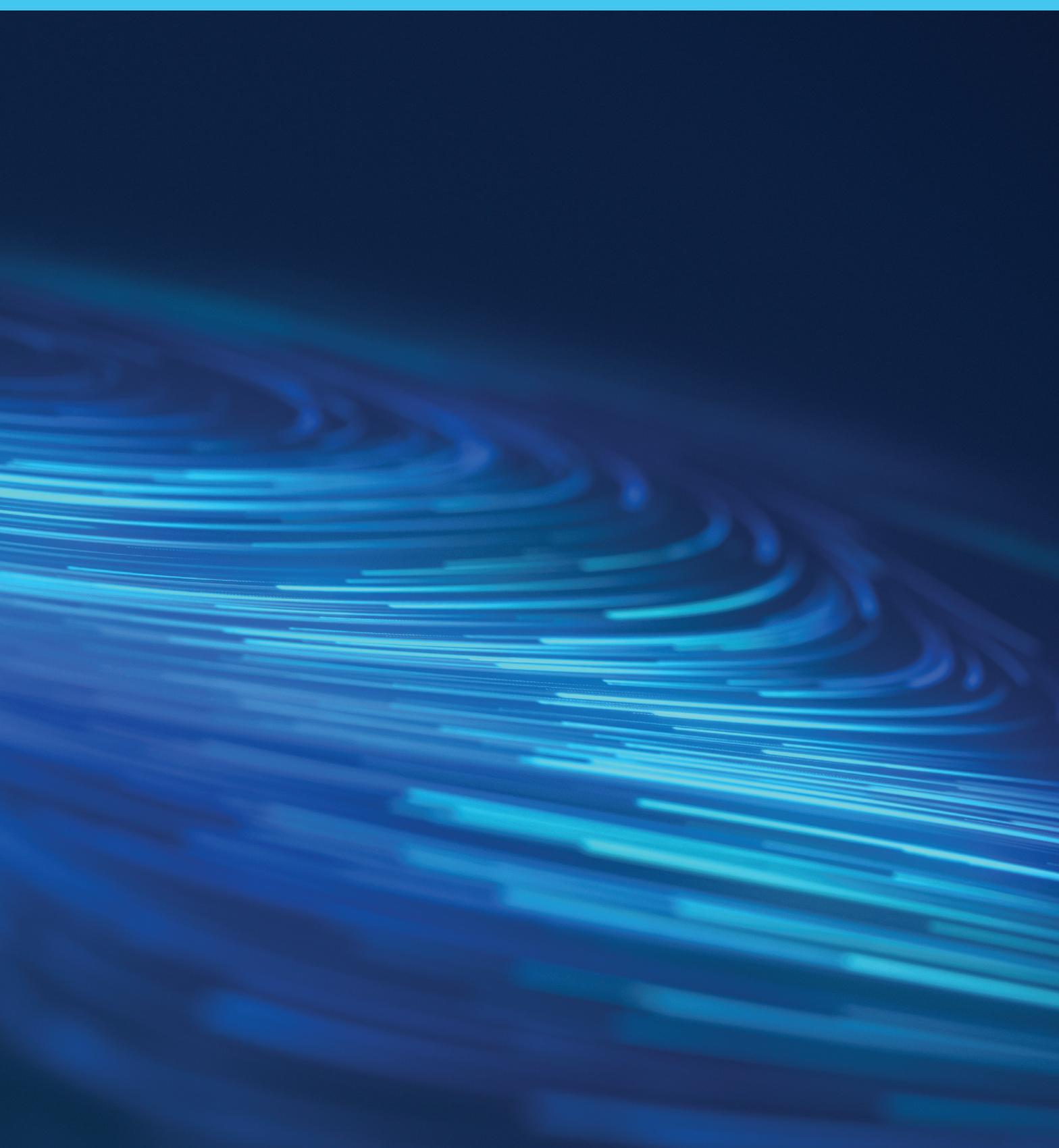




Arch Capital Group Ltd.
2025 ANNUAL REPORT



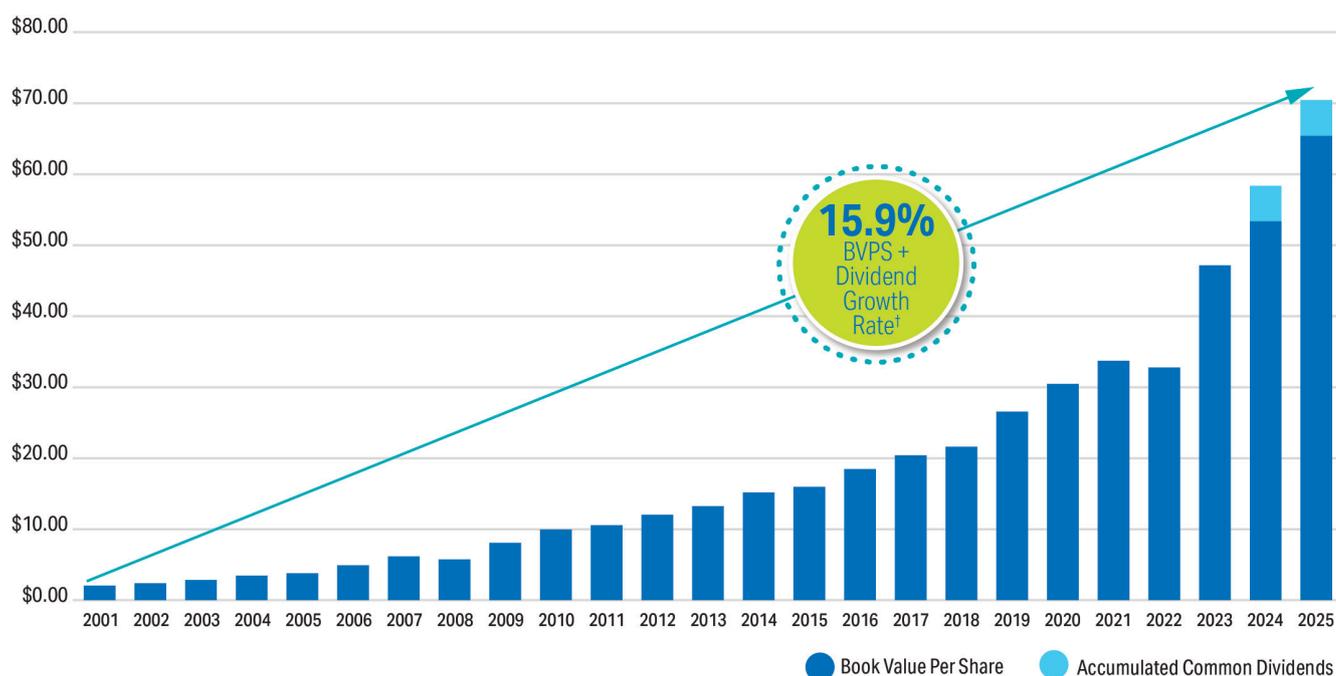
FINANCIAL HIGHLIGHTS

GROSS PREMIUMS WRITTEN \$22.9B	NET LOSS RESERVES \$24.5B
TOTAL ASSETS \$79.2B	TOTAL CAPITALIZATION \$26.9B

(Amounts in U.S. \$ million, except percentages and per share data)

	2025	2024	Change
Book value per common share at year end	\$65.11	\$53.11	22.6%
Net income available to common shareholders	\$4,359	\$4,272	2.0%
Per share	\$11.60	\$11.19	3.7%
Annualized net income return on average common equity	20.1%	22.8%	
Gross premiums written	\$22,878	\$21,511	6.4%
Underwriting income*	\$2,933	\$2,661	10.2%
After-tax operating income*	\$3,700	\$3,542	4.5%
Per share*	\$9.84	\$9.28	6.0%
Annualized operating return on average common equity*	17.1%	18.9%	

Growth in Book Value per Common Share + Accumulated Common Dividends



* We use non-GAAP financial measures in this report. The first mention of each non-GAAP financial measure is referenced by an asterisk (*). See Additional Information for a reconciliation to the most comparable GAAP financial measures.

[†] Annualized growth rate from Dec. 31, 2001, to Dec. 31, 2025, including all accumulated special cash dividends paid to common shareholders. Excludes the effects of stock options, restricted and performance share units outstanding.



NICOLAS PAPADOPOULOU
CEO, ARCH CAPITAL GROUP LTD.

To Our Shareholders,

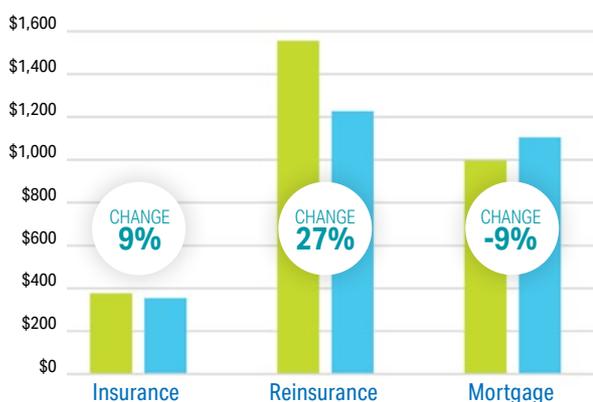
2025 was another record year for Arch.

The strength of our global enterprise and adaptability of our teams enabled us to deliver outstanding full-year results, including \$3.7 billion of after-tax operating income — the highest in our history — and a 22.6% increase in book value per share. This performance was especially noteworthy given the significant adverse impact of the California wildfires at the beginning of 2025.

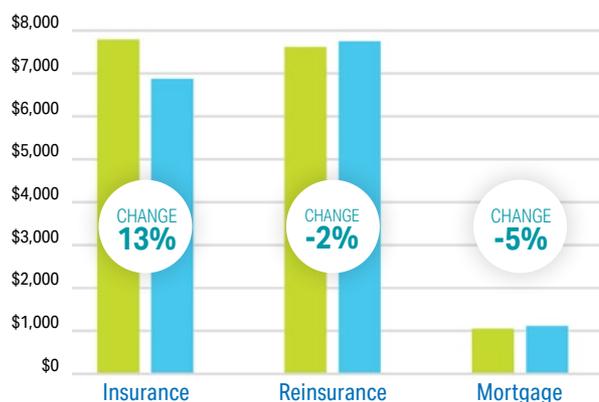
Our ability to apply disciplined cycle management and adapt quickly to changing market conditions across our diversified platform produced outstanding results. Our Property and Casualty (P&C) Insurance and Reinsurance segments wrote a record \$15.4 billion of net premiums and generated more than \$1.9 billion in underwriting income. Our Mortgage segment — unique among our peer group — delivered an additional \$1.0 billion of underwriting income. Investments contributed \$1.6 billion of net investment income, further strengthening our overall performance.

Our 2025 results stand on their own and, viewed over the long term, reinforce the consistency of our strategy and the value disciplined execution across market cycles provides for our shareholders. As competition intensifies and artificial intelligence (AI) reshapes the industry, our deep bench of talent, performance-driven culture and enduring operating principles provide the foundation for continued strong performance.

UNDERWRITING INCOME (\$M)



NET PREMIUMS WRITTEN (\$M)



■ 2025 ■ 2024

Underwriting Segments

Arch writes specialty P&C (re)insurance and mortgage insurance on a worldwide basis through its wholly owned subsidiaries. We pride ourselves on our nimbleness and creativity, and we seek out opportunities where we can use our capital to serve our clients and achieve superior results.

Insurance

The Insurance segment delivered solid performance in 2025, writing \$7.8 billion of net premiums, a 13% increase from 2024, while delivering \$375 million of underwriting income.

The integration of the U.S. Middle Market Commercial and Entertainment business, acquired in 2024, progressed as planned. The expansion of our middle market business is core to our growth strategy and should generate long-term benefits for our shareholders.

Throughout the year, our underwriters prioritized insuring lines where pricing kept pace with loss trends and exercised restraint in more competitive areas. This selective approach is designed to preserve healthy margins and reflects the disciplined execution that defines how our underwriting teams approach the market.

Reinsurance

2025 was another record year for our Reinsurance segment with \$1.6 billion of underwriting income and \$7.6 billion of net premiums written. The team continued to manage exposures carefully while capturing attractive opportunities, a cycle-aware approach that resulted in an 80.8% combined ratio, an improvement of 240 basis points from 2024.

Arch Re is well-established as a leading global reinsurer, and the diversity of our reinsurance portfolio allows us to act on opportunities as they emerge. Strong relationships with brokers

and cedants, combined with our reputation for providing creative solutions to challenging problems, further enhance our ability to operate effectively across market cycles.

Mortgage

Our Mortgage segment produced \$1.0 billion of underwriting income, reinforcing its role as a reliable contributor to Arch's results. Growing new insurance written remains challenging because of limited new housing supply and elevated mortgage interest rates, but stable persistency — and the exceptionally strong credit profile of our in-force book — continued to generate steady returns.

Investments

Supported by robust operating cash flows, our investment portfolio reached more than \$47 billion at year-end, an increase of \$6.0 billion from 2024.

Our investments team effectively managed market volatility, balancing risk and return while maintaining liquidity and capital strength. We expect our growing investment base to continue supporting strong earnings and long-term value creation.

Capital Management

Prudent capital stewardship remains central to our strategy. In 2025, we deployed capital organically through our underwriting operations while repurchasing \$1.9 billion of common shares (representing 5.6% of common shares outstanding at the start of 2025), reflecting our confidence in the long-term value of Arch stock.

Our capital management philosophy remains unchanged: deploy capital into opportunities that meet our return thresholds, maintain a strong balance sheet, and return capital when organic opportunities do not meet our standards.

Strategic Priorities

We are operating in a time of rapid change. Competition is robust and AI is transforming both the insurance industry and the global economy. We recognize the scale of this change, and we are focused on ensuring Arch is positioned to meet the opportunities ahead.

Our 2030 Strategic Vision — to be the first-choice global specialty (re)insurer by providing our customers the valuable insights and innovative solutions that enable their unique ambitions — is our North Star. The work we accomplished in 2025 is foundational to achieving our ambitions and Vision and, combined with our enterprise-wide strategic priorities, ensures we remain focused on building a stronger and more agile Arch.

Our People

Our achievements reflect the expertise and commitment of our employees. Their ability to adapt, collaborate and execute is fundamental to how we serve our customers, partners and shareholders.

Our 2025 employee survey showed high engagement and strong alignment with our Values. Arch remains an employer of choice for motivated individuals looking to make meaningful contributions and build their careers.

Investing in leadership development and acquiring top talent are essential to helping our employees grow and our company succeed.

Outlook

From the beginning, Arch's commitment to maximize long-term shareholder value has been unwavering. Since our recapitalization in 2001, book value per share has grown at a compound annual growth rate in excess of 15%, placing us at the top of our peer group and establishing Arch as one of the best investment opportunities in the P&C sector.

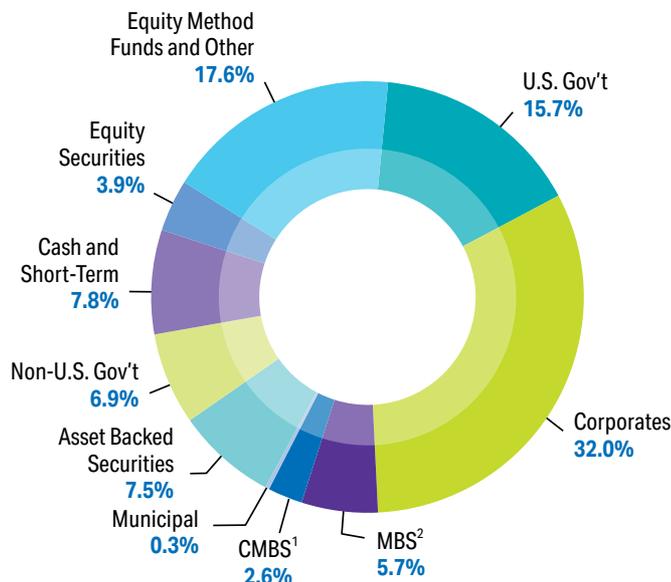
As we enter our 25th year, we do so with measured confidence. Market conditions are evolving, but our diversified specialty platform, strong balance sheet and disciplined approach have us well-positioned to continue creating long-term value. We will invest in attractive opportunities, remain selective where conditions are competitive and continue advancing the capabilities — from underwriting insight to data, analytics and AI — that strengthen our advantage.

Thank you to our employees for their dedication, to our distributors and clients for their trust, and to you, our shareholders, for your continued confidence and support.



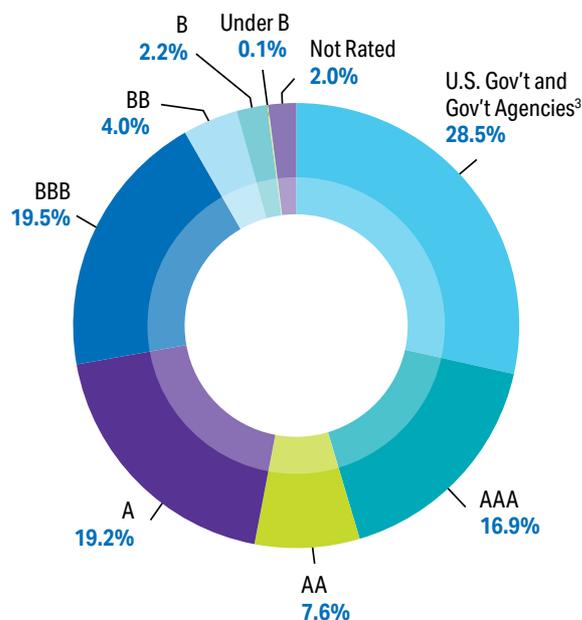
Nicolas Papadopoulos
Chief Executive Officer
Arch Capital Group Ltd.

INVESTMENTS BY TYPE



¹ CMBS = Commercial mortgage-backed securities.
² MBS = Mortgage-backed securities.

FIXED MATURITIES BY RATING



³ Includes U.S. government-sponsored agency MBS and agency CMBS.

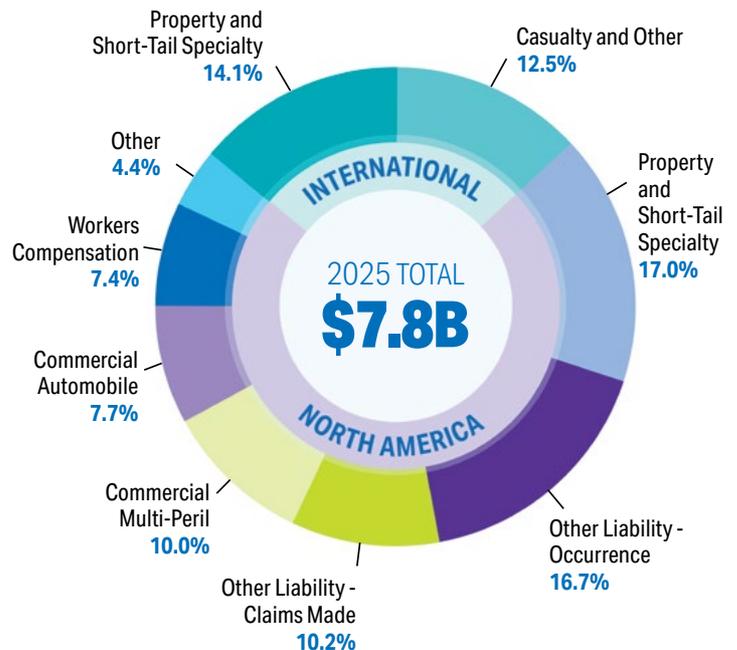
KEY RATIOS	2025	2024
Loss Ratio	61.3%	61.4%
Underwriting Expense Ratio	33.9%	33.4%
Combined Ratio	95.2%	94.8%

In 2025, the Insurance segment leaned into its diverse product mix and specialty insurance expertise to write \$7.8 billion of net premiums, a 13% increase from 2024. Despite significant losses in the first quarter, primarily attributed to the California wildfires, the Insurance segment finished the year with a 95.2% combined ratio and a 91.0% combined ratio excluding catastrophic activity and prior-year development*. Net premium growth in Arch Insurance North America was primarily driven by our enhanced U.S. Middle Market Commercial and Entertainment platform. Arch Insurance International furthered its lead placement role at Lloyd's and expanded its presence in continental Europe and Australia.

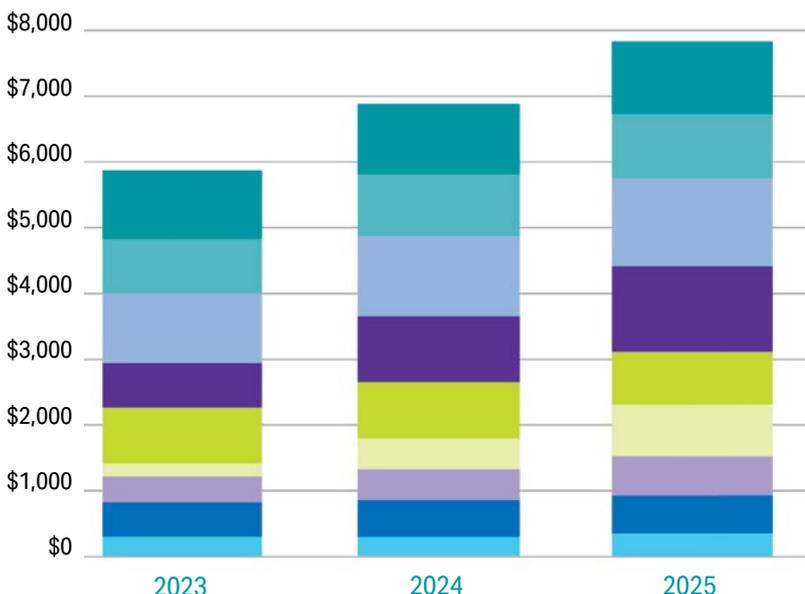
2025 HIGHLIGHTS

- Wrote \$10.4 billion of gross premiums, a 15.3% increase from 2024.
- Furthered the integration and optimization of the U.S. Middle Market Commercial and Entertainment businesses acquired in August 2024.
- Broadened international expansion through key hires in Spain, France and Australia.
- Developed additional specialties on its North American and International platforms, including new initiatives in Construction and Marine.
- Continued to embed AI-powered automation into end-to-end processes, including data extraction, to assist with faster submission clearance.
- Arch Insurance North America and Arch Insurance International both recognized as 5-Star Claims award winners by *Insurance Business*.

INSURANCE NET PREMIUMS WRITTEN



CALENDAR YEAR NET PREMIUMS WRITTEN BY LINE (\$M)



INTERNATIONAL

- Property and Short-Tail Specialty
- Casualty and Other

NORTH AMERICA

- Property and Short-Tail Specialty
- Other Liability - Occurrence
- Other Liability - Claims Made
- Commercial Multi-Peril
- Commercial Automobile
- Workers Compensation
- Other

* We use non-GAAP financial measures in this report. The first mention of each non-GAAP financial measure is referenced by an asterisk (*). See Additional Information for a reconciliation to the most comparable GAAP financial measures.

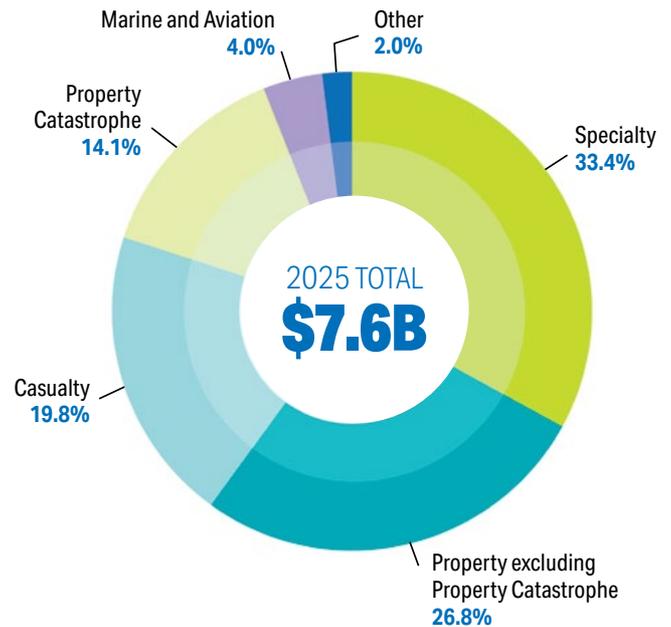
KEY RATIOS	2025	2024
Loss Ratio	56.8%	59.7%
Underwriting Expense Ratio	24.0%	23.5%
Combined Ratio	80.8%	83.2%

Arch Re generated \$1.6 billion of underwriting income in 2025, representing the third consecutive year of record results for the segment. In a transitioning reinsurance market, Arch Re leveraged the depth and diversity of its platform to write more than \$7.6 billion of net premiums. The consistent approach to risk-taking and reliable delivery of solutions to clients and brokers has earned Arch Re an enhanced position as a market leader. The ability to navigate evolving market conditions by consistently and creatively providing superior insights and solutions to its clients is how Arch Re has established itself as a reliable and collaborative business partner.

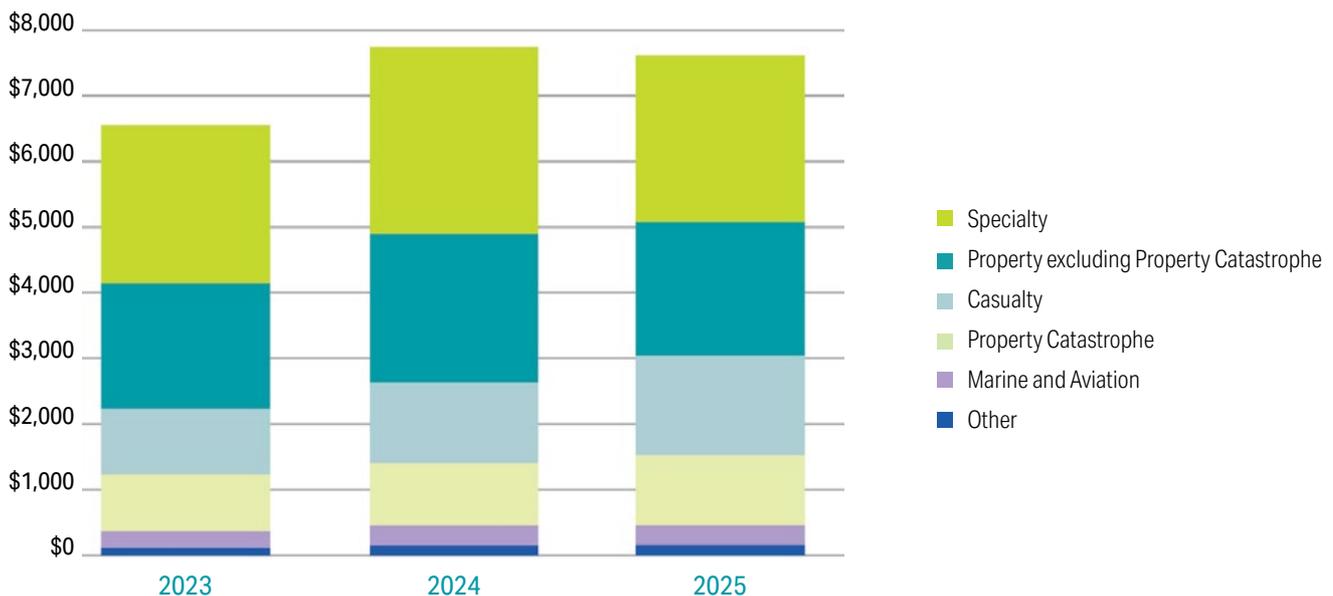
2025 HIGHLIGHTS

- Wrote \$11.1 billion of gross premiums and \$7.6 billion of net premiums for 2025.
- Generated a record \$1.6 billion of underwriting income, a 27% increase from 2024.
- Delivered an 80.8% combined ratio, a 2.4% improvement from 2024, and a 76.7% combined ratio excluding catastrophic activity and prior-year development.
- Continued to expand its insurance-linked securities (ILS) platform, which has become a manager of choice for discerning, strategic ILS investors.
- Welcomed 61 new colleagues to the global Reinsurance team, establishing itself as a highly attractive destination for top talent.

REINSURANCE NET PREMIUMS WRITTEN



CALENDAR YEAR NET PREMIUMS WRITTEN BY LINE (\$M)



KEY RATIOS	2025	2024
Loss Ratio	-0.4%	-4.4%
Underwriting Expense Ratio	15.0%	17.0%
Combined Ratio	14.6%	12.6%

Arch MI delivered \$1.0 billion of underwriting income in 2025, marking the fourth consecutive year of contributing at least \$1.0 billion of underwriting income to the enterprise. Although mortgage originations remain suppressed because of elevated mortgage rates and housing affordability challenges, Arch MI leveraged its diversified operations in the U.S., Australia, Europe and Bermuda to write nearly \$1.1 billion of net premiums in 2025. Arch MI is one of the world’s leading insurers of mortgage credit risk and possesses a deep, experienced team and substantial data and analytical capabilities that allow it to thrive under a variety of market conditions.

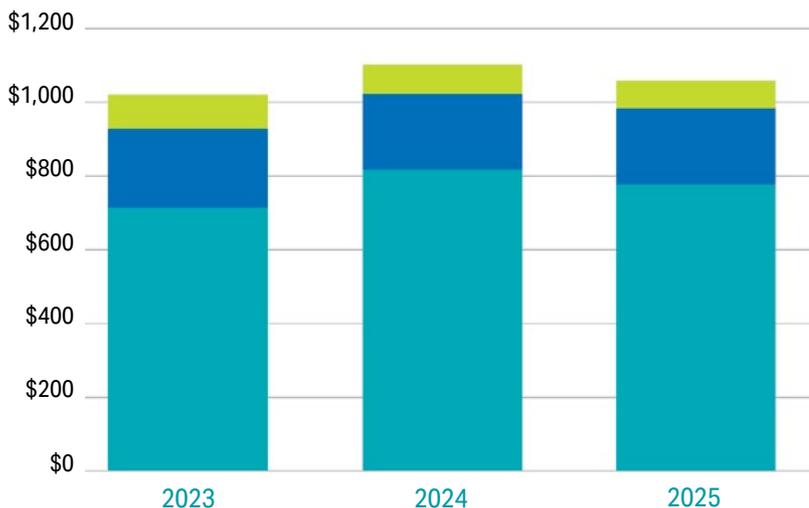
2025 HIGHLIGHTS

- Finished 2025 with \$1.0 billion in underwriting income at a 14.6% combined ratio.
- Achieved strong mortgage premium diversification with 68% of the \$1.2 billion of net premiums earned from U.S. Primary Mortgage Insurance, 18% from U.S. Credit Risk Transfer (CRT) and Other, and 14% from International Mortgage Insurance/Reinsurance.
- Helped nearly 131,000 U.S. borrowers purchase or refinance a home.
- Ended 2025 with a U.S. delinquency rate of 2.2%, near all-time lows for Arch MI.
- Successfully integrated the RMIC Companies, Inc. portfolio into Arch systems without any enduring overhead from the legacy company.
- Increased and further diversified the risk in force related to Significant Risk Transfer transactions in Europe.
- Enhanced our market-leading position in Government Sponsored Enterprise CRT transactions on behalf of Arch and our services clients.

ARCH GLOBAL MORTGAGE GROUP	
Risk in Force	\$87.9 BILLION
Insurance in Force	\$484.6 BILLION

Before reinsurance and risk-sharing operations. As of Dec. 31, 2025.

CALENDAR YEAR NET PREMIUMS WRITTEN BY LINE (\$M)



- International Mortgage Insurance/Reinsurance¹
- U.S. Credit Risk Transfer and Other²
- U.S. Primary Mortgage Insurance

¹ International mortgage insurance and reinsurance with risk primarily located in Australia and, to a lesser extent, Europe.

² Includes all CRT transactions, which are predominantly with the government-sponsored enterprises and other U.S. reinsurance transactions.



Arch's culture is one of its greatest strengths, consistently reflected in exceptional employee-engagement results and the everyday actions of our people. Employees describe Arch as a place where they feel valued, supported and connected — an environment defined by open communication, strong collaboration and a shared commitment to meaningful work. Our people's generosity toward colleagues, customers and communities sets Arch apart. Arch employees take pride in their work and willingly recommend the company to friends and family. **Our culture unites us. It reinforces our strategy and fuels our long-term success.**



Additional Information

This document includes the use of certain non-GAAP financial measures as defined in Regulation G. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Comment on Non-GAAP Financial Measures" on pages 73–75 of the Company's Annual Report on Form 10-K, filed with the Securities and Exchange Commission on Feb. 26, 2026 (the "2025 Annual Report"), which accompanies this letter. Throughout this document, we present our operations in the way we believe will be the most meaningful and useful to investors, analysts, rating agencies and others who use our financial information in evaluating the performance of our company. We believe that these non-GAAP financial measures, which may be defined differently by other companies, are important for an understanding of our overall results of operations and financial condition. However, they should not be viewed as a substitute for measures determined in accordance with GAAP.

After-tax operating income available to Arch common shareholders is defined as net income available to Arch common shareholders, excluding net realized gains or losses (which includes, but is not limited to, realized and unrealized changes in the fair value of equity securities and assets accounted for using the fair value option, realized and unrealized gains or losses on derivative instruments, changes in the allowance for credit losses on financial assets and gains or losses realized from the acquisition or disposition of subsidiaries), equity in net income or loss of investments accounted for using the equity method, net foreign exchange gains or losses, transaction costs and other, and net of income taxes.

Annualized operating return on average common equity represents after-tax operating income available to Arch common shareholders divided by average common shareholders' equity during the period. Management uses annualized operating return on average common equity as a key measure of the return generated to our common shareholders. The following table summarizes the Company's consolidated financial data, including a reconciliation of net income (loss) available to Arch common shareholders to after-tax operating income (loss) available to Arch common shareholders.

(Amounts in U.S. \$ million, except percentages and per share data)	Year Ended Dec. 31,	
	2025	2024
Net income available to Arch common shareholders (a)	\$4,359	\$4,272
Net realized (gains) losses	(464)	(197)
Equity in net (income) loss of investment funds accounted for using the equity method	(504)	(580)
Net foreign exchange (gains) losses	128	(75)
Transaction costs and other	75	81
Income tax expense (benefit)	106	41
After-tax operating income available to Arch common shareholders (b)	\$3,700	\$3,542
Beginning common shareholders' equity	\$19,990	\$17,523
Ending common shareholders' equity	23,376	19,990
Average common shareholders' equity (c)	\$21,683	\$18,757
Annualized net income return on average common equity (a)/(c)	20.1%	22.8%
Annualized operating return on average common equity (b)/(c)	17.1%	18.9%
Weighted average common shares and common share equivalents outstanding - diluted (d)	375.9	381.8
Net income available to Arch common shareholders - per share (a)/(d)	\$11.60	\$11.19
After-tax operating income available to Arch common shareholders - per share (b)/(d)	\$9.84	\$9.28

Underwriting income represents the pre-tax profitability of our underwriting operations and includes net premiums earned plus other underwriting income, less losses and loss adjustment expenses, acquisition expenses and other operating expenses. Other operating expenses include those operating expenses that are incremental and/or directly attributable to our individual underwriting operations. Underwriting income or loss does not incorporate certain income and expense items which are included in corporate. While these measures are presented in note 4, "Segment Information," on pages 121-125 to the consolidated financial statements in our 2025 Annual Report, they are considered non-GAAP financial measures when presented elsewhere on a consolidated basis.

Combined ratio excluding catastrophic activity and prior year development for the insurance and reinsurance segments are non-GAAP financial measures as defined in Regulation G. The reconciliation of such measures to the combined ratio (the most directly comparable GAAP financial measure) in accordance with Regulation G are shown in the table below. The Company's management utilizes the adjusted combined ratios excluding current accident year catastrophic events and favorable or adverse development in prior year loss reserves in its analysis of the underwriting performance of each of its underwriting segments.

	2025	2025
	Insurance	Reinsurance
Underwriting ratios:		
Loss ratio	61.3%	56.8%
Acquisition expense ratio	19.3%	20.2%
Other operating expense ratio	14.6%	3.8%
Combined ratio	95.2%	80.8%
Catastrophic activity and prior year development:		
Current accident year catastrophic events, net of reinsurance and reinstatement premiums	4.4%	7.3%
Net (favorable) adverse development in prior year loss reserves, net of related adjustments	(0.2)%	(3.2)%
Combined ratio excluding catastrophic activity and prior year development	91.0%	76.7%

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year Ended December 31, 2025

OR
TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission File No. 001-16209



ARCH CAPITAL GROUP LTD.
(Exact name of registrant as specified in its charter)

Bermuda
(State or other jurisdiction of incorporation or organization)

98-0374481

(I.R.S. Employer Identification No.)

Waterloo House, Ground Floor
100 Pitts Bay Road, Pembroke HM 08, Bermuda

(441) 278-9250

(Address of principal executive offices)

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Exchange Act:

Title of each class	Trading Symbol (s)	Name of each exchange on which registered
Common Shares, \$0.0011 par value per share	ACGL	Nasdaq Stock Market
Depository shares, each representing a 1/1,000th interest in a 5.45% Series F preferred share	ACGLO	Nasdaq Stock Market
Depository shares, each representing a 1/1,000th interest in a 4.55% Series G preferred share	ACGLN	Nasdaq Stock Market

Securities registered pursuant to Section 12(g) of the Exchange Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated Filer Accelerated Filer Non-accelerated Filer Smaller reporting company Emerging Growth Company

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the voting and non-voting common equity held by non-affiliates, computed by reference to the closing price as reported by the Nasdaq Stock Market as of the last business day of the Registrant's most recently completed second fiscal quarter, was approximately \$33.0 billion.

As of February 23, 2026, there were 355,803,320 of the registrant's common shares outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of Part III incorporate by reference our definitive proxy statement for the 2026 annual meeting of shareholders to be filed with the Securities and Exchange Commission pursuant to Regulation 14A within 120 days after December 31, 2025.

ARCH CAPITAL GROUP LTD.
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Cautionary Note Regarding Forward-Looking Statements

The Private Securities Litigation Reform Act of 1995 (“PSLRA”) provides a “safe harbor” for forward-looking statements. This report or any other written or oral statements made by or on behalf of us may include forward-looking statements, which reflect our current views with respect to future events and financial performance, and other information that is not historical information. All statements other than statements of historical fact included in or incorporated by reference into this report are forward-looking statements. Forward-looking statements, for purposes of the PSLRA or otherwise, can generally be identified by the use of forward-looking terminology such as “should”, “could”, “plans”, “projects”, “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “believe” or “continue” and other words or statements of similar meaning or their negative version.

Forward-looking statements involve our current assessment of risks and uncertainties beyond management’s control. Actual events and results may differ materially from those expressed or implied in these statements. Important factors that could cause actual events or results to differ materially from those indicated in such statements are discussed below and elsewhere in this report and in our periodic reports filed with the Securities and Exchange Commission (“SEC”), and include:

- our ability to successfully implement our business strategy during “soft” as well as “hard” markets;
- acceptance of our business strategy, security and financial condition by rating agencies and regulators, as well as by brokers and our insureds and reinsureds;
- our ability to consummate acquisitions and integrate the business we have acquired or may acquire into our existing operations;
- our ability to maintain or improve our ratings, which may be affected by our ability to raise additional equity or debt financings, by ratings agencies’ existing or new policies and practices, as well as other factors described herein;
- general economic and market conditions (including inflation, interest rates, unemployment, housing prices, foreign currency exchange rates, prevailing credit terms, tariffs, geopolitical instability and conflict and the depth and duration of a recession) and conditions specific to the reinsurance and insurance markets in which we operate;
- competition, including increased competition, on the basis of pricing, capacity (including alternative sources of capital), coverage terms, or other factors;
- developments in the world’s financial and capital markets and our access to such markets;
- our ability to successfully enhance, integrate and maintain operating procedures (including information technology) to effectively support our current and new business;
- the loss and addition of key personnel;
- material differences between actual and expected assessments for guaranty funds and mandatory pooling arrangements;
- accuracy of those estimates and judgments utilized in the preparation of our financial statements, including those related to revenue recognition, insurance and other reserves, reinsurance recoverables, investment valuations, intangible assets, bad debts, income taxes, deferred income tax assets, contingencies and litigation, and any determination to use the deposit method of accounting;
- greater than expected loss ratios on business written by us and adverse development on claim and/or claim expense liabilities related to business written by our insurance, reinsurance and mortgage subsidiaries;
- the adequacy of the Company’s loss reserves;
- severity and/or frequency of losses;
- greater frequency or severity of unpredictable natural and man-made catastrophic events;
- claims for natural catastrophic events or severe economic events in our insurance, reinsurance and mortgage businesses could cause large losses and substantial volatility in our results of operations;
- availability to us of reinsurance to manage our net exposure and the cost of such reinsurance;
- the failure of reinsurers, managing general agents, third party administrators or others to meet their obligations to us;
- the timing of loss payments being faster or the receipt of reinsurance recoverables being slower than anticipated by us;

- our investment performance, including legislative or regulatory developments that may adversely affect the fair value of our investments;
- changes in general economic conditions, resulting in downgrades of U.S. securities or sovereign debt by credit rating agencies, which could affect our business, financial condition and results of operations;
- an incident, disruption in operations or other cyber event caused by a cyber attack, inadvertent error, the use of artificial intelligence technologies or other technology on our systems or those of our business partners and service providers, which could negatively impact our business and/or expose us to litigation;
- the effect of climate change on our business;
- the effect of contagious diseases or a pandemic on our business;
- acts of terrorism, political unrest and other hostilities or other unforecasted and unpredictable events caused by humans;
- the volatility of our shareholders' equity from foreign currency fluctuations, which could increase due to us not matching portions of our projected liabilities in foreign currencies with investments in the same currencies;
- changes in accounting principles or policies or in our application of such accounting principles or policies;
- changes in the political environment of certain countries in which we operate or underwrite business;
- statutory or regulatory developments, including as to tax matters and insurance and other regulatory matters such as the adoption of legislation that affects Bermuda-headquartered companies and/or Bermuda-based insurers or reinsurers and/or changes in regulations or tax laws applicable to us, our subsidiaries, brokers or customers, including the implementation of the Organization for Economic Cooperation and Development ("OECD") Pillar I and Pillar II initiatives and the enactment of Bermuda corporate income tax; and
- the other matters set forth under Item 1A "Risk Factors," Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" and other sections of this Annual Report on Form 10-K, as well as the other factors set forth in Arch Capital Group Ltd.'s other documents on file with the SEC, and management's response to any of the aforementioned factors.

All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. The foregoing review of important factors should not be construed as exhaustive and should be read in conjunction with other cautionary statements that are included herein or elsewhere. The Company's forward-looking statements speak only as of the date of this report or as of the date they are made, and we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

PART I

ITEM 1. BUSINESS

As used in this report, references to “we,” “us,” “our,” “Arch” or the “Company” refer to the consolidated operations of Arch Capital Group Ltd. (“Arch Capital”) and its subsidiaries. All amounts are in millions, except per share amounts, unless otherwise noted. We refer you to Item 1A [“Risk Factors”](#) for a discussion of risk factors relating to our business.

OUR COMPANY

General

Arch Capital is a publicly listed Bermuda exempted company with approximately \$26.9 billion in capital at December 31, 2025 and is part of the S&P 500 index. Arch 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. For 2025, we wrote \$16.5 billion of net premiums and reported net income available to Arch common shareholders of \$4.4 billion. Book value per share was \$65.11 at December 31, 2025, compared to \$53.11 per share at December 31, 2024.

Arch Capital’s registered office is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda (telephone number: (441) 295-1422), and its principal executive offices are located at Waterloo House, Ground Floor, 100 Pitts Bay Road, Pembroke HM 08, Bermuda (telephone number: (441) 278-9250). Arch Capital makes available free of charge through its website, located at www.archgroup.com, its annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with, or furnished to, the U.S. Securities and Exchange Commission (“SEC”). The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC (such as Arch Capital) and the address of that site is www.sec.gov.

Arch Capital may use its website as a distribution channel of material information. Financial and other important information regarding Arch Capital is routinely posted on and accessible through its website. Accordingly, investors should monitor this channel, in addition to following Arch

Capital’s press releases, SEC filings and public conference calls and webcasts.

Our History

Arch Capital was formed in September 2000 and became the sole shareholder of Arch Capital Group (U.S.) Inc. (“Arch-U.S.”) pursuant to an internal reorganization transaction completed in November 2000. In October 2001, Arch Capital launched an underwriting initiative to meet current and future demand in the global insurance and reinsurance markets that included the recruitment of new management teams and an equity capital infusion of \$763.2 million, which created a strong capital base that was unencumbered by significant pre-2002 risks. Since then, we have attracted a proven management team with extensive industry experience and continued to build our global underwriting platform for our insurance, reinsurance and mortgage insurance businesses.

Our insurance underwriting platform initially consisted of our Bermuda and U.S. operations, followed by the establishment of our United Kingdom-based carrier, Arch Insurance (UK) Limited (“Arch Insurance (U.K.)”) in 2004 and Canadian operations in 2005. In 2009, we established a managing agency and syndicate at Lloyd’s of London (“Lloyd’s”) and significantly expanded our U.K. presence in 2019 through the acquisition of Barbican Group Holdings Limited (“Barbican Holdings”) and its subsidiaries (collectively, “Barbican”). Our Ireland-based carrier, Arch Insurance (EU) Designated Activity Company (“Arch Insurance (EU)”) writes primarily European Union (“EU”) business with branches in Italy, Spain, France, the Netherlands and the U.K.

