitations of the approach used to calculate the impact
- management actions (where applicable).

4.6. Other Material Information

Not applicable.

5. Solvency Valuation

The AXIS Target Capital Range defines the preferred level of capital needed by the Group to absorb shock losses and still satisfy our minimum solvency targets in relation to key capital benchmarks including our "own view" of risk from our internal capital model and regulatory and rating agency capital requirements.

Our general purpose consolidated financial statements are prepared in accordance with U.S. GAAP and include the accounts of AXIS Capital and its wholly-owned subsidiaries.

The BMA, our group supervisor, implemented an Economic Balance Sheet ("EBS") framework that is used as the basis to determine our Enhanced Capital Requirement ("ECR"). The EBS framework uses U.S. GAAP valuations as a starting point. Assets and liabilities, other than technical provisions, are valued at fair value, in line with U.S. GAAP. Where U.S. GAAP principles do not require an economic value, a hierarchy of high level principles approach governing the valuation of these assets and liabilities is used.

5.1. Valuation Bases for Assets under the BMA's EBS Framework

The following table provides the Company's assets on both U.S. GAAP and EBS bases:

	U.S. GAAP		EBS		
As at December 31	**2023**	**2022**	**2023**	**2022**	**Adjustment Type**
Cash and cash equivalents	$ 1,383,985	$ 1,174,653	$ 1,383,985	$ 1,174,653	N/A
Fixed maturities and short-term investments	12,938,254	12,095,555	13,220,898	12,279,849	Presentation and valuation
Equity securities	588,511	485,253	295,422	277,351	Presentation
Mortgage loans	610,148	627,437	610,148	627,437	N/A
Other investments	949,413	996,751	949,413	996,751	N/A
Equity method investments	174,634	148,288	174,634	148,288	N/A
Total Cash and Investments	**16,644,945**	**15,527,937**	**16,634,500**	**15,504,329**	
Accrued interest receivable	106,055	94,418	106,055	94,418	N/A
Insurance and reinsurance balances receivable	3,067,554	2,733,464	547,240	498,455	Presentation and valuation
Reinsurance recoverable on paid and unpaid losses	6,898,930	6,370,848	575,847	539,676	Presentation and valuation
Deferred acquisition costs	450,950	473,569	—	—	Valuation
Prepaid reinsurance premiums	1,916,087	1,550,370	—	—	Presentation and valuation
Goodwill	100,801	100,801	—	—	Valuation
Intangible assets	186,883	197,800	—	—	Valuation
Loan advances made	305,222	87,160	—	—	Presentation and Valuation
Other assets	573,245	546,604	791,805	445,412	Presentation and Valuation
Total Assets	**$ 30,250,672**	**$ 27,682,971**	**$ 18,655,447**	**$ 17,082,290**	

The more significant differences between U.S. GAAP and EBS valuation and presentation bases are as follows:

- Technical provisions (premium and claim liabilities) valued under an EBS approach are presented net of recoverables;
- Insurance and reinsurance balances receivable that are not contractually due as at the balance sheet date (deferred to a date subsequent to the balance sheet date) are included within technical provisions (premium liabilities) under the EBS framework; and
- Under the EBS framework deferred acquisition costs and goodwill are valued at nil and other intangible assets can only be recognised if they can be sold separately and the value of the asset can be reliably measured.

The majority of the Company's assets consist of cash and invested assets valued at fair value under the BMA's EBS framework as follows:

Cash and Cash Equivalents

Cash equivalents include money-market funds, fixed interest deposits and reverse repurchase agreements with a maturity of under 90 days when purchased. Cash and cash equivalents are recorded at amortized cost, which approximates fair value due to the short-term, liquid nature of these securities.

Fixed Maturities

At each valuation date, the Company uses the market approach valuation technique to estimate the fair value of its fixed maturities portfolio, where possible. The market approach includes, but is not limited to, prices obtained from third party pricing services for identical or comparable securities and the use of “pricing matrix models” using observable market inputs such as yield curves, credit risks and spreads, measures of volatility, and prepayment speeds. Pricing from third party pricing services is sourced from multiple vendors, where available, and the Company maintains a vendor hierarchy by asset type based on historical pricing experience and vendor expertise. Where prices are unavailable from pricing services, the Company obtains non-binding quotes from broker-dealers who are active in the corresponding markets. Fixed maturities also include investments in bond mutual funds that have daily liquidity.

