Arch Capital Group Ltd.
(including Arch Reinsurance Ltd. and Arch Group Reinsurance Ltd.)
2024 Financial Condition Report

May 2025

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Executive Summary

Arch Capital Group Ltd. ("Arch", "ACGL", or the "Group"), a Bermuda public limited liability company, provides insurance, reinsurance and mortgage insurance on a worldwide basis through its wholly owned subsidiaries. While we are positioned to provide a full range of property, casualty and mortgage insurance and reinsurance lines, we focus on writing specialty lines of insurance and reinsurance. Arch Reinsurance Ltd. ("ARL") and Arch Group Reinsurance Ltd. ("AGRL") are Bermuda-based reinsurance companies of ACGL licensed by the Bermuda Monetary Authority ("BMA").

The Financial Condition Report ("FCR") is an opportunity for Arch to describe its business to the public in relation to our business model, whereby the public may make an informed assessment on whether the business is run in a prudent manner. The source information for this report is generally ACGL's Form 10-K for the Fiscal Year Ended December 31, 2024 and ACGL's 2025 Proxy Statement[1], which provide a comprehensive overview of the company's business and financial condition (including audited financial statements) and disclose all important facts about the issues on which shareholders are asked to vote during the 2025 shareholder meeting, respectively.

For 2024, ACGL wrote over $15.7 billion of net premiums and reported net income available to Arch common shareholders of $4.3 billion. This compares to 2023 net premiums of $13.5 billion and net income available to common shareholders of $4.4 billion. Book value per share ("BVPS") was $53.11 at December 31, 2024, a 13.1% increase[2] from $46.94 at December 31, 2023. The increase in BVPS in 2024 reflected strong underwriting and investment results.

We continue to execute our cycle management strategy by actively allocating capital to the segments with the best risk adjusted returns. Growth was strong throughout 2024 in our property and casualty segments which wrote $20.2 billion of gross premium and $14.6 billion of net premium, increases of approximately 18% over 2023 levels. Although mortgage market conditions meant fewer opportunities for top line growth in 2024, the mortgage segment continued to generate significant underwriting profit of $1.1 billion for the year.

ACGL carries $27.9 billion of statutory economic capital and surplus as of December 31, 2024. ACGL, ARL and AGRL maintain strong capital bases, enabling the companies to comfortably meet the BMA's solvency requirements.

The governance structure, risk profile, and approach to capital management of ACGL, ARL, and AGRL remain largely unchanged since the prior report.

[1] These publicly available documents are more fully referenced and linked in the following sections.

[2] BVPS at year-end 2024 was reduced by a $5.00 per share special dividend issued in December 2024. Adjusting for this amount results in BVPS growth of 23.8% during 2024.

Section 1 - Business and Performance

1.1 Name of Insurer

Arch Capital Group Ltd.
Waterloo House, Ground Floor
100 Pitts Bay Road
Pembroke HM 08 Bermuda

Arch Reinsurance Ltd.
Waterloo House, 1st Floor
100 Pitts Bay Road
Pembroke HM 08 Bermuda

Arch Group Reinsurance Ltd.
100 Pitts Bay Road
Pembroke HM 08 Bermuda

1.2 Insurance Supervisor and Group Supervisor

Bermuda Monetary Authority
BMA House
43 Victoria Street
Hamilton HM 12 Bermuda

1.3 Approved Auditor

PricewaterhouseCoopers LLP
300 Madison Avenue
New York, New York 10017-6204
United States of America

1.4 Description of the Ownership Details including Proportion of Ownership Interest

ACGL's common shares are listed and traded on The NASDAQ Stock Market LLC in the U.S.

The following table sets forth information available to us as of March 12, 2025 with respect to the ownership of our voting shares by (1) each person known to us to be the beneficial owner of more than 5% of any class of our outstanding voting shares, (2) each director and named executive officer of ACGL and (3) all of the directors and executive officers of ACGL as a group. Except as otherwise indicated, each person named below has sole investment and voting power with respect to the securities shown.

	Common Shares	
Name and Address of Beneficial Owner	**(A) Number of Common Share Beneficially Owned (1)**	**(B) Rule 13d-3 Percentage Ownership (1)**
The Vanguard Group (2) 100 Vanguard Blvd. Malvern, Pennsylvania 19355	40,754,642	10.8 %
BlackRock, Inc. (3) 50 Hudson Yards New York, New York 10001	33,285,495	8.9 %
Artisan Partners Holdings LP (4) 875 East Wisconsin Avenue, Suite 800 Milwaukee, Wisconsin 53202	24,894,249	6.6 %
Baron Capital Group, Inc. (5) 767 Fifth Avenue New York, New York 10153	20,725,357	5.5 %
Nicolas Papadopoulo (6)	1,454,959	*
Marc Grandisson (7)	3,926,104	1.0 %
John L. Bunce, Jr. (8)	1,556,757	*
Francis Ebong (9)	9,243	*
Laurie S. Goodman (10)	33,938	*
Daniel J. Houston (11)	1,703	*
Moira Kilcoyne (12)	29,532	*
Eileen Mallesch (13)	10,167	*
Alexander Moczarski (14)	402	*
John M. Pasquesi (15)	5,216,790	1.4 %
Brian S. Posner (16)	118,540	*
Eugene S. Sunshine (17)	34,530	*
Neal Triplett (18)	1,703	*
John D. Vollaro (19)	410,999	*
David E. Gansberg (20)	614,399	*
François Morin (21)	700,780	*
Maamoun Rajeh (22)	875,826	*
Christine Todd (23)	199,007	*
All directors and executive officers (19 persons) (24)	15,547,686	4.1 %

* Denotes beneficial ownership of less than 1%

For Footnotes (1) through (24) refer to the ACGL 2025 Proxy Statement

Additional information regarding share ownership, including notes associated with the above table and preferred share ownership information, is available in the *Security Ownership of Certain Beneficial Owners and Management* section of ACGL's most recent Definitive Proxy Statement (the "Proxy") Pursuant to Section 14(a) of the Securities Exchange Act of 1934 filed with the United States Securities and Exchange Commission, which can be found in the *Investors* section of ACGL's website (www.archgroup.com) or by clicking this direct link.

1.5 Group Structure

We have included ACGL's organizational structure chart as Appendix 1. Except where noted, ACGL is the ultimate parent owning 100% of all subsidiary companies depicted in the chart, including ARL and AGRL.

ARL and AGRL are subsidiaries of ACGL. With the exception of certain services, holding and investment companies, ARL is the direct or indirect parent of all other ACGL companies, including all (re)insurance operations. ARL filed its statutory financial returns for the reporting period on a consolidated basis, while AGRL filed on a stand-alone basis.

ARL and AGRL have been exempted from submitting a separate Financial Condition Report by the BMA. As a result, certain sections of this report include ARL and AGRL-specific figures and discussions. Where such ARL- and AGRL- specific information is not included, ARL and AGRL's financial information and processes are appropriately represented by the ACGL information included.

1.6 Insurance Business Written

The following tables set forth summary information regarding net premiums written, by segment and geographical region. We classify our businesses into three underwriting segments — insurance, reinsurance and mortgage — and one non-underwriting segment — corporate.

Additional information regarding insurance business written, including descriptions of each segment and further details associated with the tables below, is available in the *Business—Operations* section of ACGL's most recent Annual Report for the year ended December 31, 2024 on Form 10-K filed with the SEC (the "10-K") , which can be found in the *Investors* section of ACGL's website or by clicking this direct link.