On August 1, 2024 we expanded our U.S. middle market presence with the acquisition of Allianz’s U.S. Middle Market Property and Casualty insurance business and U.S. Entertainment business, representing an important part of our growth strategy in the U.S. See “Operations—Insurance Operations” for further details on our insurance operations.

Our reinsurance underwriting platform initially consisted of Arch Reinsurance Ltd. in Bermuda (“Arch Re Bermuda”) and Arch Reinsurance Company (“Arch Re U.S.”), our U.S.-licensed reinsurer. In 2008, we commenced our European reinsurance operations with Arch Reinsurance Europe Underwriting Designated Activity Company (“Arch Re Europe”), our Ireland-headquartered reinsurance company with branches in Switzerland, the U.K. and France. Our

Danish underwriting agency was formed in 2007 with a focus on Accident & Health business. The acquisition of Barbican in 2019 also contributed to our reinsurance operations in the London market. Our property facultative reinsurance underwriting operations write business in the U.S., Canada and Europe.

In 2021, Arch Re Bermuda completed the acquisition of Somerset Bridge Group Limited, Southern Rock Holdings Limited and affiliates (“Somerset Group”). The acquisition included Somerset Group’s motor insurance managing general agent, distribution capabilities through direct and aggregator channels, affiliated insurer and fully integrated claims operation. See “Operations—Reinsurance Operations” for further details on our reinsurance operations.

Our mortgage operations include U.S. and international mortgage insurance and reinsurance operations, as well as participation in government sponsored enterprise (“GSE”) credit risk-sharing transactions. The U.S. mortgage platform was established in 2014 and expanded greatly in 2016 through the acquisition of United Guaranty Corporation (“UGC”). Our U.S. primary mortgage operations provide mortgage insurance products and services to the U.S. market. These operations include providers which are approved as eligible mortgage insurers by Federal National Mortgage Association (“Fannie Mae”) and Federal Home Loan Mortgage Corporation (“Freddie Mac”), each a GSE. The mortgage operations also include participation in GSE credit risk-sharing transactions and direct mortgage insurance to U.S. mortgage lenders with respect to mortgages that lenders intend to retain in portfolio or include in non-agency securitizations along with mortgage insurance and reinsurance on a global basis. The majority of our European business is written through our Ireland-based carrier, Arch Insurance (EU), which was authorized in 2011 to provide mortgage insurance products and services to the European and U.K. markets. In 2019, Arch LMI Pty Ltd. (“Arch LMI”) was authorized by the Australian Prudential Regulation Authority (“APRA”) to write lenders’ mortgage insurance (“LMI”) on a direct basis in Australia. We expanded our presence in Australia in 2021 by acquiring Westpac Lenders Mortgage Insurance Limited, another APRA-approved writer of lenders mortgage insurance, which has since been renamed Arch Lenders Mortgage Indemnity Ltd. (“Arch Indemnity”). In 2022, we converted Arch LMI into a services company for our Australian LMI operations and the company relinquished its APRA authorization. See “Operations—Mortgage Operations” for further details on our mortgage operations.

It is our belief that our underwriting platform, our experienced management team and our strong capital base have enabled us to create a diversified, specialty-focused company targeting areas where we can best apply our specialized underwriting expertise, distribution and customer capabilities.

In 2014, we acquired approximately 11% of Somers Holdings Ltd. (formerly Watford Holdings Ltd.). Somers Holdings Ltd. is the parent of Somers Re Ltd. (formerly Watford Re Ltd.), a multi-line Bermuda (re)insurance company (together with Somers Holdings Ltd., “Somers”). In 2021, Somers became a wholly owned subsidiary of Greysbridge Holdings Ltd. (“Greysbridge”). Arch Capital currently owns 30% of Greysbridge, with the remaining common shares held by a number of third party investors. Pursuant to the terms of the Greysbridge shareholder agreement, as amended, following the expiration of a specified period, Arch Capital has a call right (but not the obligation) and certain third party investors have put rights (but not the obligation) to purchase or sell, as applicable, a specified amount of each such investor’s initial common shares on an annual basis at Greysbridge’s year-end book value per share.

In 2017, Arch and certain co-investors acquired approximately 25% of Premia Holdings Ltd. Premia Holdings Ltd. is the parent of Premia Reinsurance Ltd., a multi-line Bermuda reinsurance company (together with Premia Holdings Ltd., “Premia”). In 2021, the Company completed the share purchase agreement with Natixis, a French financial services firm, to purchase 29.5% of the common equity of Coface SA (“Coface”), a France-based leader in the global trade credit insurance market. See “Operations—Other Operations” for further details on Somers, Premia and Coface.

The Board of Directors of Arch Capital (the “Board”) has approved common share repurchase authorizations under our share repurchase program. Repurchases under the share repurchase program may be effected from time to time in open market or privately negotiated transactions. Since the inception of the share repurchase program in 2007 through December 31, 2025, Arch Capital has repurchased 455 million common shares for an aggregate purchase price of \$7.8 billion. At December 31, 2025, the total remaining authorization under the share repurchase program was \$1.1 billion. The timing and amount of the repurchase transactions under this program will depend on a variety of factors, including results of operations, market conditions and the development of the economy, as well as other factors. We will consider share repurchases on an opportunistic basis. In 2025, we repurchased approximately \$1.9 billion worth of ACGI common shares.

OPERATIONS

We classify our businesses into three underwriting segments: insurance, reinsurance and mortgage. For an analysis of our underwriting results by segment, see [note 4, “Segment Information,”](#) to our consolidated financial statements in Item 8 and “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations.”

Insurance Operations

Our insurance operations are conducted in Bermuda, the U.S., the U.K., Europe, Canada, and Australia. Our insurance operations in Bermuda are conducted through Arch Insurance (Bermuda), a division of Arch Re Bermuda, and Alternative Re Limited.

In the U.S., we focus on various specialty lines on both an admitted and non-admitted basis. Our insurance group’s insurance subsidiaries are Arch Insurance Company (“Arch Insurance”), Arch Specialty Insurance Company (“Arch Specialty”), Arch Indemnity Insurance Company (“Arch Indemnity Insurance”), Arch Property Casualty Insurance Company (“Arch PC”) and Arch Wilsure Insurance Company (“Arch Wilsure”). Arch Insurance is an admitted insurer in 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands and Guam. Arch Specialty is an approved excess and surplus lines insurer in 50 states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands and an authorized insurer in one state. Arch Indemnity Insurance is an admitted insurer in 50 states and the District of Columbia. Arch PC, which is not currently writing business, is an admitted insurer in 46 states and the District of Columbia and is filing applications for admission in all remaining states where it is not yet admitted. Arch Wilsure is an admitted insurer in all 50 states and the District of Columbia. Our insurance group also operates McNeil & Company, Inc., a specialized risk manager and a program administrator we acquired in 2018 based in Cortland, New York. The headquarters for our insurance group’s U.S. support operations (excluding underwriting units) are in Jersey City, New Jersey. The insurance group has offices throughout the U.S., including five regional offices located in Alpharetta, Georgia; Chicago, Illinois; New York, New York; San Francisco, California; Dallas, Texas and additional branch offices.

On August 1, 2024, the Company completed the acquisition of Allianz’s U.S. Middle Market Property & Casualty Insurance and U.S. Entertainment Property and Casualty Insurance Business (“MCE Acquisition”). This business is written by Fireman’s Fund Insurance Company, an affiliate of Allianz, and its subsidiaries (collectively, the “Business Entities”), in each case, relating to relevant policies with accident years 2016 and onwards (collectively, the “Business”), as well as

certain assets of Allianz and its affiliates related to the Business. In connection with the acquisition of the Business, the Company also entered into certain reinsurance agreements relating to the Business and the Business Entities and other agreements providing for administration and other services for the Business Entities by the Company for the applicable policies being reinsured following the closing. The acquisition of the Business is an important part of the Company’s growth strategy, and provides a ballast to our existing insurance business. It further enhances the Company’s capabilities in the U.S. middle markets and represents an attractive way to enter the entertainment insurance market, a new niche for us.

Our insurance operations in Canada are conducted through Arch Insurance Canada Ltd. (“Arch Insurance Canada”), a Canada domestic company which is authorized in all Canadian provinces and territories. Arch Insurance Canada is headquartered in Toronto, Ontario.

Arch Insurance (EU), headquartered in Dublin, Ireland, received authorization from the Central Bank of Ireland (“CBI”) to expand its authorized classes of business as part of our plan to address the U.K.’s departure from the EU (“Brexit”). At the end of 2020, Arch Insurance (U.K.) received court approval in the U.K. to transfer its legacy book of business written in the European Economic Area (“EEA”) to Arch Insurance (EU) under Part VII of the U.K. Financial Services and Markets Act 2000. Starting in 2021, all of the insurance business in the EU previously written by Arch Insurance (U.K.) is now written through Arch Insurance (EU).

We conduct insurance operations on several platforms in the U.K., including Arch Insurance (U.K.) and our Lloyd’s syndicates: Arch Syndicate 2012 (“Arch Syndicate 2012”) and Arch Syndicate 1955 (“Arch Syndicate 1955” and, together with Arch Syndicate 2012, our “Lloyd’s Syndicates”). Arch Managing Agency Limited (“AMAL”) is the managing agent of our Lloyd’s Syndicates. These operations provide us access to Lloyd’s extensive distribution network and worldwide licenses. AMAL also acts as managing agent for third party members of Arch Syndicate 1955. Arch Underwriting at Lloyd’s (Australia) Pty Ltd, based in Sydney, Australia, is a Lloyd’s services company which underwrites exclusively for our Lloyd’s Syndicates. Collectively, the U.K. insurance operations are referred to as “Arch U.K.” Arch U.K. conducts its operations from London and other locations in the U.K. In May 2024, we completed the sale of Castel Underwriting Agencies Limited, a managing general agency in the U.K. that we acquired as part of the Barbican acquisition.

Strategy. Our insurance group's strategy is to operate in lines of business in which underwriting expertise can make a meaningful difference in operating results. The insurance group focuses on talent-intensive rather than labor-intensive business and seeks to operate profitably (on both a gross and net basis) across all of its product lines. To achieve these objectives, our insurance group's operating principles are to:

- *Capitalize on profitable underwriting opportunities.* Our insurance group believes that its experienced management and underwriting teams are positioned to locate and identify business with attractive risk/reward characteristics. As profitable underwriting opportunities are identified, our insurance group will continue to grow its product portfolio in order to take advantage of market trends. This includes adding underwriting and other professionals with specific expertise in specialty lines of insurance.
- *Centralize responsibility for underwriting.* Our insurance group consists of a range of product lines. The underwriting executive in charge of each product line oversees all aspects of the underwriting product development process within such product line. Our insurance group believes that centralizing control of such product line with the respective underwriting executive allows for tight management of underwriting and creates clear accountability for results. Our U.S. insurance group has five regional offices, and the executive in charge of each region is primarily responsible for all aspects of the marketing and distribution of our insurance group's products, including the management of broker and other producer relationships, in the executive's respective region. In our non-U.S. offices, a similar philosophy is observed, with responsibility for the management of each product line residing with the senior underwriting executive in charge of the relevant product line.
- *Maintain disciplined underwriting standards using our experience and strategic analytics to drive decisions.* Our insurance group's underwriting philosophy is to generate an underwriting profit through prudent risk selection and proper pricing. Our insurance group believes that the key to this approach is adherence to uniform underwriting standards across all types of business. Our insurance group's senior management closely monitors the underwriting process. This strategy is underpinned by our belief in using data and strategic analytics to assess business through hard and soft underwriting conditions.
- *Focus on providing superior claims management.* Our insurance group believes that claims handling is an integral component of credibility in the market for insurance products. We believe our ability to handle

claims expeditiously and satisfactorily is a key to our success. Our insurance group employs experienced claims professionals and also utilizes experienced external claims managers (third party administrators) where appropriate.

- *Promote and utilize an efficient distribution system.* Our insurance group believes that promoting and utilizing a multi-channel distribution system provides efficient access to its broad customer base. We work with select international, national and regional retail and wholesale brokers and leading managing general agencies and program administrators, to distribute our insurance products.
- *Grow strategic partnerships, acquire or build strategic businesses in niche areas or lines of business.* Our insurance group aims to build more integrated long-term alignment with strategic partners offering superior access to niche opportunities, quality scalable businesses, or lines with reliable defensive qualities. We may grow existing partnerships or look to acquire businesses which further this strategy, such as our MCE Acquisition.
- *Create or acquire scalable and diversified underwriting platforms which can flex depending on the underwriting cycle.* Our experience as cycle managers is complemented by scalable underwriting platforms enabling us to increase or decrease our business as market conditions demand. The MCE platform enhances our U.S. focus on middle market companies using our strategic analytics capabilities and continued focus on customer solutions. We continue to focus on specialty risks as we build out a diversified platform across the insurance segment. Outside of the U.S., we are focused on continued expansion in continental Europe and optimizing opportunities in the London market.
- *Artificial Intelligence.* We employ artificial intelligence ("AI") technology and analytics to drive data-driven decisions, streamline processes or help serve our customers and partners. The use of AI technology is vetted through our AI governance framework.

Underwriting Philosophy. We seek to generate an underwriting profit based on our careful analysis across each product line that focuses on the following:

- risk selection;
- desired attachment point;
- limits and retention management;
- due diligence, including financial condition, claims history, management, and product, class and territorial exposure;

- underwriting authority and appropriate approvals; and
- collaborative decision making.

We employ analytic capabilities to support this philosophy.

Marketing. Our insurance group's products are marketed principally through a group of licensed independent retail and wholesale brokers. Clients (insureds) are referred to our insurance group through a large number of international, national and regional brokers and captive managers who receive from the insured or insurer a set fee or brokerage commission usually equal to a percentage of gross premiums. Our insurance group may enter into contingent commission arrangements with some brokers that provide for the payment of additional commissions based on volume or profitability of business. It is the practice for the brokers and producers to make the client aware of any contingent commission arrangements that may be in place with us. We have also entered into service agreements with select international brokers that provide access to their proprietary industry analytics. In general, our insurance group has no implied or explicit commitments to accept business from any particular broker and neither brokers nor any other third parties have the authority to bind our insurance group, except in the case where underwriting authority may be delegated contractually to select program administrators. Such administrators are subject to a financial and operational due diligence review prior to any such delegation of authority and ongoing reviews and audits are carried out as deemed necessary by our insurance group to assure the continuing integrity of underwriting and related business operations. See "Risk Factors—Risks Relating to Our Industry, Business and Operations—We could be materially adversely affected to the extent that important third parties with whom we do business do not adequately or appropriately manage their risks, commit fraud or otherwise breach obligations owed to us." For information on major brokers, see [note 18, "Commitments and Contingencies—Concentrations of Credit Risk,"](#) to our consolidated financial statements in Item 8.

Risk Management and Reinsurance. In the normal course of business, our insurance group may cede a portion of its premium on a quota share or excess of loss basis through treaty or facultative reinsurance agreements. Reinsurance arrangements do not relieve our insurance group from its primary obligations to insureds. Reinsurance recoverables are recorded as assets, predicated on the reinsurers' ability to meet their obligations under the reinsurance agreements. If the reinsurers are unable to satisfy their obligations under the agreements, our insurance subsidiaries would be liable for such defaulted amounts. Our principal insurance subsidiaries, with oversight by a group-wide reinsurance steering committee ("RSC"), are selective with regard to reinsurers, seeking to place reinsurance with only those reinsurers which meet and maintain specific standards of established criteria for financial strength. The RSC evaluates the financial viability of its reinsurers through financial analysis, research and review of rating agencies' reports and also monitors reinsurance recoverables and collateral with unauthorized reinsurers. The financial analysis includes ongoing qualitative and quantitative assessments of reinsurers, including a review of the financial stability, appropriate licensing, reputation, claims paying ability and underwriting philosophy of each reinsurer. See [note 8, "Reinsurance,"](#) to our consolidated financial statements in Item 8.

For catastrophe-exposed insurance business, our insurance group seeks to limit the amount of exposure to catastrophic losses it assumes through a combination of managing aggregate limits, underwriting guidelines and reinsurance. For a discussion of our risk management policies, see "[Management's Discussion and Analysis of Financial Condition and Results of Operations—Summary of Critical Accounting Estimates—Ceded Reinsurance](#)" and "Risk Factors—Risks Relating to Our Industry, Business and Operations—The failure of any of the loss limitation methods we employ could have a material adverse effect on our financial condition or results of operations."

Claims Management. Our insurance group's claims management function is performed by claims professionals, as well as experienced external claims managers (third party administrators), where appropriate. In addition to investigating, evaluating and resolving claims, members of our insurance group's claims departments work with underwriting professionals to develop products and services desired by the group's clients.

Reinsurance Operations

Our reinsurance operations are conducted on a worldwide basis through our reinsurance subsidiaries, Arch Re Bermuda, Arch Re U.S., our Lloyd's Syndicates, and Arch Re Europe. Arch Re Bermuda is dual-licensed as a Class 4 general business insurer and Class C long-term insurer and is headquartered in Hamilton, Bermuda. Arch Re Bermuda has been approved as a "certified reinsurer," which allows reduced collateral for reinsurance ceded to such reinsurers. Arch Re Bermuda has also been approved as a "reciprocal jurisdiction reinsurer," which allows ceding companies to eliminate regulatory collateral requirements for reinsurance ceded to such reinsurers and still take credit for that reinsurance. In October 2024, the U.S. Department of the Treasury, Bureau of Fiscal Services ("BFS") recognized Arch Re Bermuda as an "Alien Reinsurer" (except on excess risks running to the U.S.), which allows T-Listed ceding companies to eliminate regulatory collateral requirements under the U.S. Treasury rules. Arch Re U.S. is licensed or is an accredited or otherwise approved reinsurer in 50 states, the District of Columbia and Puerto Rico, and the provinces of Ontario and Quebec in Canada with its principal U.S. offices in Morristown, New Jersey. Treaty and facultative operations in Canada are conducted through the Canadian branch of Arch Re U.S. ("Arch Re Canada"). Arch Re U.S. is also an authorized insurer in Guam. Our property facultative reinsurance operations are conducted primarily through Arch Re U.S. The property facultative reinsurance operations have offices throughout the U.S., Canada, Europe and the U.K. Arch Re Europe, licensed and authorized as a non-life reinsurer and a life reinsurer, is headquartered in Dublin, Ireland. AMAL is the managing agent for the reinsurance operations of our Lloyd's Syndicates.

Arch Group Reinsurance Ltd. ("AGRL"), formed in December 2022, is a registered Class 3A general business insurer carrying on affiliated reinsurance business pursuant to the Insurance Act of 1978 of Bermuda. AGRL, a wholly owned subsidiary of Arch-U.S., was established to provide internal reinsurance covering certain U.S. lines of business. AGRL is a U.S. taxpayer through a section 953(d) voluntary election under the Internal Revenue Code of 1986, as amended.

Strategy. Our reinsurance group's strategy is to capitalize on our financial capacity, experienced management and operational flexibility to offer multiple products through our operations. The reinsurance group's operating principles are to:

- *Actively select and manage risks.* Our reinsurance group only underwrites business that meets certain profitability criteria, and it emphasizes disciplined underwriting over premium growth. To this end, our reinsurance group maintains centralized control over reinsurance underwriting guidelines and authorities.
- *Maintain flexibility and respond to changing market conditions.* Our reinsurance group's organizational structure and philosophy allows it to take advantage of increases or changes in demand or favorable pricing trends. Our reinsurance group believes that its existing platforms, broad underwriting expertise and substantial capital facilitate adjustments to its mix of business geographically and by line and type of coverage. Our reinsurance group believes that this flexibility allows it to participate in those market opportunities that provide the greatest potential for underwriting profitability.
- *Maintain a low cost structure.* Our reinsurance group believes that maintaining tight control over its staffing level and operating primarily as a broker market reinsurer permits it to maintain low operating costs relative to its capital and premiums.
- *Artificial Intelligence.* We employ AI technology and analytics to drive data-driven decisions, streamline processes or help serve our customers and partners. The use of AI technology is vetted through our AI governance framework.

Our reinsurance group writes business on both a proportional and non-proportional basis and writes both treaty and facultative business. In a proportional reinsurance arrangement (also known as pro rata reinsurance, quota share reinsurance or participating reinsurance), the reinsurer shares a proportional part of the original premiums and losses of the reinsured. The reinsurer pays the cedent a commission which is generally based on the cedent's cost of acquiring the business being reinsured (including commissions, premium taxes, assessments and miscellaneous administrative expenses) and may also include a profit factor. Non-proportional (or excess of loss) reinsurance indemnifies the reinsured against all or a specified portion of losses on underlying insurance policies in excess of a specified amount, which is called a "retention." Non-proportional business is written in layers and a reinsurer or group of reinsurers accepts a band of coverage up to a specified amount. The total coverage purchased by the cedent is referred to as a "program." Any liability exceeding the upper limit of the program reverts to the cedent.

The reinsurance group's treaty operations generally seek to write significant lines on less commoditized classes of coverage, such as specialty, property and casualty reinsurance treaties. However, with respect to other classes of coverage, such as property catastrophe and casualty clash, the reinsurance group's treaty operations participate in a relatively large number of treaties where they believe that they can underwrite and process the business efficiently. The reinsurance group's casualty facultative and property facultative underwriters write reinsurance on a facultative basis whereby they assume part of the risk under primarily single insurance contracts. Facultative reinsurance is typically purchased by ceding companies for individual risks not covered by their reinsurance treaties, for unusual risks or for amounts in excess of the limits on their reinsurance treaties.

For additional information regarding the business written by the reinsurance group, please refer to [note 4, "Segment Information,"](#) to our consolidated financial statements in Item 8.

Underwriting Philosophy. Our reinsurance group employs a disciplined, analytical approach to underwriting reinsurance risks that is designed to specify an adequate premium for a given exposure commensurate with the amount of capital it anticipates placing at risk. A number of our reinsurance group's underwriters are also actuaries. It is our reinsurance group's belief that employing actuaries on the front-end of the underwriting process gives it an advantage in evaluating risks and constructing a high quality book of business.

As part of the underwriting process, our reinsurance group typically assesses a variety of factors, including:

- adequacy of underlying rates for a specific class of business and territory;
- the reputation of the proposed cedent and the likelihood of establishing a long-term relationship with the cedent, the geographic area in which the cedent does business, together with its catastrophe exposures, and our aggregate exposures in that area;
- historical loss data for the cedent and, where available, for the industry as a whole in the relevant regions, in order to compare the cedent's historical loss experience to industry averages;
- projections of future loss frequency and severity; and
- the perceived financial strength of the cedent.

Marketing. Our reinsurance group generally markets its reinsurance products through brokers, except our property and casualty facultative reinsurance groups, which deal directly with ceding companies along with brokers. Brokers do not have the authority to bind our reinsurance group with respect to reinsurance agreements, nor does our reinsurance group commit in advance to accept any portion of the business that brokers submit to them. Our reinsurance group generally pays brokerage fees to brokers based on negotiated percentages of the premiums written through such brokers. For information on major brokers, see [note 18, "Commitments and Contingencies—Concentrations of Credit Risk,"](#) to our consolidated financial statements in Item 8.

Risk Management and Retrocession. Our reinsurance group currently purchases a combination of per event excess of loss, per risk excess of loss, proportional retrocessional agreements and other structures that are available in the market. Such arrangements reduce the effect of individual or aggregate losses on, and in certain cases may also increase the underwriting capacity of, our reinsurance group. Our reinsurance group will continue to evaluate its retrocessional requirements based on its net appetite for risk. See [note 8, "Reinsurance,"](#) to our consolidated financial statements in Item 8.

For catastrophe exposed reinsurance business, our reinsurance group seeks to limit the amount of exposure it assumes from any one reinsured and the amount of the aggregate exposure to catastrophe losses from a single event in any one geographic zone. For a discussion of our risk management policies, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Summary of Critical Accounting Estimates—Ceded Reinsurance" and "Risk Factors—Risks Relating to Our Industry, Business and Operations—The failure of any of the loss limitation methods we employ could have a material adverse effect on our financial condition or results of operations."

Claims Management. Claims management includes the receipt of initial loss reports, creation of claim files, determination of whether further investigation is required, establishment and adjustment of case reserves and payment of claims. Additionally, audits are conducted for both specific claims and overall claims procedures at the offices of selected ceding companies. Our reinsurance group makes use of outside consultants for claims work from time to time.

Mortgage Operations

Our mortgage operations include mortgage insurance and reinsurance in the U.S. and internationally, as well as participation in GSE credit risk-sharing transactions. Our mortgage group includes direct mortgage insurance in the U.S. primarily through Arch Mortgage Insurance Company (“AMIC”), United Guaranty Residential Insurance Company (“UGRIC”), and Arch Mortgage Guaranty Company (“AMG” and together with AMIC and UGRIC, “Arch MI U.S.”); mortgage reinsurance primarily through Arch Re Bermuda on both a proportional and non-proportional basis globally; mortgage insurance and reinsurance in the EEA and U.K. primarily through Arch Insurance (EU), and in Australia through Arch Indemnity; and participation in various GSE credit risk-sharing products primarily through Arch Re Bermuda.

In 2014, we entered the U.S. mortgage insurance marketplace, underwriting on the AMIC platform. AMIC is licensed and operates in all 50 states, the District of Columbia, Puerto Rico and Guam. In December 2016, we completed the acquisition of UGC and its primary operating subsidiary, UGRIC, which is licensed and operates in all 50 states, the District of Columbia and the U.S. Virgin Islands.

AMIC and UGRIC have each been approved as an eligible mortgage insurer by Fannie Mae and Freddie Mac, subject to maintaining certain ongoing requirements (“eligible mortgage insurer”). AMG offers direct mortgage insurance to U.S. mortgage lenders with respect to mortgages that lenders intend to retain in portfolio or include in non-agency securitizations. AMG, which is licensed in all 50 states and the District of Columbia, insures mortgages that are not intended to be sold to the GSEs, and it is therefore not approved by either GSE as an eligible mortgage insurer.

In 2011, Arch Insurance (EU) was authorized by the CBI to provide mortgage insurance products and services to the European and U.K. markets.

In 2019, Arch LMI was authorized by APRA to write lenders’ mortgage insurance. In August 2021, we acquired Arch Indemnity, which is also authorized by APRA to write lenders’ mortgage insurance. In 2022, we converted Arch LMI to a services company for our Australian lenders mortgage insurance operations and the company relinquished its APRA authorization. Arch LMI and Arch Indemnity are headquartered in Sydney, Australia. Following the conversion of Arch LMI, Arch Indemnity is the primary provider of direct lenders’ mortgage insurance and reinsurance to the Australian market.

Strategy. The mortgage insurance market operates on a distinct underwriting cycle, with demand driven mainly by the housing market and general economic conditions. As a result, the creation of the mortgage group provides us with a more diverse revenue stream. Our mortgage group’s strategy is to capitalize on its financial capacity, mortgage insurance technology platform, operational flexibility and experienced management to offer mortgage insurance, reinsurance and other risk-sharing products in the U.S., Europe, the U.K. and Australia. We employ AI technology and analytics to drive data-driven decisions, streamline processes or help serve our customers and partners. The use of AI technology is vetted through our AI governance framework.

Our mortgage group’s operating principles and goals are to:

- *Capitalize on profitable underwriting opportunities.* Our mortgage group believes that its experienced management, analytics and underwriting teams are positioned to identify and evaluate business with attractive risk/reward characteristics.
- *Maintain a disciplined credit risk philosophy.* Our mortgage group’s credit risk philosophy is to generate underwriting profit through disciplined credit risk analysis and proper pricing. Our mortgage group believes that the key to this approach is maintaining discipline across all phases of the applicable housing and mortgage lending cycles.
- *Provide superior and innovative mortgage products and services.* Our mortgage group believes that it can leverage its financial capacity, experience across insurance product lines and the mortgage finance industry, and its analytics and technology to provide innovative products and superior service. The mortgage group believes that its delivery of tailored products that meet the specific, evolving needs of its customers will be a key to the group’s success.
- *Maintain our position as a leading provider of U.S. mortgage insurance business.* We have been a leading provider of mortgage insurance products and services to national and regional banks and mortgage originators for most of the last decade, and this position has helped us generate significant business opportunities for Arch.
- *Diversify revenues by capitalizing on international opportunities.* With the acquisition of Arch Indemnity in Australia in 2021, and continued growth insuring and reinsuring European banks, we believe diversifying revenues on a global basis is a key operating principle.

Our mortgage group focuses on the following areas:

- *Direct mortgage insurance in the United States.* Under their monoline insurance licenses, each of Arch's eligible mortgage insurers may only offer private mortgage insurance covering first lien, one-to-four family residential mortgages. Nearly all of our mortgage insurance written provides first loss protection on loans originated by mortgage lenders and sold to the GSEs. Each GSE's Congressional charter generally prohibits it from purchasing a mortgage where the principal balance of the mortgage is in excess of 80% of the value of the property securing the mortgage unless the excess portion of the mortgage is protected against default by lender recourse, participation or by a qualified insurer. As a result, such "high loan-to-value mortgages" purchased by Fannie Mae or Freddie Mac generally are insured with private mortgage insurance.

Mortgage insurance protects the insured lender, investor or GSE against loss in the event of a borrower's default. If a borrower defaults on mortgage payments, private mortgage insurance reduces, and may eliminate, losses to the insured. Private mortgage insurance may also facilitate the sale of mortgage loans in the secondary mortgage market because of the credit enhancement it provides. Our primary U.S. mortgage insurance policies predominantly cover individual loans and are effective at the time the loan is originated. We also may enter into insurance transactions with lenders and investors, under which we insure a portfolio of loans at or after origination. Although not currently a significant product, we may offer mortgage insurance on a "pool" basis in the future. Under pool insurance, the mortgage insurer provides coverage on a group of specified loans, typically for 100% of all contractual or policy-defined losses on every loan in the portfolio, subject to an agreed aggregate loss limit. Pool insurance may be in a first loss position with respect to loans that do not have primary mortgage insurance policies, or it may be in a second loss position, covering losses in excess of those covered by the primary mortgage insurance policy.

- *Mortgage insurance and reinsurance in Europe and other countries where we identify profitable underwriting opportunities.* Since 2011, Arch Insurance (EU) has offered mortgage insurance to European mortgage lenders in order to reduce lenders' credit risk and regulatory capital requirements associated with the insured mortgages. In certain European countries, lenders purchase mortgage insurance to facilitate regulatory compliance with respect to high loan-to-value residential lending. Arch Insurance (EU) offers mortgage insurance on both a "flow" basis to cover new originations and through structured transactions to cover one or more portfolios of previously originated residential loans. Increasingly, Arch Insurance (EU) and Arch Re Bermuda are providing protection to European banks on significant risk transfer ("SRT") transactions. In Australia, Arch Indemnity provides lenders' mortgage insurance on a flow basis to cover new originations and offers coverage through structured transactions to cover one or more portfolios of previously originated residential loans.
- *Reinsurance.* Arch Re Bermuda provides quota share and excess of loss reinsurance covering U.S. and international mortgages.
- *Other credit risk-sharing products.* In addition to providing traditional mortgage insurance and reinsurance, we offer various credit risk-sharing products to government agencies and mortgage lenders. The GSEs have reduced their exposure to mortgage risk by shifting a portion of it to the private sector, creating opportunities for insurers to assume additional mortgage risk. Arch Re Bermuda and its affiliates have regularly participated in both Fannie Mae and Freddie Mac single family and multifamily risk sharing programs since their inception over 10 years ago.

In 2019, we established Arch Credit Risk Services (Bermuda) Ltd. ("Arch CRS"). Arch CRS is licensed by the Bermuda Monetary Authority ("BMA") as an insurance agent in Bermuda. Arch CRS offers mortgage credit assessment and underwriting advisory services with respect to participation in GSE credit risk transfer transactions.

Underwriting Philosophy. Our mortgage group believes in a disciplined, analytical approach to underwriting mortgage risks, including forecasting delinquency and future home price movements with the goal of ensuring that premiums are adequate for the risk being insured. Experienced actuaries and statistical modelers are engaged in analytics to inform the underwriting process. As part of the underwriting process, our mortgage group typically assesses a variety of factors, including the:

- ability and willingness of the mortgage borrower to pay its obligations under the mortgage loan being insured;
- characteristics of the mortgage loan being insured and the value of the collateral securing the mortgage loan;
- financial strength, quality of operations and reputation of the lender originating the mortgage loan;
- home price trends and expected future home price movements which vary by geography;
- projections of future loss frequency and severity; and
- adequacy of premium rates.

Sales and Distribution. In the U.S., we employ a sales force to directly sell mortgage insurance products and services to our customers, which include mortgage originators such as mortgage bankers, mortgage brokers, commercial banks, savings institutions, credit unions and community banks. Our largest single mortgage insurance customer in the U.S. (including branches and affiliates) accounted for 5.3% and 6.2% of our gross premiums written for the years ending December 31, 2025 and 2024, respectively. No other customer accounted for greater than 3.4% and 3.2% of the gross premiums written for the years ending December 31, 2025 and 2024, respectively. The percentage of gross premiums written on our top 10 customers was 25.8% and 25.2% as of December 31, 2025 and 2024, respectively. In Europe, Bermuda and Australia, our products and services are distributed on a direct basis and through brokers. Each country represents a unique set of opportunities and challenges that require knowledge of market conditions and client needs to develop effective solutions.

Risk Management. Exposure to mortgage risk is monitored globally and managed through underwriting guidelines, pricing, reinsurance, utilization of proprietary risk models, concentration limits and limits on net probable loss resulting from a severe economic downturn in the housing market. Exposure to climate risk has also been incorporated into the risk management framework of our mortgage group to monitor and manage our exposure to potential (i) losses related to the direct physical impact of extreme weather conditions or events in certain transactions; and/or (ii) adverse economic or housing market conditions caused by

the physical impact of extreme weather conditions or events on a region or the financial impact of transitioning to a zero or low carbon economy on a region. Generally, mortgage insurance policies exclude direct physical losses resulting from physical damages, such as damage caused by extreme weather events, though we do have some exposure to physical damage in certain GSE credit risk transfer (“CRT”) and European SRT transactions. Additionally, we actively monitor developments in the housing market, financial regulation and public policy in the geographies where our mortgage group operates to facilitate implementation of laws, regulations and policies which support sustainable environmental behavior and mitigate the effects of climate change. For a discussion of our risk management policies, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Summary of Critical Accounting Estimates—Ceded Reinsurance” and “Risk Factors—Risks Relating to Our Industry, Business and Operations—The failure of any of the loss limitation methods we employ could have a material adverse effect on our financial condition or results of operations.”

Our mortgage group has ceded a portion of its premium through quota share and aggregate excess of loss reinsurance agreements which provide reinsurance coverage for delinquencies on portfolios of in-force policies issued between certain periods. See [note 8, “Reinsurance,”](#) to our consolidated financial statements in Item 8 for further details.

Reinsurance arrangements do not relieve our mortgage group from its primary obligations to insured parties. Reinsurance recoverables are recorded as assets, predicated on the reinsurers’ ability to meet their obligations under the reinsurance agreements. If the reinsurers are unable to satisfy their obligations under the agreements, our mortgage subsidiaries would be liable for such defaulted amounts. For our U.S. and Australian mortgage insurance businesses, in addition to utilizing reinsurance, we have developed proprietary risk models that simulate the maximum loss resulting from severe economic events impacting the housing market. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Catastrophic Events and Severe Economic Events.”

Claims Management. With respect to our direct mortgage insurance business, the claims process generally begins with notification by the insured or servicer to us of a default on an insured loan. The insured is generally required to notify us of a default after the borrower misses two consecutive monthly payments. Borrowers default for a variety of reasons, including a reduction of income, unemployment, divorce, illness, inability to manage credit, rising interest rate levels and declining home prices. Upon notice of a default, in certain cases we may coordinate with loan servicers to facilitate and enhance retention workouts on insured loans.

Retention workouts include payment deferral or forbearance, loan modifications and other loan repayment options, which may enable borrowers to cure mortgage defaults and retain ownership of their homes. If a retention workout is not viable for a borrower, our loss on a loan may be mitigated through a liquidation workout option, including a pre-foreclosure sale or a deed-in-lieu of foreclosure.

In the U.S., our master policies generally provide that within 60 days of the perfection of a primary insurance claim, we have the option of:

- paying the insurance coverage percentage specified in the certificate of insurance multiplied by the loss amount;
- in the event the property is sold pursuant to an approved prearranged sale, paying the lesser of (i) 100% of the loss amount less the proceeds of sale of the property, or (ii) the specified coverage percentage multiplied by the loss amount; or
- paying 100% of the loss amount in exchange for the insured's conveyance to us of good and marketable title to the property, with us then selling the property for our own account.

While we select the claim settlement option that best mitigates the amount of our claim payment, in the U.S. we generally pay the coverage percentage multiplied by the loss amount.

Other Operations

In 2014, we and third party investors sponsored the formation of Somers. Somers is wholly owned by Greysbridge, which is currently 30% owned by Arch Capital, with the remaining balance of Greysbridge common shares held by third party investors. See [note 16, "Transactions with Related Parties,"](#) to our consolidated financial statements in Item 8 for further details. Somers' strategy is to combine a diversified reinsurance and insurance business with a disciplined investment strategy. Somers' own management and board of directors are responsible for its results and profitability. Arch Re Bermuda has appointed three directors to serve on the ten person board of directors of Somers.

In 2017, we and Kelso sponsored the formation of Premia. Premia's strategy is to reinsure or acquire companies or reserve portfolios in the non-life property and casualty insurance and reinsurance run-off market. Arch Re Bermuda and certain Arch co-investors invested \$100 million and acquired approximately 25% of Premia as well as warrants to purchase additional common equity. Arch Re Bermuda is providing a quota share reinsurance treaty on certain business written by Premia, and subsidiaries of Arch Capital are providing certain administrative and support services to Premia, in each case pursuant to separate multi-year agreements. Arch has appointed two directors to serve on the seven person board of directors of Premia.

In 2021, the Company completed the share purchase agreement with Natixis to purchase 29.5% of the common equity of Coface. This is a long-term, strategic investment in Coface, and fits with Arch's efforts to develop uncorrelated sources of underwriting income. Our companies share a focus on specialty underwriting where knowledge and expertise create value for our clients, and trade credit contributes to Arch's specialty-driven business model. Arch has appointed four directors to serve on the ten person board of directors of Coface.

Climate Change Considerations

We are taking steps to mitigate the effects of climate change in our underwriting segments. We seek to identify business opportunities associated with environmentally friendly trends and support responsible environmental behaviors. We have adopted a thermal coal policy in our global insurance operations and provide environmentally sustainable insurance solutions in certain product lines.

HUMAN CAPITAL

We are driven by our common purpose of “Enabling Possibility” for our customers, our communities and our employees. This purpose is supported by our collaborative, results-driven culture which relies on our dedicated, engaged and talented people. By continuously working to offer a meaningful and engaging employee experience, we not only seek to help people perform at their best among colleagues who care, but also aim to support our strategy of delivering specialty products and innovative solutions to our customers in each of our business segments. As of February 19, 2026, we had approximately 8,000 employees globally, compared to around 7,200 last year, which directly speaks to our ability to sustain our strong and unique culture as we grow, which is a key enabler to top talent retention. We have approximately 4,300 employees in North America (U.S., Canada and Bermuda), 1,700 employees in Europe and the U.K. and 2,000 employees in the Philippines, India, Australia and the rest of the world.

Our People and Culture. An important aspect of our culture is sustaining a highly engaged and talented workforce. We strive to leverage the best contributions and ideas of our employees across our Company. In 2025, our multiple employee networks provided a forum for over 1,500 employees to share ideas, build community, provide leadership opportunities for members and contribute meaningfully to business outcomes. These networks are open to all our employees, fostering deeper connections with colleagues.

Talent Acquisition, Development, Rewards and Retention. Our employees are integral to the Company, and we maintain a sharp focus on enhancing the ways we attract, develop and retain our high-performing talent. Our talent acquisition approach aims to maximize our ability to find and hire top talent across multiple talent pools and proactively source pipelines of key talent.

We provide career growth opportunities through a combination of on-the-job training and experience, exposure to top-notch colleagues who coach, provide feedback and mentor, and education and training programs designed to accelerate learning and applying new skills and behaviors. We offer competitive compensation and comprehensive benefits packages, including an employee share purchase plan, parental leave, contributions to retirement savings plans and programs to support employee mental and physical well-being. We recognize the financial burden of educational loans in the U.S. and have supported our employees with a student debt assistance program. We also match eligible contributions to qualified charitable organizations and employees are offered two paid volunteer time-off days per calendar year with an eligible non-profit

organization. Our Arch Achieve program has recognized over 500 employees for excellence since its inception in 2009, and each recipient is awarded a cash bonus to recognize their accomplishments.

We also encourage employees to continue their educational and professional development through tuition reimbursement plans. To attract the best talent to our industry, we offer internship programs and an Early Career Program with an Underwriting Track which provides participants with a robust introduction and real technical skills to build a successful career at Arch. Experienced professionals at Arch may participate in manager and leadership development programs and, for our mortgage insurance segment employees, we offer the opportunity to seek a Mortgage Bankers Association Certified Banker designation.

RESERVES

Reserves for losses and loss adjustment expenses (“Loss Reserves”) represent estimates of what the insurer or reinsurer ultimately expects to pay on claims at a given time, based on the 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 are inherently subject to uncertainty.

For more detail on our loss reserving process, please refer to the Loss Reserves section of [“Summary of Critical Accounting Estimates”](#) in Item 7, and the [“Reserve for Losses and Loss Adjustment Expenses”](#) and [“Short Duration Contracts”](#) sections in Item 8.

Unpaid and paid losses and loss adjustment expenses recoverable were approximately \$9.5 billion at December 31, 2025. For more detail, refer to [“Financial Condition, Reinsurance Recoverables”](#) section in Item 7.

INVESTMENTS

At December 31, 2025, total investable assets held by Arch were \$47.4 billion. Our current investment guidelines and approach stress preservation of capital, market liquidity and diversification of risk. Our investments are subject to market-wide risks and fluctuations, as well as to risks inherent in particular securities. While maintaining our emphasis on preservation of capital and liquidity, some investments are not readily tradable. We expect our portfolio to grow and, in the future, may expand into areas that are not part of our current investment strategy. For detail on our investments, see the Investable Assets Held by Arch section of [“Financial Condition”](#) in Item 7 and [note 9, “Investment Information,”](#) to our consolidated financial statements in Item 8.

RATINGS

Our ability to underwrite business is affected by the quality of our claims paying ability and financial strength ratings as evaluated by independent agencies. Such ratings from third party internationally recognized statistical rating organizations or agencies are instrumental in establishing the financial security of companies in our industry. The primary users of such ratings include commercial and investment banks, policyholders, brokers, ceding companies and investors. Insurance ratings are also used by insurance and reinsurance intermediaries as important means of assessing the financial strength and quality of insurers and reinsurers, and are often an important factor in the decision by an insured or intermediary of whether to place business with a particular insurance or reinsurance provider.

The financial strength ratings of our operating insurance and reinsurance subsidiaries are subject to periodic review as rating agencies evaluate us to confirm that we continue to meet their criteria for ratings they have assigned to us. Such ratings may be revised or revoked at the discretion of such agencies in response to a variety of factors, including capital adequacy, management, earnings, forms of capitalization and risk profile. A.M. Best Company (“A.M. Best”), Fitch Ratings (“Fitch”), Moody’s Investors Service (“Moody’s”) and Standard & Poor’s (“S&P”) are rating agencies that have assigned financial strength and/or issuer credit ratings to Arch Capital and certain of its subsidiaries.

The ratings issued on our companies by these agencies are announced publicly and are available on our website and directly from the agencies.

COMPETITION

The worldwide insurance markets are highly competitive. We compete with major U.S. and non-U.S. insurers and reinsurers, some of which have greater financial, marketing and management resources and longer-term relationships with insureds and brokers than us. We compete primarily on the basis of overall financial strength, ratings assigned by independent rating agencies, geographic scope of business, strength of client relationships, premiums charged, contract terms and conditions, products and services offered, speed of claims payment, reputation, employee experience and qualifications, and local presence. See “Risk Factors—Risks Relating to Our Industry, Business and Operations—“We operate in a highly competitive environment, and we may not be able to compete successfully in our industry.”

In our property casualty insurance and reinsurance businesses, we compete with insurers and reinsurers that provide specialty, property, and casualty lines of insurance, including, but not limited to Allianz, American Financial Group, Inc., American International Group, Inc., Aviva plc, AXA XL, AXIS Capital Holdings Limited, Berkshire Hathaway, Inc., Chubb Limited, CNA Financial Corp., Convex Group Limited, Everest Group Ltd., Fairfax Financial Holdings Limited, Hannover Rück SE, The Hartford Financial Services Group, Inc., Liberty Mutual Group, Lloyd’s, Markel Group Inc., Munich Re Group, PartnerRe Ltd., RenaissanceRe Holdings Ltd., RLI Corp., SCOR SE, Sompo International, Swiss Reinsurance Company Ltd., Tokio Marine Holdings Inc., The Travelers Companies, Inc., W.R. Berkley Corp. and Zurich Insurance Group.