Short-Term Investments

Short-term investments primarily comprise highly liquid securities with maturities greater than three months but less than one year from the date of purchase. These securities are carried at amortized cost, which approximates fair value.

Equity Securities

Equity securities include common stocks, preferred stocks and exchange-traded funds. The fair values of common stock and exchange-traded funds are based on unadjusted quoted market prices in active markets.

Other Investments

Investment Funds

The fair values of multi-strategy funds, direct lending funds, private equity funds, real estate funds and private company investment funds are estimated using net asset valuations ("NAVs") as advised by external fund managers or third-party administrators. For these funds, NAVs are based on the manager's or administrator's valuation of the underlying holdings in accordance with the fund's governing documents and in accordance with U.S. GAAP.

For multi-strategy funds, direct lending funds, private equity funds, real estate funds and private company investment funds, valuation statements are typically released on a reporting lag. Therefore, the Company estimates the fair value of these funds by starting with the most recent fund valuations and adjusting for capital calls, redemptions, drawdowns and distributions. Return estimates are not available from the relevant fund managers for these funds, therefore the Company typically has a reporting lag in its fair value measurements of these funds.

The Company often does not have access to financial information relating to the underlying securities held within the funds. Therefore, management is unable to corroborate the fair values placed on the securities underlying the asset valuations provided by fund managers or fund administrators. In order to assess the reasonableness of the NAVs, the Company performs a number of monitoring procedures on a quarterly basis, to assess the quality of the information provided by fund managers and fund administrators. These procedures include, but are not limited to, regular review and discussion of each fund's performance with its manager, regular evaluation of fund performance against applicable benchmarks and the backtesting of the Company's fair value estimates against subsequently received NAVs. Backtesting involves comparing the Company's previously reported fair values for each fund against NAVs per audited financial statements (for year-end values) and final NAVs from fund managers and fund administrators (for interim values).

CLO-Equities

The fair value of the Company's indirect investment in CLO-Equities is estimated using an income approach valuation technique, specifically an externally developed discounted cash flow model due to the lack of observable and relevant trades in secondary markets.

Other Privately Held Investments

Other privately held investments include common shares, preferred shares, private company investment funds, investments in limited partnerships, convertible notes, convertible preferred shares, and a variable yield security. These investments are initially valued at cost, which approximates fair value. In subsequent measurement periods, the fair values of these investments are generally derived from one or a combination of valuation methodologies which consider factors including recent capital raises by the investee companies, comparable precedent transaction multiples, comparable publicly traded multiples, third-party valuations, discounted cash-flow models, and other techniques that consider the industry and development stage for each investee company. The fair value of the variable yield security is determined using an externally developed discounted cash flow model. In order to assess the reasonableness of the information received from investee companies, the Company maintains an understanding of current market conditions, historical results, and emerging trends that may impact the results of operations, financial condition or liquidity of these companies. In addition, the Company engages in regular communication with management at investee companies.

Insurance and Reinsurance Balances Receivable

Under the EBS framework insurance and reinsurance balances receivable are valued in line with U.S. GAAP with the exception that any balance owing in more than one year shall be discounted. Furthermore, insurance and reinsurance balances receivable that are not contractually due as at the balance sheet date or deferred to a date subsequent to the balance sheet date are included within technical provisions (premium liabilities) under the EBS framework.

5.2. Valuation Bases for Liabilities under the BMA's EBS Framework

The following table provides the Company's liabilities on both U.S. GAAP and EBS bases:

	U.S. GAAP		EBS		
As at December 31	**2023**	**2022**	**2023**	**2022**	**Adjustment Type**
Reserve for losses and loss expenses	$ 16,434,018	$ 15,168,863	$ 9,087,219	$ 8,276,758	Presentation and valuation
Unearned premiums/premium liability	4,747,602	4,361,447	(665,599)	(377,134)	Presentation and valuation
Risk margin	—	—	725,654	655,185	Valuation
Technical Provisions	**21,181,620**	**19,530,310**	**9,147,274**	**8,554,809**	
Insurance and reinsurance balances payable	1,792,719	1,609,924	1,720,335	1,484,756	Presentation
Debt and FHLB advances	1,399,504	1,393,702	85,790	81,388	Valuation
Other liabilities	613,633	509,125	596,796	459,042	Presentation and valuation
Total Liabilities	**$ 24,987,476**	**$ 23,043,061**	**$ 11,550,195**	**$ 10,579,995**	