1.6.1 Insurance Segment - Net Premiums Written

	Year Ended December 31,			
	2024		2023	
	Amount	%	Amount	%
North America				
Property and short-tail specialty	$ 1,220	17.7	$ 1,058	18.0
Other liability - occurrence	1,002	14.6	676	11.5
Other liability - claims made	858	12.5	851	14.5
Workers compensation	555	8.1	525	9.0
Commercial automobile	485	7.1	391	6.7
Commercial multi-peril	461	6.7	199	3.4
Other	288	4.2	295	5.0
Total North America	4,869	70.8	3,995	68.2
International				
Property and short-tail specialty	$ 1,065	15.5	$ 1,042	17.8
Casualty and other	940	13.7	825	14.1
Total International	2,005	29.2	1,867	31.8
Total	$ 6,874	100.0	$ 5,862	100.0

1.6.2 Reinsurance Segment - Net Premiums Written

	Year Ended December 31,			
	2024		2023	
	Amount	%	Amount	%
Other specialty	$ 2,849	36.8	$ 2,412	36.8
Property excluding property catastrophe	2,264	29.2	1,910	29.1
Casualty	1,222	15.8	1,002	15.3
Property catastrophe	958	12.4	865	13.2
Marine and aviation	300	3.9	250	3.8
Other	153	2.0	115	1.8
Total	$ 7,746	100.0	$ 6,554	100.0

1.6.3 Mortgage Segment - Net Premiums Written

	Year Ended December 31,	
	2024	2023
	Amount	Amount
U.S. primary mortgage insurance	$ 820	$ 737
U.S. credit risk transfer (CRT) and other	212	220
International mortgage insurance/reinsurance	80	95
Total	$ 1,112	$ 1,052

1.7 Performance of Investments, Material Income and Expenses

1.7.1 Investments

The following table summarizes our invested assets.

(U.S. Dollars in millions)	December 31, 2024		December 31, 2023	
Investable assets:				
Fixed maturities available for sale, at fair value	$ 27,035	65.3 %	$ 23,553	68.1 %
Fixed maturities—fair value option (1)	854	2.1 %	683	2.0 %
Total fixed maturities	27,889	67.4 %	24,236	70.1 %
Equity securities, at fair value	1,675	4.0 %	1,186	3.4 %
Equity securities—fair value option (1)	7	0.0 %	7	0.0 %
Total equity securities	1,682	4.0 %	1,193	3.4 %
Other investments—fair value option (1)	2,135	5.2 %	1,777	5.1 %
Investments accounted for using the equity method (2)	5,980	14.4 %	4,566	13.2 %
Short-term investments available for sale, at fair value	2,784	6.7 %	2,063	6.0 %
Short-term investments—fair value option (1)	70	0.2 %	21	0.1 %
Total short-term investments	2,854	6.9 %	2,084	6.1 %
Cash	979	2.4 %	917	2.7 %
Securities transactions entered into but not settled at the balance sheet date	(131)	-0.3 %	(184)	-0.5 %
Total investable assets held by the Company	$ 41,388	100.0 %	$ 34,589	100.0 %
Average effective duration (in years)	3.31		3.51	
Average S&P/Moody's credit ratings (3)	AA-/Aa3		AA-/Aa3	

(1) Included in "other investments" on the balance sheet.
(2) Changes in the carrying value of investment funds accounted for using the equity method are recorded as "equity in net income (loss) of investment funds accounted for using the equity method" rather than as an unrealized gain or loss component of accumulated other comprehensive income.
(3) During the 2024 fourth quarter, the Company changed its presentation from a total portfolio duration to a duration on fixed maturities and short-term investments.
(4) Average credit ratings on the Company's investment portfolio on securities with ratings assigned by Standard & Poor's ("S&P") and Moody's Investors Service ("Moody's").

The following table summarizes the pre-tax total return (before investment expenses) of investment managed by Arch compared to the benchmark return (both based in U.S. Dollars) against which we measured our portfolio during the periods.

	Arch Portfolio (1)	Benchmark Return
Year Ended December 31, 2024	5.08 %	5.22 %
Year Ended December 31, 2023	7.57 %	8.28 %

The components of net investment income (U.S. dollars in millions) were derived from the following sources:

	Year Ended December 31,	
	2024	2023
Fixed maturities	$ 1,266	$ 917
Short-term investments	144	68
Equity securities	40	22
Other (1)	136	93
Gross investment income	1,586	1,100
Investment expenses (2)	(91)	(77)
Net investment income	$ 1,495	$ 1,023

(1) Includes interest income on operating cash, distributions from investment funds and other items.
(2) Investment expenses were approximately 0.26% of average invested assets for 2024, consistent with 0.26% for 2023.

Additional information regarding our investments is available in the *Financial Measures* and *Results of Operations – Corporate Segment* sections of the 10-K.

1.7.2 Income and Expenses

The following tables summarize the Group's underwriting income or loss by segment, together with a reconciliation of underwriting income or loss to net income available to Arch common shareholders.

	Year Ended December 31, 2024			
	Insurance	Reinsurance	Mortgage	Total
Gross premiums written (1)	$ 9,053	$ 11,112	$ 1,351	$ 21,511
Premiums ceded (1)	(2,179)	(3,366)	(239)	(5,779)
Net premiums written	6,874	7,746	1,112	15,732
Change in unearned premiums	(247)	(504)	119	(632)
Net premiums earned	6,627	7,242	1,231	15,100
Other underwriting income	—	9	17	26
Losses and loss adjustment expenses	(4,070)	(4,327)	55	(8,342)
Acquisition expenses	(1,217)	(1,432)	(2)	(2,651)
Other operating expenses	(995)	(270)	(207)	(1,472)
Underwriting income	$ 345	$ 1,222	$ 1,094	2,661
Net investment income				1,495
Net realized gains (losses)				197
Equity in net income (loss) of investments accounted for using the equity method				580
Other income (loss)				42
Corporate expenses				(119)
Transaction costs and other				(81)
Amortization of intangible assets				(235)
Interest expense				(141)
Net foreign exchange gains (losses)				75
Income (loss) before income taxes and income (loss) from operating affiliates				4,474
Income tax (expense) benefit				(362)
Income (loss) from operating affiliates				200
Net income (loss) available to Arch				4,312
Preferred dividends				(40)
Net income (loss) available to Arch common shareholders				$ 4,272
Underwriting Ratios				
Loss ratio	61.4 %	59.7 %	(4.4)%	55.2 %
Acquisition expense ratio	18.4 %	19.8 %	0.2 %	17.6 %
Other operating expense ratio	15.0 %	3.7 %	16.8 %	9.7 %
Combined ratio	94.8 %	83.2 %	12.6 %	82.5 %
Goodwill and intangible assets	$ 916	$ 102	$ 333	$ 1,351
Total investable assets				$ 41,388
Total assets				70,906
Total liabilities				50,086

(1) Certain assumed and ceded amounts related to intersegment transactions are included in individual segment results. Accordingly, the sum of such transactions for each segment does not agree to the total due to eliminations
(2) Other operating expenses primarily include expenses that are related to compensation and employee benefits, information technology and professional fees.

	Year Ended December 31, 2023			
	Insurance	Reinsurance	Mortgage	Total
Gross premiums written (1)	$ 7,911	$ 9,113	$ 1,387	$ 18,403
Premiums ceded (1)	(2,049)	(2,559)	(335)	(4,935)
Net premiums written	5,862	6,554	1,052	13,468
Change in unearned premiums	(416)	(718)	106	(1,028)
Net premiums earned	5,446	5,836	1,158	12,440
Other underwriting income	—	17	14	31
Losses and loss adjustment expenses	(3,122)	(3,227)	103	(6,246)
Acquisition expenses	(1,055)	(1,240)	(17)	(2,312)
Other operating expenses	(819)	(288)	(194)	(1,301)
Underwriting income	$ 450	$ 1,098	$ 1,064	2,612
Net investment income				1,023
Net realized gains (losses)				(165)
Equity in net income (loss) of investments accounted for using the equity method				278
Other income (loss)				27
Corporate expenses				(96)
Transaction costs and other				(6)
Amortization of intangible assets				(95)
Interest expense				(133)
Net foreign exchange gains (losses)				(60)
Income (loss) before income taxes and income (loss) from operating affiliates				3,385
Income tax (expense) benefit				873
Income (loss) from operating affiliates				184
Net income (loss) available to Arch				4,443
Preferred dividends				(40)
Net income (loss) available to Arch common shareholders				$ 4,403
Underwriting Ratios				
Loss ratio	57.3 %	55.3 %	(8.9)%	50.2 %
Acquisition expense ratio	19.4 %	21.2 %	1.4 %	18.6 %
Other operating expense ratio	15.0 %	4.9 %	16.8 %	10.5 %
Combined ratio	91.7 %	81.4 %	9.3 %	79.3 %
Goodwill and intangible assets	$ 224	$ 130	$ 377	$ 731
Total investable assets				$ 34,589
Total assets				58,906
Total liabilities				40,551

(1) Certain assumed and ceded amounts related to intersegment transactions are included in individual segment results. Accordingly, the sum of such transactions for each segment does not agree to the total due to eliminations
(2) Other operating expenses primarily include expenses that are related to compensation and employee benefits, information technology and professional fees.