In our mortgage business, we compete with insurers and reinsurers that provide mortgage insurance, including the U.S mortgage insurance subsidiaries of Essent Group Ltd., Enact Holdings Inc., MGIC Investment Corp., NMI Holdings Inc. and Radian Group Inc. The private mortgage insurance industry is highly competitive. Private mortgage insurers generally compete on the basis of underwriting guidelines, pricing, terms and conditions, financial strength, product and service offerings, customer relationships, reputation, the strength of management, technology, and innovation in the delivery and servicing of insurance products. Competition in this sector may increase if additional mortgage insurance providers enter the market or existing providers expand their offerings. Arch MI U.S. and other private mortgage insurers compete with federal and state government agencies that sponsor their own mortgage insurance programs. The private mortgage insurers’ principal government competitor is the Federal Housing Administration (“FHA”) and, to a lesser degree, the U.S. Department of Veterans Affairs (“VA”). Future changes to the FHA program, including any reduction to premiums charged, may impact the demand for private mortgage insurance.

In addition, Arch MI U.S. and other private mortgage insurers increasingly compete with multi-line reinsurers and capital markets alternatives to private mortgage insurance. The GSEs continued their respective mortgage CRT programs, including the use of front and back-end transactions with multi-line reinsurers, with approximately 25 unique (re)insurers that regularly participate in transactions in addition to funded credit investors. These transactions continue to create opportunities for multi-line property casualty reinsurance groups and capital markets participants.

In our non-U.S. mortgage insurance businesses, we compete with insurance subsidiaries of Helia Group Limited and QBE Insurance Group Limited in Australia as well as the Australian Government's Home Guarantee Scheme that provides coverage to participating lenders for first time homebuyers and other eligible borrowers; in Europe, our competitors on SRT transactions include approximately 10-15 highly rated multi-line (re)insurers in addition to over 30 funded credit investors.

ENTERPRISE RISK MANAGEMENT

General. Enterprise Risk Management ("ERM") is a key element in our philosophy, strategy and culture. We employ an ERM framework that includes underwriting, reserving, investment, credit, group and operational risks. Risk appetite and exposure limits are set by our executive management team, reviewed with the Board and its committees and routinely discussed with business unit management. These limits are articulated in our risk appetite statement, which details risk appetite, tolerances and limits for each major risk category, and are integrated into our operating guidelines. Exposures are aggregated and monitored periodically by our corporate risk management team. The reporting, review and approval of risk management information is integrated into our annual planning process, capital modeling and allocation, and reinsurance purchasing strategy. Such information is reviewed at insurance business reviews, reinsurance underwriting meetings and board level committees.

Risk Management Process and Procedures. The following narrative provides an overview of our risk management framework and our methodology for identifying, measuring, managing and reporting on the key risks affecting us. It outlines our approach to risk identification and assessment and provides an overview of our risk appetite and tolerance for each of the following major risks: underwriting (insurance) risk including pricing, reserving and catastrophe; investment risk including market and liquidity risks; group risk including strategic, governance, rating agency and capital market risk; credit risk; and operational risk including regulatory, cyber security, investor relations (reputational

risk) and outsourcing risks. We view sustainability related risks not as standalone risks but as an integral part of our enterprise-wide risk management strategy. Consequently, evaluations of these risks are embedded throughout our risk management framework.

The framework includes details of our risk philosophy and policies to address the material risks confronting us and the approach and procedures to control and or mitigate these risks. The actions and policies implemented to meet our business management and regulatory obligations form the core of this framework. We have adopted a holistic approach to risk management by analyzing risk from both a top-down and bottom-up perspective.

Risk Identification and Assessment. The Finance, Investment and Risk Committee ("FIR Committee"), Audit Committee and Underwriting Oversight Committee of the Board oversee the top-down and bottom-up review of our risks. Given the nature and scale of our operations, these committees consider all aforementioned risks within the scope of the assessment. Arch Capital's Chief Risk Officer ("CRO") assists these committees in the identification and assessment of all key risks. The CRO is responsible for maintaining Arch Capital's risk register and continually reviewing and challenging risk assessments, including the impact of emerging risks and significant business developments. Any new high-level risks or changes in inherent or residual designations are brought to the Board's or the relevant committee's attention.

Risk Monitoring and Control. Arch Capital'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 relevant committees. The remaining risks are managed and monitored at a process level by the risk owners and/or the 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 periodic evaluation of our 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 and relevant committees for review and discussion at their next meeting. The report includes an overview of selected key risks; a risk dashboard that depicts the status of risk limit and tolerance metrics; changes in the rating of high-level risks in the Arch Capital risk register; and summaries of our largest exposures and reinsurance recoverables. If necessary, risk management matters reviewed at the committee meetings are presented for discussion by the Board. The CRO is responsible for immediately escalating any significant risk matters to executive management, the respective Board Committee 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.

Implementation and Integration. We believe that an integrated approach to developing, measuring and reporting our Own Risk and Solvency Assessment (“ORSA”) is an important part of the risk management framework. The ORSA process provides the link between Arch Capital’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 we face or may face and to determine the capital necessary to ensure that our overall solvency needs are met at all times. The ORSA also makes the link between actual reported results and the capital assessment.

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 our decision making processes and operations. The Board has delegated responsibility for supervision and oversight of the ORSA to the FIR Committee. This oversight includes regular reviews of the ORSA process and output. An ORSA report and associated recovery plan are 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.

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

We also take the results of the ORSA into account within our system of governance, including long-term capital management, business planning and new product development. The results of the ORSA also contribute to various elements of our strategic decision-making including how best to optimize capital management, establish the most appropriate premium levels and decide whether to retain or transfer risks.

For further discussion of our risk management policies, see the Ceded Reinsurance section of [“Summary of Critical Accounting Estimates”](#) in Item 7.

REGULATION

General

Our insurance and reinsurance subsidiaries are subject to varying degrees of regulation and supervision in the various jurisdictions in which they operate. The current material regulations under which we operate are described below. We may become subject in the future to regulation in new jurisdictions or to additional regulations in existing jurisdictions.

Bermuda

General. Our main Bermuda insurance operating subsidiary, Arch Re Bermuda, is dual licensed as a Class 4 general business insurer and a Class C long-term insurer and is subject to the Insurance Act 1978 of Bermuda and related regulations, as amended (“Insurance Act”). AGRL, a Class 3A general business insurer in Bermuda, is also subject to the Insurance Act. Among other matters, the Insurance Act imposes certain solvency and liquidity standards, auditing and reporting requirements, the submission of certain period examinations of its financial conditions and grants the BMA powers to supervise, investigate, require information and demand the production of documents and intervene in the affairs of insurance companies. Significant requirements include the appointment of an independent auditor, the appointment of a loss reserve specialist, the appointment of a principal representative in Bermuda, the filing of annual Statutory Financial Returns, the filing of annual financial statements in accordance with U.S. generally accepted accounting principles (“GAAP”), the filing of an annual capital and solvency return, compliance with minimum and enhanced capital requirements, compliance with certain restrictions on reductions of capital and the payment of dividends and distributions, compliance with group solvency and supervision rules, if applicable, and compliance with the Insurance Code of Conduct (relating to corporate governance, risk management and internal controls).

The Insurance Act provides a minimum liquidity ratio for Bermuda insurers engaged in general business, such as Arch Re Bermuda and AGRL. AGRL is required to maintain the value of its relevant assets at not less than 75% of the amount of its relevant liabilities. Arch Re Bermuda must also comply with the same minimum liquidity ratio and minimum solvency margin in respect of its general business, only. The minimum solvency margin, which varies depending on the class of the insurer, is determined as a percentage of either net reserves for losses and loss adjustment expenses (“LAE”) or premiums or pursuant to a risk-based capital measure. Arch Re Bermuda and AGRL are also subject to an enhanced capital requirement (“ECR”) which is established by reference to either the Bermuda Solvency Capital Requirement model (“BSCR”) or an approved internal capital model. The BSCR model is a risk-based capital model which provides a method for determining an insurer’s capital requirements (statutory capital and surplus) by taking into account the risk characteristics of different aspects of the insurer’s business. The BMA has established a target capital level for each Class 3A and Class 4 insurer equal to 120% of its ECR. While a Class 3A and/or Class 4 insurer is not currently required to maintain its available statutory economic capital and surplus at this level, the target capital level serves as an early warning tool for the BMA, and failure to maintain statutory capital at least equal to the target capital level will likely result in increased regulatory oversight. As a Class C insurer, Arch Re Bermuda is also required to maintain available statutory economic capital and surplus in respect of its long-term business at a level equal to or in excess of its long-term enhanced capital requirement that is established by reference to either the Class C BSCR model or an approved internal capital model.

Arch Re Bermuda is prohibited from declaring or paying any dividends during any financial year if it is in breach of its general business or long-term business enhanced capital requirements, minimum solvency margins or its general business minimum liquidity ratio or if the declaration or payment of such dividends would cause such a breach. As a general business insurer, AGRL is also prohibited from declaring or paying any dividends during any financial year if it is in breach of its capital requirements, solvency margins or its minimum liquidity ratio or if the declaration or payment thereof would cause such a breach. If either Arch Re Bermuda and/or AGRL has failed to meet its minimum solvency margins or minimum liquidity ratio on the last day of any financial year, it will be prohibited, without the approval of the BMA, from declaring or paying any dividends during the next financial year. In addition, each of Arch Re Bermuda and AGRL is prohibited from declaring or paying in any financial year dividends of more than 25% of its total statutory capital and surplus (as shown on its previous financial year’s statutory balance sheet) unless it files (at least seven days before payment of such dividends) with the

BMA an affidavit stating that it will continue to meet the required margins. Without the approval of the BMA, each of Arch Re Bermuda and AGRL are prohibited from reducing by 15% or more its total statutory capital as set out in its previous year’s financial statements and any application for such approval must include an affidavit stating that it will continue to meet the required margins. Where such an affidavit is filed, it shall be available for public inspection at the offices of the BMA. Under the Bermuda Companies Act of 1981, as amended (the “Companies Act”), Arch Re Bermuda and AGRL may each declare or pay a dividend out of distributable reserves only if the company has reasonable grounds for believing that it is, or would after the payment be, able to pay its liabilities as they become due and if the realizable value of its assets would thereby not be less than its liabilities.

Policyholder Priority. The Insurance Amendment (No. 2) Act 2018 amended the Insurance Act to provide for the prior payment of policyholders’ liabilities ahead of general unsecured creditors in the event of the liquidation or winding up of an insurer. The amendments provide inter alia that, subject to certain statutorily preferred debts, the insurance debts of an insurer must be paid in priority to all other unsecured debts of the insurer. Insurance debt is defined as a debt to which an insurer is or may become liable pursuant to an insurance contract excluding debts owed to an insurer under an insurance contract where the insurer is the person insured.

Group Supervision. The BMA acts as group supervisor of our group of insurance and reinsurance companies (“Group”) and has designated Arch Re Bermuda as the designated insurer (“Designated Insurer”). As our Group supervisor, the BMA performs a number of functions including: (i) coordinating the gathering and dissemination of relevant or essential information for going concerns and emergency situations, including the dissemination of information which is of importance for the supervisory task of other competent authorities; (ii) carrying out supervisory reviews and assessments of our Group; (iii) carrying out assessments of our Group’s compliance with the rules on solvency, risk concentration, intra-group transactions and good governance procedures; (iv) planning and coordinating through regular meetings held at least annually (or by other appropriate means) with other competent authorities, supervisory activities in respect of our Group; both as a going concern and in emergency situations (v) coordinating any enforcement action that may need to be taken against our Group or any Group member(s); and (vi) planning and coordinating meetings of colleges of supervisors in order to facilitate the carrying out of these functions. As Designated Insurer, Arch Re Bermuda is required to facilitate compliance by our Group with the group insurance solvency and supervision rules.

On an annual basis, the Group is required to file the Group statutory financial statements, a Group statutory financial return, a Group capital and solvency return, audited Group financial statements, a Group Solvency Self-Assessment (“GSSA”), and a financial condition report with the BMA. The GSSA is designed to document our perspective on the capital resources necessary to achieve our business strategies and remain solvent, and to provide the BMA with insights on our risk management, governance procedures and documentation related to this process. In addition, the Designated Insurer is required to file quarterly group financial returns with the BMA. The Group is also required to maintain available Group statutory economic capital and surplus in an amount that is at least equal to the group enhanced capital requirement (“Group ECR”) and the BMA has established a group target capital level equal to 120% of the Group ECR.

On January 7, 2026, the Insurance Amendment (No. 2) Act 2025 (“IAA”) came into effect and made certain amendments to the Insurance Act designed to enhance the oversight and regulation by the BMA of insurance groups by expanding the criteria for group supervision. The amendments are designed to (i) ensure that insurance group supervision is mandatorily triggered in certain circumstances and (ii) apply a direct approach to the supervision of insurance groups by introducing provisions to allow for the designation and registration of a designated “insurance holding company” (being an entity that is a body corporate incorporated or formed (including by way of continuation) in Bermuda that holds participations in one or more companies where at least one of the companies is an insurer) through which supervision would be exercised. Of note, the IAA provides that shareholder controller changes and certain material change provisions of the Insurance Act affecting a designated insurance holding company will be subject to the supervisory processes that currently apply to the Designated Insurer.

International Association of Insurance Supervisors (“IAIS”). The IAIS is a voluntary membership organization of insurance supervisors and regulators from more than 200 jurisdictions, including Bermuda and the U.S. states (through the National Association of Insurance Commissioners, or “NAIC”). In November 2019, the IAIS adopted the Holistic Framework for Systemic Risk in the Insurance Sector (“Holistic Framework”) and the Common Framework for Supervision of Internationally Active Insurance Groups (“ComFrame”).

The Holistic Framework is an enhanced set of supervisory policy measures for macroprudential purposes, designed to mitigate systemic risk and increase resilience through a sector-wide approach. ComFrame establishes supervisory standards and guidance focusing on the effective group-wide supervision of large Internationally Active Insurance Groups (“IAIGs”). Among other things, ComFrame prescribes a risk-based, global insurance capital standard (“ICS”) for IAIGs for the purpose of creating a common framework for comparing and assessing IAIGs’ group-wide capital adequacy. While IAIS standards currently have no legal effect, IAIS members, including the BMA and the NAIC, are required to implement certain IAIS standards to maintain good standing and prevent retaliatory measures from other IAIS members. On that basis, IAIS members are required to implement ICS, or an alternative group-wide capital requirement that provides comparable outcomes, for IAIGs, beginning in 2025.

The BMA embedded the ComFrame and the Holistic Framework standards, including the ICS, into the Bermuda commercial regulatory regime (particularly for IAIGs). The new standards aim to ensure that insurers prepare for a range of possible adverse situations ahead of any severe stress condition, including the creation and adoption of recovery plans through Arch Re Bermuda’s internal governance. These standards are expected to apply to Arch Re Bermuda as a commercial insurer. Additional guidance from the BMA in relation to recovery planning is expected to be consulted and published in 2026.

In 2024, the IAIS released a public register of 59 IAIGs that have been disclosed by relevant supervisors. Arch Capital was formally designated as an IAIG by the BMA, its group-wide supervisor, in 2024 and listed by the BMA on the aforementioned public register. As such, Arch is subject to international oversight coordinated by the BMA. Consultation remains ongoing between Arch Re Bermuda and the BMA on the requirements applicable to the Group under Bermuda law and in line with the proposed modifications to the BMA’s prudential framework as ComFrame and the Holistic Framework develop.

Fit and Proper Controllers. The BMA maintains supervision over the controllers of all Bermuda registered insurers, brokers, agents and insurance marketplace providers. For so long as the shares of Arch Capital are listed on the Nasdaq or another recognized stock exchange, any person who, directly or indirectly, becomes a holder of at least 10%, 20%, 33% or 50% of our common shares must notify the BMA in writing within 45 days of becoming such a holder (or ceasing to be such a holder). The BMA may object to such a person and require the holder to reduce its holding of common shares and direct, among other things, that voting rights attaching to the common shares shall not be exercisable.

Economic Substance Act. In 2018, Bermuda enacted the Economic Substance Act 2018 (as amended) of Bermuda and its related regulations (together, the “ES Act”). The ES Act came into force in 2019, and provides that a registered entity other than an entity which is resident for tax purposes in certain jurisdictions outside Bermuda (“non-resident entity”) that carries on as a business any one or more of the “relevant activities” referred to in the ES Act must comply with economic substance requirements. The list of “relevant activities” includes carrying on any one or more of the following activities: banking, insurance, fund management, financing, leasing, headquarters, shipping, distribution and service center, intellectual property and holding entities. Under the ES Act, if a company is engaged in one or more “relevant activities”, it is required to maintain a substantial economic presence in Bermuda and to comply with the economic substance requirements set forth in the ES Act. A company will comply with those economic substance requirements if it: (a) is managed and directed in Bermuda; (b) undertakes “core income generating activities” (as may be prescribed under the ES Act) in Bermuda in respect of the relevant activity; (c) maintains adequate physical presence in Bermuda; (d) has adequate full time employees in Bermuda with suitable qualifications; and (e) incurs adequate operating expenditure in Bermuda in relation to the relevant activity undertaken by it.

Companies that are licensed under the Insurance Act and thereby carry on insurance as a relevant activity are generally considered to operate in Bermuda with adequate substance if they comply with the existing provisions of (a) the Companies Act relating to corporate governance; and (b) the Insurance Act, that are applicable to the economic substance requirements, and the Registrar will have regard to such companies’ compliance in his assessment of compliance with the economic substance requirements. That being said, such companies are still required to complete and file a Declaration Form, with the Bermuda Registrar of Companies and the Registrar will also have regard to the information provided in that Declaration Form in making his assessment of compliance with the ES Act.

Insurance Sector Operational Cyber Risk Management Code of Conduct (“Cyber Risk Management Code of Conduct”). The BMA implemented the Cyber Risk Management Code of Conduct in 2020 which requires all Bermuda insurers, insurance managers and intermediaries registered under the Insurance Act to comply with duties, requirements and standards established by the BMA in relation to operational cyber risk management. This requires Arch Re Bermuda to develop a cyber risk policy as part of an operational cyber risk management program and also requires the appointment of an appropriately qualified member of staff or outsourced resource to the role of Chief Information Security Officer.

The cyber risk policy is to be approved by the Arch Re Bermuda board of directors at least annually. The BMA will assess Arch Re Bermuda’s compliance with the Cyber Risk Management Code of Conduct in a proportionate manner relative to the nature, scale and complexity of its business. Failure to comply with the requirements of the Cyber Risk Management Code of Conduct will be taken into account by the BMA in determining whether Arch Re Bermuda is conducting its business in a sound and prudent manner as prescribed by the Insurance Act and may result in the BMA exercising its powers of intervention and investigation.

Notification of Cyber Reporting Events. Every Bermuda insurer is required to notify the BMA forthwith if the insurer has knowledge, or where the insurer has reason to believe that, a Cyber Reporting Event has occurred. Within fourteen (14) days of such notification, the insurer must also furnish the BMA with a written report setting out all of the particulars of the Cyber Reporting Event that are available to it. A Cyber Reporting Event includes any act that results in the unauthorized access to, disruption, or misuse of electronic systems or information stored on such systems of an insurer, including breach of security leading to the loss or unlawful destruction or unauthorized disclosure of or access to such systems or information where there is a likelihood of an adverse impact to policyholders, clients or the insurer’s insurance business, or an event that has occurred for which notice is required to be provided to a regulatory body or government agency.

Personal Information Protection Act 2016. Bermuda’s principal data protection and privacy legislation is the Personal Information Protection Act 2016 (“PIPA”). On January 1, 2025, PIPA was fully implemented. PIPA applies to every organization (which includes any individual, entity or public authority) that uses personal information in Bermuda where that personal information is used by automated or other means which form, or are intended to form, part of a structured filing system. PIPA does not define privacy explicitly but rather defines “personal information” and sets out privacy rules for institutions to follow for the collection, use, disclosure, maintenance, retention, security and disposal of personal information. For the purposes of PIPA, “personal information” means any information about an identified or identifiable individual (meaning a natural person), and “use” or “using” are very broadly defined and means carrying out any operation on personal information. Personal information used by an insurer in Bermuda would include (without limitation) information relating to policyholders, employees, consultants, service providers, officers, employees, consultants or any other third party of the insurer. Our Bermuda entities are subject to PIPA requirements.

Corporate Income Tax Act 2023 (the “Bermuda CIT Act”). On December 27, 2023, Bermuda enacted the Bermuda CIT Act. Entities subject to tax under the Bermuda CIT Act are the Bermuda constituent entities of multi-national groups. A multi-national group is defined under the Bermuda CIT Act as a group with entities in more than one jurisdiction with consolidated revenues of at least €750 million for two of the four previous fiscal years. If Bermuda constituent entities of a multi-national group are subject to tax under the Bermuda CIT Act, such tax is charged at a rate of 15% of the net income of such constituent entities (as determined in accordance with the Bermuda CIT Act, including after adjusting for any relevant foreign tax credits applicable to the Bermuda constituent entities). Starting on January 1, 2025, all Arch Bermuda operations are subject to the requirements of the Bermuda CIT Act.

Beneficial Ownership Act 2025 (the “BO Act”). Bermuda’s new beneficial ownership framework is comprised of the BO Act, the Beneficial Ownership Regulations 2025 and related guidance notes. The BO Act received Royal Assent and subsequently came into force on November 3, 2025. The BO Act includes provisions to (a) enhance Bermuda’s current beneficial ownership regime in accordance with the revised Financial Action Task Force international standards, (b) transfer the central register of beneficial ownership information (“BOI”) from the BMA to the Registrar of Companies (“RoC”), and (c) extend access to the central register to certain competent authorities and “obliged entities”. The BO Act applies to all legal persons (sometimes referred to herein as “in scope entities”), subject to limited exceptions. Entities already in scope under the previous beneficial ownership regime are required to ensure that their beneficial ownership register is updated as necessary. Newly-in-scope entities must establish and maintain a beneficial ownership register which meets the requirements of the new regime. The only exception is for publicly listed entities on the Bermuda Stock Exchange or on an appointed stock exchange, and any subsidiary of such legal persons. All other entities which were previously exempt and not required to comply with the beneficial ownership requirements under the prior legislative framework, for example, financial institutions like (re)insurance companies, are no longer subject to an exemption and will now be in scope. As noted above, under the BO Act, Bermuda’s central register has been transferred from the BMA to the RoC. As a result, for non-regulated entities, there will be no continuing touchpoints or interaction with the BMA. The BMA will continue to regulate financial institutions such as AGRL and Arch Re Bermuda, under the same legislation as they do now, including retaining supervision over the controllers and shareholder controllers of regulated financial institutions.

United States

General. Our U.S. based insurance operating subsidiaries are subject to extensive governmental regulation and supervision by the states and jurisdictions in which they are domiciled, licensed and/or approved to conduct business. The insurance laws and regulations of the state of domicile have the most significant impact on operations. We currently have U.S. insurance and/or reinsurance subsidiaries domiciled in Delaware, North Carolina, Missouri, Wisconsin, Kansas and the District of Columbia and we may acquire insurers domiciled in other states in the future. State insurance regulation and supervision is designed to protect policyholders rather than investors. Generally, state regulatory authorities have broad regulatory powers over such matters as licenses, standards of solvency, premium rates, policy forms, marketing practices, claims practices, investments, methods of accounting, form and content of financial statements, certain aspects of governance, ERM, amounts we are required to hold as reserves for future payments, minimum capital and surplus requirements, annual and other report filings and transactions among affiliates. Our U.S. based subsidiaries are required to file detailed quarterly and audited annual statutory financial statements with state insurance regulators. In addition, regulatory authorities conduct periodic financial, claims and market conduct examinations. Certain insurance regulatory requirements are highlighted below. In addition to regulation applicable generally to U.S. insurance and reinsurance companies, our U.S. mortgage insurance operations are affected by federal and state regulation relating to mortgage insurers, mortgage lenders, and the origination, purchase and sale of residential mortgages. Arch Insurance (U.K.) is also subject to certain governmental regulation and supervision in the states where it writes excess and surplus lines insurance.

Holding Company Regulation. All states have enacted legislation that regulates insurance holding company systems. These regulations generally provide that each insurance company in the system is required to register with the insurance department of its state of domicile and furnish information concerning the operations of companies within the holding company system which may materially affect the operations, management or financial condition of the insurers within the system. Notice to the state insurance departments is required prior to the consummation of certain material transactions between an insurer and any entity in its holding company system and certain transactions may not be consummated without the applicable insurance department’s prior approval or non-disapproval after receiving notice. The holding company acts also prohibit any person from directly or indirectly acquiring control of a U.S. insurance or reinsurance company unless that person has filed an application with specified information with such company’s domiciliary commissioner

and has obtained the commissioner's prior approval. Under most states' statutes acquiring 10% or more of the voting securities of an insurance company or its parent company is presumptively considered an acquisition of control of the insurance company, although such presumption may be rebutted.

State holding company acts and regulations also impose extensive informational requirements on parents and other affiliates of licensed insurers or reinsurers with the purpose of protecting them from enterprise risk, including requiring an annual enterprise risk report by the ultimate controlling person identifying the material risks within the insurance holding company system that could pose enterprise risk to the licensed companies and requiring a person divesting its controlling interest to make a confidential advance notice filing.

The NAIC Insurance Holding Company System Model Act and Model Regulation ("Insurance Holding Company Models") include provisions that require the ultimate controlling person of an insurance holding company system to file an annual group capital calculation ("GCC"), unless the ultimate controlling person or its insurance holding company system is exempt from the filing requirement. The GCC provisions of the Insurance Holding Company Models aim to streamline group-wide supervision by leveraging U.S. regulators' existing risk and solvency measures and applying them on a group-wide basis. Arch's U.S. lead state regulator, the Missouri Department of Commerce & Insurance ("MDCI"), adopted the GCC provisions of the Insurance Holding Company Models in 2021.

In November 2024, the form of group capital calculation set forth in the Insurance Holding Company Models ("aggregation method") was deemed by the IAIS to be an acceptable alternative group-wide capital requirement to the IAIS-developed ICS, meaning that the U.S.-developed aggregation method will be considered an outcome-equivalent approach to the ICS. The Company has been advised by the MDCI that it has no current intention of requiring Arch to submit a GCC report.

Regulation of Dividends and Other Payments from Insurance Subsidiaries. The ability of an insurer to pay dividends or make other distributions is subject to insurance regulatory limitations of the insurer's state of domicile. Such laws generally limit the payment of dividends or other distributions above a specified level. Dividends or other distributions in excess of such thresholds are "extraordinary" and are subject to prior notice and approval, or non-disapproval after receiving notice.

Credit for Reinsurance. A U.S. primary insurer ordinarily will enter into a reinsurance agreement only if it is able to obtain credit for the reinsurance ceded on its U.S. statutory-basis financial statements. As a result of the requirements relating to the provision of credit for reinsurance, Arch Re U.S., Arch Re Bermuda and AGRL are indirectly subject to certain regulatory requirements imposed by U.S. jurisdictions in which ceding companies are domiciled. In general, credit for reinsurance is allowed if the reinsurer is licensed or "accredited" in the state in which the primary insurer is domiciled; or if none of the above applies, to the extent that the reinsurance obligations of the reinsurer are collateralized appropriately, typically through the posting of a letter of credit for the benefit of the primary insurer or the deposit of assets into a trust fund established for the benefit of the primary insurer.

U.S. primary insurers also may receive credit for reinsurance ceded to unauthorized reinsurers without collateral or with less than 100% collateral under revisions to the NAIC Credit for Reinsurance Model Law (#785) and the Credit for Reinsurance Model Regulation (#786) (collectively, the "NAIC Model Law and Regulation"). All U.S. states, the District of Columbia and Puerto Rico have adopted revisions to the NAIC Model Law and Regulation that allow full credit to U.S. ceding insurers for reinsurance ceded to reinsurers that have been approved as "certified reinsurers" based upon less than 100% collateralization. As of January 13, 2026, Arch Re Bermuda is approved as a "certified reinsurer" for the 2026 calendar year in 46 jurisdictions with applications pending in 7 additional jurisdictions. In addition, as of January 13, 2026, AGRL is approved as a "certified reinsurer" in its lead state of Missouri and an additional four states for the 2026 calendar year.

The NAIC Model Law and Regulation also eliminate reinsurance collateral requirements for reinsurers that (1) have their head office or are domiciled in EU Member States, the U.K., NAIC accredited U.S. jurisdictions and other jurisdictions deemed "reciprocal jurisdictions" by the NAIC (although individual states may approve or reject the designation of such other jurisdictions as a "reciprocal jurisdiction"), and (2) have been approved as a "reciprocal jurisdiction reinsurer." The NAIC list of approved reciprocal jurisdictions includes Bermuda, Japan and Switzerland. All U.S. states, the District of Columbia and Puerto Rico have adopted the 2019 amendments to the NAIC Model Law and Regulation. As of January 13, 2026, Arch Re Bermuda is approved as a "reciprocal jurisdiction reinsurer" for the 2026 calendar year in 45 jurisdictions with applications pending in 8 additional jurisdictions. In addition, as of January 13, 2026, AGRL is approved as a "reciprocal jurisdiction reinsurer" in its lead state of Missouri and an additional four states for the 2026 calendar year.

In October 2024, the U.S. Department of the Treasury recognized Arch Re Bermuda as an Alien Reinsurer, which allows T-Listed ceding companies to eliminate regulatory collateral requirements under the U.S. Treasury rules (except on excess risks running to the U.S.).

Risk Management and ORSA. The NAIC Risk Management and Own Risk Solvency Assessment Model Act (“ORSA Model Act”) provides that domestic insurers, or their insurance group, must regularly conduct an ORSA consistent with a process comparable to the ORSA Guidance Manual process. The ORSA Model Act also provides that, no more than once a year, an insurer’s domiciliary regulator may request that an insurer submit an ORSA summary report, or any combination of reports that together contain the information described in the ORSA Guidance Manual, with respect to the insurer and/or the insurance group of which it is a member. States may impose additional internal review and regulatory filing requirements on licensed insurers and their parent companies. All states have enacted the ORSA Model Act or substantially similar legislation.

Cybersecurity and Privacy. The SEC maintains cybersecurity disclosure rules (“SEC Cybersecurity Rules”) mandating cybersecurity incident and risk management disclosure for public companies such as Arch. The SEC Cybersecurity Rules became effective in 2023 and mandate that public companies report a cybersecurity incident on a Form 8-K within four days after they determine that the incident is material. Additional disclosure by registrants in the Form 10-K annual report should describe their processes for assessing, identifying and managing material risks from cybersecurity threats, the material impacts of cybersecurity threats and previous cybersecurity incidents. See Item 1C, [“Cybersecurity”](#) for further information about our disclosures.

In 2022, the U.S. government passed the Cyber Incident Reporting for Critical Infrastructure Act of 2022, which will require companies deemed to be part of U.S. critical infrastructure to report any substantial cybersecurity incidents or ransom payments to the federal government within 72 and 24 hours, respectively. The Cybersecurity & Infrastructure Security Agency (“CISA”) considers financial services, which includes insurance companies, as a critical infrastructure sector. CISA is expected to publish final implementing regulations in May 2026.

The NAIC adopted an Insurance Data Security Model Law in 2017 that requires insurers, insurance producers and other entities required to be licensed under state insurance laws to comply with certain requirements under state insurance laws, such as developing and maintaining a written information security program, conducting risk assessments overseeing the data security practices of third party service providers and meeting expanded breach notification

requirements. A majority of states have adopted this model law, including states in which our U.S. subsidiaries are licensed and operate. In addition, certain state insurance regulators, such as the New York Department of Financial Services (“NYDFS”), continue to issue regulations and guidance that impose regulatory requirements relating to privacy and cybersecurity. This includes amendments to NYDFS’s Cybersecurity Requirements for Financial Services Companies, which were finalized in 2024 and established several new requirements, including elevated requirements regarding the use of multi-factor authentication and board oversight of cybersecurity issues.

Privacy legislation and regulation also exists in many of the U.S. states. The California Consumer Privacy Act of 2018 (“CCPA”), as amended by the California Privacy Rights Act (“CPRA”) that took effect in 2023, grants California consumers certain rights to, among other things, access, correct and delete data about them subject to certain exceptions, as well as a private right of action related to cybersecurity breaches with statutory penalties. The CPRA created a new privacy-focused California regulatory agency with enforcement authority, the California Privacy Protection Agency (“CPPA”). In September 2025, the CPPA finalized rules which impose requirements for annual cybersecurity audits and privacy risk assessments. The amendments went into effect as of January 1, 2026, with various requirements under the amended regulations due to become effective in phases through 2028.

In addition, a range of new cybersecurity and privacy laws have been passed or are under consideration in other states, as well as by the federal government. Nineteen states have passed comprehensive state data privacy laws and numerous other states are actively considering bills. These state laws provide consumer privacy rights and protections like those in the CCPA and CPRA, although many of them exempt insurance licensees or entities subject to the Gramm-Leach-Bliley Act from their requirements.

Artificial Intelligence. The increased use of automated processes by insurers, including algorithms, artificial intelligence (generative and predictive) (“AI”) and predictive models that make use of large datasets and data analytics, has led to additional regulatory attention to insurer practices including in relation to risk selection, pricing and claims, as well as governance and oversight of AI and predictive models.

In 2023, the NAIC adopted a model bulletin entitled “Use of Artificial Intelligence Systems by Insurers” that sets forth state insurance regulators’ expectations on how insurers should govern the use of advanced analytical and computational technologies used to make or support decisions impacting consumers. Such expectations include implementation of a written program for the responsible

use of AI systems that make or support decisions related to regulated insurance practices, which program should be designed to mitigate certain risks. As of January 6, 2026, at least 24 states and Washington, D.C. have adopted the bulletin.

States with specific AI guidance or regulations impacting our U.S. insurance companies include California, Colorado and New York. NYDFS expects insurers doing business in New York to observe and comply with its 2024 Insurance Circular Letter No.7 regarding the use of AI systems which adopts a risk-based approach to evaluating insurers' use of AI systems and external consumer data and information sources used for underwriting and pricing of insurance products. AI systems should be assessed to ensure that they do not produce disproportionate adverse effects in underwriting or pricing for similarly situated individuals and tested regularly to ensure that they do not produce unfair or unlawful outcomes. The NYDFS also issued guidance regarding cybersecurity risks arising from AI requiring us to continuously assess these risks and implement appropriate cybersecurity measures to mitigate these threats.

California adopted regulations under the CCPA related to automated decision-making technologies ("ADMT") on September 23, 2025. These regulations impose new rules governing consumer notice, access, and opt-out rights with respect to ADMT and require different risk assessments and disclosures related to processing activities involving ADMT in various consumer contexts, including profiling.

At the federal level, in July 2025 the White House issued the AI Action Plan ordered by President Trump's January 2025 executive order reorienting and reprioritizing the Administration's policy approach to AI. The AI Action Plan included a wide range of policy initiatives for accelerating AI innovation, building American AI infrastructure, and leading in international AI diplomacy and security. On December 11, 2025, the White House issued an executive order entitled "*Ensuring a National Policy Framework for Artificial Intelligence*", which clarifies federal AI policy and creates a framework for federal agencies to assess and challenge state laws that threaten to stymie innovation on the basis that they are preempted by federal regulation, impermissibly regulate interstate commerce, or are otherwise unconstitutional. The extent to which the federal government intends to apply its AI policies to state insurance laws and the U.S. insurance industry is not yet known and any such application could be challenged through judicial review. At the state level, in 2025, several hundred bills related to AI were introduced across all 50 states in the U.S. Globally, many new AI laws are being proposed or have taken effect, the most significant of which is in the EU. See "Regulation—Europe" for further details on our insurance operations.

Risk-Based Capital Requirements. Licensed U.S. property and casualty insurance and reinsurance companies are subject to risk-based capital requirements that are designed to assess capital adequacy and to raise the level of protection that statutory surplus provides for policyholder obligations. The risk-based capital model for property and casualty insurance companies measures three major areas of risk facing property and casualty insurers: underwriting, which encompasses the risk of adverse loss developments and inadequate pricing; declines in asset values arising from credit risk; and declines in asset values arising from investment risks. An insurer will be subject to varying degrees of regulatory action depending on how its statutory surplus compares to its risk-based capital calculation. Under the approved formula, an insurer's total adjusted capital is compared to its authorized control level risk-based capital. If this ratio is above a minimum threshold, no company or regulatory action is necessary. Below this threshold are four distinct action levels at which an insurer's domiciliary state regulator can intervene with increasing degrees of authority over an insurer as the ratio of surplus to risk-based capital requirement decreases. The mildest regulatory action requires an insurer to submit a plan for corrective action; the most severe requires an insurer to be rehabilitated or liquidated.

Our mortgage insurance operations are not currently subject to state risk-based capital requirements, but rather are subject to state risk to capital or minimum policyholder position requirements. The NAIC adopted a revised Mortgage Guaranty Insurance Model Act in 2023. Wisconsin is the only state that has begun the process to replace its current mortgage guaranty insurance regulations to more closely align with the revised Mortgage Guaranty Insurance Model Act.

Guaranty Funds and Market Restrictions. Most states require all admitted insurance companies to participate in their respective guaranty funds which cover certain claims against insolvent insurers. Solvent insurers licensed in these states are required to cover the losses paid on behalf of insolvent insurers by the guaranty funds and are generally subject to annual assessments in the states by the guaranty funds to cover these losses. Mortgage guaranty insurance, among other lines of business, is typically exempt from participation in guaranty funds.

States also limit the ability of insurers to manage risk by restricting their ability to withdraw from or otherwise reduce their exposure based on a change in market conditions. Some states' laws also require or give regulators the discretion to take action in the aftermath of certain events, such as natural catastrophes, including the ability to impose moratoria on policy cancellations or non-renewals, and to impose "grace periods" on premium payments. These restrictions and requirements are generally limited to the

personal lines insurance markets, but may affect our business as well.

Climate Change and Financial Risks. Some U.S. state insurance regulators have increased their oversight of insurance company governance, reporting and disclosure relating to the potential risks presented by climate change and one or more states may adopt climate-change-related requirements that impact our insurance and reinsurance companies. In 2020, NYDFS issued a circular letter stating that NYDFS expects insurers authorized in New York to integrate the consideration of climate risks into their governance frameworks, risk management processes and business strategies, including the designation of a board committee or member and senior management function to be accountable for the company's assessment and management of the financial risks from climate change. In 2021, NYDFS issued additional guidance for New York Domestic Insurers on Managing the Financial Risks from Climate Change that reiterates many of the principles outlined in the 2020 circular letter. New York and other states also require licensed insurers with countrywide premium written of at least \$100 million to annually provide disclosure of their assessment and management of climate related risks.

Other Federal Regulation. Although state regulation is the dominant form of regulation for insurance and reinsurance business, a number of federal laws currently affect and apply to the insurance industry and the landscape of federal regulation could change. The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank") created the Federal Insurance Office ("FIO"), which is not a federal regulator or supervisor of insurance, but monitors the insurance industry for systemic risk, consults with the states regarding insurance matters, develops federal policy on aspects of international insurance matters, is authorized to assist the U.S. Secretary of the Treasury in negotiating "covered agreements" between the U.S. and foreign governments that address insurance prudential measures, and administers the Terrorism Risk Insurance Program ("TRIP"). The TRIP will expire on December 31, 2027 unless reauthorized by Congress.

The U.S. Department of the Treasury, Bureau of Fiscal Service ("BFS"), also regulates insurance companies that write surety bonds on, or reinsure, federal surety bonds. Arch Insurance Company and Arch Reinsurance Company are approved by BFS as "Certified Companies" meaning that they are permitted to insure and reinsure surety bond business, including federal surety bonds, subject to certain underwriting restrictions and BFS supervision. In 2024, Arch Re Bermuda was approved for "Alien Reinsurer" status by the BFS, which subjects it to similar restrictions and requirements, but also enables it to provide credit for reinsurance to Treasury-authorized insurers and to reinsure

certain risks without the need to post collateral for the benefit of the cedent.

In addition to provisions of Dodd-Frank pertaining to underwriting mortgages and a consumer's ability to repay, certain other federal laws also directly or indirectly impact mortgage insurers, including the Real Estate Settlement Procedures Act of 1974, the Homeowners Protection Act of 1998, the Equal Credit Opportunity Act, the Fair Housing Act, the Truth In Lending Act, the Fair Credit Reporting Act of 1970, and the Fair Debt Collection Practices Act. Among other things, these laws and their implementing regulations prohibit payments for referrals of settlement service business, require fairness and non-discrimination in granting or facilitating the granting of credit, govern the circumstances under which companies may obtain and use consumer credit information, define the manner in which companies may pursue collection activities, and require disclosures of the cost of credit and provide for other consumer protections.

GSE Eligible Mortgage Insurer Requirements. GSEs impose requirements on private mortgage insurers so that they may be eligible to insure loans sold to the GSEs, known as the Private Mortgage Insurer Eligibility Requirements ("PMIERS"). The PMIERS apply to our eligible mortgage insurers, but do not apply to AMG, which is not GSE-approved. The PMIERS impose limitations on the type of risk insured, the forms and insurance policies issued, standards for the geographic and customer diversification of risk, procedures for claims handling, acceptable underwriting practices, standards for certain reinsurance cessions and financial requirements, among other things. The financial requirements require an eligible mortgage insurer's available assets, which generally include only the most liquid assets of an insurer to meet or exceed "minimum required assets" as of each quarter end. In August 2024, the GSEs updated PMIERS to incorporate new deductions to the definition of available assets for investment risk. This update became effective March 31, 2025, but the impact will be phased in through September 30, 2026. Minimum required assets are calculated from PMIERS tables with several risk dimensions including origination year, original loan-to-value, original credit score of performing loans, and the delinquency status of non-performing loans.

Russian Sanctions. The U.S. first imposed sanctions on the Russian Federation following its annexation of Crimea in 2014. Since 2022, the U.S. has since imposed several new sanctions on Russia in response to the Russian invasion of Ukraine and the ongoing hostilities. Recent sanctions also target the Russian energy sector, including Russian and non-Russian companies, persons and vessels which are aiding Russia's production of oil. These sanctions may have extra-territorial reach to our non-U.S. underwriting subsidiaries. The U.S.-Russia discussions regarding the war in Ukraine and the use of U.S. sanctions is an evolving topic which we continue to review. We will evaluate and prepare for any changes in our sanctions program and business operations.

Canada

Arch Insurance Canada and Arch Re Canada are subject to federal, as well as provincial and territorial, regulation in Canada in the provinces and territories in which they underwrite insurance/reinsurance. The Office of the Superintendent of Financial Institutions ("OSFI") is the federal regulatory body that, under the Insurance Companies Act (Canada), prudentially regulates federal Canadian and non-Canadian insurance and reinsurance companies operating in Canada. Arch Insurance Canada is licensed to carry on insurance business by OSFI and in each province and territory. Arch Re Canada is licensed to carry on reinsurance business by OSFI and in the provinces of Ontario and Quebec.

Under the Insurance Companies Act (Canada), Arch Insurance Canada is required to maintain an adequate amount of capital in Canada, calculated in accordance with a test promulgated by OSFI called the Minimum Capital Test, and Arch Re Canada is required to maintain an adequate margin of assets over liabilities in Canada, calculated in accordance with a test promulgated by OSFI called the Branch Adequacy of Assets Test. OSFI has implemented a risk-based methodology for assessing insurance/reinsurance companies operating in Canada known as its "Supervisory Framework." In applying the Supervisory Framework, OSFI considers the inherent risks of the business and the quality of risk management for each significant activity of each operating entity. Under the Insurance Companies Act (Canada), approval of the Minister of Finance (Canada) is required in connection with certain acquisitions of shares of, or control of, Canadian insurance companies such as Arch Insurance Canada, and notice to and/or approval of OSFI is required in connection with the payment of dividends by or redemption of shares by Canadian insurance companies such as Arch Insurance Canada.

United Kingdom

General. The Prudential Regulation Authority ("PRA") and the Financial Conduct Authority ("FCA") regulate insurance and reinsurance companies and the FCA regulates firms carrying on insurance distribution activities operating in the U.K. under the Financial Services and Markets Act 2000 (the "FSMA"). In 2004, Arch Insurance (U.K.) was granted the relevant permissions for the classes of insurance business which it underwrites in the U.K. AMAL currently manages our Lloyd's Syndicates pursuant to its authorizations by the U.K. regulators and Lloyd's. All U.K. companies are also subject to a range of statutory provisions, including the laws and regulations of the Companies Act 2006 (as amended) (the "U.K. Companies Act").