The more significant differences between U.S. GAAP and EBS valuation and presentation bases are as follows:

- Technical provisions valued under an EBS approach are presented net of recoverables;
- Technical provisions under the EBS framework include a risk margin;
- Insurance and reinsurance balances receivable that are not contractually due at the balance sheet date or deferred to a date subsequent to the balance sheet date are included within technical provisions (premium liabilities) under the EBS framework; and
- Subject to certain restrictions, the Company's Senior Notes and Junior Subordinated Notes are included in the Company's statutory economic capital and surplus under the BMA's Insurance (eligible capital) rules.

Technical Provisions

Insurance technical provisions are valued based on best estimate cash flows, adjusted to reflect the time value of money using a standard discount rate term structure with an appropriate illiquidity adjustment. In addition, there is a risk margin to reflect the uncertainty inherent in the underlying cash flows, which is calculated using a cost of capital approach and a standard discount rate term structure. The discount rates term structures are prescribed by the BMA for each reporting period.

The loss and loss expense provision is calculated for both gross and ceded loss reserves. The actuarial central estimate indication, which is calculated as part of the reserving process, is used as the best estimate for the loss and loss expense provision and is then adjusted as follows:

- Incorporation of expected reinsurance counterparty defaults;
- Incorporation of events not in data ("ENID");
- Other adjustments related to consideration for investment and other expenses, etc.; and
- Discounting of cash flows, performed at individual currency level.

The best estimate for the premium provision is calculated by using U.S. GAAP net unearned premium reserves as a starting point and then performing a series of adjustments:

- Adjusting for bound but not incepted business as at the balance sheet date;
- Applying expected future loss ratios, expense ratios and appropriate claims pay-out patterns to derive cash flows;
- Discounting the cash flows performed at individual currency level; and
- Reducing the premium liabilities by the amount of insurance and reinsurance balances receivable that are not contractually due or deferred as at the balance sheet date.

Insurance and Reinsurance Balances Payable

Under the EBS framework insurance and reinsurance balances payable are valued in line with U.S. GAAP with the exception that any balance owing in more than one year shall be discounted.

5.3. Balances Recoverable from Reinsurance Arrangements

Technical provisions valued under an EBS approach are presented net of recoverables. Recoverables from reinsurance contracts are valued based on principles similar to the gross best estimate bases and include reinstatement premiums required to be paid to the reinsurer, and expenses in relation to the management and administration of reinsurance claims.

The balance is adjusted for counterparty credit rating based on rating agency and experience default statistics.

5.4. Valuation Bases for Other Liabilities

Other liabilities are mostly comprised of accounts payable, accruals and payables for investments purchased that are valued in line with U.S. GAAP. Deferred tax liabilities are valued on the basis of the difference between the values ascribed to assets and liabilities recognised on an EBS basis and the values of those assets and liabilities recognised and valued for tax purposes.

5.5. Other Material Information

Not applicable.

6. CAPITAL MANAGEMENT

6.1. Eligible Capital

6.1.1. Capital Management Policy and Processes to Determine Capital Needs for Business Planning, How Capital is Managed and Material Changes

Our overall capital and solvency objective is to manage our capital to ensure we can deliver on our strategic objectives, which require an appropriate level of security to our clients, a strong competitive position and superior return on equity. In managing capital we seek to:

- maintain sufficient, but not excessive, financial strength in accordance with risk appetite, to support new business growth and satisfy the requirements of our regulators and other stakeholders giving both our customers and shareholders assurance of our financial strength;
- optimize our overall debt to equity structure to enhance our returns to shareholders, subject to our capital risk appetite and balancing the requirements of the range of stakeholders;
- retain financial flexibility by maintaining strong liquidity and access to a range of capital markets products;
- allocate capital rigorously across the Group, to drive value adding growth through optimizing risk and return; and
- assess dividend capacity against earnings and financial position.

We manage our capital in accordance with our Target Capital Range ("TCR") concept. The TCR defines the preferred level of capital needed to absorb shock losses and still satisfy our minimum solvency targets in relation to key capital benchmarks including our "own view" of risk from our internal capital model and regulatory and rating agency capital requirements (see section 3.3.3).