Additional information regarding our income and expenses, including further details associated with the above table, is available in the *Financial Statements and Supplementary Data* section of the 10-K.

1.8 Any Other Material Information

No other material information to report as of December 31, 2024.

Section 2 - Governance Structure

2.1 Board and Senior Executive

2.1.1 Structure, Roles and Responsibilities

The following individuals, with their roles responsibilities, are members of the executive leadership team of ACGL as of May 2025:

- Nicolas Papadopoulo – Chief Executive Officer, ACGL
- François Morin – Executive Vice President, Chief Financial Officer and Treasurer, ACGL
- David Gansberg – President, ACGL
- Maamoun Rajeh – President, ACGL
- Jennifer Centrone – Executive Vice President, Chief Human Resources Officer, Arch Capital Services LLC
- Chris Hovey – Chief Operations Officer, Arch Capital Services LLC
- Louis T. Petrillo – President and General Counsel, Arch Capital Services LLC
- Jay Rajendra – Chief Strategy and Innovation Officer, ACGL
- Christine Todd – President, Arch Investment Management Ltd. and Chief Investment Officer, ACGL
- Matthew Shulman – CEO, Arch Insurance North America
- Michael Schmeiser – President & CEO, Arch US Mortgage Insurance
- Jerome Halgan – President and CUO, Arch Reinsurance Group

Details about the ACGL Board of Directors ("Board") independence and composition, the Board's role in risk oversight, and further detail regarding the Board (including its committees) and senior executive's roles and responsibilities are included in the *Board* and *Committees of the Board* sections of the Proxy.

ARL's and AGRL's Board of Directors and senior executive leadership structure, roles and responsibilities as of December 2024 are summarized below.

ARL

- Maamoun Rajeh – Director and Chairman
- Jerome Halgan – Director and Chief Executive Officer
- William Soares – Director and Chief Underwriting Officer
- Crystal Doughty – Director and Chief Underwriting Officer
- Matt Dragonetti – Alternate Director, President and Head of Property
- Liam Moloney – Chief Financial Officer
- Lester Pun – Chief Actuary
- James Paugh – General Counsel

AGRL

- Maamoun Rajeh – Director
- Jerome Halgan – Chief Executive Officer
- Vanessa Hardy Pickering – Director and Chief Financial Officer
- Lester Pun – Director and Chief Actuary
- Crystal Doughty – Chief Underwriting Officer

- James Paugh – General Counsel

2.1.2 Remuneration Policy and Practices

Detail regarding ACGL's remuneration policies and practices are included in the *Compensation Discussion and Analysis* section of the Proxy.

ARL's remuneration policies and practices mirror those of ACGL.

2.1.3 Supplementary Pension / Early Retirement Schemes

The Group maintains United States tax-qualified and non-qualified defined contribution plans but does not maintain any defined benefit retirement or pension plans. Further information with respect to our defined contribution plans that provide for the deferral of compensation on a basis that is not tax-qualified can be found in the *2024 Non-Qualified Deferred Compensation* section of the Proxy. In addition, ACGL and certain of its Bermuda subsidiaries, including ARL, are responsible for the management of eight defined contribution plans ("Plans") for their Bermuda-based employees. Four of the Plans are for Bermuda citizens, and the other four Plans are for non-Bermuda citizens.

Information regarding senior executive remuneration under termination scenarios can be found in the *Termination Scenarios–Potential Payments* section of the Proxy.

2.1.4 Material Transactions

Information regarding transactions with related parties can be found in the *Financial Statements and Supplementary Data–Transactions with Related Parties* section of the 10-K and the *Certain Relationships and Related Person Transactions* section of the Proxy.

We are aware of no other material insurance or other business transactions between the Group and shareholder controllers, persons who exercise significant influence, the board or senior executive during the reporting period. Likewise, we are aware of no such transactions between ARL and AGRL and their shareholder controllers, persons who exercise significant influence, the board or senior executive during the reporting period.

2.2 Fitness and Propriety Requirements

2.2.1 Fit and Proper Process

The Nominating Committee, in its capacity as a committee of the Board, assists the Board by identifying individuals qualified to become Board members and recommends to the Board the director nominees for the next annual meeting of shareholders. The Nominating Committee is authorized to engage search firms, independent counsel and other advisers as it determines to be necessary or appropriate to assess the "fit and proper" requirements of directors' qualifications.

Further details regarding the fit and proper process in assessing the board and senior executive are contained in the *Item 1—Election of Directors* section of the Proxy.

ARL and AGRL follow fit and proper processes required by the BMA.

2.2.2 Professional Qualifications, Skills and Expertise

The professional qualifications, skills, and expertise of ACGL board members qualifying them to carry out their functions are detailed in the *Item 1—Election of Directors* section of the Proxy.

The professional qualifications, skills, and expertise of ARL and AGRL senior executives as of December 2024 qualifying them to carry out their functions are detailed below.

Maamoun Rajeh is a member of ACGL executive management and his professional qualifications, skills, and expertise are therefore listed in the Proxy.

Jerome Halgan was appointed President and CUO of the Arch Reinsurance Group in 2024. Prior to this he was Chief Executive Officer of Arch Reinsurance Ltd. since January 2018. Mr. Halgan originally joined Arch in 2009 as Senior Underwriter with Arch Reinsurance Ltd. in Bermuda. He was promoted to Chief Underwriting Officer in June 2012. He then took on the role of President of Arch Reinsurance Company in Morristown, NJ in August 2014, a position he held until January 2016, when he was named Chairman, President and Chief Executive Officer of Arch Reinsurance Company until assuming his current role. From 2001 to 2009, Mr. Halgan worked at the Berkshire Hathaway Reinsurance Group with his last position Vice President with responsibilities in both insurance and reinsurance underwriting across a wide array of lines of business From 1998 to 2001, Mr. Halgan held various positions with Sorema N.A. Reinsurance Group, with responsibilities within property, underwriting and business analysis. Mr. Halgan holds an MBA from the Stern School of Business and an engineering degree from the École Supérieure d'Électricité in France.

Matt Dragonetti is the President and Head of Property for ARL, a position he has held since November 2017. Mr. Dragonetti joined ARL in November 2001 as a Senior Underwriter for US Treaty Property, and was appointed Head of US Property in 2005 and Head of Worldwide Property in 2012. Before joining ARL, Mr. Dragonetti was Vice President of Odyssey Re and prior to that, he was a Vice President of Property Treaty for Terra Nova (Bermuda) from 1998-2000. He started his reinsurance career at F&G Re as an Assistant Vice President international property from 1995 to 1998. He has a B.S in Economics from Pennsylvania State University and an MBA from Northeastern University.