The objectives of the PRA are to promote the safety and soundness of all firms it supervises and to secure an appropriate degree of protection for policyholders. The objectives of the FCA are to ensure customers receive financial services and products that meet their needs, to promote sound financial systems and markets and to ensure that firms are stable and resilient with transparent pricing information and which compete effectively and have the interests of their customers and the integrity of the market at the heart of how they run their business. Following the implementation of the Financial Services and Markets Act 2023 ("FSMA 2023"), the PRA and the FCA have a new secondary objective to facilitate the international competitiveness of the U.K. economy and its medium to long-term growth, subject to aligning with relevant international standards.

The PRA and the FCA adopt separate methods of assessing regulated firms on a periodic basis. Arch Insurance (U.K.) and AMAL are subject to periodic assessment by the PRA along with all regulated firms. Arch Insurance (U.K.) and AMAL are subject to regulation by both the PRA and FCA.

Lloyd's Supervision. The operations of AMAL (as managing agent of our Lloyd's Syndicates) and each syndicate's respective corporate members, are subject to the byelaws and regulations made by (or on behalf of) the Council of Lloyd's, and requirements made under those byelaws. The Council of Lloyd's, established in 1982 by Lloyd's Act 1982, has overall responsibility and control of Lloyd's. Those byelaws, regulations and requirements provide a framework for the regulation of the Lloyd's market, including specifying conditions in relation to underwriting and claims operations of Lloyd's participants. The Council of Lloyd's has discretionary powers to regulate corporate members' underwriting at Lloyd's. Lloyd's is also subject to the provisions of the FSMA. Lloyd's is authorized by the PRA and regulated by the PRA and FCA. Those entities acting within the Lloyd's market are required to comply with the requirements of the FSMA and provisions of the PRA's or

FCA's rules, although the PRA has delegated certain of its powers, including some of those relating to prudential requirements, to Lloyd's. Each corporate member of Lloyd's is required to contribute a percentage of the member's premium income for each year of account to the Lloyd's Central Fund. The Lloyd's Central Fund is available if members of Lloyd's assets are not sufficient to meet claims for which the member is liable. Each corporate member of Lloyd's may also be required to contribute to the Central Fund by way of a supplement to a callable layer of up to 5% of the corresponding member's premium income limit for the relevant year of account.

Principles for doing business at Lloyd's (the "Principles") replaced the Lloyd's Minimum Standards (the previous regime which set out the Lloyd's regulatory requirements for Lloyd's managing agents) and became effective from the third quarter of 2022. The Principles set out the fundamental responsibilities expected of all managing agents, including AMAL, and is the basis against which Lloyd's will review and categorize all syndicates and managing agents in terms of their capacity and performance. While offering greater flexibility, the principles-based oversight requires greater reliance on AMAL to interpret and apply the rules.

Financial Resources. The European solvency framework and prudential regime for insurers and reinsurers, the Solvency II Directive 2009/138/EC ("Solvency II"), took effect in full on January 1, 2016. Solvency II, together with European Commission "delegated acts" and guidance issued by the European Insurance and Occupational Pensions Authority ("EIOPA") sets out classification and eligibility requirements, including the features which capital must display in order to qualify as regulatory capital. See "European Union—Insurance and Reinsurance Regulatory Regime" below for additional details.

Arch Insurance (U.K.), and the corporate members of our Lloyd's Syndicates are required to meet economic risk-based solvency requirements based on Solvency II. Following the U.K. withdrawal from the EU in 2020, the EU (Withdrawal) Act 2018, as amended, transposed all applicable direct EU legislation into domestic U.K. law, thus ensuring the continuing application of Solvency II under the U.K.'s financial services regulatory regime. However, in 2022, HM Treasury set out the U.K. government's final reform package on the Solvency II framework in the U.K. Significant changes introduced by these reforms included the reduction in risk margin by 30% for non-life insurers and the removal of branch capital requirements.

FSMA 2023 provides a framework for the revocation of retained EU law in financial services and its replacement with corresponding regulators' rules (in the case of Solvency II, mainly in the PRA's Rulebook).

The Insurance and Reinsurance Undertakings (Prudential Requirements) Regulations 2023 came into force on December 31, 2023 and modified the current risk margin calculation. The other reforms forming part of what is known as "Solvency U.K." became effective on December 31, 2024, on the implementation of the PRA's Policy Statement PS15/24 (Review of Solvency II: Restatement of assimilated law). The PRA has stated that these reforms to Solvency II and restatement of rules provide a new regulatory framework for maintaining the safety and soundness of insurance firms and protecting their policyholders, and that the PRA will continue to evolve its prudential regulatory framework for the insurance sector.

The implementation of these reforms and potential divergence between the U.K. and the EU may have an impact on whether the U.K. is granted Solvency II equivalence status by the EU in any of the three areas to which equivalence applies.

Beginning June 30, 2026, the PRA can request submission of a U.K. insurer's Solvent Exit Analysis ("SEA"). U.K. insurers (other than those in passive run-off, third country branches and Lloyd's managing agents) are expected to provide and maintain an SEA documenting preparations for an orderly solvent exit. If a solvent exit becomes a reasonable prospect, the PRA expects firms to prepare a Solvent Exit Execution Plan and to manage and monitor the execution of the solvent exit in line with PRA expectations.

Financial Services Compensation Scheme. The Financial Services Compensation Scheme ("FSCS") is a scheme established under FSMA to compensate eligible policyholders of insurance companies who may become insolvent. The FSCS is funded by the levies that it has the power to impose on all insurers. Arch Insurance (U.K.) could be required to pay levies to the FSCS.

Restrictions on Acquisition of Control. Under FSMA, the prior consent of the PRA or FCA, as applicable, is required, before any person can become a controller or increase its control over any regulated company, including Arch Insurance (U.K.), or over the parent undertaking of any regulated company. Therefore, the PRA's or FCA's prior consent, as applicable, is required before any person can become a controller of Arch Capital. Prior consent is also required from Lloyd's before any person can become a controller or increase its control over a corporate member or a managing agent or a parent undertaking of a corporate member or managing agent. A controller is defined for these purposes as a person who holds (either alone or in concert with others) 10% or more of the shares or voting power in the relevant company or its parent undertaking.

Restrictions on Payment of Dividends. Under English law, all companies are restricted from declaring a dividend to their shareholders unless they have “profits available for distribution.” The calculation as to whether a company has sufficient profits is based on its accumulated realized profits minus its accumulated realized losses. U.K. insurance regulatory laws do not prohibit the payment of dividends, but the PRA or FCA, as applicable, requires that insurance companies, insurance intermediaries and other regulated entities maintain certain solvency margins and may restrict the payment of a dividend by Arch Insurance (U.K.) or AMAL, for example.

EU Considerations. In anticipation of Brexit, since 2020 nearly all of the EEA insurance business of Arch Insurance (U.K.) has been conducted by Arch Insurance (EU). A transfer of the EEA legacy business (excluding inwards reinsurance) from Arch Insurance (U.K.) to Arch Insurance (EU) was completed under Part VII of the U.K. Financial Services and Market Act 2000 at the end of 2020 (“Part VII Transfer”).

Despite the loss of passporting rights, AMAL, and our Lloyd’s Syndicates are still able to write business in the EEA via the Lloyd’s Insurance Company, S.A. (“Lloyd’s Brussels”). Lloyd’s continued to engage in discussions with the Belgium Financial Services Markets Authority (“Belgium FSMA”) and the National Bank of Belgium regarding the Lloyd’s Brussels operating model and the activities performed for it by managing agents and the question of whether it is possible that they could be construed as constituent insurance distribution under the Insurance Distribution Directive (Directive (EU) 2016/97) (“IDD”), which would therefore require them to be authorized within the EEA.

Economic relations between the U.K. and the EU are now governed by a Trade and Cooperation Agreement (the “TCA”). Following a report published by the European Affairs Committee in 2022, which found that the TCA is limited in scope and silent as to EU equivalence in decisions over financial services, a Memorandum of Understanding (“MoU”) on regulatory cooperation between the U.K. and the EU was signed in 2023. However, the MoU does not impose binding substantive commitments nor is there any mention of taking forward the commitment in the Political Declaration accompanying the TCA regarding mutual equivalence. As a result, under the provisions of the TCA, EEA financial institutions (including our Irish operating subsidiaries) lost their passporting rights into the U.K. Absent any future agreement between the U.K. and the EU on the provision of financial services into the U.K., the post-Brexit status and rules applicable to U.K. branches of EEA financial institutions are primarily driven by U.K. law and regulation.

The ability of U.K. firms (including Arch Insurance (U.K.) and AMAL) to continue doing business in the EEA similarly depends on applicable EEA state local law and regulation. There has been no decision yet made by the European Commission on whether or not the U.K.’s financial services regulatory regime will be granted third-country equivalence for the purposes of reinsurance, solvency calculation and/or group supervision under Solvency II. In the absence of such declarations, U.K. firms are subject to more stringent requirements in carrying out reinsurance business with EEA firms.

Sustainability Considerations. The U.K. government has a long-term ambition to “green” the financial system and align it with the U.K.’s 2050 “Net Zero” target (i.e., 100% greenhouse gas emissions reduction) under the Climate Change Act 2008. As part of those efforts, in 2022, the U.K. passed mandatory climate related financial disclosure requirements under the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022. The regulations apply to large companies (including some of our U.K. entities) for financial years starting on or after April 2022. The regulations generally align risk disclosures with the recommendations of the Taskforce on Climate-related Financial Disclosures (“TCFD”).

In 2021, the U.K. government published its Greening Finance Roadmap to Sustainable Investing (the “Roadmap”), which announced proposals to extend the scope of the U.K.’s sustainable finance framework beyond climate change. Further to the Roadmap, the FCA issued its final Policy Statement on its sustainability disclosure requirements and the investment labels regime. As a part of this regime, the FCA introduced, among other things, a general ‘anti-greenwashing’ rule to clarify that sustainability-related claims must be clear, fair and not misleading. The general ‘anti-greenwashing’ rule came into force in May 2024 and the FCA also published new guidance (FG24/3) on the expectations for FCA-authorized firms subject to the general ‘anti-greenwashing rule’ which took effect at the same time. The FCA has indicated that it continues to keep sustainability disclosure requirements under review and may propose further changes to the regime, which may also relate to the anti-greenwashing rule.

Consumer protection reforms under the new U.K. Digital Markets, Competition and Consumers Act 2024 (“DMCC Act”) came into force on April 6, 2025, enabling the U.K.’s competition regulator, the Competition and Markets Authority (“CMA”) to pursue enforcement for consumer law breaches such as greenwashing, and to directly impose fines of up to 10% of a business’s global turnover.

In 2023, the Green Technical Advisory Group ("GTAG") published its final advice to the U.K. government on the development of the U.K. Green Taxonomy including governance options (such as an advisory body to facilitate implementation and development).

In 2022, the U.K. government said it would delay secondary legislation under the taxonomy regulations (originally anticipated by the end of 2022). Following the work of GTAG, in November 2024, the U.K.'s HM Treasury published a consultation to determine whether a U.K. Green Taxonomy would be complementary to existing policies; the consultation period closed on February 4, 2025. In July 2025, HM Treasury published its consultation response and concluded that a U.K. Green Taxonomy would not be the most effective tool to deliver the green transition and decided not to proceed with this policy as part of the U.K.'s sustainable finance framework.

The PRA's supervisory statement SS3/19 "Enhancing banks' and insurers' approaches to managing the financial risks from climate change" requires U.K. regulated entities to comply with certain sustainability-related requirements. In December 2025, the PRA published supervisory statement SS5/25 "Enhancing banks' and insurers' approaches to managing climate-related risks", which builds on and updates the expectations in SS3/19. SS5/25 took effect on December 3, 2025. The PRA expects firms to complete an internal review of their current position against the updated expectations in order to identify any gaps and develop an appropriate plan to remedy such gaps within six months of commencement (i.e. by June 3, 2026).

In addition, Lloyd's has mandated that managing agents create a sustainability framework and strategy. Lloyd's has also imposed sustainability focused outcomes by way of the Principles with a particular focus on culture, investment and underwriting profitability. See "Lloyd's Supervision" above for additional details.

In December 2025, the FCA published PS25/23 "Tackling non-financial misconduct in financial services" finalizing FCA Handbook guidance on how non-financial misconduct ("NFM") is assessed under the Code of Conduct ("COCON") and the Fit and Proper test ("FIT"). The FCA confirms that serious work-related misconduct (e.g. bullying/harassment/violence) can give rise to conduct rule breaches, inform fitness and propriety decisions, and affect regulatory references. The guidance will take effect on September 1, 2026, in line with the FCA's new COCON rule extending the NFM framework across FSMA Part 4A-authorized firms and relevant staff.

Russian Sanctions. Since the Russian invasion of Ukraine in 2022, the U.K. government has instituted a new sanctions regime targeting Russia. The sanctions imposed include prohibitions on providing financial services (including insurance and reinsurance) to persons connected with Russia in relation to certain restricted goods and services, and the freezing of assets owned or controlled by designated persons. The U.K., U.S. and EU often consult with each other with respect to their respective sanctions programs. Given the evolving situation, we are closely monitoring developments and the sanctions imposed, to ensure our business remains in compliance with any applicable sanctions measures imposed.

Privacy and Cybersecurity. The U.K. has implemented the European General Data Protection Regulation ("EU GDPR") as the U.K. GDPR which sits alongside the U.K. Data Protection Act 2018 (the "U.K. GDPR"). The U.K. GDPR has direct effect where an entity is established in the U.K. and has extra-territorial effect where an entity established outside of the U.K. processes personal data in relation to the offering of goods or services to individuals in the U.K. or the monitoring of their behavior. The U.K. GDPR imposes obligations on controllers, including, among others: (i) accountability and transparency requirements, requiring controllers to demonstrate and record compliance with the GDPR and to provide detailed information to individuals regarding the processing of their personal data; (ii) requirements to process personal data lawfully including specific requirements for obtaining valid consent where consent is the legal basis for processing; (iii) obligations to consider data protection when any new products or services are developed and designed (e.g., to limit the amount of personal data processed); (iv) obligations to comply with individuals' data protection rights including a right: (a) of access to, erasure of, or rectification of personal data, (b) to restriction of processing or to withdraw consent to processing, (c) to object to processing or to ask for a copy of personal data to be provided to a third party, and (d) not to be subject to solely automated decision-making; and (v) an obligation to report personal data breaches to: (i) the data protection supervisory authority without undue delay (and no later than 72 hours) after becoming aware of the personal data breach, unless the personal data breach is unlikely to result in a risk to the data subjects' rights and freedoms; and (ii) affected individuals, where the personal data breach is likely to result in a high risk to their rights and freedoms. Processors are required to notify the controller without undue delay after becoming aware of a personal data breach.

The Data (Use and Access) Act 2025 (“DUAA”) came into force on June 19, 2025 and amends certain U.K. GDPR provisions, including but not limited to: (i) introducing a list of “recognized legitimate interests”; (ii) potentially streamlining responses to data subject access requests, by making clear that only “reasonable and proportionate” searches are required; and (iii) relaxing rules around automated decision making, amongst other amendments.

The U.K. GDPR also imposes similar international data transfer restrictions to the EU (see below) on transfers of personal data from the U.K. to jurisdictions that the U.K. government does not consider adequate, including the U.S. The U.K. government has published its own form of the EU Standard Contractual Clauses (“SCCs”), known as the International Data Transfer Agreement and an International Data Transfer Addendum to the new EU SCCs. Further, in 2023, the U.K. Government established a U.K.-U.S. data bridge or adequacy decision, through the U.K. extension to the EU-U.S. Data Privacy Framework (“DPF”). Effective as of October 2023, U.S. organizations which self-certify to the DPF can now transfer personal data from the U.K. to the U.S. without using SCCs.

The U.K. Information Commissioner’s Office (“ICO”) has the power under the U.K. GDPR to (amongst other things) impose fines for serious breaches of up to the higher of 4% of the organization’s annual worldwide turnover or £17.5 million. Individuals also have a right to compensation, as a result of an organization’s breach of the U.K. GDPR which has affected them, for financial or non-financial losses (e.g., distress).

Cybersecurity requirements are laid down in the U.K. GDPR, which requires controllers and processors to implement appropriate technical and organizational measures to safeguard personal data to a level of security appropriate to the data protection risk.

The U.K. GDPR does not provide for a specific set of cybersecurity requirements or measures to be implemented, but rather requires a controller or processor to implement appropriate cyber and data security measures in accordance with the then-current risk, the state of the art, the costs of implementation and the nature, scope, context and purposes of the processing. The U.K. GDPR however does explicitly require that controllers notify personal data breaches under certain circumstances.

Artificial Intelligence. The U.K. has adopted a (primarily) “soft law” approach to AI regulation meaning it has not adopted formal legislation to regulate AI but has adopted soft law guidelines in the form of a White Paper published in 2023. The U.K. intends to develop a sector-specific, principle centered approach to AI regulation, with the relevant sectors being responsible for enforcement. In July 2024, the U.K. government announced its intention to regulate the most powerful AI models, though nothing has been announced since that time.

Ireland

General. The CBI regulates insurance and reinsurance companies and intermediaries authorized in Ireland. Our three Irish operating subsidiaries are Arch Re Europe, Arch Insurance (EU) and Arch Underwriters Europe Limited (“Arch Underwriters Europe”). Arch Re Europe was licensed and authorized by the CBI as a non-life reinsurer in 2008 and as a life reinsurer in 2009. Arch Insurance (EU) was licensed and authorized by the CBI as a non-life insurer in 2011. As part of our Brexit plan, Arch Insurance (EU) received approval from the CBI to expand the nature of its business in 2019 and commenced writing expanded insurance lines in the EEA in 2020 with the Part VII Transfer completed at the end of 2020. Arch Underwriters Europe was registered by the CBI as an insurance and reinsurance intermediary in 2014. Arch Re Europe, Arch Insurance (EU) and Arch Underwriters Europe are subject to the supervision of the CBI and must comply with Irish insurance acts and regulations as well as with directions and guidance issued by the CBI.

Arch Re Europe and Arch Insurance (EU) are required to comply with Solvency II requirements. See “European Union —Insurance and Reinsurance Regulatory Regime” below for additional details. As an intermediary, Arch Underwriters Europe is subject to a different regulatory regime and is not subject to solvency capital rules but must comply with requirements such as to maintain professional indemnity insurance and to have directors that are fit and proper. Our Irish subsidiaries are also subject to the general body of Irish company laws and regulations including the provisions of the Companies Act 2014.

In February 2025, responding to rapid changes seen in the financial sector in recent years, the CBI published its plans to move away from the PRISM model of risk-based supervision in place since 2011 towards a new form of supervision that will be (i) outcome focused, (ii) risk-based, (iii) judgment led, (iv) forward looking and (v) focused on ensuring the resilience, adaptability and trustworthiness in the provision of financial services. In December 2025, the CBI published a roadmap setting out its plans for delivering a more effective and efficient regulatory framework. Included in the roadmap are proposals to carry out a compatibility review of Ireland’s insurance rulebook to eliminate duplication with Solvency II.

Arch is monitoring developments as this progresses.

Financial Resources. Arch Re Europe and Arch Insurance (EU) are required to meet economic risk-based solvency requirements imposed under Solvency II. Solvency II, together with European Commission “delegated acts” and guidance issued by EIOPA sets out classification and eligibility requirements, including the features which capital must display in order to qualify as regulatory capital.

Restrictions on Acquisitions. Under Irish law, the prior consent of the CBI is required before any person can acquire or increase a qualifying holding in an Irish insurer or reinsurer, including Arch Insurance (EU) and Arch Re Europe, or their parent undertakings. A qualifying holding is defined for these purposes as a direct or indirect holding that represents 10% or more of the capital of, or voting rights, in the undertaking or makes it possible to exercise a significant influence over the management of the undertaking.

Restrictions on Payment of Dividends. Under Irish company law, Arch Re Europe, Arch Insurance (EU) and Arch Underwriters Europe are permitted to make distributions only out of profits available for distribution. A company's profits available for distribution are its accumulated, realized profits, so far as not previously utilized by distribution or capitalization, less its accumulated, realized losses, so far as not previously written off in a reduction or reorganization of capital duly made. Further, the CBI has powers to intervene if a dividend payment were to lead to a breach of regulatory capital requirements.

EU Considerations. As Arch Re Europe, Arch Insurance (EU) and Arch Underwriters Europe are authorized by the CBI in Ireland, a Member State of the EU, those authorizations are recognized throughout the EEA. Subject only to certain notification and application requirements, Arch Re Europe, Arch Insurance (EU) and Arch Underwriters Europe can provide services, or establish a branch, in any other Member State of the EEA. Although, in doing so, they may be subject to the laws of such Member States with respect to the conduct of business in such Member State, company law registrations and other matters, they will remain subject to financial and operational supervision by the CBI only. Arch Insurance (EU) has branches in Italy, France, Spain, the Netherlands and the U.K. Arch Re Underwriting ApS in Denmark (“Arch Re Denmark”) is an underwriting agency underwriting accident and health and other reinsurance business for Arch Re Europe. Arch Re Europe also has branches in the U.K., France and Switzerland (“Arch Re Europe Swiss Branch”).

Since 2021, under the provisions of the TCA our Irish regulated entities lost their passporting rights into the U.K.

Sustainability Considerations. Sustainability matters have been on the CBI's agenda for a number of years. In 2021, the CBI issued its expectations in respect of climate and broader sustainability issues for all regulated firms in Ireland (including (re)insurers). The CBI's expectations focus on five key areas: governance, risk management, scenario analysis (including, but not limited to, stress testing for the purposes of the ORSA), disclosures and strategy and business model risk. The CBI has indicated that its expectations will be applied in a proportionate manner. In 2022, the CBI published a Consultation Paper setting out its proposed guidance on climate change risk for the (re)insurance sector. The finalized guidance was published by the CBI in 2023 and clarifies the CBI's expectations on how (re)insurers should address climate change risks in their business and to assist (re)insurers develop their governance and risk management frameworks to do this. In September 2024 and December 2025, the CBI published key findings from thematic reviews of (re)insurers' climate change risk materiality assessments. The CBI has reiterated that climate change risk remains a key strategic priority and will continue to be a feature of regular supervisory engagement with (re)insurers. It is expected that over time, disclosures in respect to sustainability matters may be captured in the Solvency and Financial Condition Reports of Arch's Irish entities. Arch continues to consider the impact of this guidance on its Irish entities. See also “European Union – Sustainability Considerations.”

Irish Individual Accountability Framework Act 2023. The Central Bank (Individual Accountability Framework) Act 2023 (the “IAF Act”) was signed into law in March 2023 and took effect in full on July 1, 2025. The IAF Act implements substantive changes to the fitness and probity regime maintained by the CBI in Ireland and imposes certain additional obligations and liability for senior executives in Irish regulated financial service entities, including (re)insurance companies. Arch considered the impact of the IAF Act on its business and implemented the IAF Act requirements accordingly. In November 2025, following a CBI review, further changes were made to the fitness and probity regime, including the introduction of revised Guidance on the Standards of Fitness and Probity.

Third Country Governance Arrangements. In September 2023, in response to a supervisory statement issued by EIOPA in February 2023 on the use of third country governance arrangements (such as branches) by EU authorized (re)insurers, the CBI published its formal views on the use of third country governance arrangements. The CBI's key expectations are that (i) third country branches should primarily serve the market in which they are established, with their sole objective to not simply support an Irish based (re)insurer and (ii) third country governance arrangements should not undermine the substance of Irish based (re)insurers. The CBI instructed Irish (re)insurers to

review their current business models in light of EIOPA's supervisory statement and the CBI's own expectations. Arch reviewed, and continues to consider, the impact of this supervisory statement on its Irish and European operations.

FDI Screening. In January 2025, the Screening of Third Country Transactions Act 2023 ("FDI Act") came into effect. The FDI Act was developed in accordance with the introduction of Regulation (EU) 2019/452 on foreign direct investment screening. The FDI Act grants powers to the Irish State to review, examine and potentially block investment by acquirers from outside the EEA and Switzerland where such acquirers pose a risk to national security or public order. While it is not anticipated that U.S., U.K. or Bermuda based acquirers will be negatively impacted by the FDI Act, we will continue to review developments in respect of the FDI Act.

European Union

Insurance and Reinsurance Regulatory Regime. Solvency II took effect in full on January 1, 2016. Solvency II imposes economic risk-based solvency requirements across all EU Member States and consists of three pillars: Pillar I-quantitative capital requirements, based on a valuation of the entire balance sheet; Pillar II-qualitative regulatory review, which includes governance, internal controls, enterprise risk management and supervisory review process; and Pillar III-market discipline, which is accomplished through reporting of the insurer's financial condition to regulators and the public. Solvency II is supplemented by European Commission Delegated Regulation (EU) 2015/35 (the "Delegated Regulation"), other European Commission "delegated acts" and binding technical standards, and guidelines issued by EIOPA. The Delegated Regulation sets out more detailed requirements for individual insurance and reinsurance undertakings, as well as for groups, based on the overarching provisions of Solvency II, which together make up the core of the single prudential rulebook for insurance and reinsurance undertakings in the EU.

In 2020, EIOPA provided an opinion to the European Commission in relation to the review of the Solvency II regime. This review was initiated by the European Commission to determine whether the Solvency II regime remains fit for purpose. In its opinion, EIOPA confirmed that the overall Solvency II framework is working well from a prudential perspective, suggesting that there are no fundamental changes needed but that a number of amendments are required to ensure the regime continues as a well-functioning risk-based regime. In 2021, the European Commission published legislative proposals for amendments to the Solvency II Directive arising out of EIOPA's review of the Solvency II regime. The proposed amendments cover a number of areas including proportionality, quality of supervision, sustainability risks and group and cross-border

supervision. The European Parliament and the Council voted to adopt the amendments to the Solvency II Directive in April 2024 and November 2024 respectively. The amendments to Solvency II entered into force on January 28, 2025 and will apply two years from this date.

In tandem with the Solvency II reforms, EIOPA has been engaging with stakeholders in the (re)insurance sector and publishing detailed guidelines, recommendations and expectations relating to the revised Solvency II framework.

In addition to the above Solvency II reform proposals, the European Commission continues to promote the development of the Insurance Recovery and Resolution Directive ("IRRDR"). The IRRDR aims to harmonize national laws on recovery and resolution of (re)insurance undertakings. The European Parliament and the Council voted to adopt the IRRDR in April 2024 and November 2024 respectively. The IRRDR entered into force on January 28, 2025 and will apply two years from this date. While the CBI has already introduced certain insurance recovery requirements under Irish law that apply to Arch's Irish operations (including the preparation of recovery plans) in December 2025 it indicated that it intended to review these requirements to ensure no unnecessary duplication with between the Irish and IRRDR regimes. We will continue to monitor the implementation of IRRDR and its potential impact on our operations.

Following entry into the TCA by the U.K. and the EU, and the U.K.'s withdrawal from the EU under the provisions of the TCA, U.K. financial institutions have lost their passporting rights into the EU. It was originally envisaged that there would be a level of cooperation in relation to financial services, to be reflected in a MoU between the U.K. and the EU. However, the text of the MoU does not impose any binding substantive commitments nor is there any mention of taking forward the commitment in the Political Declaration accompanying the TCA regarding mutual equivalence.

In early 2023, EIOPA issued its finalized Supervisory Statement on the use by EU-authorized (re)insurers of governance arrangements (such as branches) in third countries to perform functions or activities in respect of EU policyholders and risks. Arch has considered the impact of the supervisory statement on its Irish and European operations and will continue to monitor developments.

Arch Re Europe and Arch Insurance (EU), being established in Ireland and authorized by the CBI, are able to establish branches and provide reinsurance services and, in respect of Arch Insurance (EU), insurance services in all EEA states. This is subject to certain regulatory notifications and there being no objection from the CBI and the Member States concerned.

Solvency II does not prohibit EEA insurers from obtaining reinsurance from reinsurers licensed outside the EEA, such as Arch Re Bermuda. As such, and subject to the specific rules in each Member State, Arch Re Bermuda may do business from Bermuda with insurers in EEA Member States, but it may not directly operate its reinsurance business within the EEA. Article 172 of Solvency II provides that reinsurance contracts concluded by insurance undertakings in the EEA with reinsurers having their head office in a country whose solvency regime has been determined to be equivalent to Solvency II shall be treated in the same manner as reinsurance contracts with undertakings in the EEA authorized under Solvency II. Beginning in 2016, Bermuda was deemed by the European Commission to be equivalent for Solvency II purposes. Solvency II also includes specific measures providing for the supervision of insurance and reinsurance groups. However, as a consequence of the above determination of equivalence, pursuant to Article 260 of Solvency II, regulators within the EEA are required to rely on the worldwide group supervision exercised by the BMA. EIOPA has also indicated that, on a case by case basis, groups subject to this worldwide supervision may be exempted from any EEA sub-group supervision, where this results in more efficient supervision of the group and does not impair EEA supervisors in respect of their individual responsibilities.

The IDD was published in 2016. EEA Member States were required to transpose the IDD by 2018. The IDD replaced the Insurance Mediation Directive. The IDD applies to all distributors of insurance and reinsurance products (including insurers and reinsurers selling directly to customers) and strengthens the regulatory regime applicable to distribution activities through increased transparency, information and conduct requirements. The principal impact of the IDD is on the insurance market, however, requirements that apply across insurance and reinsurance include more specific conditions regarding knowledge and continuing professional development for those involved in distribution of (re)insurance products. The IDD continues the pre-existing ability of intermediaries established in a Member State of the EU to establish branches and provide services to all EEA states. Arch Underwriters Europe, being established in Ireland and authorized by the CBI, is able, subject to regulatory notifications and there being no objection from the CBI, to establish branches and provide services in all EEA states.

Privacy and Cybersecurity. The EU GDPR came into effect on May 25, 2018. The EU GDPR governs the collection, use, disclosure, transfer or other processing of personal data. Its scope extends to certain entities not established in the EEA if they offer goods or services to, or monitor the behavior of, EEA data subjects. The EU GDPR contains a number of requirements regarding the processing of personal data about individuals, including mandatory security breach reporting, new and strengthened individual rights, evidenced data controller accountability for compliance with the GDPR principles (including fairness and transparency), maintenance of data processing activity records and the implementation of “privacy by design,” including through the completion of mandatory Data Protection Impact Assessments in connection with higher risk data processing activities.

In addition, the EU GDPR increases scrutiny of transfers of personal data to jurisdictions which the European Commission does not recognize as having “adequate” data protection laws. In particular in 2020, the Court of Justice of the EU (Court of Justice) in Schrems II invalidated the European Union-United States (EU-U.S.) Privacy Shield on the grounds that the EU-U.S. Privacy Shield failed to offer adequate protections to EU personal information transferred to the U.S. While the Court of Justice upheld the use of other data transfer mechanisms, such as the Standard Contractual Clauses (“EU SCCs”), the decision has led to some uncertainty regarding the use of such mechanisms for data transfers to the U.S., and the Court of Justice made clear that reliance on EU SCCs alone may not necessarily be sufficient in all circumstances. The European Data Protection Board issued additional guidance regarding international transfers which may require us to implement additional safeguards to further enhance the security of data transferred out of the EEA. The European Commission published new versions of the EU SCCs in 2021, which place onerous obligations on the parties. In 2022, the U.S. President introduced an Executive Order to facilitate a new Trans-Atlantic Data Privacy Framework to act as a successor to the invalidated EU-U.S. Privacy Shield. On July 10, 2023, the European Commission adopted an adequacy decision relating to the transfer of personal data from the EU to the U.S. which takes place under the DPF. The DPF is the successor to the EU-U.S. Privacy Shield and allows companies that are subject to the GDPR to transfer personal data to U.S. entities that participate in the DPF without the need for alternative data protection transfer mechanisms (such as SCCs or binding corporate rules). On December 19, 2025, the EU Commission renewed the 2021 adequacy decision which allows for the free flow of personal data between the EU Member States and the UK.

The EU GDPR imposes substantial fines for breaches and violations (up to the greater of €20 million or 4% of global turnover). The EU GDPR allows data subjects and consumer associations to lodge complaints with supervisory authorities, seek judicial remedies and obtain compensation for damages resulting from violations of the EU GDPR. The GDPR Procedural Regulation (Regulation 2025/2518) was published on December 12, 2025 and will apply from April 2, 2027. The Regulation provides additional procedural rules for enforcing the GDPR and its key aim is to improve the cooperation mechanisms amongst GDPR supervisory authorities.

In addition, the EU Data Act (“EUDA”) was published in the Official Journal of the EU in 2023, and is coming into effect on a phased basis from September 12, 2025, through to September 12, 2027. EUDA creates a harmonized set of rules on fair access to and use of data in the interest of fostering data-driven innovation and increasing data availability in the EU. EUDA may apply to certain insurance activities, primarily relating to the use of telemetric and similar devices. Arch is assessing the impact of EUDA on its operations.

Cybersecurity and information security are an area of increasing focus for the EU. The Digital Operational Resilience Act (“DORA”) entered into force in January 2023. The core aim of DORA is to prevent and mitigate cyber threats and sets uniform requirements for the security of network and information systems of financial sector entities (including (re)insurers) as well as critical third parties which provide ICT (information and communication technology)-related services, such as cloud platforms or data analytics services. Certain of our in-scope Irish entities are required to comply with the obligations set out under DORA since January 17, 2025.

In addition to the above, EIOPA continues to publish detailed guidelines, recommendations and expectations relating to cyber matters and how these should be managed and considered by the (re)insurance sector.

Artificial Intelligence. The EU Artificial Intelligence Act (the “EU AI Act”) came into effect in August 2024. As of February 2, 2025, companies are required to cease the use of AI systems which pose an unacceptable risk. Further compliance obligations applicable to general purpose AI models take effect in August 2025, and the remainder of the EU AI Act (including compliance rules relating to AI systems) takes effect in August 2026. The EU AI Act regulates the use of AI systems and general purpose AI models in all EU Member States through a risk-based framework, and a governance program relating to the use of AI systems generally. Certain of the AI systems utilized by our (re)insurers will fall within the scope of the EU AI Act.

In August 2025, EIOPA issued an Opinion on Artificial Intelligence Governance and Risk management. The opinion provides guidance on the interpretation of insurance-focused legislation in the context of AI systems which may not have existed when the legislation entered into force. It sets out expectations, which are risk-based and proportionate in approach, relating to insurers’ governance and risk-management systems in the context of AI and seeks to ensure consistency among national supervisory authorities in their approach to supervision of AI. EIOPA plans to develop a more detailed analysis of specific AI systems and emerging challenges and provide further guidance where appropriate. Arch continues to monitor the impact of this development on its operations.

Sustainability Considerations. A comprehensive package of measures to facilitate the progression towards sustainable economic activities was approved in principle by the European Commission in 2021. In 2021, two delegated regulations (the “EC Regulations”) amending sectoral legislation, including the Solvency II Directive and the IDD, were published. The EC Regulations focus on the integration of sustainability into key activities including product oversight and governance, risk management and suitability assessment procedures. The EC Regulations apply from 2022.

The Corporate Sustainability Reporting Directive (“CSRD”), which replaces the Non-Financial Reporting Directive (“NFRD”), was published in the Official Journal of the EU in 2022 and entered into effect in 2023. CSRD was transposed under Irish law pursuant to the EU (Corporate Sustainability Reporting) Regulations 2024, which came into effect in July 2024. Amending legislation was published in October 2024 to clarify certain provisions in the 2024 Regulations. In July 2025, further implementing legislation was introduced to transpose the “Stop-the-Clock” Directive and to further clarify certain provisions introduced by the 2024 Regulations. The CSRD expands the scope of sustainability reporting obligations to any European listed company or any company (including (re)insurers) meeting certain criteria. Certain of our European entities and non-European entities will fall within the scope of certain reporting obligations under the CSRD. See also, “*Simplification of EU sustainability framework,*” below.

An additional environmental sustainability framework, the EU Taxonomy, came into force in 2020, with in-scope companies required to comply with certain reporting obligations from January 1, 2022. The EU Taxonomy (which is a classification standard for reporting) sets out six environmental objectives with which companies’ economic activities must comply if they are to be described as environmentally sustainable. These six environmental objectives are: (1) climate change mitigation, (2) climate change adaptation, (3) sustainable use and protection of

water and marine resources, (4) transition to a circular economy, (5) pollution prevention and control and (6) the protection and restoration of biodiversity and ecosystems. In addition, reporting obligations apply to in-scope companies regarding (1) the financial products they provide and (2) the environmental sustainability of an in-scope company's activities, which is to be disclosed in non-financial statements that are required under the CSRD. See also, "*Simplification of EU sustainability framework*," below.

In 2022, the European Commission adopted a proposal for the Corporate Sustainability Due Diligence Directive ("CSDDD"). The CSDDD entered into force in July 2024 and its obligations will come into effect on a phased basis depending on an in-scope entity's turnover threshold, employee count and jurisdiction of incorporation. The main focus of the CSDDD is for in-scope entities to conduct due diligence on human rights and environmental impacts within such in-scope entities, their subsidiaries and across its value chain. Initially, the CSDDD will only apply in respect of financial service providers' (including (re)insurers) upstream business partners. This means that currently (re)insurers do not need to consider any downstream business partners when complying with their obligations under CSDDD. However, the CSDDD provides scope for this to change upon future review by the European Commission, and financial service providers could be required in the future to comply with CSDDD in respect of both upstream and downstream business partners. See also, "*Simplification of EU sustainability framework*," below.

Simplification of EU sustainability framework. In 2025, the European Commission proposed major changes to CSRD, CSDDD and the EU Taxonomy as part of its 'Omnibus I' simplification package. These included simplification of the EU Taxonomy (with changes effective from January 1, 2026), CSRD and CSDDD. Among other things, CSRD reporting was delayed by two years for certain in-scope entities and CSDDD reporting was delayed by one year via a 'Stop the Clock' directive (effective April 2025), which was transposed into Irish law in July 2025. The EU institutions are at an advanced stage of agreeing substantive amendments to CSRD and CSDDD, which are expected to be formalized in early 2026. We continue to monitor the European Commission's proposals to simplify sustainability reporting requirements and their impact on CSRD and CSDDD obligations of our European and non-European operations.

In tandem with all of the above, EIOPA continues to engage with stakeholders in the (re)insurance sector and publish detailed guidelines, recommendations and expectations relating to sustainability matters and how these should be managed and considered by the (re)insurance sector.

Russian Sanctions. Since 2022, the EU has imposed significant sanctions on the Russian Federation in response to its invasion of Ukraine. These sanctions are similar to those imposed by the U.K. and U.S. Given the evolving situation, we are closely monitoring developments and the sanctions imposed, to ensure our European entities remain in compliance with any sanctions measures imposed.

Inflation. The EU has adopted a range of measures to combat unprecedented levels of inflation, with EIOPA issuing a supervisory statement outlining its expectations of (re)insurers on inflation-related issues in 2022. We are monitoring ongoing developments and considering the impact of EU and EIOPA guidance on inflation on its business.

Third Country Governance Arrangements. In 2023, EIOPA published a supervisory statement on the use by EU authorized (re)insurers of governance arrangements (such as branches) in third countries to perform functions or activities in respect of EU policyholders and risks. See also "Ireland – Third Country Governance Arrangements."

Switzerland

In 2008, Arch Re Europe opened Arch Re Europe Swiss Branch as a branch office. As Arch Re Europe is domiciled outside of Switzerland and its activities are limited to reinsurance, the Arch Re Europe Swiss Branch in Switzerland is not required to be licensed by the Swiss insurance regulatory authorities.

In 2014, Arch Underwriters Europe opened a branch office in Zurich ("Arch Underwriters Europe Swiss Branch") to render reinsurance advisory services to certain group companies. Arch Underwriters Europe Swiss Branch is registered with the commercial register of the Canton of Zurich. Since its activities are limited to advisory services for reinsurance matters, the Arch Underwriters Europe Swiss Branch is not required to be licensed by the Swiss insurance regulatory authorities.

Australia

APRA is an independent statutory authority responsible for prudential supervision of institutions across banking, insurance and superannuation and promotes financial stability in Australia. Arch Indemnity has been authorized to conduct monoline lenders' mortgage insurance business in Australia since 2002 and was acquired by Arch Capital in 2021. Arch LMI, which was formerly authorized by APRA in 2019 to conduct monoline lenders' mortgage insurance business in Australia, relinquished its APRA authorization in 2022 and has been converted to a services company for our Australian lenders mortgage insurance operations. Major regulatory requirements that are applicable to Arch

Indemnity as a general insurance provider in Australia include requirements on minimum capital levels, remuneration practices, risk management, compliance with corporate governance standards, including requirements pursuant to the Financial Accountability Act passed in 2023 which took effect on March 15, 2025 for general insurers and additional operational risk management requirements on and from July 1, 2025 under APRA Prudential Standard CPS 230 *Operational Risk Management*.

In addition to its APRA authorization, Arch Indemnity has been licensed by the Australian Securities and Investments Commission (“ASIC”) since 2011 to engage in credit activities in Australia. Arch LMI has been licensed by ASIC since 2023 as a Financial Services Licensee in Australia.

Our group also conducts property and casualty insurance business in Australia through Lloyd’s. This insurance business is managed by and distributed through local coverholders and is subject to Lloyd’s Supervision. In addition, the business is subject to local Australian prudential regulatory oversight by APRA, and additional separate financial services market conduct regulation by ASIC.

In addition, there are other Australian legislation and regulations applicable to the financial services sector in which our group operates, such as:

- privacy legislation on the collection, use and storage of personal information and sensitive information of individuals and a mandatory data breach notification regime, which are overseen by the Office of the Australian Information Commissioner under the *Privacy Act 1988* (Cth) (with a new statutory cause of action for serious invasions of privacy effective as of June 10, 2025, and new obligations related to automated decision making to come into effect on December 10, 2026);
- cyber security obligations imposed by APRA and ASIC as part of their respective licensing regimes for insurers (such as APRA Prudential Standard CPS 234 *Information Security*), and also on larger insurers in Australia under Australian security of critical infrastructure legislation;
- additional obligations under cyber security legislation passed in 2024, which came into force in part at the end of May 2025. These obligations apply to various entities operating in Australia (subject to specific eligibility thresholds to be confirmed) and will be implemented in two stages, with the second phase commencing on January 1, 2026. The requirements include mandatory reporting of cyber security incidents, which involve the payment of a ransom, to the Australian Government’s Department of Home Affairs and Australian Signals Directorate;

- modern slavery legislation which imposes a statutory reporting regime for larger companies operating in Australia (which is subject to an ongoing public consultation process on options to strengthen the *Modern Slavery Act 2018* (Cth));
- anti-money laundering and counter-terrorism financing (“AML/CTF”) legislation, which is administered by the Australian Transaction Reports and Analysis Centre.

Artificial Intelligence. In Australia, businesses which develop and use AI are subject to various Australian laws relating to privacy, corporations and anti-discrimination which apply across all sectors of the economy. There are also financial services sector specific laws in Australia administered by APRA and ASIC which impact the development and deployment of AI in the sector in which our group operates, although such existing laws are technology-neutral.

The Australian Government has been undertaking consultation on “Safe and Responsible AI” regulation in Australia since 2023. In September 2024, the Australian Government published a Voluntary AI Safety Standard which can be used on a voluntary basis by Australian businesses developing or implementing AI systems while the Australian Government continues to undertake consultation on proposed mandatory AI guardrails for high-risk applications that were to be defined following consultation.

At the time of the consultation, the proposed mandatory AI guardrails for high-risk applications were expected to replicate the 10 voluntary guardrails in the Voluntary AI Safety Standard, with the exception of the 10th voluntary guardrail which proposed to focus on conformity standards under the mandatory guardrails rather than stakeholder engagement as set out under the voluntary guardrails.

In December 2025, the Australian Government released the National AI Plan signaling a shift away from the proposed mandatory AI guardrails for high-risk applications which was subject to consultation in September 2024. Instead, the Australian Government’s National AI Plan seeks to use the existing, largely technology-neutral legal frameworks and regulators’ existing expertise rather than implementation of any standalone AI act.

The Australian Government is also establishing an AI Safety Institute (“AISI”) to monitor, test and share information on emerging AI capabilities, risks and harms. Its operations will commence in early 2026 and will include supporting existing regulators with independent advice to ensure AI companies are compliant with Australian law and uphold legal standards around fairness and transparency. Hence, AISI and the National AI Plan will reinforce existing technology-neutral legal frameworks such as the *Privacy Act 1988* (Cth) and the *Corporations Act 2001* (Cth).

Regulators such as APRA and ASIC, which already provide guidance on AI use in banking, insurance, and financial services (including operational risk and governance standards) will continue to identify and manage potential harms and report any legislative gaps to the AISI.

Climate Change Reporting. A mandatory climate-related risk disclosure regime has been introduced with the regime to be phased in for 3 groups of large Australian companies required to report under Chapter 2M of the *Corporations Act 2001* (Cth) and the relevant commencement date of the reporting requirements determined by the Australian company (and its controlled entities) meeting certain criteria for each group of companies under the regime based on consolidated revenue, consolidated gross assets and number of employees. The regime is regulated by ASIC and includes new sustainability reporting requirements to be phased in over 3 years for the first annual reporting period beginning on or after January 1, 2025 for Group 1 companies, July 1, 2026 for Group 2 companies and July 1, 2027 for Group 3 companies. Our Australia mortgage operations will be reporting as a Group 2 company.