An integral part of our capital management framework is the ORSA (or GSSA) process. As stated in section 3.3.2, the ORSA process consolidates data and information from a number of underlying business processes to enable a comprehensive assessment of the Company's solvency position based on its current, prospective and stressed risk profile and associated capital requirements. An important aspect of the process is the forward-looking assessment of any changes to the risk profile and capital requirements introduced by prospective business plans or major strategic initiatives. The risk analysis performed includes impact on prospective risk exposures relative to risk appetite and risk limits, capital and solvency requirement projections relative to solvency targets, and associated management actions to mitigate excess risk exposures and finance any additional solvency requirements. The results of the ORSA are reported to the Risk Committee and support the Board's approval of prospective business plans and strategic initiatives.

The ORSA is a continuous and dynamic process which is incorporated into the quarterly risk reporting cycle by the CRO and Risk Function, and presented to the RMC and the Risk Committee. Any material changes to the Company's risk profile are reflected in the Company's capital requirements appropriately, as per the TCR framework. Deviations from the target ranges will trigger necessary management actions to ensure the Company remains within its solvency targets. The Group Capital Management Committee is responsible for approving and overseeing the implementation of any capital management actions.

6.1.2 - 3. Eligible Capital by Tier used to Meet the Enhanced Capital Requirement and Minimum Solvency Margin

The BMA acts as our Group Supervisor and we are subject to the Insurance (Group Supervision) Rules 2011, as amended, and other related regulations.

The following table provides the Company's regulatory capital requirements:

As at December 31	2023	2022
Minimum solvency margin ("MSM")	$ 2,295,579	$ 2,316,238
Enhanced capital requirement ("ECR")	$ 3,694,361	$ 3,411,540

The following table provides the Company's eligible capital by tier to meet the Minimum Solvency Margin ("MSM") and Enhanced Capital Requirement ("ECR") requirements in accordance with Eligible Capital Rules:

As at December 31	2023		2022	
	MSM	ECR	MSM	ECR
Tier 1	$ 4,563,450	$ 4,563,450	$ 3,920,550	$ 3,920,550
Tier 2	1,140,863	1,640,606	980,138	1,680,823
Tier 3	—	892,254	—	891,343
Total Eligible Capital	**$ 5,704,313**	**$ 7,096,310**	**$ 4,900,688**	**6,492,716**

The majority of the Group's capital and surplus, as determined under the BMA's EBS framework and Insurance (eligible capital) rules, is comprised of Tier 1 capital, the highest quality of capital. Tier 1 capital is mainly comprised of common shareholders' equity, including non-distributed retained earnings, as adjusted for asset encumbrances. Tier 2 capital is comprised of our preferred shares, our junior subordinated notes issued on December 10, 2019 with a $425 million aggregate principal maturing on January 15, 2040 as well as common shareholders' equity following adjustment for asset encumbrances. Tier 3 capital is comprised of our senior unsecured notes issued on December 6, 2017 with a $350 million aggregate principal maturing on December 6, 2027, our senior unsecured notes issued on March 13, 2014 with a $250 million aggregate principal maturing on April 1, 2045 and our senior unsecured notes issued on June 19, 2019 with a $300 million aggregate principal maturing on July 15, 2029.

6.1.4. Eligible Capital subject to Transitional Arrangements

All of the Group's senior unsecured notes are subject to transitional arrangements under the BMA's Eligible Capital Rules, therefore being eligible until 2026.

6.1.5. Factors Affecting Encumbrances on Availability and Transferability of Capital to meet Enhanced Capital Requirement

In order to support the Company's obligations in regulatory jurisdictions where it operates as a non-admitted carrier, the Company provides collateral in the form of assets held in trust and, to a lesser extent, letters of credit.

In addition, the Company operates in the Lloyd’s market through its corporate members, AXIS Corporate Capital UK Limited and AXIS Corporate Capital UK II Limited, which provide 70% and 30%, respectively of Syndicate 1686's capital support. Lloyd’s sets capital requirements for corporate members annually through the application of a capital model that is based on regulatory rules pursuant to Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking up and pursuit of business of Insurance and Reinsurance (Solvency II) ("Solvency II").