William Soares is Chief Underwriting Officer, Casualty and Specialty of Arch Re (Bermuda), a position he has held since August 2023. Prior to such position, Mr. Soares served as Head of Specialty and Head of Customized Products. He joined Arch Re Bermuda in 2006 as a Casualty Underwriter. Prior to joining Arch Re Bermuda, he was an Assurance Manager in the reinsurance department for Ernst & Young in Bermuda. He graduated in 2002 with a B.A. in Economics from Harvard University. Mr. Soares is a CFA® Charterholder who holds the Chartered Property Casualty Underwriter and Associate in Reinsurance designations.

Crystal Doughty is Chief Underwriting Officer, Property of Arch Re (Bermuda), a position she has held since August 2023. Prior to such position, Ms. Doughty was Senior Underwriter and Third-Party Capital Portfolio Manager with Arch Re. She previously held various roles at Markel from 2006 including Senior Vice President underwriting Retro, Property International and North American Reinsurance, Senior Vice president of the Sidecar vehicle New Point and was Assistance Vice President Reserving Actuary for all lines of business including but not limited to Casualty and Specialty, Marine and Property. She holds an Honours B.Sc. in Actuarial Science and Statistics from University of Toronto and is an Associate of the Casualty Actuarial Society.

Vanessa Hardy Pickering is Chief Financial Officer (CFO) of Arch Reinsurance Group. Prior to joining ARL in September 2021 Ms. Hardy Pickering was CFO of Hamilton Re Ltd., Group Treasurer of Hamilton Insurance Group, and also served as Principal Representative of Hamilton Re and the Group. One of the original management team of Hamilton's Bermuda operations, she served as Group Controller before being promoted to CFO of the Bermuda company from 2015 to 2019. Prior to joining Hamilton, Ms. Hardy Pickering was employed at Ariel Re for seven years, holding increasingly senior positions, the last being Senior Vice President, Controller. She joined Ariel Re from Rosemont Reinsurance where she was Assistant Financial Controller for two years. From 1999 to 2003, Ms. Hardy Pickering was employed in EY's Bermuda office. Ms. Hardy Pickering, a Certified Public Accountant (CPA), obtained a Bachelor of Business Administration degree from Acadia University, Nova Scotia, Canada. She holds the Associate in Reinsurance (ARe) designation from the American Institute for Chartered Property Casualty Underwriters and is a member of the Chartered Professional Accountants of Bermuda.

Liam Moloney is Chief Financial Officer (CFO) of Arch Reinsurance Limited. Mr. Moloney joined Arch Re in August 2022 as Controller, Financial reporting and was promoted to CFO in April 2024. Prior to joining Arch Re, Mr. Moloney was a senior consultant with AXA XL (2020-2022). Mr. Moloney also served as COO with Granite Management Ltd. (2015-2019) & Head of Finance at American Safety Reinsurance Ltd. (2008-2014). Mr. Moloney, a Chartered Accountant (ACA), obtained a Bachelor of Business Studies degree from the University of Limerick, Ireland. He holds his Chartered Property Casualty Underwriter (CPCU) designation from the American Institute for Chartered Property Casualty Underwriters and is a member of the Institute of Chartered Accountants in England and Wales, the Chartered Institute of Management Accountants, and the Chartered Professional Accountants of Bermuda.

Lester Pun is the Chief Operating Officer for Arch Reinsurance group. Mr Pun joined ARL as the Chief Actuary in August 2018. He has 20+ years in insurance and reinsurance with insurance company, reinsurance company, ILS management company, and consulting experience. He is a Fellow of the Casualty Actuarial Society and Fellow of the Canadian Institute of Actuaries.

James Paugh was appointed as General Counsel of ARL in February 2022. For the eleven years prior to joining ARL, Mr. Paugh held various legal, compliance and claims positions with Chubb Ltd. and ACE Ltd., the last being Senior Vice President and General Counsel of Chubb Bermuda Insurance Ltd., a position he held from 2019 through 2021. Prior to his time with Chubb, Mr. Paugh was in private practice in New York City. Mr. Paugh is admitted to the state bar of New York. He has a B.S. from Vanderbilt University and a J.D. from the George Washington University Law School.

2.3 Risk Management and Solvency Self-Assessment

2.3.1 Risk Management Process and Procedures

The following narrative provides an overview of the Group's Risk Management Framework, which describes the Group's methodology for identifying, measuring, managing and reporting on the key risks affecting ACGL. It outlines ACGL's approach to risk identification and assessment and provides an overview of ACGL's risk appetite and tolerance for each of the following major risks:

- Underwriting (insurance) risk including pricing, reserving and catastrophe;
- Investment / Market risk;
- Credit risk;
- Operational, including governance, regulatory, investor relations (reputational), and outsourcing risks;

- Liquidity risk;
- Group risk; and
- Strategic risk.

The framework includes details of ACGL's:

- Risk philosophy and policies to address the material risks confronting the Group; and
- Compliance, approach and procedures to control and or mitigate these risks.

The actions and policies implemented to meet ACGL's business management and regulatory obligations form the core of this framework. ACGL has adopted a holistic approach to risk management by analyzing risk from both a top-down and bottom-up perspective.

Risk Identification and Assessment

The ACGL Board Committees oversee the top-down and bottom-up review of the Group's risks. Given the nature and scale of the Group, these committees consider insurance, investments and operational risks within the scope of the assessment. The Chief Risk Officer ("CRO") assists these committees in the identification and assessment of all key risks.

Risk Monitoring and Control

The CRO is responsible for maintaining the ACGL Risk Register and continually reviewing and challenging risk assessments, including the impact of emerging risks and significant business developments. ACGL Board approval is required for any new high-level risks or change in inherent / residual designations.

ACGL's Risk Management Framework requires risk owners to monitor key risks on a continuous basis. The highest residual risks are actively managed by the Board and its Committees. The remaining risks are managed and monitored at a process level by the risk owners and/or CRO.

Risk owners have ultimate responsibility for the day-to-day management of each designated risk, reporting to the CRO on the satisfactory management and control of the risk and timely escalation of significant issues that may arise in relation to that risk.

The CRO is responsible for overseeing the monitoring of all risks across the business and for communicating to the relevant risk owners if she becomes aware of issues, or potential and actual breaches of risk appetite, relevant to the assigned risks.

A key element of these monitoring activities is the evaluation of the Group's position relative to risk tolerances and limits approved by the Board.

Risk Reporting

Quarterly, the CRO compiles the results of the key risk review process into a report to the Board Committees for review and discussion at their quarterly meeting. The report includes:

- An overview of selected key risks (e.g., Underwriting, Market, Credit);
- Changes in the rating of high-level risks in the ACGL Risk Register;
- A risk dashboard that depicts the status of risk limit and tolerance metrics;
- Summary of largest exposures and concentration risks; and
- Group-wide reinsurance arrangements, including outstanding and uncollectible recoveries.

If necessary, risk management matters reviewed at the Board Committee meetings are presented for discussion by the Board. The CRO is responsible for escalating any significant risk matters to ACGL executive management, the Board Committees and/or the Board for approval of the required remediation.

As part of our corporate governance, the Board and certain of its Committees hold regular Executive Sessions with members of our management team. These sessions are intended to ensure an open and frank dialogue exists about various forms of risk across the organization.

2.3.2 Implementation and Integration

ACGL believes an integrated approach to developing, measuring and reporting its Own Risk and Solvency Assessment ("ORSA") is an integral part of the Group's Risk Management Framework. The ORSA process provides the link between ACGL's risk profile, its Board-approved risk appetite including approved risk tolerances and limits, its business strategy and its overall solvency requirements.

The ORSA is the entirety of the processes and procedures employed to identify, assess, monitor, manage, and report the short- and long-term risks ACGL faces – or may face – and to determine the capital necessary to ensure that Group's overall solvency needs are met at all times. The ORSA also makes the link between actual reported results and the capital assessment.

The ORSA process and reporting are integral parts of ACGL's business strategy, tailored specifically to fit into ACGL's organizational structure and risk management system with the appropriate techniques in place to assess its overall solvency needs, taking into consideration the nature, scale and complexity of the risks inherent in the business.