Gibraltar

General. The insurance industry is regulated by the Gibraltar Financial Services Commission (“GFSC”). We have two carriers, Alwyn Insurance Company Limited (“Alwyn Insurance”) and Southern Rock Insurance Company Limited (“SRICL”), which are authorized and regulated by the GFSC. SRICL is no longer authorized to enter into new contracts of insurance or renew existing contracts of insurance and is no longer writing business. At the end of 2025, SRICL completed a transfer of its remaining business to Alwyn Insurance and will proceed to wind up its business. Following the departure of the U.K. from the EU, Gibraltar is not part of the EU and remains a British Overseas Territory. Post-Brexit, Gibraltar’s licensed insurers are able to cover risks in the U.K. via the Financial Services (Gibraltar) (Amendment) (EU Exit) Regulations, and Alwyn Insurance currently writes business for U.K. policyholders. Gibraltar is a Solvency II equivalent jurisdiction, and its regulatory requirements are similar to those in the U.K. requiring compliance with minimum and solvency capital requirements and other relevant regulatory requirements.

TAX MATTERS

The following summary of the taxation of Arch Capital and the taxation of our shareholders is based upon current law and is for general information only. Legislative, judicial or administrative changes may be forthcoming that could affect this summary.

The following legal discussion (including and subject to the matters and qualifications set forth in such summary) of certain tax considerations (a) under “—Taxation of Arch Capital—Bermuda” and “—Taxation of Shareholders—Bermuda” is based upon the advice of Conyers Dill & Pearman Limited, Hamilton, Bermuda and (b) under “—Taxation of Arch Capital—United States,” “—Taxation of Shareholders—United States Taxation,” “—Taxation of Our U.S. Shareholders” and “—United States Taxation of Non-U.S. Shareholders” is based upon the advice of White & Case LLP, New York, New York (the advice of such firms does not include accounting matters, determinations or conclusions relating to the business or activities of Arch Capital). The summary is based upon current law and is for general information only. The tax treatment of a holder of our common or preferred shares, or of a person treated as a holder of our shares for U.S. federal income, state, local or non-U.S. tax purposes, may vary depending on the holder’s particular tax situation. Legislative, judicial or administrative changes or interpretations may be forthcoming that could be retroactive and could affect the tax consequences to us or to holders of our shares.

Taxation of Arch Capital

OECD’s Pillar II. Under Pillar II, the OECD’s Inclusive Framework published the “Global Anti-Base Erosion,” or “GloBE” model rules in 2021, which apply to certain in scope entities and provide for a coordinated system of taxation that imposes a “top-up” tax to ensure that any in scope entity pays a minimum rate of 15% tax on its net taxable income in each country where it operates. The members of the EU have either already adopted domestic legislation implementing the minimum tax rules, pursuant to the EU’s minimum tax directive, unanimously agreed by the member states in 2022, or have exercised their option to postpone implementation on the basis of certain exceptions available to countries that have a small number of multinational groups to which the rules would apply. For many members of the EU, such rules are effective for periods beginning on or after December 31, 2023, with the “under-taxed profit rule” taking effect for periods beginning on or after January 1, 2025.

Legislatures in multiple countries outside of the EU (including the United Kingdom, Australia, Canada and Switzerland) have enacted, and are continuing to enact, legislation to implement the GloBE model rules.

A number of elements of Pillar II remain uncertain. The OECD continues to release guidance regarding Pillar II, only certain jurisdictions have currently enacted laws to give effect to Pillar II, jurisdictions may interpret such laws in different manners, and certain elements of such laws are currently subject to challenge pursuant to legal proceedings. Thus, the overall implementation of Pillar II is subject to change, possibly on a retroactive basis. Although certain jurisdictions in which we and our affiliates do business have enacted an “under-taxed profit rule”, the impact of such rule and the extent to which such rule will change or be eliminated based on current legal and political challenges is uncertain. The adoption of the tax laws described above (including, the “under-taxed profit rule”, which is now effective in several jurisdictions in which we and our affiliates do business) resulted in an increase to our 2025 effective tax rate and aggregate tax liability. See Item 1A, [“Risk Factors — Risks Relating to Taxation”](#) for additional information.

Bermuda. Prior to January 1, 2025 and in accordance with the Exempted Undertakings Tax Protection Act 1966 of Bermuda, as amended, Arch Capital was not subject to tax on income or profits, withholding tax, capital transfer tax, estate duty or inheritance tax. In response to the OECD Pillar II initiative, in 2023, the Government of Bermuda enacted the Bermuda CIT Act, which is effective for tax years beginning on or after January 1, 2025. Arch Capital is subject to tax on income under the Bermuda CIT Act, which tax is charged at a rate of 15% of the Company’s net taxable income as determined in accordance with and subject to the adjustments set out in the Bermuda CIT Act (including in respect of any foreign tax credits applicable to us) for tax years starting on January 1, 2025. The Bermuda CIT Act does not impose any withholding tax, capital transfer tax, estate duty or inheritance tax, so there will continue to be no such taxes payable by us or by our shareholders in respect of our shares following January 1, 2025. See Item 1A, [“Risk Factors — Risks Relating to Taxation”](#) for additional information. In addition to the Bermuda corporate income tax, we also currently pay our Bermuda annual government fee; and, our Bermuda insurance and reinsurance subsidiaries also pay their respective Bermuda annual government fees and annual insurance license fees. In addition, all entities employing individuals in Bermuda are required to pay a payroll tax and other sundry taxes payable, directly or indirectly, to the Bermuda government.

United States. Arch Capital and its non-U.S. subsidiaries believe they have conducted their operations and currently intend to conduct their operations going forward in a manner that has not caused them and will not cause them to be treated as engaged in a trade or business in the U.S. and, therefore, has not been and will not be required to pay U.S. federal income taxes (other than U.S. excise taxes on insurance and reinsurance premiums and withholding taxes

on dividends and certain other U.S. source investment income). However, because definitive identification of activities which constitute being engaged in a trade or business in the U.S. is not provided by the Internal Revenue Code of 1986, as amended (the “Code”), U.S. Treasury regulations (“Treasury Regulations”) or court decisions, there can be no assurance that our position on being engaged in a trade or business in the U.S. is correct. A foreign corporation deemed to be so engaged would be subject to U.S. federal income tax, as well as the branch profits tax, on its income, which is treated as effectively connected with the conduct of that trade or business unless the corporation is entitled to relief under a tax treaty. Such income tax, if imposed, would be based on effectively connected income computed in a manner generally analogous to that applied to the income of a domestic corporation, except that deductions and credits generally are not permitted unless the foreign corporation has timely filed a U.S. federal income tax return in accordance with applicable Treasury Regulations. Penalties may be assessed for failure to file tax returns. In addition, in such case, a 30% branch profits tax would be imposed on net income after subtracting the regular corporate tax and making certain other adjustments.

Under the income tax treaty between Bermuda and the U.S. (the “Treaty”), Arch Capital’s Bermuda insurance subsidiaries will be subject to U.S. income tax on any insurance premium income that is effectively connected with a U.S. trade or business only if that trade or business is conducted through a permanent establishment in the U.S. No Treasury Regulations interpreting the Treaty have been issued. While there can be no assurances, Arch Capital does not believe that any of its Bermuda insurance subsidiaries has a permanent establishment in the U.S. Such subsidiaries would not be entitled to the benefits of the Treaty if (i) 50% or less of Arch Capital’s shares were beneficially owned, directly or indirectly, by Bermuda residents or U.S. citizens or residents, or (ii) any such subsidiary’s income were used in substantial part to make disproportionate distributions to, or to meet certain liabilities to, persons who are not Bermuda residents or U.S. citizens or residents. While Arch Capital believes that its Bermuda insurance subsidiaries have been eligible for Treaty benefits to date, there can be no assurance that this is the case or that the Bermuda insurance subsidiaries will continue to be eligible for Treaty benefits.

The Treaty clearly applies to premium income but may be construed as not protecting investment income. If Arch Capital’s Bermuda insurance subsidiaries were considered to be engaged in a U.S. trade or business and were entitled to the benefits of the Treaty in general, but the Treaty were not found to protect investment income, a portion of such subsidiaries’ investment income could be subject to U.S. federal income tax.

Non-U.S. insurance companies carrying on an insurance business within the U.S. have a certain minimum amount of effectively connected net investment income, determined in accordance with a formula that depends, in part, on the amount of U.S. risk insured or reinsured by such companies. If any of Arch Capital's non-U.S. insurance subsidiaries is considered to be engaged in the conduct of an insurance business in the U.S., a significant portion of such subsidiary's investment income could be subject to U.S. federal income tax.

Non-U.S. corporations not engaged in a trade or business in the U.S. are nonetheless subject to U.S. withholding tax on certain "fixed or determinable annual or periodic gains, profits and income" derived from sources within the U.S. as enumerated in Section 881(a) of the Code (such as dividends and certain interest on investments), subject to exemption under the Code or reduction by an applicable treaty.

The U.S. also imposes an excise tax on insurance and reinsurance premiums paid to non-U.S. insurers or reinsurers with respect to risks located in the U.S. The rates of tax, unless reduced by an applicable U.S. tax treaty, are 4% for non-life insurance premiums and 1% for life insurance and all reinsurance premiums.

On July 4, 2025, P.L. 119-21, commonly referred to as the One Big Beautiful Bill Act (the "OBBBA"), was enacted into law. Among other provisions, the OBBBA amended Section 59A of the Code relating to the base erosion and anti-abuse tax ("BEAT"). The BEAT operates as a minimum tax that applies when a taxpayer's regular U.S. federal income tax liability (as reduced by certain tax credits) is less than a specified percentage of its "modified taxable income," which is generally computed without deductions for certain payments to non-U.S. affiliates (including, in certain circumstances, intercompany reinsurance premiums). The OBBBA amended the BEAT percentage applicable to a taxpayer's modified taxable income such that the rate is now permanently 10.5%, removing the prior statutory increase to 12.5% that would otherwise have applied for taxable years beginning after December 31, 2025. The OBBBA amendments to Section 59A are effective for taxable years beginning after December 31, 2025. The Company does not believe these amendments will have a material impact on its U.S. operations, including the impact, if any, on its effective tax rate, cash taxes, and intercompany arrangements.

United Kingdom. Our U.K. subsidiaries are companies that are incorporated and have their central management and control in the U.K. and are therefore resident in the U.K. for corporation tax purposes. As a result, they are subject to U.K. corporation tax on their respective profits. The U.K. branches of Arch Re Europe and Arch Insurance (EU) are subject to U.K. corporation tax on the profits (both income profits and chargeable gains) attributable to each branch.

The rate of U.K. corporation tax for the 2025 financial year is 25%. Pillar II has been enacted and in force in the U.K. by way of a multinational top-up tax and a domestic top-up tax, together designed to ensure that any Pillar II taxes which can be levied on profits earned in the U.K. will be paid in the U.K. and not elsewhere. Due to the staggered UK implementation of OECD Pillar II guidance, a top up tax has been accrued on non-UK operations in 2025.

Canada. Arch Insurance Canada is taxed on its worldwide income. Arch Re U.S. is taxed on its net business income earned in Canada. The general federal corporate income tax rate in Canada is currently 15%. Provincial and territorial corporate income tax rates are added to the general federal corporate income tax rate and generally vary between 8% and 16%. Pillar II has largely been enacted in Canada and, due to the staggered Canadian implementation of OECD Pillar II guidance, a top up tax has been accrued on non-Canadian operations in 2025.

Ireland. Each of Arch Re Europe, Arch Insurance (EU) and Arch Underwriters Europe is incorporated and resident in Ireland for corporation tax purposes and will be subject to Irish corporate tax on worldwide profits, including the profits of the branches of Arch Re Europe, Arch Insurance (EU) and Arch Underwriters Europe. Any foreign branch corporate tax payable is creditable against Arch Re Europe's Irish corporate tax liability on the results of Arch Re Europe's branches with the same principle applied to Arch Insurance (EU)'s branches and Arch Underwriters Europe's branches. The current rate of Irish corporation tax applicable to such trading profits is 12.5%. Pillar II has been enacted in Ireland, including the Irish Qualified Domestic Minimum Top-Up Tax ("QDMTT"), which is intended to ensure a minimum effective tax rate of 15% for in-scope groups. As a result, our Irish subsidiaries may be subject to additional Irish tax liabilities under the QDMTT if their Pillar II effective tax rate falls below 15%.

Switzerland. Arch Re Europe Swiss Branch and Arch Underwriters Europe Swiss Branch are subject to Swiss corporation tax on the profit which is allocated to each branch. The effective tax rate is approximately 19.61% for Swiss federal, cantonal and communal corporation taxes on the profit. The effective tax rate of the annual cantonal and communal capital taxes on the equity which is allocated to Arch Re Europe Swiss Branch and Arch Underwriters Europe Swiss Branch is approximately 0.17%. Pillar II has largely been enacted in Switzerland but should not adversely impact taxes payable in Switzerland.

Denmark. Arch Re Denmark, established as a subsidiary of Arch Re Bermuda, is subject to Danish corporation taxes on its profits at a rate of 22%. Pillar II has been enacted in Denmark but should not adversely impact taxes payable in Denmark.

Gibraltar. Our Gibraltar subsidiaries are companies that are incorporated and have their central management and control in Gibraltar and are therefore resident in Gibraltar for corporation tax purposes. As a result, they are subject to Gibraltar corporation tax on their respective profits at a rate of 15%. Pillar II has largely been enacted in Gibraltar but should not adversely impact taxes payable in Gibraltar.

Australia. Arch LMI and Arch Indemnity, Australian incorporated and tax resident companies, are subject to Australian corporate tax on their worldwide profits. The current rate of Australian corporation tax applicable to such profits is 30%. Pillar II has been enacted in Australia but should not adversely impact taxes payable in Australia.

Taxation of Shareholders

Bermuda. Currently, there is no Bermuda withholding tax on dividends paid by us.

United States—General. The following summary sets forth certain U.S. federal income tax considerations related to the purchase, ownership and disposition of our common shares and our non-cumulative preferred shares (“preferred shares”). Unless otherwise stated, this summary deals only with shareholders (“U.S. holders”) that are U.S. Persons (as defined below) and to common shares and preferred shares beneficially owned by such holder and held as capital assets. The following discussion is only a general summary of the U.S. federal income tax matters described herein and does not purport to address all of the U.S. federal income tax consequences that may be relevant to a particular shareholder in light of such shareholder’s specific circumstances. In addition, the following summary (except as to matters explicitly discussed therein) does not describe the U.S. federal income tax consequences that may be relevant to certain types of shareholders, such as banks, insurance companies, and other financial institutions, regulated investment companies, real estate investment trusts, financial asset securitization investment trusts, brokers, dealers or traders in securities, entities or arrangements classified as partnerships or pass-through entities for U.S. federal income tax purposes or holders of equity interests therein, tax exempt entities, “individual retirement accounts” or “Roth IRAs”, expatriates and former citizens or long-term residents of the United States, persons whose functional currency for U.S. federal income tax purposes is not the U.S. dollar, persons that own, directly, indirectly or constructively, ten percent (10%) or more of the total voting power or value of all of our outstanding shares, persons owning our common shares or preferred shares in connection with a trade or business conducted outside the United States, U.S. holders that hold our common shares or preferred shares through a non-U.S. broker or other non-U.S. intermediary, persons who hold our common shares or preferred shares as part of a hedging or conversion transaction or as part of a straddle or wash sale, who may be

subject to special rules or treatment under the Code or persons required for U.S. federal income tax purposes to recognize income no later than such income is reported on such persons’ applicable financial statements, and persons subject to the alternative minimum tax. This discussion is based upon the Code, the Treasury Regulations promulgated there under and any relevant administrative rulings or pronouncements or judicial decisions, all as in effect on the date of this annual report and as currently interpreted and does not take into account possible changes in such tax laws or interpretations thereof, which may apply retroactively. This discussion does not include any description of the tax laws of any state or local governments within the U.S., or of any foreign government, that may be applicable to our common shares or preferred shares or the shareholders. There can be no assurance the U.S. Internal Revenue Service (“IRS”) or a court will not take a contrary position to that discussed below regarding the tax consequences of the purchase, ownership and disposition of our common shares and preferred shares. Persons holding or considering an investment in the common shares or preferred shares should consult their own tax advisors concerning the application of the U.S. federal tax laws to their particular situations as well as any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction prior to making such investment.

If an entity that is treated as a partnership holds our common shares or preferred shares, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partnership holding or considering an investment in our common shares or preferred shares or a partner therein, you should consult your tax advisor.

For purposes of this discussion, the term “U.S. Person” means a person that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the U.S.;
- a corporation created or organized under the laws of the U.S., any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if either (i) a court within the U.S. is able to exercise primary supervision over the administration of such trust and one or more U.S. persons have the authority to control all substantial decisions of such trust or (ii) the trust has a valid election in effect to be treated as a U.S. person for U.S. federal income tax purposes.

United States—Taxation of Dividends. The preferred shares should be properly classified as equity rather than debt for U.S. federal income tax purposes. Subject to the discussions below relating to the potential application of the controlled foreign corporation (“CFC”), “related person insurance income” (“RPII”) and passive foreign investment company (“PFIC”) rules, as defined below, cash distributions, if any, made with respect to our common shares or preferred shares will constitute dividends for U.S. federal income tax purposes to the extent paid out of our current or accumulated earnings and profits (as computed using U.S. tax principles). If a U.S. holder of our common shares or our preferred shares is an individual or other non-corporate holder, dividends paid, if any, to that holder that constitute qualified dividend income generally will be taxable at the rate applicable for long-term capital gains (generally up to 20%), provided that such person meets a holding period requirement. Generally, in order to meet the holding period requirement, the U.S. holder must hold the common shares for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date and must hold preferred shares for more than 90 days during the 181-day period beginning 90 days before the ex-dividend date. Dividends paid, if any, with respect to common shares or preferred shares generally will be qualified dividend income, provided the common shares or preferred shares are readily tradable on an established securities market in the U.S. in the year in which the shareholder receives the dividend (which should be the case for shares that are listed on the Nasdaq Stock Market or the New York Stock Exchange) and Arch Capital is not considered to be a passive foreign investment company in either the year of the distribution or the preceding taxable year. No assurance can be given that the preferred shares will be considered readily tradable on an established securities market in the U.S. See “—Taxation of Our U.S. Shareholders” below.

A U.S. holder that is an individual, estate or a trust that does not fall into a special class of trusts that is exempt from such tax, will be subject to a 3.8% tax on the lesser of (1) the U.S. holder’s “net investment income” for the relevant taxable year and (2) the excess of the U.S. holder’s modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals will be between \$125,000 and \$250,000, depending on the individual’s filing status). A U.S. holder’s net investment income generally will include its dividend income and its net gains from the disposition of our common shares and preferred shares, unless such dividend income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities).

Distributions with respect to the common shares and the preferred shares will not be eligible for the dividends received deduction allowed to U.S. corporations under the Code. To the extent distributions on our common shares and preferred shares exceed our earnings and profits, they will be treated first as a return of the U.S. holder’s basis in our common shares and our preferred shares to the extent thereof, and then as gain from the sale of a capital asset.

United States—Sale, Exchange or Other Disposition. Subject to the discussions below relating to the potential application of the CFC, RPII and PFIC rules, U.S. holders of common shares and preferred shares generally will recognize capital gain or loss, if any, for U.S. federal income tax purposes on the sale, exchange or other taxable disposition of common shares or preferred shares, as applicable in an amount equal to the difference between the amount realized on the sale, exchange or other taxable disposition and the U.S. holder’s adjusted tax basis in the shares. Such gain or loss generally will be long term capital gain or loss if the U.S. holder’s holding period for the shares exceeds one year. Long-term capital gains of certain non-corporate U.S. holders (including individuals) are generally eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

United States—Redemption of Preferred Shares. A redemption of the preferred shares will be treated under Section 302 of the Code as a dividend to the extent we have earnings and profits allocable to such shares, unless the redemption satisfies one of the tests set forth in Section 302(b) of the Code enabling the redemption to be treated as a sale or exchange, subject to the discussion herein relating to the potential application of the CFC, RPII and PFIC rules. Under the relevant Code Section 302(b) tests, the redemption should be treated as a sale or exchange only if it (1) is substantially disproportionate, (2) constitutes a complete termination of the holder’s stock interest in us or (3) is “not essentially equivalent to a dividend.” In determining whether any of these tests are met, shares considered to be owned by the holder by reason of certain constructive ownership rules set forth in the Code, as well as shares actually owned, must generally be taken into account. It may be more difficult for a U.S. holder who owns, actually or constructively by operation of the attribution rules, any of our other shares to satisfy any of the above requirements.

In order to meet the substantially disproportionate test, the percentage of our issued and outstanding voting shares actually and constructively owned by the U.S. holder immediately following the redemption of our shares must, among other requirements, be less than 80% of the percentage of our issued and outstanding voting shares actually and constructively owned by the U.S. holder immediately before the redemption. There will be a

complete termination of a U.S. holder's interest if either (i) all of our shares actually and constructively owned by the U.S. holder are redeemed or (ii) all of our shares actually owned by the U.S. holder are redeemed and the U.S. holder is eligible to waive, and effectively waives in accordance with specific rules, the attribution of shares owned by certain family members and the U.S. holder does not constructively own any other of our shares. The redemption of our shares will not be essentially equivalent to a dividend if such redemption results in a "meaningful reduction" of the U.S. holder's proportionate interest in us. Whether the redemption will result in a meaningful reduction in a U.S. holder's proportionate interest in us will depend on the particular facts and circumstances. However, the IRS has indicated in a published ruling that even a small reduction in the proportionate interest of a small minority shareholder in a publicly held corporation who exercises no control over corporate affairs may constitute such a "meaningful reduction." The determination as to whether any of the alternative tests of Section 302(b) of the Code is satisfied with respect to a particular holder of the preferred shares depends on the facts and circumstances as of the time the determination is made.

If none of the foregoing tests are satisfied, then the redemption of any of our shares will be treated as a distribution and the tax effects will be as described under "—United States—Taxation of Dividends" above. After the application of those rules, any remaining tax basis of the U.S. holder in the redeemed shares will be added to the U.S. holder's adjusted tax basis in its remaining shares, or, possibly, in other shares constructively owned by it. A U.S. holder should consult with its own tax advisors as to the tax consequences of a redemption of our shares.

U.S. holders who actually or constructively own five percent or more of our shares (by vote or value) may be subject to special reporting requirements with respect to a redemption of our shares, and such holders are urged to consult with their own tax advisors with respect to their reporting requirements.

Taxation of Our U.S. Shareholders

Controlled Foreign Corporation Rules. We or any of our non-U.S. subsidiaries generally will be treated as a CFC with respect to any taxable year if at any time during such taxable year, one or more "10% U.S. Shareholders" (as defined below) collectively own more than 50% of us or such non-U.S. subsidiary (as applicable) by vote or value (taking into account shares actually owned by such U.S. holder as well as shares attributed to such U.S. holder under the Code or the Treasury Regulations thereunder). Moreover, with respect to insurance income (including reinsurance income), the "more than 50%" requirement described in the preceding sentence is replaced with a more expansive "more than 25%" requirement. A 10% U.S. Shareholder means any U.S. Person who was considered to own, actually or constructively, 10% or more of the total combined voting power or total combined value of our shares or those of our non-U.S. subsidiaries (as applicable). As a result of a change in law for taxable years beginning after December 31, 2017, the voting cut-back limitation contained in our bye-laws that limits the votes conferred by the Controlled Shares (as defined in our bye-laws) of any U.S. Person to 9.9% of the total voting power of all our shares entitled to vote will not prevent any U.S. holder from being treated as a 10% U.S. Shareholder. Section 958(b)(4) of the Code was repealed under the Tax Cuts and Jobs Act of 2017 (the "Tax Cuts Act"), however, the OBBBA restored the limitation on downward attribution of stock ownership under Section 958(b)(4) of the Code. The restoration is generally effective for taxable years of foreign corporations beginning after December 31, 2025.

Thus, for the last taxable year beginning before January 1, 2018, and through taxable years beginning on or before December 31, 2025, Section 958(b)(4) was not in effect as a result of the Tax Cuts Act. For those periods, our U.S. subsidiaries were treated as constructively owning stock of our non-U.S. subsidiaries under the constructive ownership rules, and accordingly our non-U.S. subsidiaries were treated as CFCs for U.S. federal income tax purposes.

For taxable years of our non-U.S. subsidiaries that begin after December 31, 2025, as a result of the restoration of Section 958(b)(4), our non-U.S. subsidiaries are no longer treated as constructively owned by our U.S. subsidiaries, and accordingly, whether any such non-U.S. subsidiary is treated as a CFC under the Code will depend on whether such subsidiary otherwise meets the requirements to be treated as a CFC (including ownership by 10% U.S. Shareholders applying relevant attribution and constructive ownership rules). The OBBBA also enacted new Section 951B, which may, in certain circumstances, cause U.S. persons to be subject to CFC-type income inclusion and/or reporting rules with respect to certain foreign corporations even if such

corporations are not otherwise treated as CFCs after the restoration of Section 958(b)(4). U.S. holders should consult their own tax advisors regarding the application of these rules to their particular circumstances.

Status as a CFC would not cause us or any of our non-U.S. subsidiaries to be subject to U.S. federal income tax. Such status also would have no adverse U.S. federal income tax consequences for any U.S. holder that is not a 10% U.S. Shareholder with respect to us or any such non-U.S. subsidiary (as applicable). If we or any of our non-U.S. subsidiaries are or were a CFC with respect to any taxable year, a U.S. holder that is considered a 10% U.S. Shareholder (including, after December 31, 2025, a U.S. holder that is considered a 10% U.S. Shareholder on any day during a taxable year of the CFC) would be subject to current U.S. federal income taxation (at ordinary income tax rates) to the extent of all or a portion of the undistributed earnings and profits of Arch Capital and our subsidiaries attributable to “subpart F income” (including certain insurance premium income and investment income) or global intangible low-taxed income and may be taxable at ordinary income tax rates on any gain recognized on a sale or other disposition (including by way of repurchase or liquidation) of our common shares or preferred shares to the extent of the current and accumulated earnings and profits attributable to such common shares or preferred shares.

Related Person Insurance Income Rules. In general, with respect to RPII (a limited category of insurance income, as defined below), the CFC rules are expanded in two significant respects. First, in determining CFC status, as well as determining which U.S. shareholders are subject to current taxation with respect to a CFC’s RPII (whether or not currently distributed), all U.S. shareholders (as opposed to only 10% U.S. Shareholders) are taken into account. Second, the amount of stock in a foreign corporation that all U.S. shareholders, in the aggregate, must own for such corporation to be treated as a CFC is reduced from more than 50% (by vote or value), and more than 25% (by vote or value) with respect to insurance income generally, to 25% or more (by vote or value). Generally, RPII is insurance income (including reinsurance income) of a foreign corporation with respect to which the insured is a United States shareholder of the foreign corporation or a related person to such a shareholder.

Under one exception to the foregoing RPII rules, U.S. shareholders are not required to include a CFC’s RPII currently in income if the CFC’s gross RPII is less than 20% of its total gross insurance income for the taxable year in question (the “RPII 20% gross income exception”).

Under current law, we currently expect each of our non-U.S. subsidiaries to satisfy the RPII 20% gross income exception, and therefore we currently do not expect any U.S. shareholder to be required to include RPII in income (although there can be no assurance that this is or will continue be the case). However, proposed Treasury Regulations issued on January 24, 2022, if finalized in their current form, would for the first time (on a prospective basis) expand the definition of RPII to include certain intercompany insurance income (including reinsurance income) in a manner that could cause certain of our foreign subsidiaries not to satisfy the RPII 20% gross income exception. In such event, (1) as noted above, all U.S. shareholders (not just 10% U.S. Shareholders) would be required to include RPII in income currently, whether or not distributed, and (2) as noted below, U.S. shareholders that are tax exempt entities would be required to treat such RPII inclusions as unrelated business taxable income. Current and prospective U.S. holders should consult their own tax advisors as to the potential impact of these proposed Treasury Regulations.

Section 953(c)(7) of the Code generally provides that Section 1248 of the Code (which generally would require a U.S. holder to treat certain gains attributable to the sale, exchange or disposition of common shares or preferred shares as a dividend) will apply to the sale or exchange by a U.S. shareholder of shares in a foreign corporation that is characterized as a CFC under the RPII rules if the foreign corporation would be taxed as an insurance company if it were a U.S. corporation, regardless of whether the U.S. shareholder is a 10% U.S. Shareholder or whether the corporation qualifies for the RPII 20% gross income exception. Although existing Treasury Regulations do not address the question, proposed Treasury Regulations issued in 1991 create some ambiguity as to whether Section 1248 and the requirement to file Form 5471 would apply when the non-U.S. corporation has a foreign insurance subsidiary that is a CFC for RPII purposes and that would be taxed as an insurance company if it were a domestic corporation. We believe that Section 1248 and the requirement to file Form 5471 will not apply to a less than 10% U.S. Shareholder because Arch Capital is not directly engaged in the insurance business. There can be no assurance, however, that the IRS will interpret the proposed Treasury Regulations in this manner or that the Treasury will not take the position that Section 1248 and the requirement to file Form 5471 will apply to dispositions of our common shares or our preferred shares.

If the IRS or U.S. Treasury were to make Section 1248 of the Code and the Form 5471 filing requirement applicable to the sale of our shares, we would notify shareholders that Section 1248 of the Code and the requirement to file Form 5471 will apply to dispositions of our shares. Thereafter, we would send a notice after the end of each calendar year to all persons who were shareholders during the year notifying them that Section 1248 of the Code and the requirement to file Form 5471 apply to dispositions of our shares by U.S. holders. We would attach to this notice a copy of Form 5471 completed with all our information and instructions for completing the shareholder information.

Tax-Exempt Shareholders. Tax-exempt entities may be required to treat certain Subpart F insurance income, including RPII, that is includible in income by the tax-exempt entity as unrelated business taxable income. Current and prospective U.S. holders that are tax exempt entities should consult their own tax advisors as to the potential impact of the unrelated business taxable income provisions of the Code.

Passive Foreign Investment Companies. Sections 1291 through 1298 of the Code contain special rules applicable with respect to foreign corporations that are PFICs. In general, a foreign corporation will be a PFIC if 75% or more of its income constitutes “passive income” or 50% or more of its assets produce passive income. If we were to be characterized as a PFIC, U.S. holders would be subject to a penalty tax at the time of their sale of (or receipt of an “excess distribution” with respect to) their common shares or preferred shares imposed at the highest applicable rate under the Code for the applicable tax year. In general, a shareholder receives an “excess distribution” if the amount of the distribution is more than 125% of the average distribution with respect to the shares during the three preceding taxable years (or shorter period during which the taxpayer held the stock). In general, the penalty tax is equivalent to an interest charge on taxes that are deemed due during the period the shareholder owned the shares, computed by assuming that the excess distribution or gain (in the case of a sale) with respect to the shares was taxable in equal portions throughout the holder’s period of ownership. The interest charge is equal to the applicable rate imposed on underpayments of U.S. federal income tax for such period. A U.S. shareholder may avoid some of the adverse tax consequences of owning shares in a PFIC by making a qualified electing fund (“QEF”) election. A QEF election is revocable only with the consent of the IRS and has the following consequences to a shareholder:

- For any year in which Arch Capital is a PFIC, the shareholder would include in its taxable income a proportionate share of the net ordinary income and net capital gains of Arch Capital and certain of its non-U.S. subsidiaries.

- For any year in which Arch Capital is not a PFIC, the shareholder would not be subject to the QEF inclusion regime described in the preceding paragraph for such taxable year.

For taxable years beginning on or before December 31, 2017, the determination of whether the active insurance company exception applies to an insurance company was made on a case-by-case basis and the analysis was inherently subjective. Under the Tax Cuts Act, for taxable years beginning after December 31, 2017, the active insurance company exception applies only if (i) the company would be taxed as an insurance company were it a U.S. corporation and (ii) either (A) loss and loss adjustment expense and certain reserves constitute more than 25% of the company’s gross assets for the relevant year or (B) loss and loss adjustment expenses and certain reserves constitute more than 10% of the company’s gross assets for the relevant year and, based on the applicable facts and circumstances, the company is predominantly engaged in an insurance business and the failure of the company to satisfy the preceding 25% test is due solely to run-off related or other specified circumstances involving the insurance business. The PFIC statutory provisions contain a look-through rule that states that, for purposes of determining whether a foreign corporation is a PFIC, such foreign corporation shall be treated as if it “received directly its proportionate share of the income” and as if it “held its proportionate share of the assets” of any other corporation in which it owns at least 25% of the stock. We believe that we were not a PFIC for any taxable year ended on or before December 31, 2025, and we currently are not expecting to become a PFIC for any subsequent taxable year. However, due to the complexity and uncertainty of the PFIC rules and the limited guidance interpreting them, there can be no assurance that we have not been a PFIC to date or that we will not become a PFIC at some time in the future. In addition, our U.S. counsel expresses no opinion with respect to our PFIC status for our current or future taxable years.

On December 4, 2020, the IRS issued certain final Treasury Regulations (the “2020 final PFIC insurance regulations”) and revised proposed Treasury Regulations (the “2020 proposed PFIC insurance regulations”) regarding the application of the insurance company exception. While we believe that the 2020 final PFIC insurance regulations and the 2020 proposed PFIC insurance regulations should not adversely impact our ability to satisfy the insurance company exception and avoid being treated as a PFIC, there can be no assurance that such exception will in fact apply and/or will continue to apply at all times in the future. Each U.S. holder should consult its own tax advisor as to the effects of these rules.

Backup Withholding and Information Reporting. Payments of dividends and sales proceeds from a sale, exchange or other taxable disposition (including redemption) of our common shares or preferred shares that are made within the United States, by a U.S. payor or through certain U.S.-related financial intermediaries to a U.S. holder generally are subject to information reporting, unless the U.S. holder is a corporation or other exempt recipient, and if required, demonstrates that fact. In addition, such payments may be subject to backup withholding, unless (1) the U.S. holder is a corporation or other exempt recipient or (2) the U.S. holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding in the manner required. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. holder will generally be allowed as a credit against the U.S. holder's U.S. federal income tax liability or may entitle the U.S. holder to a refund, provided that the required information is timely furnished to the IRS.

Foreign Financial Asset Reporting. Certain U.S. persons are required to report information relating to interests in "specified foreign financial assets", including shares issued by a non-U.S. corporation, for any year in which the aggregate value of all specified foreign financial assets exceeds certain thresholds, subject to certain exceptions (including an exception for shares held in a custodial account maintained with a U.S. financial institution). Penalties may be imposed for a failure to disclose such information. U.S. holders are urged to consult their tax advisers regarding the effect, if any, of these additional reporting requirements on their ownership and disposition of our common shares or preferred shares.

United States Taxation of Non-U.S. Shareholders

Taxation of Dividends. Cash distributions, if any, made with respect to common shares or preferred shares held by a holder that is, for U.S. federal income tax purposes, an individual, corporation, estate or trust that is not a U.S. holder (a "Non-U.S. holder") generally will not be subject to U.S. withholding tax (subject to certain exceptions that may apply if we were determined to be engaged in a trade or business in the United States and 25% or more of our gross income were to be effectively connected to such U.S. trade or business).

Sale, Exchange or Other Disposition. Non-U.S. holders of common shares or preferred shares generally will not be subject to U.S. federal income tax with respect to gain recognized upon the sale, exchange or other disposition of such shares unless such gain is effectively connected with a U.S. trade or business of the Non-U.S. holder or such person is present in the U.S. for 183 days or more in the taxable year the gain is recognized and certain other requirements are satisfied.

Information Reporting and Backup Withholding. Non-U.S. holders of common shares or preferred shares will not be subject to U.S. information reporting or backup withholding with respect to dispositions of common or preferred shares effected through a non-U.S. office of a broker, unless the broker has certain connections to the U.S. or is a U.S. person. No U.S. backup withholding will apply to payments of dividends, if any, on our common shares or our preferred shares.

FATCA Withholding. Sections 1471 through 1474 to the Code, known as the Foreign Account Tax Compliance Act ("FATCA"), impose a withholding tax of 30% on U.S.-source interest, dividends and certain other types of income, which is received by a foreign financial institution ("FFI"), unless such FFI enters into an agreement with the IRS to obtain certain information as to the identity of the direct and indirect owners of accounts in such institution. In addition, a 30% withholding tax may be imposed on the above payments to certain non-financial foreign entities which do not (i) certify to each applicable withholding agent that they have no "substantial U.S. owners" (*i.e.*, a U.S. 10% direct or indirect shareholder), or (ii) provide such withholding agent with the certain information as to the identity of such substantial U.S. owners. The U.S. has entered into intergovernmental agreements to implement FATCA ("IGAs") with a number of jurisdictions. Bermuda has signed an IGA with the U.S. Different rules than those described above may apply under such an IGA.

Although dividends with respect to our common shares or preferred shares generally will be treated as foreign source for U.S. federal withholding tax purposes, it is unclear whether, for FATCA purposes, some or all of our dividends may be recharacterized as U.S. source dividends. Treasury Regulations addressing this topic have not yet been issued.

Current and prospective investors should consult their own tax advisors as to the filing and information requirements that may be imposed on them in respect of their ownership of our common share or preferred shares.

Other Tax Laws. Shareholders should consult their own tax advisors with respect to the applicability to them of the tax laws of other jurisdictions.

ITEM 1A. RISK FACTORS

Set forth below are risk factors relating to our business. These risks and uncertainties are not the only ones we face. There may be additional risks that we currently consider not to be material or of which we are not currently aware, and any of these risks could cause our actual results to differ materially from historical or anticipated results. You should carefully consider these risks along with the other information provided in this report, including our “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our accompanying consolidated financial statements, as well as the information under the heading “Cautionary Note Regarding Forward-Looking Statements” before investing in any of our securities. We may amend, supplement or add to the risk factors described below from time to time in future reports filed with the SEC.

RISK FACTORS SUMMARY

The following is a summary description of the material risks and uncertainties to which we may be exposed. Each of these risks could adversely affect our business, financial condition and results of operations, and any such effects may be material. These and other risks are more fully described after this summary description.

Risks Relating to Our Industry, Business and Operations

- We operate in a highly competitive environment, and we may not be able to compete successfully in our industry.
- The insurance and reinsurance industry is highly cyclical, and we may at times experience periods characterized by excess underwriting capacity and unfavorable premium rates.
- The effects of inflation, trade and tariff disputes and other economic conditions impact the insurance and reinsurance industry in ways which may negatively impact our business, financial condition and results of operations.
- Claims for natural catastrophic events could cause large losses and substantial volatility in our results of operations and could have a material adverse effect on our financial position and results of operations.
- The impact of climate change will affect our loss limitation methods, such as the purchase of third party reinsurance and catastrophe risk modeling and risk selection in ways which may adversely impact our business, financial condition and results of operations.
- Our insurance, reinsurance and mortgage subsidiaries are subject to supervision and regulation. Changes to existing regulation and supervisory standards, or failure to comply with applicable requirements, could adversely affect our business and results of operations.
- We are subject to ongoing legal and policy actions around climate change which may result in additional requirements that could prompt us to shift our risk selection and business strategy in ways which may adversely impact our results of operations.
- Sanctions imposed by the U.S., U.K. and EU on Russia and Russia-related businesses have impacted certain sectors in which we write business.
- Certain U.S. policies and actions have created geopolitical risks which are not possible to manage or predict, some of which may result in uncertainty in the global markets.
- Our customers and policyholders may also be impacted by regulatory, technological, market or other risks relating to climate change in ways which we cannot predict with certainty and adversely impact our results of operations.
- We are subject to changes in governmental, investor and societal responses to climate change and sustainability-related issues, which may result in scrutiny of our business, litigation or adverse impacts to our share price and our results of operations.
- We could face unanticipated losses from increased geopolitical tensions, hostilities, war, terrorism, cyber attacks and general political instability, and these or other unanticipated losses could have a material adverse effect on our financial condition and results of operations.
- Underwriting risks and reserving for losses are based on probabilities and related modeling, which are subject to inherent uncertainties.
- The failure of any of the loss limitation methods we employ could have a material adverse effect on our financial condition or results of operations.
- The availability of reinsurance, retrocessional coverage and capital market transactions to limit our exposure to risks may be limited, and counterparty credit and other risks associated with our reinsurance arrangements may result in losses which could adversely affect our financial condition and results of operations.
- We could be materially adversely affected to the extent that important third parties with whom we do business do not adequately or appropriately manage their risks, commit fraud or otherwise breach obligations owed to us.
- Emerging claim and coverage issues may adversely affect our business.
- Acquisitions, the addition of new lines of insurance or reinsurance business, expansion into new geographic regions and/or entering into joint ventures or partnerships expose us to risks.

- Our information technology systems and our pace of adoption of new technologies, including AI, may not be adequate to meet the demands of our customers or impact negatively our ability to compete with our peers.
- Technology failures caused by intentional and unintentional human and non-human actions may cause material disruption in the availability of the information technology systems we use in our business.
- We could be materially impacted by a cyber attack, data breach, ransomware, phishing, social engineering or other cybersecurity incident resulting in loss of business data, personal data and other confidential or secret information, a disruption in our business operations, regulatory or other legal action, and fines.
- Changes in criteria used by rating agencies which may result in a downgrade in our ratings, our inability to obtain a rating or a change in capital allocation or requirements for our operating insurance and reinsurance subsidiaries may adversely affect our relationships with clients and brokers and negatively impact sales of our products.
- Our ability to execute our business strategy successfully, continue to grow and innovate and offer our employees a dynamic and supportive workplace depends on the recruitment, retention and promotion of talented, agile, and resilient employees at all levels of our organization.
- Our success will depend on our ability to maintain and enhance effective operating procedures and internal controls and our ERM program.
- We are exposed to credit risk in certain of our business operations.
- Our business is subject to laws and regulations relating to economic trade sanctions and foreign bribery laws, the violation of which could adversely affect our operations.

Risks Relating to Financial Markets and Investments

- Adverse developments in the financial markets could have a material adverse effect on our results of operations, financial position and our businesses, and may also limit our access to capital; our policyholders, reinsurers and retrocessionaires may also be affected by such developments, which could adversely affect their ability to meet their obligations to us.
- Disruption to the financial markets and weak economic conditions resulting from situations such as supply/demand imbalances, inflation and political unrest may adversely and materially impact our investments, financial condition and results of operation.
- Foreign currency exchange rate fluctuation may adversely affect our financial results.
- The determination of the amount of current expected credit losses (“CECL”) allowances taken on our investments is highly subjective and could materially

impact our results of operations or financial position.

- Our reinsurance subsidiaries may be required to provide collateral to ceding companies, by applicable regulators, their contracts or other commercial considerations. Their ability to conduct business could be significantly and negatively affected if they are unable to do so.

Risks Relating to Our Mortgage Operations

- The ultimate performance of our mortgage insurance portfolios remains uncertain.
- If the volume of low down payment mortgage originations declines, or if other government housing policies, practices or regulations change, the amount of mortgage insurance we write in the U.S. or Australia could decline, which would reduce our mortgage insurance revenues.
- Changes to the role of the GSEs in the U.S. housing market or to GSE eligibility requirements for mortgage insurers or to the GSEs’ use of CRT could negatively impact our results of operations and financial condition or reduce our operating flexibility.
- The implementation of the Basel III Capital Accord and FHFA’s Enterprise Regulatory Capital Framework may adversely affect the use of mortgage insurance and SRT and CRT opportunities.

Risks Relating to Our Company

- Some of the provisions of our bye-laws and our shareholders agreement may have the effect of hindering, delaying or preventing third party takeovers or changes in management initiated by shareholders. These provisions may also prevent our shareholders from receiving premium prices for their shares in an unsolicited takeover.
- There are regulatory limitations on the ownership and transfer of our common shares.
- Arch Capital is a holding company and is dependent on dividends and other distributions from its operating subsidiaries.
- General market conditions and unpredictable factors could adversely affect market prices for our outstanding preferred shares.
- Dividends on our preferred shares are non-cumulative.
- Our preferred shares are equity and are subordinate to our existing and future indebtedness.
- The voting rights of holders of our preferred shares are limited.

Risks Relating to Taxation

- We are subject to increased taxation in Bermuda as a result of the Bermuda CIT Act, effective January 1, 2025 and may become subject to increased taxation in other countries as a result of the implementation of the OECD’s plan on “Base Erosion and Profit Shifting.”

Risks Relating to Our Industry, Business and Operations

We operate in a highly competitive environment, and we may not be able to compete successfully in our industry.

The insurance and reinsurance industry is highly competitive. We compete on an international and regional basis with major U.S. and non-U.S. insurers and reinsurers, many of which have greater financial, marketing and management resources than we do. See [“Competition”](#) in Item 1 for details on our competitors in each of the major segments we operate in. We compete on the basis of product offerings, pricing, terms and conditions, claims servicing and customer relationships. Other factors, such as our proven cycle management skills, our expertise in specialty lines of business and our use of technologies and data analytics are other factors, may differentiate us from our competitors. Any failure by us to effectively compete could adversely affect our financial condition and results of operations.

The insurance and reinsurance industry is highly cyclical, and we may at times experience periods characterized by excess underwriting capacity and unfavorable premium rates.