The capital provided to support underwriting, or Funds at Lloyd’s ("FAL"), may be satisfied by cash, certain investments and letters of credit provided by approved banks.

At December 31, 2023 collateral held in trust for third-party agreements of $2,598 million (2022: $2,491 million) included $550 million (2022: $539 million) of fixed maturities and cash of $296 million (2022: $217 million) held on deposit to support the underwriting activities of Syndicate 1686.

The Company's restricted investments and cash primarily consist of high-quality fixed maturity and short-term investment securities. The table below provides the fair values of the Company's restricted investments and cash:

As at December 31	2023	2022
Collateral in Trust for inter-company agreements	$ 614,089	$ 790,449
Collateral for secured letter of credit facility	423,522	424,624
Funds at Lloyd's	893,177	748,573
Collateral in Trust for third party agreements	2,597,633	2,491,317
Securities on deposit with regulatory authorities	772,472	731,660
Total Restricted Investments and cash	**$ 5,300,893**	**$ 5,186,623**

6.1.6. Approved Ancillary Capital Instruments

Our approved ancillary capital as at December 31, 2022 is comprised of senior unsecured notes issued on December 6, 2017 with a $350 million aggregate principal maturing on December 6, 2027, senior unsecured notes issued on March 13, 2014 with a $250 million aggregate principal maturing on April 1, 2045 and senior unsecured notes issued on June 19, 2019 with a $300 million aggregate principal maturing on July 15, 2029 ,all of which were approved by the BMA as Tier 3 ancillary capital as well as junior subordinated notes issued on December 10, 2019 with a $425 million aggregate principal maturing on January 15, 2040 which were approved by the BMA as Tier 2 ancillary capital.

6.1.7. Differences in U.S. GAAP Shareholders' Equity and EBS Statutory Capital and Surplus

Refer to sections 5.1 and 5.2 for a discussion on the differences between our assets and liabilities as valued and presented under U.S. GAAP compared to an EBS framework. Our statutory surplus also includes approved ancillary capital instruments (refer to section 6.1.6).

6.2. Regulatory Capital Requirements

We were compliant with the MSM and ECR requirements at the end of the reporting period.

6.3. Approved Internal Capital Model

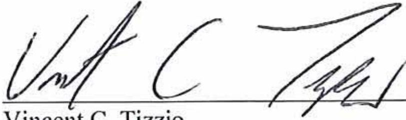
Not applicable - we have not applied to have an internal capital model approved to determine regulatory capital requirements.

7. SUBSEQUENT EVENTS

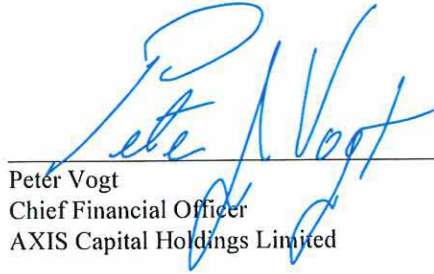
Not applicable

AXIS CAPITAL HOLDINGS LIMITED
DECLARATION ON FINANCIAL CONDITION REPORT
FOR THE YEAR ENDED DECEMBER 31, 2023

We declare that to the best of our knowledge and belief, the financial condition report fairly represents the financial condition of the AXIS Group in all material respects.



Vincent C. Tizzio
Chief Executive Officer and President
AXIS Capital Holdings Limited



Peter Vogt
Chief Financial Officer
AXIS Capital Holdings Limited

APPENDIX 1 - ORGANIZATION CHART

- All Subsidiaries are wholly owned unless otherwise noted
- Equity investment ownership interests excluded

[1] One share owned by AXIS Specialty Holdings Ireland Limited
[2] Managing Agent for AXIS Syndicate 1686
[3] For YOA2019 onwards, AXIS Corporate Capital UK Limited and AXIS Corporate Capital UK II Limited will share capacity on Syndicate 1686 with 70/30 split, respectively.
(L) – in liquidation

AXIS Capital Holdings Limited
(Bermuda)
FEI #98-0395986
Reg. #33024

AXIS Specialty Holdings Bermuda Limited
(Bermuda)
FEI #98-1059470
Reg. #EC 45790

AXIS Specialty Holdings Ireland Limited
(Ireland)
Company #352545
Irish Tax Ref #6372545B