ACGL also takes the results of the ORSA into account for its system of governance, including long-term capital management, business planning and new product development. It also contributes to strategic decision-making including how best to optimize capital management, establishing the most appropriate premium levels and deciding whether to retain or transfer risks.

The ORSA is the basis for risk reporting to the Board and its committees and acts as a mechanism to embed the Risk Management Framework within the Group's decision-making processes and operations. The Board has delegated responsibility for supervision and oversight of the ORSA to the Finance, Investment and Risk Committee ("FI&RC"). This oversight includes regular reviews of the ORSA process and output.

An ORSA Report is produced at least annually and the results of each assessment are reported to the Board. The Board actively participates in the ORSA process by steering how the assessment is performed and challenging its results. This assessment is also taken into account when formulating strategic decisions for the Group.

Where appropriate, ARL- and AGRL-specific views are incorporated into ACGL's ORSA process and reporting. In addition, the ARL Risk Committee and the AGRL Board are responsible for the evaluation and monitoring of their risk management policies, procedures and controls which facilitates the ongoing management of their exposure to risks. A key element of these monitoring activities is the evaluation of ARL and AGRL's position relative to risk tolerances and limits approved by their Board.

2.3.3 Relationship Between the Solvency Self-Assessment, Solvency Needs, and Capital and Risk Management Systems

As an integrated part of the business strategy, ACGL's primary capital requirements are determined using various models, such as the Standard and Poor's ("S&P") Insurance Capital Adequacy Model and BMA's BSCR Model. Capital requirements at various rating levels are compared to Total Adjusted Capital ("TAC"), as defined by S&P, and Available Statutory Capital and Surplus, as defined by the BMA, respectively, to ensure adequate capital is held in the current and future periods considered in the business planning process. Minimum acceptable levels of TAC and Available Statutory Capital and Surplus relative to capital requirements or certain ratings are outlined in ACGL's risk tolerances and limits, and approved by the Board.

Any material changes in the underlying risks, such as changes in business mix, reinsurance strategy and investment strategy, are modeled for potential impact upon ACGL's capital requirements. The result of this process is to ensure that all material risks feed into the capital requirements analysis, and in some cases also trigger further investigation through stress testing.

The results of solvency self-assessments are included in the quarterly reporting to the FI&RC. They are also incorporated into the ORSA report produced by the CRO, which is then reviewed by the FI&RC and the Board for approval.

2.3.4 Approval Process

ACGL records the actual performance of the overall capital assessment and the assessment of any deviations in its risk profile from the assumptions underlying the capital requirements analysis to a level of detail that enables a third party to evaluate the assessments performed.

The CRO prepares a quarterly report for the FI&RC covering risk management in general, including relevant ORSA topics, for discussion in the FI&RC meetings. The ACGL Risk Register is presented to the Board Committees on an annual basis for review, followed by Board approval. Any material changes in the risk management strategy, policies, processes, procedures and/or capital requirements analysis are presented to the Board for approval.

The ORSA policy and the ORSA report are reviewed by the FI&RC and recommended to the Board for approval.

2.4 Internal Controls

2.4.1 Internal Control Systems

ACGL Risk Management Framework ("Framework") includes the internal mechanisms used to monitor and control key risks. The Framework employs the Three Lines of Defense Model to effectively organize various roles and responsibilities. The First Line of Defense identifies and manages risks directly, including the design and operation of controls within their assigned areas, and is also responsible for implementing corrective actions to address process and control deficiencies. The Second Line of Defense includes groups responsible for ongoing monitoring of the design and operation of controls in the first line of defense, as well as providing advice and facilitating risk management activities. The Third Line of Defense is responsible for independent assurance over risk management.

2.4.2 Compliance Function

The Board has established a compliance and ethics program to ensure that ACGL promotes an organizational culture that encourages the highest standards of ethical business conduct and compliance with its Code of Business Conduct, its policy statements, policies and any laws and regulations which govern its business activities (collectively referred to as the "Compliance Program"). The Compliance Program is intended to ensure that ACGL embeds compliance principles, promotes ethical behavior across its operations and exercises appropriate due diligence measures in order to prevent conduct that would be in violation of its code, policy statements, policies and any applicable laws and regulations, thereby protecting ACGL's reputation and good name. Consistent with its desire to have uniform policies, practices and procedures to ensure that our business is conducted in an ethical manner, ACGL has directed that each of its majority-owned subsidiaries (together with ACGL, referred to as the "Companies") adopt a compliance program consistent with the Compliance Program that has been adopted by ACGL. In addition to being familiar with this Compliance Program, it is essential that employees are familiar, and in compliance, with any additional compliance programs and procedures adopted by each of the Companies to meet the requirements of applicable local law and regulations that may not be covered by the Compliance Program.

The requirements of this Compliance Program apply to all employees, officers and directors of the Companies (herein referred to as "employees"). In addition, where appropriate, the Compliance Program also will apply to agents of the Companies.

Group Compliance Officers are appointed upon the agreement of the Presidents and/or Chief Executive Officers of the operating companies in each Group. The Group Compliance Officers report to their Group Presidents and to the Director of Compliance and may consult with such other personnel as deemed appropriate and necessary to ensure the proper functioning of the Compliance Program.

2.5 Internal Audit

The Company has established a Group-Wide Internal Audit ("IA") function whose purpose, mandate, authority, independence, organizational positioning, reporting relationships, responsibilities and service offerings are outlined in a formal Charter which is reviewed and approved annually by the ACGL Audit Committee.

As described in the Charter, IA "provides the Audit Committee and management with independent, risk-based, and objective assurance, advice, insight, and foresight to strengthen Arch Capital Group Ltd.'s and its subsidiaries' ability to create, protect and sustain value."

IA adheres to the mandatory elements of the Institute of Internal Auditor's International Professional Practices Framework, which includes the Global Internal Audit Standards. IA has established Policies & Procedures that are applied consistently across all Arch Group entities.

The Arch Group Chief Audit Executive of IA ("CAE") is positioned at a level within ACGL that enables IA services and responsibilities to be performed without interference from management, thereby establishing the independence of IA. The CAE confirms to the ACGL Audit Committee, at least annually, the organizational independence of IA.

2.6 Actuarial Function

The Actuarial function is monitored by the ACGL Audit Committee and Underwriting Oversight Committee. Actuaries across the ACGL entities are responsible for:

- Developing reserve estimates, including assessing the quality of underlying data;
- Assisting in the execution of the risk management framework;
- Assisting with the underwriting process (entity actuaries only), including those surrounding pricing and writing of underwriting contracts and risk transfer mechanisms;
- Supporting actuarial information technology development, including the development of applications and financial database management;
- Developing capital models and providing output from the models for use by Senior Executives, Board Committees and the Board; and
- Providing support of financial information to multiple stakeholders including regulatory bodies, rating agencies and the SEC.

The actuarial function comprises experienced, fully qualified, individuals with in-depth knowledge of actuarial and financial mathematics. The function is staffed appropriately given the nature, scale and complexity of the risks inherent in the integrated operations.

ACGL's Group Actuary oversees actuarial policies throughout the Group, as well as development of Group-wide actuarial techniques and coordination. This individual provides an independent assessment of the Group's reserves to the Audit Committee each quarter.

2.7 Outsourcing

2.7.1 Outsourcing Policy

ACGL defines outsourcing as contracting out part or all of a business function to a third party. In this regard, ACGL may use the external service provider's processes and controls to perform the agreed upon services. Management ensures that any outsourced responsibilities are managed appropriately, with the Audit Committee reviewing the associated operational risks.

All outsourcing is undertaken with a view to improve the efficiency of the business. Material outsourcing arrangements require approval of ACGL Executive Management.

Vendors who provide outsourced services to ACGL, whether at Group or individual entity level, are under the supervision of the Business Unit Relationship Owner. The Business Unit Relationship Owner or his/her designee maintains a process to monitor the Third Party Service Provider on a risk weighted basis as appropriate.