Historically, insurers and reinsurers have experienced significant fluctuations in operating results due to competition, frequency of occurrence or severity of catastrophic events, levels of capacity, general economic conditions, inflation, changes in equity, debt and other investment markets, changes in legislation, case law and prevailing concepts of liability and other factors. Demand for reinsurance is influenced significantly by the underwriting results of primary insurers and prevailing general economic conditions. The supply of insurance and reinsurance is related to prevailing prices and levels of surplus capacity that, in turn, may fluctuate in response to changes in rates of return being realized in the insurance and reinsurance industry on both underwriting and investment sides. As a result, the insurance and reinsurance business historically has been a cyclical industry characterized by periods of intense price competition due to excessive underwriting capacity as well as periods when shortages of capacity permitted favorable premium levels and changes in terms and conditions. The supply of insurance and reinsurance is increasing, either as a result of capital provided by new entrants or by the commitment of additional capital by existing insurers or reinsurers. Continued increases in the supply of insurance and reinsurance may have consequences for us, including fewer contracts written, lower New Insurance Written (“NIW”), lower premium rates, increased expenses for customer acquisition and retention, and less favorable policy terms and conditions.

The effects of inflation, trade and tariff disputes and other economic conditions impact the insurance and reinsurance industry in ways which may negatively impact our business, financial condition and results of operations.

While general economic inflation has eased in recent quarters, higher inflationary conditions may continue to remain in place. The potential also exists, after a catastrophe loss or geopolitical hostilities for the development of inflationary pressures in a local or regional economy. This may have a material effect on the adequacy of our reserves for losses and loss adjustment expenses, especially in longer-tailed lines of business. In addition, governmental actions in response to inflationary pressures, such as increasing interest rates, may have a material impact, such as on the market value of our investment portfolio, or on the size of the mortgage origination market available to be insured by our mortgage business. While we consider the anticipated effects of inflation in our pricing models, reserving processes and exposure management across all lines of business and types of loss including natural catastrophe events, the actual effects of inflation on our results cannot be accurately known until claims are settled. In addition, there are different types of inflation relevant to certain lines of business, the impact of which is difficult to accurately assess at this time. For example, in our mortgage business, the failure of general wages to keep pace with economic inflation, or increases in unemployment due to prolonged recessionary conditions, could prevent borrowers from being able to afford their mortgage payments and thereby increase the frequency of claims beyond our modeled results. Global recessionary conditions, including inflation, the slow recovery of certain sectors from the pandemic, predicted slow growth rates across key markets and other factors, will impact the insurance and reinsurance industry.

While our business has not been directly impacted by the existing and proposed Trump administration tariffs on imported goods, there may be a ripple effect on how these impact certain industries where we provide insurance or reinsurance. It is too early to determine the long-term effect, if any, of the Trump administration tariff policy, but sustained escalation of tariffs and trade disputes may result in a global economic slowdown which impacts us and our clients.

Claims for natural catastrophic events could cause large losses and substantial volatility in our results of operations and could have a material adverse effect on our financial position and results of operations.

We have large aggregate exposures to natural catastrophic events. Natural catastrophes can be caused by various events, including hurricanes, floods, wildfires, tsunamis, windstorms, earthquakes, hailstorms, tornadoes, severe winter weather, fires, droughts and other natural disasters. The frequency and severity of natural catastrophe activity has also been greater in recent years due to climate change caused in part by human actions and other related factors. Catastrophes can cause losses in non-property business such as workers' compensation or general liability. In addition to the nature of the property business, we believe that economic and geographic trends affecting insured property, including inflation, property value appreciation and geographic concentration tend to generally increase the size of losses from catastrophic events over time. Actual losses from future catastrophic events have varied materially from estimates due to the inherent uncertainties in making such determinations resulting from several factors, including the potential inaccuracies and inadequacies in the data provided by clients, brokers and ceding companies, the modeling techniques and the application of such techniques, the contingent nature of business interruption exposures, the effects of any resultant demand surge on claims activity and attendant coverage issues. In estimating our losses from catastrophic events our considerations can include factors such as overall market losses, additional claims information from our clients, multiple model views and proprietary scenario testing. All of the catastrophe modeling tools that we use or rely on to evaluate our catastrophe exposures are therefore based on significant assumptions and judgments and are subject to error and misestimation. As a result, our estimated exposures could be materially different than our actual results.

The impact of climate change will affect our loss limitation methods, such as the purchase of third party reinsurance and catastrophe risk modeling and risk selection in ways which may adversely impact our business, financial condition and results of operations.

Changing weather patterns and climatic conditions, such as global warming, have added to the unpredictability, severity and frequency of natural disasters. Uncertainty about complexities of climate change affects our ability to assess with certainty the full impact of climate change and creates uncertainty about future trends and exposures. Although the loss experience of catastrophe insurers and reinsurers has historically been characterized as low frequency, climate change has impacted the frequency and severity of extreme weather events and natural catastrophes such as hurricanes, tornado activity, other windstorms, floods, wildfires and

droughts in recent years and may continue to increase in the future.

Claims for catastrophic events, or an unusual frequency of smaller losses in a particular period, could expose us to large losses, cause substantial volatility in our results of operations and could have a material adverse effect on our ability to write new business if we are not able to adequately assess and reserve for the increased frequency and severity of catastrophes resulting from these environmental factors. Climate change and increasing catastrophic events could increase property damage to residential real estate secured by mortgages owned by the GSEs, and by extension could increase losses to CRT investors. Increasing catastrophic events could increase the cost of homeowners insurance and could negatively impact mortgagees' ability to meet their monthly housing payment obligations, and by extension could increase the frequency of claims. Additionally, climate change may make modeled outcomes less certain or produce new, non-modeled risks. Catastrophic events could result in increased credit exposure to reinsurers and other counterparties we transact business with, declines in the value of investments we hold and significant disruptions to our physical infrastructure, systems and operations. Climate change-related risks may also specifically adversely impact the value of the securities that we hold.

Changes in security asset prices may impact the value of our fixed income, real estate and commercial mortgage investments, resulting in realized or unrealized losses on our invested assets. These risks are not limited to, but can include: (i) changes in supply/demand characteristics for fossil fuels (*e.g.*, coal, oil, natural gas); (ii) advances in low-carbon technology and renewable energy development; and (iii) effects of extreme weather events on the physical and operational exposure of industries and issuers, and the transition that these companies make towards addressing climate risk in their own businesses.

We attempt to manage our exposure to these risks relating to climate change through the use of underwriting controls, proprietary and third party risk models, and the purchase of third party reinsurance. Underwriting controls can include more restrictive underwriting criteria such as higher premiums and deductibles, reduction in limits offered or losses retained, and more specifically excluded policy risks. Our exposure in connection with a catastrophic event is determined by market capacity, pricing conditions, regulatory capital requirements, our perceptions of underlying risk and surplus preservation. There can be no assurance that our reinsurance coverage and other measures taken will be sufficient to mitigate losses resulting from one or more catastrophic events. As a result, the occurrence of one or more catastrophic events and the

continuation and worsening of recent trends could have an adverse effect on our results of operations and financial condition.

Our insurance, reinsurance and mortgage subsidiaries are subject to supervision and regulation. Changes to existing regulation and supervisory standards, or failure to comply with applicable requirements, could adversely affect our business and results of operation.

Our insurance and reinsurance subsidiaries conduct business globally and are subject to varying degrees of regulation in the various jurisdictions in which they conduct business, including by state, federal and national insurance regulators. In August 2024, we were added to the list of IAIGs, subjecting our global operations to additional regulation and scrutiny. The purpose of insurance laws and regulations generally is to protect policyholders and ceding insurance companies, not our shareholders. See [“Regulation”](#) in Item 1.

We may not be able to comply fully with, or obtain appropriate exemptions from, these statutes and regulations, which could result in restrictions on our ability to do business or undertake activities that are regulated in one or more of the jurisdictions in which we conduct business and could subject us to fines and other sanctions. Local and regulatory authorities also may seek to exercise their supervisory or enforcement authority in new or more extensive ways, such as imposing increased capital requirements or limiting or impeding the oversight that we are able to exercise over our subsidiaries. Additionally, it is possible that requirements or guidance under one jurisdiction may be contradictory or divergent from requirements or guidance in other jurisdictions where we operate. Examples include disclosure requirements relating to climate change and sustainability. Regulatory fragmentation could affect the competitive market, how we are regulated and the way we conduct our business and manage our capital and could result in lower revenues and higher costs. As a result, such actions could have a material effect on our results of operations and financial condition.

We are subject to ongoing legal and policy actions around climate change which may result in additional requirements which could prompt us to shift our risk selection and business strategy in ways which may adversely impact our results of operations.

Governments, regulators, legislators and influential non-governmental organizations (“NGOs”) continue to develop laws, regulations and other requirements related to climate change. Regulatory and shareholder scrutiny of potential “greenwashing” also continues. We are subject to these evolving and often unpredictable requirements and policy debates, which are difficult to forecast or quantify and may adversely affect our business. Legislative or regulatory actions, as well as court decisions following major catastrophes, could require broader insurance coverage or otherwise negatively impact our operations. In addition, climate-related regulatory changes or our own strategic responses to climate risks could increase our operating costs or reduce premiums in certain business lines.

We are subject to CSRD and other EU and U.K. climate-related disclosure regulations, which require more extensive reporting than current U.S. rules. Proposed changes by the European Commission may further affect our obligations. We cannot predict how these or other evolving sustainability requirements across our jurisdictions will impact our operations, customers or shareholders.

Our efforts to address these risks rely on loss-mitigation measures, risk modeling, operating results and engagement with customers and shareholders. We continue to monitor industry and geographic developments, and our Board regularly considers these exposures. Although we may take strategic actions in response to legal and policy changes, there is no assurance these actions will fully address the risks or avoid material adverse effects on our results, financial condition or share price.

Sanctions imposed by the U.S., U.K. and EU on Russia and Russia-related businesses have impacted certain sectors in which we write business.

The ongoing Russia-Ukraine hostilities have created disruptions in certain sectors of the global economy. It is impossible to predict whether Russia will expand hostilities to other countries in Europe or elsewhere. The prolonged war has impacted the global energy sector and resulted in general increase in risks worldwide. Additionally, certain lines of business we write have been impacted by sanctions, such as the marine and energy lines of business, although the extent of the impact will depend on the outcome of the war in Ukraine and the nature of future sanctions packages. It is possible that the U.S. approach to Russian sanctions may diverge from that of the U.K. and EU in the future, which may cause uncertainty in certain lines of business such as marine and energy.

Certain U.S. policies and actions have created geopolitical risks which are not possible to manage or predict, some of which may result in uncertainty in the global markets.

Recent U.S. policies and actions, such as actions relating to Venezuela and Greenland, may jeopardize certain global alliances and create geopolitical uncertainty. While the long-term impact of these policies is currently unknown, these policies and other geopolitical tensions have resulted in, or could result in, volatile global capital markets, sanctions, trade restrictions and harm countries' relationships.

Our customers and policyholders may also be impacted by regulatory, technological, market or other risks relating to climate change in ways which we cannot predict with certainty and adversely impact our results of operations.

Our policyholders and customers are located primarily in countries and regions, such as the U.S., U.K., EU and Australia where there are regulatory, policy, legal and technological changes resulting from actions relating to climate change. In some cases, those policyholders and customers may not be able to shift their business strategies or adjust adequately to these changes, and their businesses may be negatively impacted or, in some cases, cease to exist. Climate change on a global and regional level may impact businesses on a temporary or permanent basis, resulting in shifting needs for our products and services in ways we cannot predict. More stringent regulations and other requirements imposed on our policyholders may negatively impact their ability to conduct business. As a result of these factors, our results of operations may be impacted by the loss of those customers or a shift in their patterns or levels of insurance coverage in ways we cannot predict.

We are subject to changes in governmental, investor and societal responses to climate change and sustainability-related issues, which may result in scrutiny of our business, litigation or adverse impacts to our share price and our results of operations.

Shareholders, investors and regulators have historically focused on climate and sustainability matters, leading to evolving and sometimes conflicting expectations and standards. Our leadership and Board assess these issues and evaluate where incorporating sustainability practices is appropriate for our business. Changes to governmental, investor and societal priorities could adversely impact our reputation, share price and results of operation or result in litigation.

We could face unanticipated losses from increased geopolitical tensions, hostilities, war, terrorism, cyber attacks, and general political instability, and these or other unanticipated losses could have a material adverse effect on our financial condition and results of operations.

We have substantial exposure to unexpected, large losses resulting from man-made catastrophic events, such as acts of war, regional hostilities, acts of terrorism, political instability, social unrest, cyber attacks and pandemics similar to the COVID-19 pandemic. These risks are inherently unpredictable. It is difficult to predict the timing of such events with statistical certainty or estimate the amount of loss any given occurrence will generate. In certain instances, we specifically insure and reinsure risks resulting from acts of terrorism. We may also insure against risk related to cybersecurity and cyber attacks. In addition, our exposure to cyber attacks includes exposure to 'silent cyber' risks, meaning risks and potential losses associated with policies where cyber risk is not specifically included nor excluded in the policies. Even in cases where we attempt to exclude losses from terrorism, cybersecurity and certain other similar risks from some coverages written by us, we may not be successful in doing so. Moreover, irrespective of the clarity and inclusiveness of policy language, there can be no assurance that a court or arbitration panel will not limit enforceability of policy language or otherwise issue a ruling adverse to us. Accordingly, while we believe our reinsurance programs, together with the coverage provided under the Terrorism Risk Insurance Act of 2002, as amended ("TRIA") are sufficient to reasonably limit our net losses relating to potential future terrorist attacks, we can offer no assurance that our available capital will be adequate to cover losses when they materialize. To the extent that an act of terrorism is certified by the Secretary of the Treasury and aggregate industry insured losses resulting from the act of terrorism exceeds the prescribed program trigger, our U.S. insurance operations may be covered under TRIA for up to 80% subject to (i) a mandatory deductible of 20% of our prior year's direct earned premium for covered property and liability

coverages, and (ii) an industry aggregate retention of \$53.4 billion. The program trigger for calendar year 2025 and any program year thereafter through 2027 is \$200 million. If an act (or acts) of terrorism result in covered losses exceeding the \$100 billion annual limit, insurers with losses exceeding their deductibles will not be responsible for additional losses. It is not possible to completely eliminate our exposure to unforecasted or unpredictable events, and to the extent that losses from such risks occur, our financial condition and results of operations could be materially adversely affected.

Underwriting risks and reserving for losses are based on probabilities and related modeling, which are subject to inherent uncertainties.

Our success is dependent upon our ability to assess accurately the risks associated with the businesses that we insure and reinsure. We establish reserves for losses and loss adjustment expenses which represent estimates based on actuarial and statistical projections, at a given point in time, of our expectations of the ultimate future settlement and administration costs of losses incurred. We utilize actuarial models as well as available historical insurance industry loss ratio experience and loss development patterns to assist in the establishment of loss reserves. Most or all of these factors are not directly quantifiable, particularly on a prospective basis, and the effects of these and unforeseen factors could negatively impact our ability to accurately assess the risks of the policies that we write. Changes in the assumptions used by these models or by management could lead to an increase in our estimate of ultimate losses in the future. In addition, there may be significant reporting lags between the occurrence of the insured event and the time it is reported to the insurer and additional lags between the time of reporting and final settlement of claims. In addition, the estimation of loss reserves is more difficult during times of adverse economic and market conditions due to unexpected changes in behavior of claimants and policyholders, including an increase in fraudulent reporting of exposures and/or losses, reduced maintenance of insured properties or increased frequency of small claims. Changes in the level of inflation also result in an increased level of uncertainty in our estimation of loss reserves. As a result, actual losses and loss adjustment expenses paid can deviate, perhaps substantially, from the reserve estimates reflected in our financial statements.

If our loss reserves are determined to be inadequate, we will be required to increase loss reserves at the time of such determination with a corresponding reduction in our net income in the period when the deficiency becomes known. It is possible that claims in respect of events that have occurred could exceed our claim reserves and have a material adverse effect on our results of operations, in a particular period, or our financial condition in general. As a

compounding factor, although most insurance contracts have policy limits, the nature of property and casualty insurance and reinsurance is such that losses and the associated expenses can exceed policy limits for a variety of reasons and could significantly exceed the premiums received on the underlying policies, thereby further adversely affecting our financial condition.

As of December 31, 2025, our consolidated reserves for unpaid losses and loss adjustment expenses, net of unpaid losses and loss adjustment expenses recoverable, were approximately \$24.5 billion. Such reserves were established in accordance with applicable insurance laws and GAAP. Loss reserves are inherently subject to uncertainty. In establishing the reserves for losses and loss adjustment expenses, 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. Any estimates and assumptions made as part of the reserving process could prove to be inaccurate due to several factors, including the fact that for certain lines of business relatively limited historical information has been reported to us through December 31, 2025.

The failure of any of the loss limitation methods we employ could have a material adverse effect on our financial condition or results of operations.

We seek to limit our loss exposure by writing a number of our reinsurance contracts on an excess of loss basis, adhering to maximum limitations on reinsurance written in defined geographical zones, limiting program size for each client and prudent underwriting of each program written. In the case of proportional treaties, we may seek per occurrence limitations or loss ratio caps to limit the impact of losses from any one or series of events. In our insurance operations, we seek to limit our exposure through the purchase of reinsurance. For our U.S. mortgage insurance business, in addition to utilizing reinsurance, we have developed a proprietary risk model that simulates the maximum probable loss resulting from a severe economic event impacting the housing market. We also seek to limit our loss exposure by geographic diversification, including by pricing adjustments in our U.S. mortgage insurance business. Geographic pricing decisions and zone limitations involve significant underwriting judgments, including the determination of the area of the zones and the inclusion of a particular policy within a particular zone's limits. Various provisions of our policies, negotiated to limit our risk, such as limitations or exclusions from coverage or choice of forum, may not be enforceable in the manner we intend, as it is possible that a court or regulatory authority could nullify or void an exclusion or limitation, or legislation could be enacted modifying or barring the use of these exclusions and limitations. Disputes relating to coverage and choice of legal

forum may also arise. Underwriting is inherently a matter of judgment, involving important assumptions about matters that are inherently unpredictable and beyond our control, and for which historical experience and probability analysis may not provide sufficient guidance. One or more catastrophic events or severe economic events could result in claims that substantially exceed our expectations, or the protections set forth in our policies could be voided, which, in either case, could have a material adverse effect on our financial condition or our results of operations, possibly to the extent of eliminating our shareholders' equity. In addition, factors such as global climate change limit the value of historical experience and therefore further limit the effectiveness of our loss limitation methods. See [“Catastrophic Events and Severe Economic Events”](#) in Item 7 for further details. Depending on business opportunities and the mix of business that may comprise our insurance, reinsurance and mortgage insurance portfolio, we may seek to adjust our self-imposed limitations on probable maximum pre-tax loss for catastrophe exposed business and mortgage default exposed business.

The availability of reinsurance, retrocessional coverage and capital market transactions to limit our exposure to risks may be limited, and counterparty credit and other risks associated with our reinsurance arrangements may result in losses which could adversely affect our financial condition and results of operations.

We manage risk using reinsurance, retrocessional coverage and capital markets transactions. Our insurance subsidiaries typically cede a portion of their premiums through pro rata, excess of loss and facultative reinsurance agreements. Our reinsurance subsidiaries purchase a limited amount of retrocessional coverage as part of their aggregate risk management program. In addition, our reinsurance subsidiaries participate in “common account” retrocessional arrangements for certain pro rata treaties. Such arrangements reduce the effect of individual or aggregate losses to all companies participating on such treaties, including the reinsurers, such as our reinsurance subsidiaries, and the ceding company. Economic conditions, including but not limited to unemployment, inflation, declining home prices or the impact of climate change could also have a material impact on our ability to manage our risk aggregations through reinsurance or capital markets transactions. The availability and cost of excess of loss reinsurance sold into the capital markets is subject to investor appetite and market conditions when compared to the terms and yield opportunities of other similar investment opportunities. As a result of these factors, we may not be able to successfully mitigate risk through reinsurance and retrocessional arrangements.

Further, we are subject to credit risk with respect to our reinsurance and retrocessions because the ceding of risk to reinsurers and retrocessionaires does not relieve us of our liability to the clients or companies we insure or reinsure. We monitor the financial condition of our reinsurers and attempt to place coverages only with carriers we view as substantial and financially sound. An inability of our reinsurers or retrocessionaires to meet their obligations to us could have a material adverse effect on our financial condition and results of operations. Our losses for a given event or occurrence may increase if our reinsurers or retrocessionaires dispute or fail to meet their obligations to us or the reinsurance or retrocessional protections purchased by us are exhausted or are otherwise unavailable for any reason. In certain instances, we also require collateral to mitigate our credit risk to our reinsurers or retrocessionaires. We are at risk that losses could exceed the collateral we have obtained. Our failure to establish adequate reinsurance or retrocessional arrangements or the failure of our existing reinsurance or retrocessional arrangements to protect us from overly concentrated risk exposure could adversely affect our financial condition and results of operations.

We could be materially adversely affected to the extent that important third parties with whom we do business do not adequately or appropriately manage their risks, commit fraud or otherwise breach obligations owed to us.

For certain lines of our insurance business, we authorize managing general agents, general agents and other producers to write business on our behalf within underwriting authorities prescribed by us. In addition, our mortgage group delegates the underwriting of a significant percentage of its primary new insurance written to certain mortgage lenders. Under this delegated underwriting program, the approved customer may determine whether mortgage loans meet our mortgage insurance program guidelines and commit us to issue mortgage insurance. We rely on the underwriting controls of these agents to write business within the underwriting authorities provided by us. Although we have contractual protections in some instances and we monitor such business on an ongoing basis, our monitoring efforts may not be adequate or our agents may exceed their underwriting authorities or otherwise breach obligations owed to us. In addition, our agents, our insureds or other third parties may commit fraud or otherwise breach their obligations to us. Our financial condition and results of operations could be materially adversely affected by any one of these issues.

While we conduct underwriting, financial, claims and information technology due diligence reviews and apply rigorous standards in the selection of these counterparties, there is no assurance they have provided us accurate or complete information to assess their risk or that they can manage effectively their own risks. The counterparties are also subject to the same global increase in cyber incidents, including ransomware, and we cannot offer assurances that these counterparties have sufficient technical and organizational controls to mitigate these risks. Consequently, we assume a degree of credit and operational risk of those parties, and a material failure to manage their risks may result in material losses or damage to us.

Emerging claim and coverage issues may adversely affect our business.

As industry practices and legal, social and new coverage issues change, unexpected and unintended issues related to claims and coverage may emerge, including new or expanded theories of liability. These or other changes could impose new financial obligations on us by extending coverage beyond our underwriting intent or otherwise require us to make unplanned modifications to the products and services that we provide, or cause the delay or cancellation of products and services that we provide. In some instances, these changes may not become apparent until sometime after we have issued insurance or reinsurance contracts that are affected by the changes. As a result, the full extent of liability under our insurance or reinsurance contracts may not be known for many years after a contract is issued. The effects of unforeseen developments or substantial government intervention could adversely impact us.

Acquisitions, the addition of new lines of insurance or reinsurance business, expansion into new geographic regions and/or entering into joint ventures or partnerships expose us to risks.

We have acquired other companies and selected blocks of business and also expanded our business lines and geographies and/or entered into joint ventures or partnerships as part of our strategy. The MCE Acquisition is an example of such expansion. We may seek, from time to time, to acquire other companies, acquire selected blocks of business, expand our business lines, expand into new geographic regions and/or enter into joint ventures or partnerships. Such activities expose us to challenges and risks, including: integrating financial and operational reporting systems; establishing satisfactory budgetary and other financial controls; funding increased capital needs, overhead expenses or cash flow shortages that may occur if anticipated sales and revenues are not realized or are delayed, whether by general economic or market conditions or unforeseen internal difficulties; obtaining management

personnel required for expanded operations; obtaining necessary regulatory permissions; and establishing adequate reserves for any acquired book of business. In addition, the value of assets acquired may be lower than expected or may diminish due to credit defaults or changes in interest rates; the liabilities assumed may be greater than expected; and assets and liabilities acquired may be subject to foreign currency exchange rate fluctuation. We may also be subject to financial exposures in the event that the sellers of the entities or business we acquire are unable or unwilling to meet their indemnification, reinsurance and other contractual obligations to us. Our failure to manage successfully any of the foregoing challenges and risks may adversely impact our results of operations.

Our information technology systems and our pace of adoption of new technologies, including AI, may not be adequate to meet the demands of our customers or impact negatively our ability to compete with our peers.

We are dependent on our information technology systems to conduct our business and drive strategic decisions based on data analytics. Our information technology systems also support areas of our business, such as mortgage servicing or underwriting pricing portals where we connect with third party information technology systems. Accordingly, we are highly dependent on the effective operation, availability and integrity of these systems. While we believe that the systems are adequate to service our business, there can be no assurance that they will operate in all manners in which we intend, possess all of the functionality required by customers currently or in the future or continuously operate without significant disruption.

Our customers and regulators require that our information technology systems perform as intended, whether they are hosted by us, managed by a third party on our behalf or rely on seamless electronic integrations with customer systems. Regulators and customers regularly request information about our cybersecurity program and disaster recovery plans. We must continually invest significant resources in maintaining, monitoring and enhancing our information technology systems' capabilities to meet customer needs and business strategy. Our business, financial condition and operating results may be adversely affected if we do not adequately maintain our information technology systems, both internal and third party, and continuously test and upgrade them. We continuously evaluate the adequacy of our information technology systems in order to ensure that we are utilizing the most appropriate technologies and innovating or adopting new technologies to support our underwriting business.

With new technologies and AI tools emerging at a rapid pace, there is no assurance that we will be able to evaluate and integrate new technologies or update our existing systems to keep pace with our competitors and customer needs. While we believe AI presents significant opportunities to support our strategic goals, we may not be successful in implementing AI technologies. It is possible that any AI we use does not perform as anticipated, suffers from “hallucinations” or that its outputs may not be as expected or may result in unlawful discrimination, which may put us at a competitive disadvantage, result in reputational damage and regulatory fines and actions.

Additionally, the regulatory landscape surrounding traditional AI and generative AI is evolving, and the expanded use of these technologies may become subject to regulatory scrutiny under new or existing laws. Moreover, the intellectual property and ownership rights associated with both forms of artificial intelligence have not been fully addressed by courts in the U.S. or in other jurisdictions that we operate in. We established the Artificial Intelligence Governance and Oversight Committee (“AIGOC”) to evaluate and approve new AI use cases and issue and oversee our Company’s Artificial Intelligence Policy. While we believe the AIGOC and our larger AI governance framework is responsive to new risks and regulations, failure to comply with the applicable AI-related regulations could result in fines, penalties, litigation, or restrictions on our business operations. These outcomes may have a materially adverse effect on our business or financial condition.

Technology failures caused by intentional and unintentional human and non-human actions may cause material disruption in the availability of the information technology systems we use in our business.

We rely on information technology systems to securely process, transmit, store and protect the confidential and electronic information, financial data and proprietary models that are critical to our business. Furthermore, a significant portion of the communications between our employees and our business partners and service providers depends on information technology and electronic information exchange. Like all companies, our information technology systems and the systems of third parties that we do business with are vulnerable to data breaches, interruptions or failures due to events that may be beyond our control, including, but not limited to, natural disasters, power outages, theft, terrorist attacks, computer viruses, hackers, employee or vendor error or misconduct, malicious actors, errors in usage or deepfake or social engineering or schemes, phishing attacks, other external hazards and general technology failures.

We rely on certain third party technology service providers and other service providers, notably major cloud providers, Software-as-a-Service (or “SaaS”) solutions, and on-premise software, including proprietary and open source solutions. We also outsource certain business processes to third parties and may continue do so in the future. This practice exposes us to increased risks if those third party systems, including AI technologies that may be in use, are not maintained and monitored in accordance with contractual terms, regulations or due to human error. There is no assurance that we will not be materially adversely affected by such incidents impacting our critical and important functions. See Item 1C, “[Cybersecurity](#)” for additional information.

We could be materially impacted by a cyber attack, data breach, ransomware, phishing, social engineering or other cybersecurity incident resulting in loss of business data, personal data and other confidential or secret information, a disruption in our business operations, regulatory or other legal action, and fines.

Cybersecurity incidents and attacks resulting in unauthorized access to our systems and those of third parties we use in our business could have a material impact on our business operations as a result of loss or misuse of our information, including personal data and sensitive data, and disruption to normal business operations. Specifically, these incidents, and the disruptions resulting therefrom, may impact the availability, reliability, speed, accuracy or other proper functioning of these systems.

The sophistication of cybersecurity threats, AI-powered cyber attacks such as deep fakes and brute force attacks, continues to increase. We and/or our SaaS or other third party providers are exposed to these risks and other cybersecurity risks which may arise in the future.

While we believe we have effective technical and organizational measures in place to prevent, detect, manage and mitigate the impact of data breaches and cybersecurity incidents caused by malicious actors, systemic failures or human error, we cannot offer complete assurances that significant data breaches on our systems and those of third parties we use will not occur.

We are subject to many laws and regulations relating to the adequacy of cybersecurity programs and business resiliency, including the SEC Cybersecurity Rules, and comprehensive privacy, security and business resiliency laws in the EU such as GDPR and DORA. Some U.S. industry regulators like the NYDFS in New York also impose comprehensive cybersecurity requirements on our U.S. operations. A cybersecurity incident could result in a violation of these and other applicable laws, resulting in damage to our reputation, loss of customers, decline in our stock price, litigation,

remediation costs, increased insurance premiums, employee dissatisfaction and/or monetary fines, penalties or litigation, any of which could adversely affect our business.

Based on our investigations and incident management, the Company does not believe these and other cybersecurity incidents we have experienced to date have materially affected the Company's business operations, but we cannot provide assurances that our controls will defend against all cyber attacks. See Item 1C, "[Cybersecurity](#)" for additional information.

Changes in criteria used by rating agencies which may result in a downgrade in our ratings, our inability to obtain a rating or a change in capital application or requirements for our operating insurance and reinsurance subsidiaries may adversely affect our relationships with clients and brokers and negatively impact sales of our products.

Similar to our competitors, a ratings downgrade or the potential for such a downgrade, or failure to obtain a necessary rating, could adversely affect our relationships with agents, brokers, wholesalers, intermediaries, clients and other distributors of our existing and new products and services. Some of our assumed reinsurance agreements include provisions that a ratings downgrade or other specified triggering event with respect to our reinsurance operations, such as a reduction in surplus by specified amounts during specified periods, provide our ceding company clients certain rights, including, the right to terminate the subject reinsurance agreement and/or to require us to post additional collateral. Any ratings downgrade or failure to obtain a necessary rating could adversely affect our ability to compete in our markets, could cause our premiums and earnings to decrease and could have a material adverse impact on our financial condition and results of operations. In some cases, a downgrade in ratings of certain of our operating subsidiaries may constitute an event of default under our credit facilities.

We can offer no assurances that our ratings will remain at their current levels. Changes in the criteria used by rating agencies may impact our capital position, our capital requirements and the treatment of certain items on our balance sheet. It is possible that rating agencies may modify their evaluation criteria, heighten the level of scrutiny they apply when analyzing companies in our industry, adjust upward the capital and other requirements employed in their models and/or discontinue recognition of credit and debt instruments or other structures deployed for maintenance of certain rating levels. We may need to raise additional funds through equity or debt financings or other investments. Any equity or debt financing, if available at all, may be on terms that are unfavorable to us. Equity financings could be dilutive to our existing shareholders and could result in the issuance of securities that have rights,

preferences and privileges that are senior to those of our outstanding securities. If we are not able to obtain adequate capital through such financings or through our investment strategy, our business, results of operations and financial condition could be adversely affected. See "[Capital Resources](#)" in Item 7 for further details.

For further information on our financial strength and/or issuer ratings, see "[Ratings](#)" in Item 1. For further information on our letter of credit facilities, see the Letter of Credit and Revolving Credit Facilities section of "[Contractual Obligations and Commercial Commitments](#)" in Item 7.

Our ability to execute our business strategy successfully, continue to grow and innovate and offer our employees a dynamic and supportive workplace depends on the recruitment, retention and promotion of talented, agile, and resilient employees at all levels of our organization.

The success of our business depends on attracting and retaining a capable and talented workforce. We provide a work environment and culture which reflects our goal to "Enable Possibility". We offer flexible and hybrid work arrangements, when possible, for our employees globally, as well as competitive compensation packages which include participation in our Employee Stock Purchase Plan and the possibility of equity awards at certain job levels. Over the past few years, we have also implemented and expanded our learning programs, career leveling and employee networks, all of which we believe will help us retain talent.

While our efforts to attract, develop and retain talented employees continues to be a top priority, we may not be able to compete successfully for talented executives and employees, which may adversely impact our ability to fully realize our business strategy.

Our success will depend on our ability to maintain and enhance effective operating procedures and internal controls and our ERM program.

We operate within an ERM framework designed to identify, assess and monitor our risks. We consider underwriting, reserving, investment, credit, group and operational risk in our ERM framework. Losses, reputational damage, regulatory fines, supervisory criticism, contractual disputes and litigation are among the adverse impacts which can arise if we fail to operate an effective ERM framework. Our operational risks include the ongoing obligation to comply with applicable laws, regulations, regulatory expectations, and legal standards across all jurisdictions where Arch conducts business. Additionally, operational risk and losses can result from, among other things, fraud, errors, failure to document transactions properly or to obtain proper internal authorization, failure to comply with regulatory requirements across all jurisdictions where Arch conducts

business, information technology or information security failures and failure to train employees appropriately or adequately. We continuously enhance our operating procedures and internal controls to effectively support our business and our regulatory and reporting requirements. As a result of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple error or mistake or circumvention of controls. There can be no assurance that our control system will succeed in achieving its stated goals under all potential future conditions. Any ineffectiveness in our controls or procedures could have a material adverse effect on our business. For further information on our ERM framework, see [“Enterprise Risk Management”](#) in Item 1.

We are exposed to credit risk in certain of our business operations.

In addition to exposure to credit risk related to our investment portfolio, reinsurance recoverables and reliance on brokers and other agents, we are exposed to credit risk in other areas of our business related to policyholders. We are exposed to credit risk in our insurance group’s surety unit where we guarantee to a third party that our policyholder will satisfy certain performance or financial obligations. If our policyholder defaults, we may suffer losses and be unable to be reimbursed by our policyholder. We are also exposed to credit risk from policyholders on smaller deductibles in other insurance group lines, such as healthcare and excess and surplus casualty. Although we have not experienced any material credit losses to date, an increased inability of our policyholders to meet their obligations to us could have a material adverse effect on our financial condition and results of operations. See [note 3, “Significant Accounting Policies.”](#)

Our business is subject to laws and regulations relating to economic trade sanctions and foreign bribery laws, the violation of which could adversely affect our operations.

We must comply with all applicable economic sanctions and anti-bribery laws and regulations of the U.S. and other foreign jurisdictions where we operate. U.S. laws and regulations applicable to us and others who provide insurance and reinsurance include the economic trade sanctions laws and regulations administered by the Treasury’s Office of Foreign Assets Control as well as certain laws administered by the U.S. Department of State. New sanctions regimes may be initiated, or existing sanctions expanded or lifted, at any time, which can immediately impact our business activities. Since the Russian invasion of Ukraine in 2022, there have been several sanctions packages

imposed by the U.S., U.K. and EU which impact our business. The sanctions are complex, numerous and nuanced, requiring close review and assessment as they pertain to our business. We are also subject to the U.S. Foreign Corrupt Practices Act and other anti-bribery laws such as the U.K. Bribery Act that generally bar corrupt payments or unreasonable gifts to foreign governments or officials. Although we have policies and controls in place designed to ensure compliance with these laws and regulations, it is possible that an employee or intermediary could fail to comply with applicable laws and regulations. In addition, we may interpret a complex sanction in a way which may differ from a regulator. In these cases, we could be exposed to fines, criminal penalties and other sanctions. Such violations could limit our ability to conduct business and/or damage our reputation, resulting in a material adverse effect on our financial condition and results of operations.

Risks Relating to Financial Markets and Investments

Adverse developments in the financial markets could have a material adverse effect on our results of operations, financial position and our businesses, and may also limit our access to capital; our policyholders, reinsurers and retrocessionaires may also be affected by such developments, which could adversely affect their ability to meet their obligations to us.

Adverse developments in the financial markets, resulting from inflation, global recessionary pressures, geopolitical conflict, liquidity conditions among other factors, can increase uncertainty and heighten volatility in the credit and equity markets. These developments may result in realized and unrealized losses on our investment portfolio that could have a material adverse effect on our results of operations, financial position and our businesses, and may also limit our access to capital required to operate our business. In addition, our policyholders, reinsurers and retrocessionaires may be affected by developments in the financial markets, which could adversely affect their ability to meet their obligations to us. Volatility in the financial markets could significantly affect our investment returns, reported results and shareholders’ equity.

The capital requirements of our businesses depend on many factors, including regulatory and rating agency requirements, the performance of our investment portfolio, our ability to write new business successfully, the frequency and severity of catastrophe events and our ability to establish premium rates and reserves at levels sufficient to cover losses.

Disruption to the financial markets and weak economic conditions resulting from situations such as supply/demand imbalances, inflation and political unrest may adversely and materially impact our investments, financial condition and results of operation.

Disruption in the financial markets and the downturn in global economic activity resulting from geopolitical conflict or economic decisions/trade wars, elevated financing rates, property market declines or other macro-and micro-economic conditions could adversely affect the valuation of securities in our investment portfolio. Credit deterioration spread widening and/or equity market volatility could result in temporary or permanent impairment. Elevated levels of inflation could drive higher U.S. and global interest rates, negatively impacting asset prices, particularly in fixed income and undermine financial flexibility of operating businesses. In addition, a lack of pricing transparency, decreased market liquidity, the strengthening or weakening of foreign currencies against the U.S. Dollar, individually or in tandem, could have a material adverse effect on our results through realized losses, impairments and changes in unrealized positions in our investment portfolio. Furthermore, issuers of the investments we hold under the equity method of accounting report their financial information to us one month to three months following the end of the reporting period. Accordingly, the adverse impact of any disruptions in global financial markets on equity method income from these investments would likely not be reflected in our current quarter results and would instead be reported in the subsequent quarter.

Our operating results depend in part on the performance of our investment portfolio. A significant portion of cash and invested assets held by Arch consists of fixed maturities (70.8% as of December 31, 2025). Although our current investment guidelines and approach emphasize preservation of capital, market liquidity and diversification of risk, our investments are subject to market-wide risks and valuation fluctuations. In addition, we are subject to risks inherent in particular securities or types of securities, as well as sector concentrations. We may not be able to realize our investment objectives, which could have a material adverse effect on our financial results. In the event that we are unsuccessful in calibrating the liquidity of our investment portfolio with our expected insurance and reinsurance liabilities, we may be forced to liquidate our investments at times and prices that are not optimal, which could have a material adverse effect on our financial results and ability to conduct our business.

Foreign currency exchange rate fluctuation may adversely affect our financial results.

We write business on a worldwide basis, and our results of operations may be affected by fluctuations in the value of currencies other than the U.S. Dollar. The primary foreign currencies in which we operate are the Euro, the British Pound Sterling, the Australian Dollar and the Canadian Dollar. In order to minimize the possibility of losses we may suffer as a result of our exposure to foreign currency fluctuations in our net insurance liabilities, we invest in securities denominated in currencies other than the U.S. Dollar. In addition, we may replicate investment positions in foreign currencies using derivative financial instruments. Changes in the value of available-for-sale investments due to foreign currency rate movements are reflected as a direct increase or decrease to shareholders' equity and are not included in the statement of income.

The determination of the amount of current expected CECL allowances taken on our investments is highly subjective and could materially impact our results of operations or financial position.

On a quarterly basis, we review our investments by applying an approach based on the CECL and whether declines in fair value below the cost basis requires an estimate of the expected credit loss. There can be no assurance that our management has accurately assessed the level of the credit loss allowance taken, as reflected in our financial statements. Furthermore, additional allowance may need to be taken or allowances provided for in the future. Further, rapidly changing and unpredictable credit and equity market conditions could materially affect the valuation of securities carried at fair value as reported within our consolidated financial statements and the period-to-period changes in value could vary significantly.

Our reinsurance subsidiaries may be required to provide collateral to ceding companies, by applicable regulators, their contracts or other commercial considerations. Their ability to conduct business could be significantly and negatively affected if they are unable to do so.

Arch Re Bermuda is a registered Bermuda insurance company and is not licensed or admitted as an insurer in any jurisdiction in the U.S., although Arch Re Bermuda has been approved as a "certified reinsurer" and a "reciprocal reinsurer" in certain U.S. states that allow for the reduction or elimination of statutory collateral for reinsurance ceded to such reinsurers. Arch Re Bermuda's contracts generally require it to post a letter of credit or provide other security, even in U.S. states where it has been approved for reduced collateral, upon the happening of certain events. State credit for reinsurance rules also generally provide that reinsurers such as Arch Re Bermuda must provide statutory collateral in the event their certified or reciprocal status is

“terminated” or 100% collateral upon the entry of an order of rehabilitation, liquidation or conservation against a ceding insurer.

Although, to date, Arch Re Bermuda has not experienced any difficulties in providing collateral when required, if we are unable to post security in the form of letters of credit or trust funds when required, the operations of Arch Re Bermuda could be significantly and negatively affected.

Risks Relating to Our Mortgage Operations

The ultimate performance of our mortgage insurance portfolios remains uncertain.

The mix of business in our insured loan portfolio may affect losses. The presence of multiple higher-risk characteristics in a loan materially increases the likelihood of a claim unless there are other characteristics to mitigate the risk. Changes in underwriting standards, loan terms or credit evaluation methodologies (including those driven by the GSEs, regulators or market competition) could result in a higher-risk mortgage insurance portfolio and increase the frequency and severity of claims, which could have a material adverse effect on our business, results of operation and financial condition. The geographic mix of our insured loan portfolio could also increase losses and harm our financial performance.

Mortgage insurance premiums are set at the time coverage is procured, based in part on the expected duration of the coverage. We cannot cancel mortgage insurance coverage or adjust renewal premiums during the life of the policy. Thus, higher than anticipated claims generally cannot be offset by premium increases on policies in force or mitigated by our non-renewal or cancellation of insurance coverage. Further, in the U.S., to the extent that the insured cancels coverage as a result of prior home price appreciation, the duration of coverage will be shorter, and we will receive less premium. The premiums charged, and the associated investment income, may not be adequate to compensate us for the risks and costs associated with the insurance coverage provided to customers. Intense competition within the private mortgage insurance industry and the potential for new entrants could result in lower premiums and/or negatively impact our level of NIW. A decrease in the amount of premium received or an increase in the number or size of claims, compared to what we anticipate, could adversely affect our results of operations and financial condition.

The frequency and severity of claims we incur is uncertain and will depend largely on general economic factors outside of our control, including, among others, changes in unemployment and home prices affordability. Inflated home prices followed by a decline in home values could significantly decrease a borrower’s equity in their home,

which would limit their ability to sell the property without incurring a loss and could increase the frequency and severity of claims. Changes to credit scoring models, data inputs or evaluation frameworks could result in borrowers being assessed as lower risk than their actual performance ultimately reflect, increasing uncertainty in default and claim performance due to model changes.

Monthly interest rate changes in Australia or the increasing cost of homeowners insurance in the U.S. could make a borrower’s monthly housing-related payment obligations increase and could increase the frequency of claims. Deteriorating economic conditions, potentially due to prolonged recessionary conditions increasing levels of unemployment and inflation, could adversely affect the performance of our mortgage insurance portfolio and could adversely affect our results of operations and financial condition.

If the volume of low down payment mortgage originations declines, or if other government housing policies, practices or regulations change, the amount of mortgage insurance we write in the U.S. or Australia could decline, which would reduce our mortgage insurance revenues.

The size of the U.S. and Australian mortgage insurance market depends in large part upon the volume of low down payment home mortgage originations. Increases to mortgage interest rates have materially increased financing costs, and as a result have decreased the number of qualified borrowers and the volume of low down payment mortgage originations. Other factors affecting the volume of low down payment mortgage originations include, among others: restrictions on mortgage credit due to stringent underwriting standards and liquidity issues affecting lenders; changes in affordability due to increased mortgage interest rates and home prices, and other economic conditions in the U.S., Australian and regional economies; population trends, including the rate of household formation and immigration; supply constraints and increased building costs; and U.S. and Australian government housing policy, including policies encouraging loans to first time home buyers.

The private mortgage insurers’ principal government competitor in the U.S. is the Federal Housing Administration (“FHA”). In 2023, the FHA reduced its annual mortgage insurance premium rates by 30bps from .85% to .55% for most single family mortgages. This change, and any future changes to the FHA program may, cause a decline in the volume of low down payment home mortgages purchased by the GSEs and negatively impact the amount of mortgage insurance we write in the U.S.