AXIS Specialty Global Holdings Limited
(Ireland)
Company #443812
Irish Tax Ref #9666101B

AXIS Specialty UK Holdings Limited
(United Kingdom)
Company #04328229

AXIS Managing Agency Ltd. [2]
(United Kingdom)
FEI #98-1432241
Company #08702952
FRN #754962

AXIS Corporate Capital UK Limited
(United Kingdom)
FEI #98-1133916
Company #08702951

(70%) AXIS Syndicate 1686 [3]
(Lloyd's Syndicate)
FEI #98-1148840

AXIS Specialty Limited
(Bermuda)
FEI #98-0364977
Reg. #31259
Alien ID #AA-3194139

AXIS Specialty Limited
(Singapore Branch)
UEN #T08FC7218J

AXIS Specialty Investments Limited
(Bermuda)
FEI #98-1129389
Reg. #47903

AXIS Specialty Investments II Limited
(Bermuda)
FEI #98-1281963
Reg. #50108

AXIS ILS Ltd.
(formerly, AXIS Ventures Limited)
(Bermuda)
FEI #98-1138070
Reg. #48342

AXIS Specialty Finance PLC
(United Kingdom)
FEI #98-1148840
Company #8831330

AXIS Reinsurance Managers Limited
(Bermuda)
FEI #98-1281965
Reg. #50110

Novae Group Limited
(United Kingdom)
Company #5673306

AXIS UK Services Limited
(United Kingdom)
FEI #98-1489713
Company #5745749

AXIS UK Services Limited
(Irish Branch)
FEI #03950817HH
Company #909739

AXIS Corporate Capital UK II Limited
(United Kingdom)
Company #3045763

(30%) AXIS Syndicate 1686 [3]
(Lloyd's Syndicate)
FEI #98-1148840

AXIS Underwriting Limited
(United Kingdom)
FEI #98-1433977
Company #3043816
FRN #311833

AXIS Re SE
(Ireland)
FEI #98-0395688
Company #353220SE
CBI C37900
Alien ID #1784115

AXIS Re SE, Dublin
(Zurich Branch)
Trading as AXIS Re Europe
Branch No.
CH-020.9.001.974-6
Swiss Co. UID: CHE – 110.248.341

AXIS Re SE Escritório de Representação No Brasil Ltda. [1]
(Brazil)
Representative Office
FEI #11.448.524/0001-66

Contessa Limited
(United Kingdom)
Company #04466632
(L)

AXIS Specialty Europe SE
(Ireland)
FEI #98-0395686
Company #353402SE
CBI C33643
Alien ID #AA-1784130
UK Overseas OE006377

AXIS Specialty Europe SE
(UK Branch) Trading as
AXIS Specialty London
Company #FC039727
FRN #212724

AXIS Specialty Europe SE
(Belgium Branch)
Reg. #0719.514.524

AXIS Specialty U.S. Holdings, Inc.
(Delaware)
FEI #02-0615332
Reg. #3500437

AXIS Reinsurance Company
(New York)
FEI #51-0434766
NAIC #20370

AXIS Reinsurance Company
(Canadian Branch)
Institution #D141
Canada Business #84315 3420 RC 001

AXIS Specialty Finance LLC
(Delaware)
FEI #27-2107947
Reg. #4798853

AXIS Group Services, Inc.
(Delaware)
FEI #36-4467304
Reg. #3430719

AXIS ILS, Inc.
(formerly, AXIS Specialty Underwriters, Inc.)
(Delaware)
FEI #81-3508489

AXIS Specialty U.S. Services, Inc.
(Delaware)
FEI #41-2030082
Reg. #3484541

AXIS Specialty U.S. Services, Inc.
(UK Branch)
UK Establishment
No. BR018837

AXIS Specialty Canada Services, ULC
(British Columbia)
BN #838 256 113

AXIS Specialty Insurance Company
(Connecticut)
FEI #56-2295242
NAIC #15610

AXIS Insurance Company
(Illinois)
FEI #39-1338397
NAIC #37273

AXIS Surplus Insurance Company
(Illinois)
FEI #63-0941128
NAIC #26620

AXIS Group Benefits LLC
(Arizona)
FEI #20-8556705
AZ License
#1800005523

= Branch

= Insuring / Risk-Bearing Entity

As of December 12, 2023