No key insurance functions have been outsourced at the ACGL entity level.

2.7.2 Intra-Group Outsourcing

This subsection is not applicable to ACGL as a group.

ARL does not outsource significant operations, with the following exceptions:

- Investment management services are performed by an ACGL subsidiary, Arch Investment Management Ltd.
- Internal Audit services are performed by the Internal Audit function of Arch Capital Services LLC, an ACGL subsidiary.

AGRL outsourced significant operations to the following Arch entities:

- Day-to-day operations to Arch Underwriters Ltd., an ARL subsidiary
- Investment management services are performed by an ACGL subsidiary, Arch Investment Management Ltd.
- Internal Audit services are performed by the Internal Audit function of Arch Capital Services LLC, an ACGL subsidiary.

2.8 Any Other Material Information

No other material information to report as of December 31, 2024.

Section 3 - Risk Profile

3.1 Material Risks

A discussion of material risks facing ACGL is available in the *Risk Factors* section of the 10-K, including detailed discussion of various risks in each of the following sub-sections:

- *Risks Relating to Our Industry, Business, and Operations*
- *Risk Relating to Financial Markets and Investments*
- *Risk Relating to Our Mortgage Operations*
- *Risks Relating to Our Company and Our Shares*
- *Risks Relating to Taxation*

3.2 Risk Mitigation

Much of the strategy to mitigate key risks is contained in the discussion referenced immediately above. In addition, management uses ceded reinsurance to further mitigate gross insurance risks. Related discussion is available in the *Management's Discussion and Analysis of Financial Condition and Results of Operations—Summary of Critical Accounting Estimates—Ceded Reinsurance* section of the 10-K.

3.3 Material Risk Concentrations

The Group's stated risk appetite and associated limits state that ACGL will write catastrophe-exposed business while limiting single probable maximum pre-tax loss ("PML") or realistic disaster scenario ("RDS") occurrences at 1-in-250 year probability to less than 25% of tangible shareholders' equity. ACGL is compliant with these statements as of the date of the report.

PMLs represent an estimate of loss for a single event for a given return period, and are typically related to natural catastrophe risk. Natural catastrophe risk is a source of significant aggregate exposure for the Group and is managed by setting risk appetite and limits, as discussed above for the Group and also at more granular levels within operating units. Natural catastrophe perils can impact geographic regions of varying size and can have economic repercussions beyond the geographic region directly impacted. ACGL monitors its natural catastrophe PMLs on a quarterly basis.

RDSs can emanate from various sources of risk, including but not limited to economic crises, mass tort events, and pandemic health events. ACGL has potential exposure to these and other potential PML/RDS events through its (re)insurance operations, including mortgage, and monitors them on a quarterly basis.

The main risk exposures areas, other than underwriting and catastrophe risk, by which the Group might be subject to concentration of risk would be investments and credit or counterparty risks. In order to minimize its subjectivity to investment concentration risk, the Group has designed its investment portfolio to diversify risks, including interest rate, credit, structure and equity risks. To ensure diversification and to avoid excessive aggregation of risks, the Group has placed limits on asset types, economic sector exposure, industry exposure and individual security exposure, and which are monitored on an ongoing basis.

Various Board Committees are charged with the responsibility to monitor the Group's compliance with the policies, guidelines and risk limits governing its material risk concentrations to the (re)insurance and investment portfolios.

3.4 Investments

Information regarding our investments, including a description of how assets are invested in accordance with the prudent person principle, is available in the *Business—Investments* section of the 10-K.

3.5 Stress Testing and Sensitivity Analysis

Stress testing is an integral part of ACGL's risk management framework. The stress scenarios, which include a reverse stress test scenario, evaluated as part of ACGL's ORSA and risk management processes provide insight into the financial implications of stress events for the Group. A well-developed set of stress scenarios are also considered an important part of each operating entity's ORSA activities. While each stress is not necessarily calibrated to a specific return period, each scenario is crafted to evaluate ACGL's resilience against significant stress from various major risks the company faces. Scenarios are designed to be relatively simple, easily explainable and consider a variety of conceivable, quantifiable events.

ACGL stress scenarios take different forms depending on the entity in question and the risks it is exposed to; however, stress scenarios employed around the Group typically fall into the following general categories:

- Reserve/Underwriting Risk Adverse Scenarios;
- Financial Market Events;
- Catastrophe/Man-Made/Other Large RDS;
- Credit (Counterparty);
- Growth; and
- Operational.

ACGL's latest stress testing results lead ACGL management to believe it has sufficient capital to withstand all reasonably foreseeable stress events.

Sensitivity analysis is also conducted as part of various ORSA and risk management activities around the Group, in order to test and maintain the robustness of the models employed and the parameters set within those models.

3.6 Any Other Material Information

No other material information to report as of December 31, 2024.

Section 4 - Solvency Valuation

4.1 Valuation Bases, Assumptions and Methods for Assets

ACGL generally values its assets under accounting principles generally accepted in the United States of America (“GAAP”), including the use of fair value measurement and other-than-temporary (“OTTI”) impairments for certain assets. Related discussion is available in the *Management’s Discussion and Analysis of Financial Condition and Results of Operations*, Note 9 – “Investment Information” and Note 10 – “Fair Value” under item 8 “Financial Statements and Supplementary Data” of the 10-K.

A series of adjustments to the GAAP valuations of various assets in line with BMA statutory return and Economic Balance Sheet (“EBS”) rules are undertaken, in order to comply with the BMA’s “Guidance Note for Statutory Reporting Regime” for the reporting period’s statutory filing.

Material adjustments undertaken to get from GAAP to the economic basis asset valuation required in the statutory EBS include:

- Deferred acquisition costs are excluded from the EBS
- Goodwill and intangible assets are excluded from the EBS
- Certain receivable amounts are reduced for the amounts already due, which for EBS purposes are included in the technical provision calculations described in the following section

4.2 Valuation Bases, Assumptions and Methods for Technical Provisions

The process of valuing ACGL’s Insurance Technical Provisions (“TPs”) begins with actuarial valuation of our GAAP basis reserves for loss and loss adjustment expenses (“Loss Reserves”). Cash flows associated with those Loss Reserves, along with unearned premium reserves and provisions for other components of economic basis TPs, are converted to an economic basis using the approach outlined below.

Discussion of ACGL’s approach to setting GAAP basis loss reserves is available in the *Management’s Discussion and Analysis of Financial Condition and Results of Operations—Summary of Critical Accounting Estimates,* and Note 5 – “Reserve for Losses and Loss Adjustment Expenses” under Item 8 – “Financial Statements and Supplementary Data” of the 10K.

4.2.1 Calculation Methodology

GAAP Loss Reserves and unearned premium reserves, along with certain receivable and payable balances, are converted into TPs for reporting on the EBS. The overarching principle for valuing TPs under the EBS is the current amount undertakings would have to pay if they were to transfer their (re)insurance obligations immediately to another undertaking.