The FHFA as conservator of the GSEs continues to evaluate loan level price adjustments (“LLPAs”) and guarantees fees assessed by the GSEs when purchasing loans. Future pricing changes, which may include increasing LLPAs and guarantee fees, limiting the purchase of certain categories of loans, or restricting loan limits could cause a decline in the volume of low down payment home mortgage purchases by the GSEs and could negatively impact U.S. new insurance written and mortgage insurance revenues.

To reduce pressure on housing affordability in Australia, the Australian Government introduced the First Home Guarantee Scheme (“HGS”) in 2020, designed to support eligible first home buyers by allowing them to purchase a home with a deposit of as little as 5%. Under HGS, Housing Australia, the Australian Government’s independent national housing agency, provides a free guarantee to the lender of up to 15% of the value of the property for first home buyers, negating the requirement to pay for mortgage insurance. Since inception through 2025, the HGS was substantially expanded, negatively impacting the amount of mortgage insurance we write in Australia, and we cannot predict whether this will continue in the future.

Changes to the role of the GSEs in the U.S. housing market or to GSE eligibility requirements for mortgage insurers or to the GSEs’ use of CRT could negatively impact our results of operations and financial condition or reduce our operating flexibility.

Substantially all of Arch MI U.S.’s insurance written has been for loans sold to the GSEs. The charters of the GSEs require credit enhancement for low down payment mortgages to be eligible for purchase or guarantee by the GSEs. Any changes to the charters or statutory authorities of the GSEs would require congressional action to implement. If the charters of the GSEs were amended to change or eliminate the acceptability of private mortgage insurance, our mortgage insurance business could decline significantly.

On January 2, 2025, the U.S. Department of Treasury (the “Treasury Department”) and FHFA announced an agreement to amend the preferred stock purchase agreements between the Treasury Department and the GSEs, originally entered into in 2008, in order to, among other things, codify the requirement that Treasury consent before the conservatorships can be terminated, memorialize that ending the conservatorship should be based on consideration of the financial condition of the GSEs and the potential impact on the housing market, and outline an agreed upon process for eventual public input. If any GSE reform, including privatization, is pursued, whether through legislation or administrative action, it could impact the current role of private mortgage insurance as credit enhancement, including its reduction or elimination. Passage and timing of any comprehensive GSE reform or incremental

change (legislative or administrative) is uncertain, making the actual impact on the mortgage insurance industry difficult to predict. Furthermore, the FHFA and/or the GSEs could choose to reduce the amount of CRT protection purchased on their loan portfolios, which could reduce the CRT investment opportunities available for reinsurers. Future legislative or administrative action or changes to business practices related to the use or requirement for credit enhancement could have a material adverse impact on the Company.

The PMIERS apply to AMIC and UGRIC, which are eligible mortgage insurers. The PMIERS impose limitations on the type of risk insured, the forms and insurance policies issued, standards for geographic and customer diversification of risk, acceptable underwriting practices, quality assurance, loss mitigation, claims handling, reinsurance cessions and financial requirements, among other things. The financial requirements require a mortgage insurer’s available assets to meet or exceed “minimum required assets” as of each quarter end. In August 2024, the GSEs updated PMIERS to incorporate new deductions to the definition of available assets for investment risk. This update became effective March 31, 2025, but the impact will be phased in through September 30, 2026. Arch MI U.S.’s minimum required assets under the PMIERS will be determined, in part, by the particular risk profiles of the loans it insures. If, absent other changes, Arch MI U.S.’s mix of business changes to include more loans with higher loan-to-value ratios or lower credit scores, it will have a higher minimum required asset amount under the PMIERS and, accordingly, be required to hold more capital in order to maintain GSE eligibility. Our eligible mortgage insurers each satisfied the PMIERS’ financial requirements as of December 31, 2025. While we intend to continue to comply with these requirements, there can be no assurance that the GSEs will not change the PMIERS or that AMIC or UGRIC will continue as eligible mortgage insurers. If either or both of the GSEs were to cease to consider AMIC or UGRIC as eligible mortgage insurers and, therefore, cease accepting our mortgage insurance products, our results of operations and financial condition would be adversely affected.

The implementation of the Basel III Capital Accord and FHFA’s Enterprise Regulatory Capital Framework may adversely affect the use of mortgage insurance and SRT and CRT opportunities.

In 2017, the Basel Committee on Banking Supervision published final revisions to the Basel Capital Accord which is informally denominated in the U.S., as “Basel III Endgame.” The Basel Committee expects the new rules to be fully implemented by January 2027.

In 2023, the Federal banking agencies released a proposed rule to implement the Basel III Endgame in the United States, which would apply to banks with assets greater than \$100 billion. The proposal would increase the capital charges for mortgages held in portfolio and eliminate the capital relief currently afforded mortgage loans protected by private mortgage insurance, which could adversely affect the volume of mortgages originated by banks subject to the rule and the demand for mortgage insurance. With the change in the Presidential administration in 2025, and based on feedback received in response to the proposed rule, the Federal banking agencies have indicated an intent to repropose the Basel III Rules. In September 2025, Federal Reserve Vice Chair for Supervision, Michelle Bowman, stated that the U.S. bank regulators are working toward unveiling a revised Basel III Endgame by early 2026. She indicated that the revised proposal would be more “industry friendly” than prior versions, though the timing, requirements, and implementation of the repropounded rule remain uncertain.

While some countries outside of the EU have begun implementing the Basel III Endgame, both the U.K. and the EU have announced that the start of implementation will be delayed until January 1, 2027. In addition, the U.K. is considering applying different rules for smaller banks, and the EU is consulting on proposals to amend the EU Securitization Regulation (“SECR”) and Capital Requirements Regulation (“CRR”), which implement the Basel III Endgame. The proposed SECR and CRR amendments improve the capital relief EU banks receive from insurance-based SRT transactions in which the Company participates. The timing, requirements, and implementation of the final rules remain uncertain and subject to continued debate, which could negatively impact the capital relief afforded by the protection we provide and the volume of insurance-based SRT transactions in the EU.

In 2020, the FHFA published a new Enterprise Regulatory Capital Framework (“ERCF”) for Fannie Mae and Freddie Mac that significantly increased minimum capital requirements for the GSEs. The rule requires each GSE to maintain both higher minimum capital ratios and capital “buffers” to avoid restrictions on capital distributions and discretionary bonus payments. Changes were made to the ERCF in 2022 to incentivize CRT transactions, and in 2023 to address capital requirements for derivatives; market risk; multifamily loans; and exposures of an Enterprise to the other Enterprise.

The ERCF includes higher risk-capital charges for residential mortgages and continues to take into account the benefits of private mortgage insurance, provided the mortgage insurer is compliant with the PMIERS. The higher risk-capital charges for residential mortgages under the ERCF could be incorporated into future PMIERS amendments, thereby requiring mortgage insurers to hold higher capital levels in order to be recognized as an eligible insurer for the GSEs. This could have a negative impact on our return on equity.

Future changes to the ERCF, or the guarantee fees charged to acquire loans, could adversely impact credit for credit risk transfer, the capital relief afforded private mortgage insurance or the volume of loans purchased by the Enterprises and the demand for mortgage insurance.

Risks Relating to Our Company and Our Shares

Some of the provisions of our bye-laws and our shareholders agreement may have the effect of hindering, delaying or preventing third party takeovers or changes in management initiated by shareholders. These provisions may also prevent our shareholders from receiving premium prices for their shares in an unsolicited takeover.

Some provisions of our bye-laws could have the effect of discouraging unsolicited takeover bids from third parties or changes in management initiated by shareholders. These provisions may encourage companies interested in acquiring us to negotiate in advance with our Board, since the Board has the authority to overrule the operation of several of the limitations.

Among other things, our bye-laws provide: for a classified Board, in which the directors of the class elected at each annual general meeting holds office for a term of three years, with the term of each class expiring at successive annual general meetings of shareholders; that the number of directors is determined by the Board from time to time by a vote of the majority of the Board; that directors may only be removed for cause, and cause removal shall be deemed to exist only if the director whose removal is proposed has been convicted of a felony or been found by a court to be liable for gross negligence or misconduct in the performance of his or her duties; that the Board has the right to fill vacancies, including vacancies created by an expansion of the Board; and for limitations on a shareholder’s right to raise proposals or nominate directors at general meetings. Our bye-laws provide that certain provisions that may have anti-takeover effects may be repealed or altered only with prior Board approval and upon the affirmative vote of holders of shares representing at least 65% of the total voting power of our shares entitled generally to vote at an election of directors.

The bye-laws also contain a provision limiting the rights of any U.S. person (as defined in section 7701(a)(30) of the Internal Revenue Code of 1986, as amended (the "Code")) that owns shares of Arch Capital, directly, indirectly or constructively (within the meaning of section 958 of the Code), representing more than 9.9% of the voting power of all shares entitled to vote generally at an election of directors. The votes conferred by such shares of such U.S. person will be reduced by whatever amount is necessary so that after any such reduction the votes conferred by the shares of such person will constitute 9.9% of the total voting power of all shares entitled to vote generally at an election of directors. Notwithstanding this provision, the Board may make such final adjustments to the aggregate number of votes conferred by the shares of any U.S. person that the Board considers fair and reasonable in all circumstances to ensure that such votes represent 9.9% of the aggregate voting power of the votes conferred by all shares of Arch Capital entitled to vote generally at an election of directors. Arch Capital will assume that all shareholders (other than specified persons) are U.S. persons unless we receive assurance satisfactory to us that they are not U.S. persons.

The bye-laws also provide that the affirmative vote of at least 66 2/3% of the outstanding voting power of our shares (excluding shares owned by any person (and such person's affiliates and associates) that is the owner of 15% or more (a "15% Holder") of our outstanding voting shares) shall be required for various corporate actions, including: merger or consolidation of the company into a 15% Holder; sale of any or all of our assets to a 15% Holder; the issuance of voting securities to a 15% Holder; or amendment of these provisions; provided, however, the super majority vote will not apply to any transaction approved by the Board.

The provisions described above may have the effect of making more difficult or discouraging unsolicited takeover bids from third parties. To the extent that these effects occur, shareholders could be deprived of opportunities to realize takeover premiums for their shares and the market price of their shares could be depressed. In addition, these provisions could also result in the entrenchment of incumbent management.

There are regulatory limitations on the ownership and transfer of our common shares.

The jurisdictions where we operate have laws and regulations that require regulatory approval of a change in control of an insurer or an insurer's holding company. Where such laws apply to us, there can be no effective change in our control unless the person seeking to acquire control has filed a statement with the regulators and obtained prior approval for the proposed change. Certain regulators may at any time, by written notice, object to a person holding shares in an insurer or an insurer's holding

company if it appears to the regulator that the person is not or is no longer fit and proper to be such a holder. The regulator may require the shareholder to reduce its holding in the insurer or an insurer's holding company and direct, among other things, that such shareholder's voting rights attaching to the shares in an insurer or an insurer's holding company shall not be exercisable.

Arch Capital is a holding company and is dependent on dividends and other distributions from its operating subsidiaries.

Arch Capital is a holding company whose assets primarily consist of the shares in our subsidiaries. Generally, Arch Capital depends on its available cash resources, liquid investments and dividends or other distributions from subsidiaries to make payments, including the payment of debt service obligations and operating expenses it may incur and any payments of dividends, redemption amounts or liquidation amounts with respect to our preferred shares and common shares, and to fund the share repurchase program. The ability of our regulated insurance and reinsurance subsidiaries to pay dividends or make distributions is subject to legislative constraints and dependent on their ability to meet applicable regulatory standards. In addition, the ability of our insurance and reinsurance subsidiaries to pay dividends to Arch Capital and to intermediate parent companies owned by Arch Capital could be constrained by our dependence on financial strength ratings from independent rating agencies. Our ratings from these agencies depend to a large extent on the capitalization levels of our insurance and reinsurance subsidiaries.

General market conditions and unpredictable factors could adversely affect market prices for our outstanding preferred shares.

There can be no assurance about the market prices for our series of preferred shares that are traded publicly. Several factors, many of which are beyond our control, will influence the fair value of our preferred shares, including, but not limited to:

- whether dividends have been declared and are likely to be declared on any series of our preferred shares from time to time;
- our creditworthiness, financial condition, performance and prospects;
- whether the ratings on any series of our preferred shares provided by any ratings agency have changed;
- the market for similar securities; and
- economic, financial, geopolitical, social, regulatory or judicial events that affect us and/or the insurance or financial markets generally.

Dividends on our preferred shares are non-cumulative.

Dividends on our preferred shares are non-cumulative and payable only out of lawfully available funds of Arch Capital under Bermuda law. Consequently, if the Board (or a duly authorized committee of the Board) does not authorize and declare a dividend for any dividend period with respect to any series of our preferred shares, holders of such preferred shares would not be entitled to receive any such dividend, and such unpaid dividend will not accrue and will never be payable. Arch Capital will have no obligation to pay dividends for a dividend period on or after the dividend payment date for such period if the Board (or a duly authorized committee of the Board) has not declared such dividend before the related dividend payment date; if dividends on our series F or series G preferred shares are authorized and declared with respect to any subsequent dividend period, Arch Capital will be free to pay dividends on any other series of preferred shares and/or our common shares. We paid a special cash dividend on our common shares during fiscal year 2024, but there is no assurance that any dividend will be declared and paid in the future.

Our preferred shares are equity and are subordinate to our existing and future indebtedness.

Our preferred shares are equity interests and do not constitute indebtedness. As such, these preferred shares will rank junior to all of our indebtedness and other non-equity claims with respect to assets available to satisfy our claims, including in our liquidation. Our existing and future indebtedness may restrict payments of dividends on our preferred shares. Additionally, unlike indebtedness, where principal and interest would customarily be payable on specified due dates, in the case of preferred shares, (1) dividends are payable only if declared by the Board (or a duly authorized committee of the Board) and (2) as described under “Risks Relating to Our Company—Arch Capital is a holding company and is dependent on dividends and other distributions from its operating subsidiaries,” we are subject to certain regulatory and other constraints affecting our ability to pay dividends and make other payments.

We may issue additional securities that rank equally with or senior to our series F and series G preferred shares without limitation. The issuance of securities ranking equally with or senior to our preferred shares may reduce the amount available for dividends and the amount recoverable by holders of such series in the event of a liquidation, dissolution or winding-up of Arch Capital.

The voting rights of holders of our preferred shares are limited.

Holders of our preferred shares have no voting rights with

respect to matters that generally require the approval of voting shareholders. The limited voting rights of holders of our preferred shares include the right to vote as a class on certain fundamental matters that affect the preference or special rights of our preferred shares as set forth in the certificate of designations relating to each series of preferred shares. In addition, if dividends on our series F or series G preferred shares have not been declared or paid for the equivalent of six dividend payments, whether or not for consecutive dividend periods, holders of the outstanding series F or series G preferred shares will be entitled to vote for the election of two additional directors to the Board subject to the terms and to the limited extent as set forth in the certificate of designations relating to such series of preferred shares.

Risks Relating to Taxation

We are subject to increased taxation in Bermuda as a result of the Bermuda CIT Act, effective January 1, 2025 and may become subject to increased taxation in other countries as a result of the implementation of the OECD’s plan on “Base Erosion and Profit Shifting.”

The OECD, with the support of the G20, initiated the “Base Erosion and Profit Shifting” (“BEPS”) project in 2013 in response to concerns that changes are needed to international tax laws to address situations where multinationals may pay little or no tax in certain jurisdictions by shifting profits away from jurisdictions where the activities creating those profits may take place. In 2015, “final reports” were approved for adoption by the G20 finance ministers. The final reports provide the basis for international standards for corporate taxation that are designed to prevent, among other things, the artificial shifting of income to tax havens and low-tax jurisdictions, the erosion of the tax base through interest deductions on intercompany debt and the artificial avoidance of permanent establishments (i.e., tax nexus with a jurisdiction).

Legislation to adopt and implement these standards, including country by country reporting, has been enacted or is currently under consideration in a number of jurisdictions. As a result, our income may be taxed in jurisdictions where it is not currently taxed and at higher rates of tax than currently taxed, which may substantially increase our effective tax rate. Also, the continued adoption of these standards may increase the complexity and costs associated with tax compliance and adversely affect our financial position and results of operations.

In 2019, the OECD published a “Programme of Work,” divided into two pillars, which is designed to address the tax challenges created by an increasing digitalized economy. Pillar I addresses the broader challenge of a digitalized

economy and focuses on the allocation of group profits among taxing jurisdictions based on a market-based concept rather than historical “permanent establishment” concepts. In 2020, the OECD released a statement excluding most financial services activities, including insurance activities, from the scope of the profit reallocation mechanism in Pillar I (referred to under Pillar I as “Amount A”). The OECD statement cited the presence of commercial (rather than consumer) customers as grounds for the carve-out, but also acknowledged that a “compelling case” could be made that the consumer-facing business lines of insurance companies should be excluded from the scope of Pillar I given the impact of regulations and licensing requirements that typically ensure that residual profits are largely realized in local customer markets. However, profits from “unregulated elements of the financial services sector” remain in scope but only where revenue exceeds €20 billion. The revenue threshold is expected to be reduced to €10 billion following future review of the operation of Amount A. The review of when to reduce the revenue threshold begins beginning seven years after the effective date of Amount A.

Pillar II addresses the remaining BEPS risk of profit shifting to certain in-scope entities in low tax jurisdictions by introducing a global minimum tax (15%). In calculating whether the effective tax rate of an in-scope entity meets the minimum tax rate, certain deferred income tax assets and liabilities (“Deferred Tax Items”) reflected or disclosed in the financial accounts of an in-scope entity are taken into account. In 2021, 136 jurisdictions agreed on a two-pillar solution to address the tax challenges arising from the digitalization of the economy. In 2021, the OECD released Model Rules for implementation of Pillar II followed by the release of detailed commentary in 2022, with the latest update to the commentary in May 2025. The OECD has released additional administrative guidance on the global minimum tax in February, July and December of 2023, June of 2024, January of 2025 and January of 2026 (the Side-by-Side package). The 2025 guidance introduced a new interpretation (with retroactive effect) for determining the treatment of Deferred Tax Items, which may affect the effective tax rate calculations of an in-scope entity following a grace period including a potential write-off of a portion of the net deferred tax asset related to the economic transition adjustment established upon the enactment of the Bermuda CIT Act in 2023.

The members of the EU have either already adopted domestic legislation implementing the minimum tax rules, pursuant to the EU’s minimum tax directive, unanimously agreed by the member states in 2022 or have exercised their option to postpone implementation on the basis of certain exceptions available to countries that have a small number of multi-national groups to which the rules would apply. For many members of the EU that have adopted such rules, such rules are effective for periods beginning on or after

December 31, 2023, with the “under-taxed profit rule” taking effect for periods beginning on or after January 1, 2025. Legislatures in multiple countries outside of the EU have also drafted and/or enacted legislation to implement the OECD’s minimum tax proposal. Given the OECD’s continued release of guidance regarding Pillar II, that only certain jurisdictions have currently enacted laws to give effect to Pillar II, that some jurisdictions have just recently enacted such laws, that jurisdictions may interpret such laws in different manners, and that certain elements of such laws are currently subject to challenge pursuant to legal proceedings, the overall implementation of Pillar II remains uncertain and subject to change, possibly on a retroactive basis.

The Bermuda CIT Act was enacted in December 2023 and is effective for tax years beginning on or after January 1, 2025. The Bermuda Government announced in its Second Public Consultation that any new Bermuda corporate income tax regime would supersede existing Tax Assurance Certificates held by entities within the scope of the new Bermuda corporate income tax (such as those issued to us, referred to above under “—Taxation of Arch Capital. Bermuda.”). Thus, with effect from January 1, 2025, Arch Capital is subject to tax on income or profits under the Bermuda CIT Act.

It is expected that the Bermuda CIT Act generally will prevent or mitigate the risk of other adopting countries from collecting “top-up” taxes from Bermuda companies to reach the 15% minimum rate, although the continued evolution of the implementation of Pillar II may in some cases mean that the Bermuda CIT Act does not avoid a “top-up” tax in all scenarios. In addition, the Tax Credits Act 2025 (the “Credits Act”) was enacted in Bermuda on December 11, 2025, and is effective for tax years beginning on or after January 1, 2025. The tax credits under the Credits Act are intended to qualify as qualified refundable tax credits for purposes of the Pillar II rules. Arch Capital currently expects to receive a material tax benefit as a result of such tax credits, but the extent of such tax benefit may be impacted by any further revisions to the implementation of Pillar II.

The adoption of the tax laws described above (in particular, the adoption of an “under-taxed profit rule” by certain countries in which we and our affiliates do business and the enactment of a corporate income tax regime in Bermuda) are expected to result in an increase to our effective tax rate and aggregate tax liability, which may adversely affect our financial position and results of operations, and is expected to increase the complexity and cost of our worldwide tax compliance. Such tax laws may not be enacted or the form of such tax laws could change on a prospective or retroactive basis. The impact of any such changes is unknown, but such changes could have an adverse effect on our effective tax rate and aggregate tax liability and could increase the complexity and costs associated with our tax compliance worldwide.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

Risk management and strategy

We prioritize the management of cybersecurity risk and the protection of information across our enterprise by embedding data protection and cybersecurity risk management in our operations. Our processes for assessing, identifying, and managing material risks from cybersecurity threats have been integrated into our overall risk management system and processes. For example, to identify and assess risks from cybersecurity threats, our enterprise risk management program considers cybersecurity as part of the Company's risk assessment process, and our risk management framework requires risk owners to monitor key risks such as cybersecurity on a continuous basis. See Item 1, "[Business—Enterprise Risk Management](#)" for additional information.

As a foundation of our approach to cybersecurity risk, we have implemented processes at several levels across our enterprise to help assess, identify and manage cybersecurity risks and incidents. Our privacy and information security policies and standards cover topics such as information sharing, privacy, data handling and data management as well as more detailed information technology ("IT") processes encompassing incident response, access control, artificial intelligence, disaster recovery and testing, among other areas. These policies and standards are regularly reviewed and updated at least annually based on the risk and regulatory environment in which we operate. We closely monitor privacy and cybersecurity, AI and operational resilience laws, regulations and guidance applicable to us. See Item 1, "[Business—Regulation—Cybersecurity and Privacy](#)" for additional details.

We use many third parties for IT functions and our vendor management group performs information security risk assessments on our third party service providers with respect to their ability to protect data from unauthorized access, and on a risk weighted basis, we perform re-assessments routinely. The Company also requires these third party service providers to adhere to privacy and cybersecurity measures and has a third party service provider monitoring program in place that reviews changes to the security posture of certain higher risk third party service providers.

Our operations rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Computer viruses, hackers, employee or vendor error or misconduct, and other external hazards could expose our information systems and those of our vendors to security breaches, cybersecurity incidents or other disruptions, any of which could materially and adversely affect our ability to conduct our business. We annually undergo an external penetration testing by a third party cybersecurity firm. These tests and our tabletop exercises enable us to incorporate recommendations and learnings in our program. While we and third parties with which we do business have experienced cybersecurity incidents, to date, the Company does not believe that any previous cybersecurity incidents have materially affected the Company.

The sophistication of cybersecurity threats, including through the use of AI, continues to increase, and the controls and preventative actions that we take to reduce the risk of cybersecurity incidents and protect our systems, including the regular testing of our cybersecurity incident response plan, may be insufficient. In addition, new technology that could result in greater operational efficiency such as AI may further expose our information systems to the risk of cybersecurity incidents. See Item 1A, "Risk Factors—Risk Relating to Our Industry, Business & Operations—Technology failures and cyber attacks, including, but not limited to, ransomware, exploitation in software or code with malicious intent, state-sponsored cyber attacks, as well as vulnerabilities relating to new technologies, such as generative AI, may impact us or our business partners and service providers, causing a disruption in service and operations which could materially and negatively impact our business and/or expose us to litigation."

Governance

As part of our overall risk management approach, we recognize the importance of identifying and managing cybersecurity risk at several levels, including Board oversight, executive commitment and employee training. Our Audit Committee, comprised of independent directors from our Board, oversees the Board's responsibilities relating to the operational (including IT risks, business continuity and data security) risk affairs of the Company. Our Audit Committee is informed of such risks through quarterly reports from our Chief Information Officer ("CIO") and Chief Operations Officer ("COO"), with input from our Chief Information Security Officer ("CISO").

Our cybersecurity and IT executives include our CIO, who has 35 years of experience in Information Technology, including 22 years in the financial services space. His responsibilities as the CIO include all areas of Information Technology and information security oversight. Our CISO, has 20 years of experience in information security. The CISO holds certifications from leading security associations. The information security personnel reporting to the CISO hold various leading security certifications. The CISO, reporting to the CIO, oversees the implementation and compliance of our information security standards and mitigation of related risks. We also have three management level committees and a team that supports our processes to assess and manage cybersecurity risk.

- The Privacy and Security Committee ("P&S Committee"), co-chaired by the CISO and our Deputy General Counsel, brings together Information Security, legal, compliance, human resources and other function leads. The P&S Committee provides a forum for these cross-functional members of management to: consider new laws and regulations relating to privacy and security; consider emerging risks relating to cybersecurity and data protection; approve, review and update policies and standards as appropriate; and promote cross-functional collaboration to manage cybersecurity and privacy risks across the enterprise.

- The Operational Risk Committee ("ORC"), comprised of senior IT, operations, risk, legal and compliance leaders across business segments, manages risks from matters related to business continuity including risks posed by cybersecurity threats, and implements controls to mitigate such operational risks. Among other processes, the ORC reviews the Company's programs and processes related to business operations and resiliency, including crisis incident management and cyber risk response, third party risk, vendor management, facilities, unplanned downtime, business disruption, business continuity and disaster recovery. Key information reviewed by the ORC, including as it relates to cybersecurity, are included in the COO's quarterly report to the Audit Committee.
- The Crisis Incident Management Team ("CIMT"), which includes senior executives across the Company, is alerted as appropriate to cybersecurity incidents, natural disasters and business outages. Each quarter, the CIMT exercises its communication plan to confirm that its members can be alerted quickly in the event of an actual crisis and meet as a team to discuss the event and response options.
- The IT Steering Committee ("IT Committee", which includes our CIO, CISO, COO and members of executive leadership, oversees IT initiatives while considering cybersecurity risk mitigation with respect to these initiatives.
- The Artificial Intelligence Governance and Oversight Committee ("AIGOC"), which includes senior executives from IT, legal, compliance, risk and analytics, focuses on the governance of AI through the Company Artificial Intelligence Policy, annual training and vetting new AI technologies. New AI use cases presented to the AIGOC for approval include a review of cybersecurity controls, among other considerations such as regulatory and business factors.

The P&S Committee, ORC, CIMT, AIGOC and IT Committee are comprised of executives with reporting lines to the CIO and/or the COO.

At the employee level, we maintain an experienced IT security team tasked with ongoing reviews of our technology systems, implementation of our privacy and cybersecurity program and support for the CIO and CISO in carrying out their reporting, security and mitigation functions. We also hold employee training on privacy and cybersecurity, records and information management, conduct regular phishing tests and generally seek to promote awareness of cybersecurity risk through communication and education to all our employees.

ITEM 2. PROPERTIES

We lease office space in Bermuda where our principal offices are located. Our insurance group leases space for offices in the U.S., Canada, Bermuda, U.K., Europe and Australia. Our reinsurance group leases space for offices in the U.S., Bermuda, U.K., Europe, Canada and Dubai. Our mortgage group leases space for offices in the U.S., Bermuda and Australia. We believe that the above described office space is adequate for our needs. However, as we continue to develop our business, we may open additional office locations in 2026.

ITEM 3. LEGAL PROCEEDINGS

We, in common with the insurance industry in general, are subject to litigation and arbitration in the normal course of our business. As of December 31, 2025, we were not a party to any litigation or arbitration which is expected by management to have a material adverse effect on our results of operations and financial condition and liquidity.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

HOLDERS

As of February 6, 2026, and based on information provided to us by our transfer agent and proxy solicitor, there were 976 holders of record of our common shares (Nasdaq: ACGL) and approximately 646,333 beneficial holders of our common shares.

ISSUER PURCHASES OF EQUITY SECURITIES

The following table summarizes our purchases of common shares for the 2025 fourth quarter:

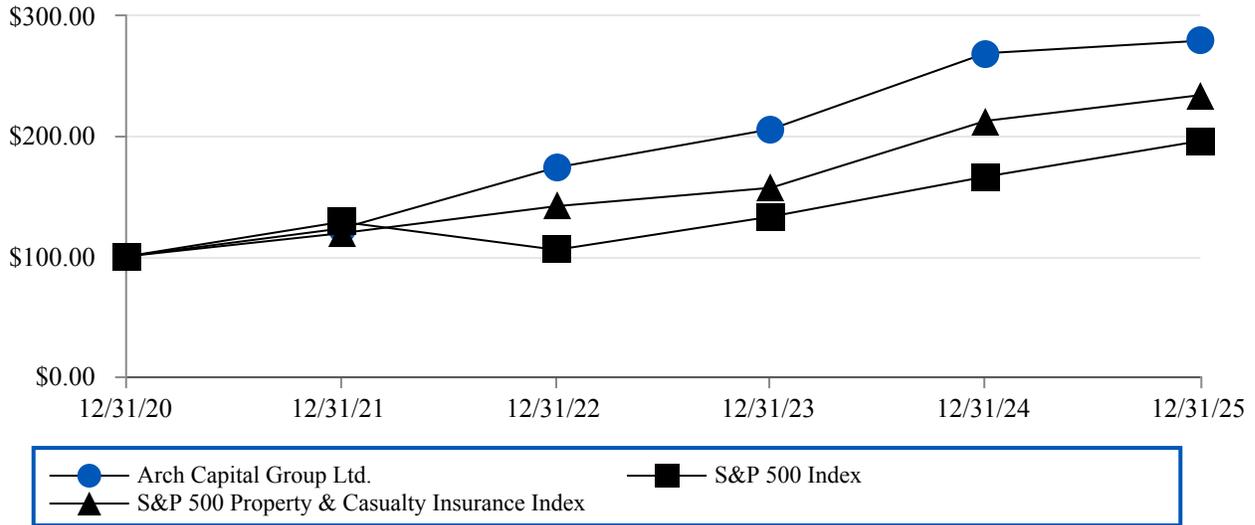
Period	Issuer Purchases of Common Shares			
	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet be Purchased Under the Plan or Programs (\$000's) (2)
10/1/2025-10/31/2025	3,532,228	\$ 89.07	3,532,228	\$ 1,590,313
11/1/2025-11/30/2025	3,479,250	\$ 89.13	3,469,676	\$ 1,281,163
12/1/2025-12/31/2025	1,858,791	\$ 93.71	1,858,788	\$ 1,107,004
Total	8,870,269	\$ 90.07	8,860,692	

- (1) This column represents (in whole shares) open market share repurchases, including an aggregate of nil shares, 9,574 shares and 3 shares repurchased by Arch Capital during October, November and December, respectively, other than through publicly announced plans or programs. We repurchased these shares from employees in order to facilitate the payment of withholding taxes on restricted and performance shares granted and the exercise of stock appreciation rights, in each case at their fair value as determined by reference to the closing price of our common shares on the day the restricted and performance shares vested or the stock appreciation rights were exercised.
- (2) This column represents the remaining approximate dollar amount available at the end of each applicable period under Arch Capital's repurchase authorization. On September 4, 2025, the Company increased its authorization for its existing \$1.0 billion share repurchase program by \$2.0 billion, and having no expiration date. Repurchases may be effected from time to time in open market or privately negotiated transactions.

PERFORMANCE GRAPH

The following graph compares the cumulative total shareholder return on our common shares for each of the last five years through December 31, 2025 to the cumulative total return, assuming reinvestment of dividends, of (1) S&P 500 Composite Stock Index (“S&P 500 Index”) and (2) the S&P 500 Property & Casualty Insurance Index. The share price performance presented below is not necessarily indicative of future results.

CUMULATIVE TOTAL SHAREHOLDER RETURN (1)(2)(3)



Company Name/Index	Base Period					
	12/31/20	12/31/21	12/31/22	12/31/23	12/31/24	12/31/25
● Arch Capital Group Ltd.	\$100.00	\$123.23	\$174.05	\$205.91	\$269.25	\$279.66
■ S&P 500 Index	\$100.00	\$128.71	\$105.40	\$133.10	\$166.40	\$196.16
▲ S&P 500 Property & Casualty Insurance Index	\$100.00	\$119.28	\$141.79	\$157.12	\$212.86	\$234.32

- (1) Stock price appreciation plus dividends.
- (2) The above graph assumes that the value of the investment was \$100 on December 31, 2020.
- (3) This graph is not “soliciting material,” is not deemed filed with the SEC and is not to be incorporated by reference in any filing by us under the Securities Act of 1933 or the Securities and Exchange Act of 1934, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion and analysis of the financial condition and results of operations for the year ended December 31, 2025 and 2024. Comparisons between 2024 and 2023 have been omitted from this Form 10-K, but may be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of the Company's Annual Report on Form 10-K year ended December 31, 2024 filed with the SEC. This discussion and analysis contains forward-looking statements which involve inherent risks and uncertainties. All statements other than statements of historical fact are forward-looking statements. These statements are based on our current assessment of risks and uncertainties. Actual results may differ materially from those expressed or implied in these statements and, therefore, undue reliance should not be placed on them. Important factors that could cause actual events or results to differ materially from those indicated in such statements are discussed in this report, including the sections entitled "[Cautionary Note Regarding Forward-Looking Statements](#)," and "[Risk Factors](#)."

This discussion and analysis should be read in conjunction with our audited consolidated financial statements and notes thereto presented under [Item 8](#). All amounts are in millions, except per share amounts, unless otherwise noted.

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OVERVIEW

Arch Capital Group Ltd. (“Arch Capital” and, together with its subsidiaries, “we” or “us”) is a publicly listed Bermuda exempted company with approximately \$26.9 billion in capital at December 31, 2025 and is part of the S&P 500 index. Through operations in Bermuda, the United States, United Kingdom, Europe, Canada and Australia, we write specialty lines of property and casualty insurance and reinsurance, as well as mortgage insurance and reinsurance, on a worldwide basis. It is our belief that our underwriting platform, experienced management team and strong capital base enable us to establish a strong presence in the markets where we operate.

The worldwide property casualty insurance and reinsurance industry is highly competitive and has traditionally been subject to an underwriting cycle. In that cycle, a “hard” market is evidenced by high premium rates, restrictive underwriting standards, narrow terms and conditions, and strong underwriting profits for insurers. A “hard” market typically attracts new capital and new entrants to the market and is eventually followed by a “soft” market, which has characteristics of low premium rates, relaxed underwriting standards, broader terms and conditions, and lower underwriting profits for insurers. Market conditions in the property and casualty arena may affect, among other things, the demand for our products, our ability to increase premium rates, the terms and conditions of the insurance policies we write, changes in the products offered by us or changes in our business strategy.

The financial results of the property casualty insurance and reinsurance industry are influenced by factors such as the frequency and/or severity of claims and losses, including natural disasters or other catastrophic events, variations in interest rates and financial markets, changes in the legal, regulatory and judicial environments, inflationary pressures and general economic conditions. These factors influence, among other things, the demand for insurance or reinsurance, the supply of which is generally related to the total capital of competitors in the market.

Mortgage insurance and reinsurance are subject to similar cycles to property casualty except that they have historically been more dependent on macroeconomic conditions.

CURRENT OUTLOOK

We reported very good results for 2025, with an annualized net income return on average common equity and operating return on average common equity of 20.1% and 17.1%, respectively. See [“Comment on Non-GAAP Financial Measures.”](#) Meaningful contributions from all three segments along with solid investment returns resulted in book value growth for 2025 of 22.6%. Our strong balance sheet and capital-generating capabilities permit us to both invest in our business and return capital to investors. During 2025, we repurchased \$1.9 billion of Arch common shares.

As we head into 2026 with measured optimism and increased competition across our property and casualty businesses, our commitment to deliver long-term value for our shareholders remains unchanged. Critical to our cycle management is emphasizing risk selection, as we continue to leverage our diversified specialty platform and the expertise of our underwriting teams. We invest and use data and analytics to sharpen insights, enhance risk selection and deliver a differentiated customer experience while fostering a culture that attracts the best-in-class talent. We closed 2025 with a balance sheet in excellent health, giving us optionality as we remain prudent stewards of the capital entrusted to us by our shareholders.

Our insurance segment reported \$375 million of underwriting income in 2025, with net premium written nearly \$7.8 billion, an increase of 13.4% from 2024. Growth in net premiums written primarily resulted from the U.S MidCorp and Entertainment insurance businesses acquired from Allianz on August 1, 2024 (“MCE Acquisition”). The acquired business further expands our insurance platform, providing more opportunities to capitalize on attractive margins. Across the insurance platform, our underwriters continue to pursue growth in areas where risk-adjusted returns exceed or meet our long-term objectives. In North America, the casualty rate environment is largely keeping pace with loss cost trends, while pricing in our international business units is tracking slightly below loss trends. In North America, we continue to grow in specialty casualty lines, including alternative markets, construction and E&S casualty. Within each geography, consistent with our cycle management approach, we adjust our business mix in response to changing market conditions and pricing dynamics.

Our reinsurance segment contributed \$1.6 billion of underwriting income in 2025. At the January 1, 2026 renewals, property catastrophe and more generally short-tail excess of loss renewals were highly competitive with rates down 10% to 20%. Despite these headwinds, our underwriting teams leveraged the strength of our platform and trading relationships to source new opportunities that mitigate the impact of the rate pressure in the market. We are growing selectively and focusing on areas where margins are attractive. We continue to like our prospects in most lines of business and, with improving conditions in casualty lines, our agility and ability to create opportunities is an advantage for us in this market. Our diversified reinsurance platform, supported by strong partnerships with brokers and cedants across multiple lines and geographies, further enhance our ability to navigate a competitive environment.

Our mortgage segment continued to deliver a steady level of earnings, generating \$1.0 billion of underwriting income in 2025, resulting in the fourth consecutive year exceeding the \$1 billion threshold. While lower mortgage rates are beginning to support increased origination activity, the current market is still constrained due to affordability challenges. Underlying fundamentals remained strong and our U.S. market share was stable as industry pricing discipline held. Our team remains focused on underwriting discipline, expense management and enhancing our data and analytical platforms to further optimize the business. The persistency of our in-force U.S. primary mortgage insurance portfolio remained a healthy 81.8% and our delinquency rate remained low. We continue to expect the mortgage segment to serve as a steady diversifying contributor to our overall earnings and generate attractive underwriting income given the high credit quality of our in-force portfolio.

FINANCIAL MEASURES

Management uses the following three key financial indicators in evaluating our performance and measuring the overall growth in value generated for Arch Capital's common shareholders:

Book Value per Share

Book value per share represents total common shareholders' equity available to Arch divided by the number of common shares and common share equivalents outstanding. Management uses growth in book value per share as a key measure of the value generated for our common shareholders each period and believes that book value per share is the key driver of Arch Capital's share price over time. Book value per share is impacted by, among other factors, our underwriting results, investment returns and share repurchase activity, which has an accretive or dilutive impact on book value per share depending on the purchase price. Book value per share was \$65.11 at December 31, 2025, a 22.6% increase from \$53.11 at December 31, 2024. The growth in book value per share in 2025 primarily reflected strong underwriting and investment returns.

Operating Return on Average Common Equity

Operating return on average common equity ("Operating ROAE") represents annualized after-tax operating income available to Arch common shareholders divided by average common shareholders' equity available to Arch during the period. After-tax operating income available to Arch common shareholders, a "non-GAAP measure" as defined in the SEC rules, represents net income available to Arch common shareholders, excluding net realized gains or losses (which includes, but is not limited to, realized and unrealized changes in the fair value of equity securities and assets accounted for using the fair value option, realized and unrealized gains or losses on derivative instruments, changes in the allowance for credit losses on financial assets and gains or losses realized from the acquisition or disposition of subsidiaries), equity in net income or loss of investments accounted for using the equity method, net foreign exchange gains or losses, transaction costs and other, loss on redemption of preferred shares and income taxes. Management uses Operating ROAE as a key measure of the return generated to Arch common shareholders. See "Comment on Non-GAAP Financial Measures."

Our annualized net income return on average common equity was 20.1% for 2025, compared to 22.8% for 2024. Our Operating ROAE was 17.1% for 2025, compared to 18.9% for 2024. Returns for the 2025 period reflected strong underwriting and investment returns.

Total Return on Investments

Total return on investments includes investment income, equity in net income or loss of investments accounted for using the equity method, net realized gains or losses and the change in unrealized gains or losses generated by Arch's investment portfolio. Total return is calculated on a pre-tax basis before investment expenses and reflects the effect of financial market conditions along with foreign currency fluctuations. Management uses total return on investments as a key measure of the return generated for Arch common shareholders on the capital held in the business, and compares the return generated by our investment portfolio against benchmark returns. See ["Comment on Non-GAAP Financial Measures."](#)

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

	Arch Portfolio	Benchmark Return
Year Ended December 31, 2025	8.52%	8.78%
Year Ended December 31, 2024	5.08%	5.22%

Total return for 2025 primarily reflected the effects of lower bond yields, a weaker U.S. dollar and equity market returns. The portfolio slightly underperformed their benchmark returns, primarily due to the impairment and sale of certain alternative investments accounted for using the equity method. The allocation of our portfolio remained neutral relative to our targeted benchmark. We continue to maintain a relatively short duration on our fixed income portfolio of 3.34 years at December 31, 2025.

The benchmark return index is a customized combination of indices intended to approximate a target portfolio by asset mix and average credit quality with a fixed income component matching the approximate estimated duration and currency mix of our insurance and reinsurance liabilities. It is recalibrated annually. Although the estimated fixed income duration and average credit quality of this index will move as the duration and rating of its constituent securities change, generally we do not adjust the composition of the benchmark return index during the year except to incorporate changes to the mix of liability currencies and durations noted above. The benchmark return index should not be interpreted as expressing a preference for or aversion to any particular sector or sector weight. At December 31, 2025, the fixed income portion of the benchmark had an average credit quality of "A1" by Moody's and an estimated fixed income duration of 3.18 years.

The benchmark return index included weightings to the following indices:

	%
ICE BofA 1-10 Year U.S. Corporate Index	26.70
Yield on 3-5 Year U.S. Treasury Index plus 6%	17.00
ICE BofA 1-10 Year U.S. Treasury Index	15.00
ICE BofA 0-3 Month U.S. Treasury Index	3.00
JPM CLOIE Investment Grade	6.00
ICE BofA 1-5 Year U.K. Gilt Index	5.25
ICE BofA U.S. High Yield Constrained Index	5.00
ICE BofA U.S. ABS & CMBS Index	4.70
S&P 500 Total Return Index	4.50
ICE BofA 3-5 Year US Agency CMO Excluding IO & PO Index	3.50
ICE BofA German Government 1-5 Year Index	3.25
ICE BofA German Government 5-7 Year Index	0.60
ICE BofA 1-5 Year Canada Government Index	2.60
ICE BofA 15+ Year Canada Government Index	0.30
ICE BofA 1-5 Year Australia Government Index	1.90
ICE BofA 5-10 Year Australia Government Index	0.45
ICE BofA 1-5 Year Japan Government Index	0.25
Total	100%

COMMENT ON NON-GAAP FINANCIAL MEASURES

Throughout this filing, we present our operations in the way we believe will be the most meaningful and useful to investors, analysts, rating agencies and others who use our financial information in evaluating the performance of our company. This presentation includes the use of after-tax operating income available to Arch common shareholders, which is defined as net income available to Arch common shareholders, excluding net realized gains or losses (which includes, but is not limited to, realized and unrealized changes in the fair value of equity securities and assets accounted for using the fair value option, realized and unrealized gains or losses on derivative instruments, changes in the allowance for credit losses on financial assets and gains or losses realized from the acquisition or disposition of subsidiaries), equity in net income or loss of investments accounted for using the equity method, net foreign exchange gains or losses, transaction costs and other, net of income taxes, and the use of annualized operating return on average common equity. The presentation of after-tax operating income available to Arch common shareholders and annualized operating return on average common equity are non-GAAP financial measures as defined in Regulation G. The reconciliation of such measures to net income available to Arch common shareholders and annualized net income return on average common equity (the most directly comparable GAAP financial measures) in accordance with Regulation G is included under "Results of Operations" below.

We believe that net realized gains or losses, equity in net income or loss of investments accounted for using the equity method, net foreign exchange gains or losses and transaction costs and other in any particular period are not indicative of the performance of, or trends in, our business. Although net realized gains or losses, equity in net income or loss of investments accounted for using the equity method and net foreign exchange gains or losses are an integral part of our operations, the decision to realize these items are independent of the insurance underwriting process and result, in large part, from general economic and financial market conditions. Furthermore, certain users of our financial information believe that, for many companies, the timing of the realization of investment gains or losses is largely opportunistic. In addition, changes in the allowance for credit losses and net impairment losses recognized in earnings on our investments represent other-than-temporary declines in expected recovery values on securities without actual realization. Furthermore, we exclude net realized gains or losses from the acquisition or disposition of subsidiaries, due to their non-recurring nature, such items are not indicative of the performance of, or trends in, our business performance.