The calculations for the TPs are based on the existing GAAP valuation. The same methodology is applied to each homogeneous risk group and follows the steps laid out below:

i. Gross and net best estimates of liabilities are estimated separately for each underwriting year. Each underwriting year is then split into earned or unearned business. Relevant payment patterns are applied to these different blocks according to the respective state of their development. The output consists of gross and net outflows for claims payments, separately for claims provision and premium provision;

ii. Premium receivables are derived from the analysis of debtor cashflows (i.e. looking at the not yet due debt collectibles). Estimates of not yet due debt collectables are used directly as cash inflows. The output consists of gross cash inflows of premium receivables for both claims provisions and premium provisions. It is worth noting that debt due but not received is excluded from the technical provisions and is instead included within insurance receivables on the balance sheet. In addition, the calculations also allow for future reinsurance costs which correspond to recoveries being made in respect of claims;

iii. During steps i) and ii) above, a number of adjustments are made to allow for:
   - The business contractually agreed before the balance sheet date, but incepting after the balance sheet date. This is referred to as Bound But Not Incepted business; and
   - Events Not In Data.

iv. Cash outflows for reinsurance premium payables/net premium receivables are based on gross cashflows to which net or ceded ratios are applied to both premiums and claims. These net/ceded ratios are based on the ratios derived in the GAAP reserving exercise;

v. Different types of expenses are projected and future cashflows are derived from this analysis. The output consists of expense cash outflows separately for claims provision and premium provisions;

vi. An allowance for cash inflows stemming from ceded reinsurance income is also made;

vii. An adjustment is carried out to allow for reinsurance counterparty default. The output consists of cash outflows for reinsurance counterparty default;

viii. The risk margin is calculated by running off the one-year Bermuda Solvency Capital Requirement ("BSCR") as regards insurance, counterparty and operational risk over future years and multiplying the cashflows by a cost of capital of 6% per annum;

ix. All cashflows are discounted and the sum of these discounted cashflows is calculated for each series. These sums are then added together to derive the net best estimate liabilities. The discount rates used are those prescribed by the BMA.

ACGL's, ARL's, and AGRL's net TPs as of December 31, 2024 and 2023 are summarized in the tables below.

Arch Capital Group Ltd. Technical Provisions as of December 31 (in $M)	**2024**	**2023**
Best Estimate Claim Provisions	19,106	13,950
Best Estimate Premium Provisions	-3,478	-3,379
Risk Margin	1,873	1,447
Total Technical Provisions	17,501	12,019

Arch Reinsurance Ltd. Technical Provisions as of December 31 (in $M)	**2024**	**2023**
Best Estimate Claim Provisions	19,106	13,950
Best Estimate Premium Provisions	-3,478	-3,379
Risk Margin	1,750	1,447
Total Technical Provisions	17,378	12,019

Arch Group Reinsurance Ltd. Technical Provisions as of December 31 (in $M)	**2024**	**2023**
Best Estimate Claim Provisions	186	250
Best Estimate Premium Provisions	0	0
Risk Margin	21	27
Total Technical Provisions	207	277

4.2.2 Uncertainty

TPs represent estimates of what the insurer or reinsurer ultimately expects to pay on claims at a given time, based on facts and circumstances then known, and it is probable that the ultimate liability may exceed or be less than such estimates. Even actuarially sound methods can lead to subsequent adjustments to reserves that are both significant and irregular due to the nature of the risks written. Loss reserves and TPs are inherently subject to uncertainty.

In establishing loss reserves and TPs, we have made various assumptions relating to the pricing of our reinsurance contracts and insurance policies and have also considered available historical industry experience and current industry conditions. The timing and amounts of actual claim payments related to recorded reserves vary based on many factors including large individual losses and changes in the legal environment, as well as general market conditions. The ultimate amount of the claim payments could differ materially from our estimated amounts. Certain lines of business written by us, such as excess casualty, have loss experience characterized as low frequency and high severity. This may result in significant variability in loss payment patterns and, therefore, may impact the calculation of discounting for time value of money assumed by TPs along with the inherent volatility in the underlying nominal losses.

4.3 Reinsurance Recoverables

Ceded reinsurance recoverable amounts are valued using actuarial techniques and a conversion from GAAP amounts to TPs as described in the preceding section regarding technical provisions.

4.4 Valuation Bases, Assumptions and Methods for Other Liabilities

ACGL generally values its other liabilities on a GAAP basis, as described in Section 4.1.

Similar to assets, a series of adjustments to the GAAP valuations of various liabilities in line with BMA statutory return and EBS rules are undertaken, in order to comply with the BMA's "Guidance Note for Statutory Reporting Regime" for the reporting period's statutory filing.

Certain payable amounts are reduced for the amounts already due, which are included in the technical provision calculations described in the preceding sections.

4.5 Any Other Material Information

No other material information to report as of December 31, 2024.

Section 5 - Capital Management

5.1 Eligible Capital

5.1.1 Capital Management Policy and Process

ACGL has adopted governance and holding company oversight guidelines, which outline (i) areas where decisions are subject to the review and approval by ACGL, including decisions relating to capital requirements, and (ii) the process for ACGL review and approval.

The capital commitments and capital management decisions subject to review and approval by ACGL include acquisitions/divestitures, issuance of debt or equity, issuance of guarantees, payment of dividends, changes in corporate structure and regulatory capital commitments. ACGL reviews and approves the annual business plan and capital expenditures budget (together "Annual Plan") proposed by each operating unit. The Annual Plan incorporates the fundamental business and risk profile characteristics of each line of business, and any material changes in (or variations from) the business or risk profile reflected in the Annual Plan requires prior review and approval by ACGL. The Annual Plan therefore serves as an important element in determining whether actions or changes in the operating units' businesses will be subject to review and approval by ACGL.

In the event that an operating unit is involved in a proposed transaction or situation that may require a revision to the Annual Plan, the guidelines require that the unit send to the CFO, with a copy to the General Counsel, a communication providing a summary of the transaction or situation, including proposed terms and timing and the manner in which the transaction or situation differ from the Annual Plan.

Requests for capital and other capital requirements are reviewed by ACGL in the context of the broader Arch Group, including all subsidiary companies. ACGL considers, among other things, the capital needs of other operating groups, the capital and/or liquidity needs of ACGL, the broader strategic objectives of the Group, and the regulatory, compliance and ratings implications. If applicable, the CFO (or his designee) will also seek any required approvals, including from the Board.

5.1.2 Eligible Capital

ACGL

ACGL's eligible capital by Tier under BMA definitions is summarized in the table below.

Arch Capital Group Ltd. Eligible Capital as of December 31 (in $M)	2024	2023
Tier 1	22,315	19,712
Tier 2	3,221	3,192
Tier 3	1,950	1,950
Total	27,486	24,854

Tier 1 capital is comprised of fully paid common shares, contributed surplus or share premium, convertible preferred shares, and statutory economic surplus as of December 31, 2024. These amounts are then reduced by the amount of treasury shares and encumbered assets as defined by the BMA.

Tier 2 capital is comprised of the following as of December 31, 2024:

i. $500 million of Series G Preference Shares approved by the BMA as Tier 2 Basic Capital on 6/11/2021.
ii. $330 million of Series F Preference Shares approved by the BMA as Tier 2 Basic Capital on 5/21/2018.
iii. $300 million of Senior Notes due May 2034 approved by the BMA as Tier 2 Ancillary Capital on 12/15/2016.
iv. $500 million of Senior Notes due November 2043 approved by the BMA as Tier 2 Ancillary Capital on 6/4/2015.
v. $1,591 million of additional funds moved from Tier 1 as determined by the BMA's encumbered asset formulas.

Tier 3 capital is comprised of the following as of December 31, 2024:

vi. $450 million of Senior Notes due December 2046 approved by the BMA as Tier 3 Ancillary Capital on 5/21/2018.
vii. $500 million of Senior Notes due December 2026 approved by the BMA as Tier 3 Ancillary Capital on 5/21/2018.
viii. $1 billion of Senior Notes due June 2050 approved by the BMA as Tier 3 Ancillary Capital on 6/22/2020.

Items (iii) and (iv) are subject to transitional arrangements as required under the Eligible Capital Rules, thus being considered eligible capital until 2026.

ACGL has $373 million of encumbered assets as defined by the BMA, affecting the availability and transferability of capital to meet the Enhanced Capital Requirement ("ECR") regulatory requirements. These amounts consist of deposits required by overseas regulators and various other encumbrances, and have been removed from the eligible capital amounts identified above.

ACGL reported $20,820 million of GAAP shareholder's equity as of December 31, 2024 as compared to $27,859 million of available statutory capital and surplus, a difference of $7,039 million. Differences between GAAP and statutory equity correspond to the valuation of assets and liabilities sections above, with the most significant movement related to the adjustments from GAAP basis recognition of loss, expense, and unearned premium reserves and receivable/payable amounts to EBS technical provisions.

ARL

ARL's eligible capital by Tier under BMA definitions is summarized in the table below.

Arch Reinsurance Ltd. Eligible Capital as of December 31 (in $M)	2024	2023
Tier 1	24,355	21,697
Tier 2	2,202	2,173
Tier 3	950	950
Total	27,507	24,820

Items (i), (ii), (iii), and (viii) identified in the ACGL subsection above are recognized as Tier 1 capital for ARL.

AGRL

AGRL's eligible capital by Tier under BMA definitions is summarized in the table below.

Arch Group Reinsurance Ltd. Eligible Capital as of December 31 (in $M)	2024	2023
Tier 1	346	313
Tier 2	0	0
Tier 3	0	0
Total	346	313

The amounts identified above for ACGL, ARL, and AGRL are fully available to meet the ECR regulatory requirements, as outlined below. All Tier 1 and Tier 2 amounts are fully available to meet the Minimum Margin of Solvency ("MSM").

5.2 Regulatory Capital Requirements

ACGL's ECR as determined using the BMA's Bermuda Solvency Capital Requirement ("BSCR") model and MSM using the aggregation method are summarized in the table below.

Arch Capital Group Ltd. Regulatory Capital Requirements as of December 31 (in $M)	2024	2023
Enhanced Capital Requirement	8,429	6,321
Minimum Margin of Solvency	7,253	6,321

ARL and AGRL's ECR and MSM as determined using the BMA's BSCR model are summarized in the tables below.

Arch Reinsurance Ltd. Regulatory Capital Requirements as of December 31 (in $M)	2024	2023
Enhanced Capital Requirement	8,482	6,125
Minimum Margin of Solvency	4,372	3,753

Arch Group Reinsurance Ltd. Regulatory Capital Requirements as of December 31 (in $M)	2024	2023
Enhanced Capital Requirement	58	74
Minimum Margin of Solvency	35	45

As of the end of the reporting period, ACGL, ARL and AGRL are compliant with all ECR and MSM capital requirements.

The table below summarizes ECR ratios as of December 31, 2024 for ACGL, ARL and AGRL.

ECR Ratios as of December 31, 2024 (in $M)	ACGL	ARL	AGRL
Available Capital & Surplus	27,859	27,880	346
Enhanced Capital Requirement	8,429	8,482	58
Enhanced Capital Requirement Ratio	331 %	329 %	602 %

5.3 Internal Capital Model

This section is not applicable to ACGL, ARL or AGRL, as we have not applied to have our internal model approved to determine regulatory capital requirements.

Section 6 - Subsequent Events

California Wildfires

As included in the 10-K, ACGL estimated that its 2025 first quarter results would be negatively impacted by the California wildfires, which occurred in January 2025. ACGL estimated that the losses would be in a range of $450 million to $550 million, net of reinsurance and reinstatement premiums. This pre-tax preliminary loss estimate was based on industry insured losses ranging from $35 billion to $45 billion. The preliminary estimate was based on available information derived from modeling techniques, industry assessments of exposure, preliminary claims information obtained from ACGL's clients and brokers to date and a review of in-force contracts. The actual losses from this event may vary materially from the estimates due to the inherent uncertainties in making such determinations.

Additional updates were included in ACGL's first quarter 2025 10-Q filing.

Declaration

To the best of our knowledge and belief, this financial condition report fairly represents the financial condition of ACGL in all material respects.

DocuSigned by:

Signed: 79231FC479AB4A0... Date: 20 May 2025

Nicolas Papadopoulo
Chief Executive Officer, ACGL

Signed by:

Signed: Janice Englesbe 636F203B2631478... Date: 20 May 2025

Janice Englesbe
Chief Risk Officer,
Arch Capital Services LLC.

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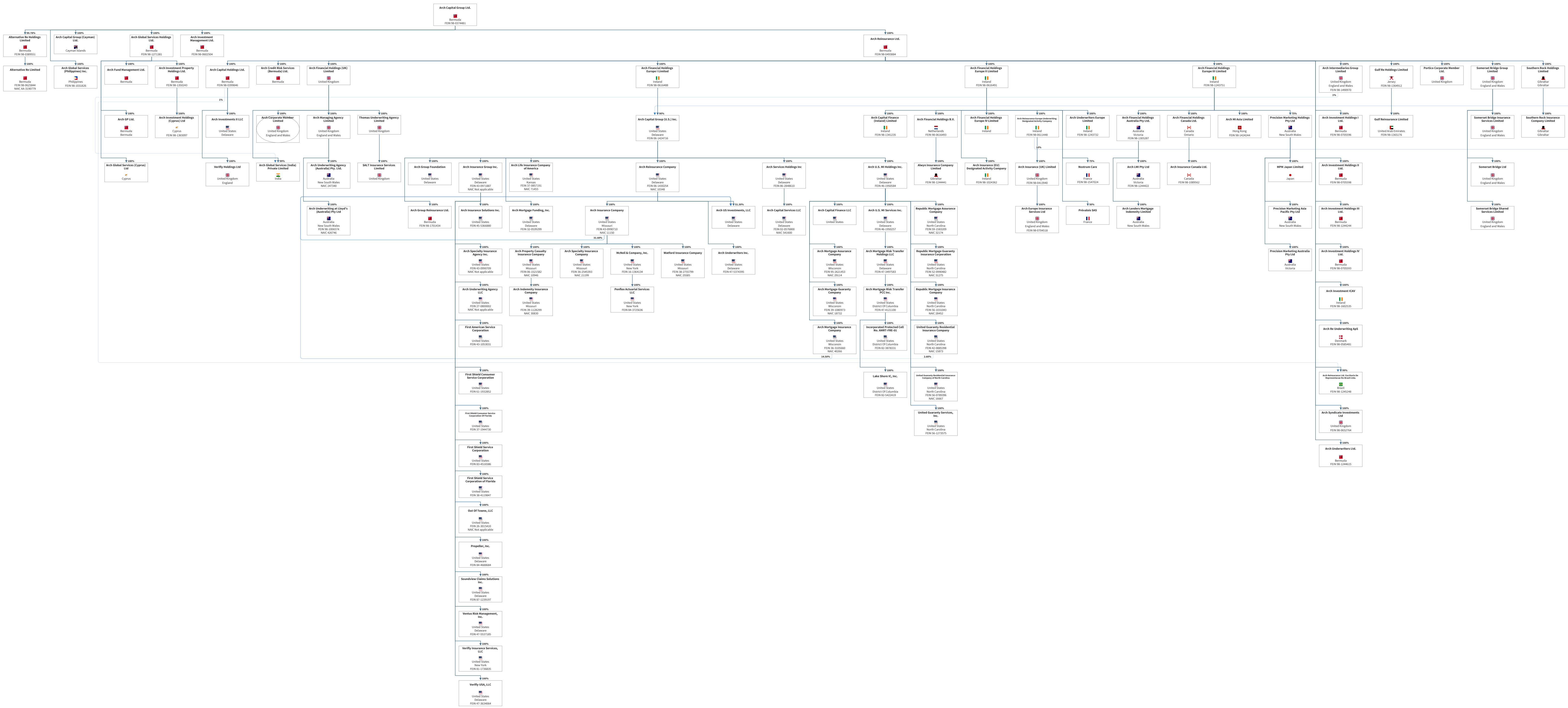
APPENDIX - ACGL Organizational Structure

ARCH CAPITAL GROUP LTD. ORGANIZATION CHART

As at March 31, 2025 created on April 10, 2025



Notes:

*Third party entities which are less than 50% owned by an Arch company are not shown on this chart

*For each entity the following is listed: ownership percentage, country flag, FEIN #, company name, jurisdiction, NAIC# or equivalent, region/state

Note 1: Arch Financial Holdings (UK) Limited owns 12 more corporate member companies which are presented under one heading of Arch Corporate Member Limited