The use of the equity method on certain of our investments funds that invest in fixed maturity securities is driven by the ownership structure of such funds (either limited partnerships or limited liability companies). In applying the equity method, these investments are initially recorded at cost and are subsequently adjusted based on our proportionate share of the net income or loss of the funds (which include changes in the market value of the underlying securities in the funds). This method of accounting is different from the way in which we account for our other investments; and the timing of the recognition of equity in net income or loss of investments accounted for using the equity method may differ from gains or losses in the future upon sale or maturity of such investments.

Transaction costs and other include integration, advisory, financing, legal, severance, incentive compensation and all other transaction costs directly related to acquisitions. We believe that transaction costs and other, due to their nonrecurring nature, are not indicative of the performance of, or trends in, our business performance.

We believe that showing net income available to Arch common shareholders exclusive of the items referred to above reflects the underlying fundamentals of our business since we evaluate the performance of and manage our business to produce an underwriting profit. In addition to presenting net income available to Arch common shareholders, we believe that this presentation enables investors and other users of our financial information to analyze our performance in a manner similar to how management analyzes performance. We also believe that

this measure follows industry practice and, therefore, allows the users of financial information to compare our performance with our industry peer group. We believe that the equity analysts and certain rating agencies that follow us and the insurance industry as a whole generally exclude these items from their analyses for the same reasons.

Our segment information includes the presentation of consolidated underwriting income or loss. Such measures represent the pre-tax profitability of our underwriting operations and include net premiums earned plus other underwriting income, less losses and loss adjustment expenses, acquisition expenses and other operating expenses. Other operating expenses include those operating expenses that are incremental and/or directly attributable to our individual underwriting operations. Underwriting income or loss does not incorporate certain income and expense items which are included in corporate. While these measures are presented in [note 4, "Segment Information,"](#) to our consolidated financial statements in Item 8, they are considered non-GAAP financial measures when presented elsewhere on a consolidated basis. The reconciliations of underwriting income or loss to income before income taxes (the most directly comparable GAAP financial measure) on a consolidated basis, in accordance with Regulation G, is shown in [note 4, "Segment Information,"](#) to our consolidated financial statements in Item 8.

We measure segment performance for our three underwriting segments based on underwriting income or loss. We do not manage our assets by underwriting segment, with the exception of goodwill and intangible assets, and, accordingly, investment income, income from operating affiliates and other non-underwriting related items are not allocated to each underwriting segment.

Our presentation of segment information includes the use of a current year loss ratio which excludes favorable or adverse development in prior year loss reserves. This ratio is a non-GAAP financial measure as defined in Regulation G. The reconciliation of such measure to the loss ratio (the most directly comparable GAAP financial measure) in accordance with Regulation G is shown on the individual segment pages. Management utilizes the current year loss ratio in its analysis of the underwriting performance of each of our underwriting segments. Effective in the 2025 period, the 'Other operating expense ratio' includes 'Other underwriting income.'

Total return on investments includes investment income, equity in net income or loss of investments accounted for using the equity method, net realized gains or losses (excluding changes in the allowance for credit losses on non-investment related financial assets) and the change in unrealized gains or losses generated by Arch's investment portfolio. Total return is calculated on a pre-tax basis and

before investment expenses, and reflects the effect of financial market conditions along with foreign currency fluctuations. In addition, total return incorporates the timing of investment returns during the periods. There is no directly comparable GAAP financial measure for total return. Management uses total return on investments as a key measure of the return generated to Arch common shareholders on the capital held in the business, and compares the return generated by our investment portfolio against benchmark returns which we measured our portfolio against during the periods.

RESULTS OF OPERATIONS

The following table summarizes our consolidated financial data, including a reconciliation of net income available to Arch common shareholders to after-tax operating income available to Arch common shareholders. See [“Comment on Non-GAAP Financial Measures.”](#)

	Year Ended December 31,	
	2025	2024
Net income available to Arch common shareholders	\$ 4,359	\$ 4,272
Net realized (gains) losses (1)	(464)	(197)
Equity in net (income) loss of investments accounted for using the equity method	(504)	(580)
Net foreign exchange (gains) losses	128	(75)
Transaction costs and other	75	81
Income tax expense (benefit) (2)	106	41
After-tax operating income available to Arch common shareholders	\$ 3,700	\$ 3,542
Beginning common shareholders' equity	\$ 19,990	\$ 17,523
Ending common shareholders' equity	23,376	19,990
Average common shareholders' equity	\$ 21,683	\$ 18,757
Annualized net income return on average common equity %	20.1	22.8
Annualized operating return on average common equity %	17.1	18.9

(1) Net realized gains or losses include, but is not limited to, realized and unrealized changes in the fair value of equity securities and assets accounted for using the fair value option, realized and unrealized gains and losses on derivative instruments, changes in the allowance for credit losses on financial assets and gains or losses realized from the acquisition or disposition of subsidiaries.

(2) Income tax on net realized gains or losses, equity in net income or loss of investments accounted for using the equity method, net foreign exchange gains or losses and transaction costs and other reflects the relative mix reported by jurisdiction and the varying tax rates in each jurisdiction.

Segment Information

We classify our businesses into three underwriting segments: insurance, reinsurance and mortgage. Our insurance, reinsurance and mortgage segments each have managers who are responsible for the overall profitability of their respective segments and who are directly accountable to our chief operating decision-makers, the Chief Executive Officer of Arch Capital and the Chief Financial Officer and Treasurer of Arch Capital. The chief operating decision-makers do not assess performance, measure return on equity or make resource allocation decisions on a line of business basis. Management measures segment performance for our three underwriting segments based on underwriting income or loss. We do not manage our assets by underwriting segment, with the exception of goodwill and intangible assets and accordingly investment income is not allocated to each underwriting segment.

We determined our reportable segments using the management approach described in accounting guidance regarding disclosures about segments of an enterprise and related information. The accounting policies of the segments are the same as those used for the preparation of our consolidated financial statements. Inter-segment business is allocated to the segment accountable for the underwriting results.

Insurance Segment

The following tables set forth our insurance segment's underwriting results:

	Year Ended December 31,		
	2025	2024	% Change
Gross premiums written	\$ 10,435	\$ 9,053	15.3
Premiums ceded	(2,637)	(2,179)	
Net premiums written	7,798	6,874	13.4
Change in unearned premiums	(27)	(247)	
Net premiums earned	7,771	6,627	17.3
Other underwriting income (1)	36	—	
Losses and loss adjustment expenses	(4,764)	(4,070)	
Acquisition expenses	(1,496)	(1,217)	
Other operating expenses	(1,172)	(995)	
Underwriting income	\$ 375	\$ 345	8.7
Underwriting Ratios			% Point Change
Loss ratio	61.3 %	61.4 %	(0.1)
Acquisition expense ratio	19.3 %	18.4 %	0.9
Other operating expense ratio (2)	14.6 %	15.0 %	(0.4)
Combined ratio	95.2 %	94.8 %	0.4

(1) 'Other underwriting income' includes revenue earned from underwriting related activities covered under existing service contracts.

(2) The 'Other operating expense ratio' for the 2025 period includes 'Other underwriting income.' See 'Comments on Non-GAAP Financial Measures' for further details.

The insurance segment consists of our insurance underwriting units which offer specialty product lines on a worldwide basis, as described in [note 4, "Segment Information,"](#) to our consolidated financial statements in Item 8.

Net Premiums Written.

The following tables set forth our insurance segment's net premiums written by major line of business:

	Year Ended December 31,			
	2025		2024	
	Amount	%	Amount	%
North America				
Property and short-tail specialty	\$ 1,329	17.0	\$ 1,220	17.7
Other liability - occurrence	1,302	16.7	1,002	14.6
Other liability - claims made	793	10.2	858	12.5
Commercial multi-peril	781	10.0	461	6.7
Commercial automobile	602	7.7	485	7.1
Workers compensation	576	7.4	555	8.1
Other	341	4.4	288	4.2
Total North America	5,724	73.4	4,869	70.8
International				
Property and short-tail specialty	\$ 1,102	14.1	\$ 1,082	15.7
Casualty and other	972	12.5	923	13.4
Total International	2,074	26.6	2,005	29.2
Total	\$ 7,798	100.0	\$ 6,874	100.0

Net premiums written by the insurance segment were 13.4% higher in 2025 than in 2024. Growth in net premiums written primarily reflected the impact of the MCE Acquisition.

Net Premiums Earned.

The following tables set forth our insurance segment's net premiums earned by major line of business:

	Year Ended December 31,			
	2025		2024	
	Amount	%	Amount	%
North America				
Property and short-tail specialty	\$ 1,373	17.7	\$ 1,165	17.6
Other liability - occurrence	1,321	17.0	942	14.2
Other liability - claims made	786	10.1	843	12.7
Commercial multi-peril	792	10.2	435	6.6
Commercial automobile	581	7.5	459	6.9
Workers compensation	591	7.6	549	8.3
Other	291	3.7	309	4.7
Total North America	5,735	73.8	4,702	71.0
International				
Property and short-tail specialty	\$ 1,099	14.1	\$ 1,061	16.0
Casualty and other	937	12.1	864	13.0
Total International	2,036	26.2	1,925	29.0
Total	\$ 7,771	100.0	\$ 6,627	100.0

Net premiums written are primarily earned on a pro rata basis over the terms of the policies for all products, usually 12 months. Net premiums earned by the insurance segment were 17.3% higher in 2025 than in 2024, reflecting changes in net premiums written over the previous five quarters.

Other Underwriting Income (Loss).

Other underwriting income, which includes revenue earned from underwriting-related activities covered under existing service contracts, was \$36 million in 2025, compared to nil in 2024.

Losses and Loss Adjustment Expenses.

The table below shows the components of the insurance segment's loss ratio:

	Year Ended December 31,	
	2025	2024
Current year	61.9 %	61.9 %
Prior period reserve development	(0.6)%	(0.5)%
Loss ratio	61.3 %	61.4 %

Current Year Loss Ratio.

The insurance segment's current year loss ratio in 2025 was consistent with 2024. The 2025 loss ratio included 4.4 points of current year catastrophic event activity, compared to 4.6 points in 2024. The current year loss ratio for the 2025 period also reflected the impact of the MCE Acquisition and changes in mix of business.

Prior Period Reserve Development.

The insurance segment's net favorable development was \$43 million, or 0.6 points, for 2025, compared to \$37 million, or 0.5 points, for 2024. See [note 5, "Reserve for Losses and Loss Adjustment Expenses,"](#) to our consolidated financial statements in Item 8 for information about the insurance segment's prior year reserve development.

Underwriting Expenses.

The insurance segment's underwriting expense ratio was 33.9% in 2025, compared to 33.4% in 2024.

Reinsurance Segment

The following tables set forth our reinsurance segment's underwriting results:

	Year Ended December 31,		
	2025	2024	% Change
Gross premiums written	\$ 11,149	\$ 11,112	0.3
Premiums ceded	(3,531)	(3,366)	
Net premiums written	7,618	7,746	(1.7)
Change in unearned premiums	504	(504)	
Net premiums earned	8,122	7,242	12.2
Other underwriting income (1)	159	9	
Losses and loss adjustment expenses	(4,610)	(4,327)	
Acquisition expenses	(1,644)	(1,432)	
Other operating expenses	(469)	(270)	
Underwriting income	\$ 1,558	\$ 1,222	27.5
			% Point Change
Underwriting Ratios			
Loss ratio	56.8 %	59.7 %	(2.9)
Acquisition expense ratio	20.2 %	19.8 %	0.4
Other operating expense ratio (2)	3.8 %	3.7 %	0.1
Combined ratio	80.8 %	83.2 %	(2.4)

(1) 'Other underwriting income' includes revenue earned from underwriting related activities covered under existing service contracts.

(2) The 'Other operating expense ratio' for the 2025 period includes 'Other underwriting income.' See 'Comments on Non-GAAP Financial Measures' for further details.

The reinsurance segment consists of our reinsurance underwriting units which offer specialty product lines on a worldwide basis, as described in [note 4, "Segment Information,"](#) to our consolidated financial statements in Item 8.

Net Premiums Written.

The following tables set forth our reinsurance segment's net premiums written by major line of business:

	Year Ended December 31,			
	2025		2024	
	Amount	%	Amount	%
Specialty	\$ 2,543	33.4	\$ 2,849	36.8
Property excluding property catastrophe	2,043	26.8	2,264	29.2
Casualty	1,507	19.8	1,222	15.8
Property catastrophe	1,073	14.1	958	12.4
Marine and aviation	301	4.0	300	3.9
Other	151	2.0	153	2.0
Total	\$ 7,618	100.0	\$ 7,746	100.0

Net premiums written by the reinsurance segment were 1.7% lower in 2025 than in 2024. The lower level of net premiums written primarily reflected non-renewals and share decreases in the specialty line of business offset, in part, by increases in casualty.

Net Premiums Earned.

The following tables set forth our reinsurance segment's net premiums earned by major line of business:

	Year Ended December 31,			
	2025		2024	
	Amount	%	Amount	%
Specialty	\$ 2,906	35.8	\$ 2,619	36.2
Property excluding property catastrophe	2,252	27.7	2,148	29.7
Casualty	1,432	17.6	1,088	15.0
Property catastrophe	1,065	13.1	959	13.2
Marine and aviation	317	3.9	276	3.8
Other	150	1.8	152	2.1
Total	\$ 8,122	100.0	\$ 7,242	100.0

Net premiums earned in 2025 were 12.2% higher than in 2024, reflecting changes in net premiums written over the previous five quarters, including the mix and type of business written.

Other Underwriting Income (Loss).

Other underwriting income, which includes revenue earned from underwriting-related activities covered under existing service contracts was \$159 million in 2025, compared to \$9 million in 2024.

Losses and Loss Adjustment Expenses.

The table below shows the components of the reinsurance segment's loss ratio:

	Year Ended December 31,	
	2025	2024
Current year	60.8 %	62.3 %
Prior period reserve development	(4.0)%	(2.6)%
Loss ratio	56.8 %	59.7 %

Current Year Loss Ratio.

The reinsurance segment's current year loss ratio was 1.5 points lower in 2025 than in 2024. The 2025 loss ratio included 8.5 points for current year catastrophic event activity, primarily related to the California wildfires, compared to 11.8 points in 2024, primarily related to Hurricanes Milton, Helene and a series of other global events. The current year loss ratio for 2025 also reflected changes in mix of business.

Prior Period Reserve Development.

The reinsurance segment's net favorable development was \$322 million, or 4.0 points, for 2025, compared to \$188 million, or 2.6 points, for 2024, See [note 5, "Reserve for Losses and Loss Adjustment Expenses,"](#) to our consolidated financial statements in Item 8 for information about the reinsurance segment's prior year reserve development.

Underwriting Expenses.

The underwriting expense ratio for the reinsurance segment was 24.0% in 2025, compared to 23.5% in 2024. The increase in the 2025 period primarily reflected lower profit and sliding scale commissions on ceded business.

Mortgage Segment

The following tables set forth our mortgage segment's underwriting results.

	Year Ended December 31,		
	2025	2024	% Change
Gross premiums written	\$ 1,305	\$ 1,351	(3.4)
Premiums ceded	(245)	(239)	
Net premiums written	1,060	1,112	(4.7)
Change in unearned premiums	112	119	
Net premiums earned	1,172	1,231	(4.8)
Other underwriting income (1)	22	17	
Losses and loss adjustment expenses	4	55	
Acquisition expenses	(13)	(2)	
Other operating expenses	(185)	(207)	
Underwriting income	\$ 1,000	\$ 1,094	(8.6)
			% Point Change
Underwriting Ratios			
Loss ratio	(0.4)%	(4.4)%	4.0
Acquisition expense ratio	1.1 %	0.2 %	0.9
Other operating expense ratio (2)	13.9 %	16.8 %	(2.9)
Combined ratio	14.6 %	12.6 %	2.0

(1) 'Other underwriting income' includes revenue earned from underwriting related activities covered under existing service contracts.

(2) The 'Other operating expense ratio' for the 2025 period includes 'Other underwriting income.' See 'Comments on Non-GAAP Financial Measures' for further details.

Net Premiums Written.

The following table sets forth our mortgage segment's net premiums written by underwriting unit:

	Year Ended December 31,	
	2025	2024
U.S. primary mortgage insurance	\$ 779	\$ 820
U.S. credit risk transfer (CRT) and other	207	212
International mortgage insurance/reinsurance	74	80
Total	\$ 1,060	\$ 1,112

Net premiums written for 2025 were 4.7% lower than in 2024. The reduction in net premiums written in the 2025 period primarily reflected lower gross premiums written and expenses related to tender offers of certain Bellemeade Re mortgage insurance linked notes.

The persistency rate of the U.S. primary portfolio of mortgage loans was 81.8% at December 31, 2025 compared to 82.1% at December 31, 2024. The persistency rate represents the percentage of mortgage insurance in force at the beginning of a 12 month period that remains in force at the end of such period.

The following tables provide details on the new insurance written (“NIW”) generated by U.S. primary mortgage insurance operations. NIW represents the original principal balance of all loans that received coverage during the period.

	Year Ended December 31,			
	2025		2024	
	Amount	%	Amount	%
Total new insurance written (NIW) (1)	\$ 48,705		\$ 48,479	
<u>Credit quality:</u>				
>=740	\$ 37,335	76.7	\$ 34,023	70.2
680-739	10,142	20.8	12,805	26.4
620-679	1,214	2.5	1,644	3.4
<620	14	0.0	7	0.0
Total	\$ 48,705	100.0	\$ 48,479	100.0
<u>Loan-to-value (LTV):</u>				
95.01% and above	\$ 3,387	7.0	\$ 3,564	7.4
90.01% to 95.00%	21,568	44.3	24,837	51.2
85.01% to 90.00%	16,525	33.9	14,735	30.4
85.01% and below	7,225	14.8	5,343	11.0
Total	\$ 48,705	100.0	\$ 48,479	100.0
<u>Monthly vs. single:</u>				
Monthly	\$ 46,196	94.8	\$ 45,589	94.0
Single	2,509	5.2	2,890	6.0
Total	\$ 48,705	100.0	\$ 48,479	100.0
<u>Purchase vs. refinance:</u>				
Purchase	\$ 44,387	91.1	\$ 46,952	96.9
Refinance	4,318	8.9	1,527	3.1
Total	\$ 48,705	100.0	\$ 48,479	100.0

(1) Represents the original principal balance of all loans that received coverage during the period.

Net Premiums Earned.

The following table sets forth our mortgage segment’s net premiums earned by underwriting unit:

	Year Ended December 31,	
	2025	2024
U.S. primary mortgage insurance	\$ 802	\$ 845
U.S. credit risk transfer (CRT) and other reinsurance	207	213
Total	\$ 1,172	\$ 1,231

Net premiums earned for 2025 were 4.8% lower than in 2024, reflecting changes in net premiums written over the previous five quarters.

Other Underwriting Income.

Other underwriting income, which is primarily related to GSE risk-sharing transactions services, was \$22 million for 2025, compared to \$17 million for 2024.

Losses and Loss Adjustment Expenses.

The table below shows the components of the mortgage segment’s loss ratio:

	Year Ended December 31,	
	2025	2024
Current year	19.8 %	18.6 %
Prior period reserve development	(20.2)%	(23.0)%
Loss ratio	(0.4)%	(4.4)%

Unlike property and casualty business for which we estimate ultimate losses on premiums earned, losses on U.S. primary mortgage insurance business are only recorded at the time a borrower is delinquent on their mortgage, in accordance with primary mortgage insurance industry practice. Because our primary mortgage insurance reserving process does not take into account the impact of future losses from loans that are not delinquent, mortgage insurance loss reserves are not an estimate of ultimate losses. In addition to establishing loss reserves for delinquent loans, under GAAP, we are required to establish a premium deficiency reserve for our mortgage insurance products if the amount of expected future losses and maintenance costs exceeds expected future premiums, existing reserves and the anticipated investment income for such product. We assess the need for a premium deficiency reserve on a quarterly basis and perform a full analysis annually. No such reserve was established during 2025 or 2024.

Current Year Loss Ratio.

The mortgage segment’s current year loss ratio was 1.2 points higher in 2025 compared to 2024. The higher current year loss ratio in 2025 period reflected slightly higher new delinquencies and the impact of the Bellemeade Re tender offers noted above. The percentage of loans in default on U.S. primary mortgage insurance increased from 2.09% at December 31, 2024 to 2.17% at December 31, 2025.

We insure mortgages for homes in areas that have been impacted by catastrophic events. Generally, mortgage insurance losses occur only when a credit event occurs and, following a physical damage event, when the home is restored to pre-storm condition. Our ultimate claims exposure will depend on the number of delinquency notices received and the ultimate claim rate related to such notices. In the event of natural disasters, cure rates are influenced by the adequacy of homeowners and flood insurance carried on a related property, and a borrower's access to aid from government entities and private organizations, in addition to other factors which generally impact cure rates in unaffected areas.

Prior Period Reserve Development.

The mortgage segment's net favorable development was \$235 million, or 20.2 points, for 2025, compared to \$282 million, or 23.0 points, for 2024. See [note 5, "Reserve for Losses and Loss Adjustment Expenses,"](#) to our consolidated financial statements in Item 8 for information about the mortgage segment's prior year reserve development.

Underwriting Expenses.

The underwriting expense ratio for the mortgage segment was 15.0% for 2025, compared to 17.0% for 2024. The decrease in the 2025 period primarily reflects a lower headcount as a result of the 2024 voluntary separation program.

Corporate

The Company's corporate results include net investment income, net realized gains or losses (which includes, but is not limited to, realized and unrealized changes in the fair value of equity securities and assets accounted for using the fair value option, realized and unrealized gains or losses on derivative instruments, changes in the allowance for credit losses on financial assets and gains or losses realized from the acquisition or disposition of subsidiaries), equity in net income or loss of investments accounted for using the equity method, other income or loss, corporate expenses, transaction costs and other, amortization of intangible assets, interest expense, net foreign exchange gains or losses, income taxes, income from operating affiliates and items related to our non-cumulative preferred shares.

Net Investment Income.

The components of net investment income were derived from the following sources:

	Year Ended December 31,	
	2025	2024
Fixed maturities	\$ 1,465	\$ 1,266
Short-term investments	102	144
Equity securities (dividends)	41	40
Other (1)	109	136
Gross investment income	1,717	1,586
Investment expenses (2)	(92)	(91)
Net investment income	\$ 1,625	\$ 1,495

- (1) Amounts include dividends and other distributions on investment funds, term loan investments, funds held balances, cash balances and other items.
- (2) Investment expenses were approximately 0.23% of average invested assets for 2025, compared to 0.26% for 2024.

The pre-tax investment income yield was 4.11% for 2025, compared to 4.25% for 2024. The pre-tax investment income yields were calculated based on amortized cost. Net cash flow from operating activities contributed \$6.2 billion in 2025, which increased our invested asset base and contributed to the growth in net investment income. Yields on future investment income may vary based on financial market conditions, investment allocation decisions and other factors.

Net Realized Gains or Losses.

We recorded net realized gains of \$464 million for 2025, compared to net realized gains of \$197 million for 2024. Amounts in both periods reflected sales of investments as well as the impact of financial market movements on the Company's equity securities and investments accounted for under the fair value option method. Amounts in the 2025 period also include losses related to the impairment and sale of certain alternative investments accounted for under the equity method. Currently, our portfolio is actively managed to maximize total return within certain guidelines. The effect of financial market movements on the investment portfolio will directly impact net realized gains or losses as the portfolio is rebalanced. Net realized gains or losses from the sale of fixed maturities primarily results from our decisions to reduce credit exposure, to change duration targets, to rebalance our portfolios or due to relative value determinations.

Net realized gains or losses also include realized and unrealized contract gains and losses on our derivative instruments, changes in the fair value of assets accounted for using the fair value option and in the fair value of equities, along with changes in the allowance for credit losses on financial assets, net impairment losses recognized in earnings and gains or losses realized from the acquisition or disposition of subsidiaries. See [note 9, "Investment Information—Net Realized Gains \(Losses\),"](#) and [note 9, "Investment Information—Allowance for Expected Credit Losses,"](#) to our consolidated financial statements for additional information.

Equity in Net Income (Loss) of Investments Accounted for Using the Equity Method.

We recorded \$504 million of equity in net income related to investments accounted for using the equity method for 2025, compared to \$580 million for 2024. Investments accounted for using the equity method totaled \$6.5 billion at December 31, 2025, compared to \$6.0 billion at December 31, 2024. See [note 9, "Investment Information—Equity in Net Income \(Loss\) of Investments Accounted For Using the Equity Method,"](#) to our consolidated financial statements in Item 8 for additional information.

Other Income or Losses

Other income for 2025 was \$54 million, compared to \$42 million for 2024. Amounts in both periods primarily reflect changes in the cash surrender value of our investment in corporate-owned life insurance.

Corporate Expenses.

Corporate expenses were \$57 million for 2025, compared to \$119 million for 2024. Such expenses primarily represent certain holding company costs necessary to support our worldwide operations and costs associated with operating as a publicly traded company. The 2025 period reflected Bermuda substance-based tax credits enacted in December 2025 with retroactive effect to January 1, 2025.

Transaction Costs and Other.

Transaction costs and other were \$75 million for 2025, compared to \$81 million for 2024. The amounts for both the 2025 and 2024 periods primarily reflect direct costs related to the MCE Acquisition and ongoing integration efforts.

Amortization of Intangible Assets.

Amortization of intangible assets for 2025 was \$193 million, compared to \$235 million for 2024. Amounts in both 2025 and 2024 primarily related to amortization of finite-lived intangible assets acquired as part of the MCE Acquisition.

Interest Expense.

Interest expense was \$148 million for 2025, compared to \$141 million for 2024. Interest expense primarily reflects amounts related to our outstanding senior notes.

Net Foreign Exchange Gains or Losses.

Net foreign exchange losses for 2025 were \$128 million, compared to net foreign exchange gains for 2024 of \$75 million. Amounts in such periods were primarily unrealized and resulted from the effects of revaluing our net insurance liabilities required to be settled in foreign currencies at each balance sheet date.

Income Tax Expense.

Our income tax provision on income before income taxes resulted in an expense of 14.7% for 2025, compared to an expense of 7.7% for 2024. Our effective tax rate fluctuates from year to year consistent with the relative mix of income or loss reported by jurisdiction and the varying tax rates in each jurisdiction. The increase in the 2025 period is primarily attributed to the enactment of the Corporate Income Tax Act 2023 by the Government of Bermuda, which established a 15% corporate income tax effective January 1, 2025. See

[note 15, "Income Taxes,"](#) to our consolidated financial statements in Item 8.

Income (Loss) from Operating Affiliates.

We recorded \$180 million of net income from our operating affiliates in 2025, compared to \$200 million in 2024. Amounts in both periods primarily reflected amounts related to our investments in Somers Group Holdings Ltd. and Coface SA. See [note 9, "Investment Information—Investments in Operating Affiliates,"](#) to our consolidated financial statements for additional information.

SUMMARY OF CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated financial statements in accordance with GAAP requires us to make many estimates and judgments that affect the reported amounts of assets, liabilities (including reserves), revenues and expenses, and related disclosures of contingent liabilities. On an ongoing basis, we evaluate our estimates, including those related to revenue recognition, insurance and other reserves, reinsurance recoverables, allowance for current expected credit losses, investment valuations, goodwill and intangible assets, bad debts, income taxes, contingencies and litigation. We base our estimates on historical experience, where possible, and on various other assumptions that we believe to be reasonable under the circumstances, which form the basis for our judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results will differ from these estimates and such differences may be material. We believe that the following critical accounting policies affect significant estimates used in the preparation of our consolidated financial statements.

Loss Reserves

We are required by applicable insurance laws and regulations and GAAP to establish reserves for losses and loss adjustment expenses, or "Loss Reserves", that arise from the business we underwrite. Loss Reserves for our insurance, reinsurance and mortgage operations are balance sheet liabilities representing estimates of future amounts required to pay losses and loss adjustment expenses for insured or reinsured events which have occurred at or before the balance sheet date. Loss Reserves do not reflect contingency reserve allowances to account for future loss occurrences. Losses arising from future events will be estimated and recognized at the time the losses are incurred and could be substantial. See [note 6, "Short Duration Contracts,"](#) to our consolidated financial statements in Item 8 for additional information on our reserving process.

At December 31, 2025 and 2024, our Loss Reserves, net of unpaid losses and loss adjustment expenses recoverable, by type and by operating segment were as follows:

	December 31,	
	2025	2024
Insurance segment:		
Case reserves	\$ 3,489	\$ 3,730
IBNR reserves	9,251	8,238
Total net reserves	12,740	11,968
Reinsurance segment:		
Case reserves	2,929	2,721
Additional case reserves	1,034	806
IBNR reserves	7,349	5,580
Total net reserves	11,312	9,107
Mortgage segment:		
Case reserves	324	331
IBNR reserves	117	142
Total net reserves	441	473
Total:		
Case reserves	6,742	6,782
Additional case reserves	1,034	806
IBNR reserves	16,717	13,960
Total net reserves	\$ 24,493	\$ 21,548

At December 31, 2025 and 2024, the insurance segment's Loss Reserves by major line of business, net of unpaid losses and loss adjustment expenses recoverable, were as follows:

	December 31,	
	2025	2024
Third party occurrence business	\$ 4,610	\$ 4,104
Multi-line and other specialty	4,345	4,105
Third party claims-made business	2,861	2,630
Property, energy, marine and aviation	924	1,129
Total net reserves	\$ 12,740	\$ 11,968

At December 31, 2025 and 2024, the reinsurance segment's Loss Reserves by major line of business, net of unpaid losses and loss adjustment expenses recoverable, were as follows:

	December 31,	
	2025	2024
Casualty	\$ 3,823	\$ 3,089
Specialty	3,658	2,791
Property excluding property catastrophe	2,107	1,778
Property catastrophe	953	845
Marine and aviation	582	461
Other	189	143
Total net reserves	\$ 11,312	\$ 9,107

At December 31, 2025 and 2024, the mortgage segment's Loss Reserves by major line of business, net of unpaid losses and loss adjustment expenses recoverable, were as follows:

	December 31,	
	2025	2024
U.S. primary mortgage insurance	\$ 321	\$ 333
U.S. credit risk transfer (CRT) and other	64	85
International mortgage insurance/ reinsurance	56	55
Total net reserves	\$ 441	\$ 473

Potential Variability in Loss Reserves

The following tables summarize the effect of reasonably likely scenarios on the key actuarial assumptions used to estimate our Loss Reserves, net of unpaid losses and loss adjustment expenses recoverable, at December 31, 2025 by underwriting segment and reserving lines. See [note 6, "Short Duration Contracts,"](#) to our consolidated financial statements in Item 8 for a description of the lines of business included in each reserving line.

The scenarios shown in the tables summarize the effect of (i) changes to the expected loss ratio selections used at December 31, 2025, which represent loss ratio point increases or decreases to the expected loss ratios used, and (ii) changes to the loss development patterns used in our reserving process at December 31, 2025, which represent claims reporting that is either slower or faster than the reporting patterns used. We believe that the illustrated sensitivities are indicative of the potential variability inherent in the estimation process of those parameters. The results show the impact of varying each key actuarial assumption using the chosen sensitivity on our Loss Reserves, on a net basis and across all accident years.

INSURANCE SEGMENT	Higher Expected Loss Ratios	Slower Loss Development Patterns
Reserving lines selected assumptions:		
Multi-line and other specialty	10 points	6 months
Third party occurrence business	10	6
Third party claims-made business	10	6
Property, energy, marine and aviation	5	3
Increase (decrease) in Loss Reserves:		
Multi-line and other specialty	\$ 600	\$ 370
Third party occurrence business	453	248
Third party claims-made business	244	275
Property, energy, marine and aviation	61	129

INSURANCE SEGMENT	Lower Expected Loss Ratios	Faster Loss Development Patterns
Reserving lines selected assumptions:		
Multi-line and other specialty	(10) points	(6) months
Third party occurrence business	(10)	(6)
Third party claims-made business	(10)	(6)
Property, energy, marine and aviation	(5)	(3)
Increase (decrease) in Loss Reserves:		
Multi-line and other specialty	\$ (581)	\$ (296)
Third party occurrence business	(451)	(215)
Third party claims-made business	(244)	(216)
Property, energy, marine and aviation	(54)	(108)

REINSURANCE SEGMENT	Higher Expected Loss Ratios	Slower Loss Development Patterns
Reserving lines selected assumptions:		
Casualty	10 points	6 months
Specialty	5	3
Property excluding property catastrophe	5	3
Property catastrophe	5	3
Marine and aviation	5	3
Other	5	3
Increase (decrease) in Loss Reserves:		
Casualty	\$ 361	\$ 378
Specialty	310	232
Property excluding property catastrophe	106	237
Property catastrophe	42	65
Marine and aviation	25	50
Other	11	9

REINSURANCE SEGMENT	Lower Expected Loss Ratios	Faster Loss Development Patterns
Reserving lines selected assumptions:		
Casualty	(10) points	(6) months
Specialty	(5)	(3)
Property excluding property catastrophe	(5)	(3)
Property catastrophe	(5)	(3)
Marine and aviation	(5)	(3)
Other	(5)	(3)
Increase (decrease) in Loss Reserves:		
Casualty	\$ (361)	\$ (270)
Specialty	(311)	(295)
Property excluding property catastrophe	(106)	(229)
Property catastrophe	(42)	(36)
Marine and aviation	(25)	(53)
Other	(11)	(8)

It is not necessarily appropriate to sum the total impact for a specific factor or the total impact for a specific business category as the business categories are not perfectly correlated. In addition, the potential variability shown in the tables above are reasonably likely scenarios of changes in our key assumptions at December 31, 2025 and are not meant to be a “best case” or “worst case” series of outcomes and therefore, it is possible that future variations may be more or less than the amounts set forth above.

For our mortgage segment, we considered the sensitivity of loss reserve estimates at December 31, 2025 by assessing the potential changes resulting from a parallel shift in severity and default to claim rate. For example, assuming all other factors remain constant, for every one percentage point change in primary claim severity (which we estimate to be approximately 30% of the unpaid principal balance at December 31, 2025), we estimated that our loss reserves would change by approximately \$15 million at December 31, 2025. For every one percentage point change in our primary net default to claim rate (which we estimate to be approximately 22% at December 31, 2025), we estimated a \$20 million change in our loss reserves at December 31, 2025.

Simulation Results

In order to illustrate the potential volatility in our Loss Reserves, we used a Monte Carlo simulation approach to simulate a range of results based on various probabilities. Both the probabilities and related modeling are subject to inherent uncertainties. The simulation relies on a significant number of assumptions, such as the potential for multiple entities to react similarly to external events, and includes other statistical assumptions. The simulation results shown for each segment do not add to the total simulation results, as the individual segment simulation results do not reflect the diversification effects across our segments.

At December 31, 2025, our recorded Loss Reserves by underwriting segment, net of unpaid losses and loss adjustment expenses recoverable, and the results of the simulation were as follows:

	Insurance Segment	Reinsurance Segment	Mortgage Segment	Total
Loss Reserves (1)	\$12,740	\$11,312	\$441	\$24,493
Simulation results:				
90th percentile (2)	\$15,138	\$13,866	\$528	\$28,996
10th percentile (3)	\$10,455	\$8,951	\$360	\$20,236

- (1) Net of reinsurance recoverables.
- (2) Simulation results indicate that a 90% probability exists that the net reserves for losses and loss adjustment expenses will not exceed the indicated amount.
- (3) Simulation results indicate that a 10% probability exists that the net reserves for losses and loss adjustment expenses will be at or below the indicated amount.

For informational purposes, based on the total simulation results, a change in our Loss Reserves to the amount indicated at the 90th percentile would result in a decrease in income before income taxes of approximately \$4.5 billion, or \$11.98 per diluted share, while a change in our Loss Reserves to the amount indicated at the 10th percentile would result in an increase in income before income taxes of approximately \$4.3 billion, or \$11.32 per diluted share. The simulation results noted above are informational only, and no assurance can be given that our ultimate losses will not be significantly different than the simulation results shown above, and such differences could directly and significantly impact earnings favorably or unfavorably in the period they are determined. We do not have significant exposure to pre-2002 liabilities, such as asbestos-related illnesses and other long-tail liabilities. It is difficult to provide meaningful trend information for certain liability/casualty coverages for which the claim-tail may be especially long, as claims are often reported and ultimately paid or settled years, or even decades, after the related loss events occur. Any estimates

and assumptions made as part of the reserving process could prove to be inaccurate due to several factors, including the fact that for certain lines of business relatively limited historical information has been reported to us through December 31, 2025. Accordingly, the reserving for incurred losses in these lines of business could be subject to greater variability. See Item 1A, [“Risk Factors – Risks Relating to Our Industry, Business & Operations”](#) – Underwriting risks and reserving for losses are based on probabilities and related modeling, which are subject to inherent uncertainties.”

Mortgage Operations Supplemental Information

The mortgage segment’s insurance in force (“IIF”) and risk in force (“RIF”) were as follows at December 31, 2025 and 2024:

	December 31,			
	2025		2024	
	Amount	%	Amount	%
Insurance In Force (IIF) (1):				
U.S. primary mortgage insurance	\$ 286,318	59.1	\$ 290,435	58.0
U.S. credit risk transfer (CRT) and other	132,205	27.3	145,892	29.1
International mortgage insurance/reinsurance	66,084	13.6	64,822	12.9
Total	\$ 484,607	100.0	\$ 501,149	100.0
Risk In Force (RIF) (2):				
U.S. primary mortgage insurance	\$ 74,679	85.0	\$ 76,034	85.3
U.S. credit risk transfer (CRT) and other	5,358	6.1	5,876	6.6
International mortgage insurance/reinsurance	7,864	8.9	7,215	8.1
Total	\$ 87,901	100.0	\$ 89,125	100.0

- (1) Represents the aggregate dollar amount of each insured mortgage loan’s current principal balance. Such amounts are shown before external reinsurance.
- (2) The aggregate dollar amount of each insured mortgage loan’s current principal balance multiplied by the insurance coverage percentage specified in the policy for insurance policies issued and after contract limits and/or loss ratio caps for risk-sharing or reinsurance transactions. Such amounts are shown before external reinsurance.

The insurance in force and risk in force for our U.S. primary mortgage insurance business by policy year were as follows at December 31, 2025:

Policy year:	IIF		RIF		Delinquency Rate (1)
	Amount	%	Amount	%	
2015 and prior	\$ 16,143	5.6	\$ 4,117	5.5	5.31 %
2016	3,241	1.1	806	1.1	3.57 %
2017	4,250	1.5	1,127	1.5	3.87 %
2018	5,673	2.0	1,479	2.0	4.48 %
2019	10,553	3.7	2,770	3.7	3.08 %
2020	30,968	10.8	8,487	11.4	1.85 %
2021	50,141	17.5	13,767	18.4	1.88 %
2022	49,492	17.3	13,236	17.7	1.87 %
2023	31,049	10.8	8,006	10.7	1.93 %
2024	39,306	13.7	9,840	13.2	1.17 %
2025	45,502	15.9	11,044	14.8	0.20 %
Total	\$ 286,318	100.0	\$ 74,679	100.0	2.17 %

(1) Represents the ending percentage of loans in default.

The insurance in force and risk in force for our U.S. primary mortgage insurance business by policy year were as follows at December 31, 2024:

Policy year:	IIF		RIF		Delinquency Rate (1)
	Amount	%	Amount	%	
2015 and prior	\$ 18,329	6.3	\$ 4,670	6.1	5.85 %
2016	5,240	1.8	1,371	1.8	3.23 %
2017	5,554	1.9	1,489	2.0	3.52 %
2018	7,081	2.4	1,843	2.4	4.31 %
2019	12,919	4.4	3,386	4.5	2.85 %
2020	39,426	13.6	10,718	14.1	1.52 %
2021	62,382	21.5	16,620	21.9	1.52 %
2022	57,175	19.7	15,113	19.9	1.51 %
2023	36,827	12.7	9,479	12.5	1.12 %
2024	45,502	15.7	11,345	14.9	0.30 %
Total	\$ 290,435	100.0	\$ 76,034	100.0	2.09 %

(1) Represents the ending percentage of loans in default.

The following tables provide supplemental disclosures on risk in force for our U.S. primary mortgage insurance business at December 31, 2025 and 2024:

	December 31,			
	2025		2024	
	Amount	%	Amount	%
Credit quality:				
>=740	\$ 47,757	63.9	\$ 47,360	62.3
680-739	23,271	31.2	24,688	32.5
620-679	3,340	4.5	3,638	4.8
<620	311	0.4	348	0.5
Total	\$ 74,679	100.0	\$ 76,034	100.0
Weighted average credit score	749		748	

Loan-to-Value (LTV):				
95.01% and above	\$ 7,314	9.8	\$ 7,420	9.8
90.01% to 95.00%	44,494	59.6	45,311	59.6
85.01% to 90.00%	20,195	27.0	20,637	27.1
85.00% and below	2,676	3.6	2,666	3.5
Total	\$ 74,679	100.0	\$ 76,034	100.0
Weighted average LTV	93.2 %		93.2 %	

Total RIF, net of external reinsurance	\$ 60,259	\$ 60,085
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	December 31,			
	2025		2024	
	Amount	%	Amount	%
Total RIF by State:				
California	\$ 5,901	7.9	\$ 5,989	7.9
Texas	5,382	7.2	5,613	7.4
North Carolina	3,343	4.5	3,355	4.4
Minnesota	3,129	4.2	3,108	4.1
Illinois	3,042	4.1	3,056	4.0
Georgia	3,005	4.0	3,143	4.1
Michigan	2,816	3.8	2,855	3.8
Massachusetts	2,780	3.7	2,885	3.8
Florida	2,672	3.6	2,824	3.7
Ohio	2,666	3.6	2,716	3.6
Others	39,943	53.5	40,490	53.3
Total	\$ 74,679	100.0	\$ 76,034	100.0

The following table provides supplemental disclosures for our U.S. primary mortgage insurance business related to insured loans and loss metrics for the years ended December 31, 2025 and 2024:

(U.S. Dollars in thousands, except loan and claim count)	Year Ended December 31,	
	2025	2024
Rollforward of insured loans in default:		
Beginning delinquent number of loans	22,982	19,457
New notices	47,378	45,785
Cures	(46,057)	(43,506)
Paid claims	(1,318)	(1,279)
Acquired delinquent loans (1)	—	2,525
Ending delinquent number of loans (2)	22,985	22,982
Ending number of policies in force (2)	1,058,907	1,100,653
Delinquency rate (2)	2.17 %	2.09 %
Losses:		
Number of claims paid	1,318	1,279
Total paid claims	\$ 53,504	\$ 43,895
Average per claim	\$ 40.6	\$ 34.3
Severity (3)	76.9 %	71.6 %
Average reserve per default (in thousands) (2)	\$ 15.3	\$ 15.3

- (1) Represents delinquent loans related to the acquisition of RMIC Companies, Inc.
- (2) Includes first lien primary and pool policies.
- (3) Represents total direct first lien paid claims divided by RIF of loans for which claims were paid, excluding paid claim settlements.

The risk-to-capital ratio, which represents total current (non-delinquent) risk in force, net of reinsurance, divided by total statutory capital, for Arch MI U.S. was approximately 8.2 to 1 at December 31, 2025, compared to 7.8 to 1 at December 31, 2024.

Ceded Reinsurance

In the normal course of business, our insurance and mortgage insurance operations cede a portion of their premium on a quota share or excess of loss basis through treaty or facultative reinsurance agreements. Our reinsurance operations also obtain reinsurance whereby another reinsurer contractually agrees to indemnify it for all or a portion of the reinsurance risks underwritten by our reinsurance operations. Such arrangements, where one reinsurer provides reinsurance to another reinsurer, are usually referred to as “retrocessional reinsurance” arrangements. In addition, our reinsurance subsidiaries participate in “common account” retrocessional arrangements for certain pro rata treaties. Such arrangements reduce the effect of individual or aggregate losses to all companies participating on such treaties, including the reinsurers, such as our reinsurance operations, and the ceding company. Estimating reinsurance recoverables can be more subjective than estimating the

underlying reserves for losses and loss adjustment expenses as discussed above in “—Loss Reserves.” In particular, reinsurance recoverables may be affected by deemed inuring reinsurance, industry losses reported by various statistical reporting services, and other factors. Reinsurance recoverables are recorded as assets, predicated on the reinsurers’ ability to meet their obligations under the reinsurance agreements. If the reinsurers are unable to satisfy their obligations under the agreements, our insurance or reinsurance operations would be liable for such defaulted amounts.

The availability and cost of reinsurance and retrocessional protection is subject to market conditions, which are beyond our control. Although we believe that our insurance and reinsurance operations have been successful in obtaining adequate reinsurance and retrocessional protection, it is not certain that they will be able to continue to obtain adequate protection at cost effective levels. As a result of such market conditions and other factors, our insurance, reinsurance and mortgage operations may not be able to successfully mitigate risk through reinsurance and retrocessional arrangements and may lead to increased volatility in our results of operations in future periods. See Item 1A, “Risk Factors—Risks Relating to Our Industry, Business and Operations—The failure of any of the loss limitation methods we employ could have a material adverse effect on our financial condition or results of operations.”

For purposes of managing risk, we reinsure a portion of our exposures, paying to reinsurers a part of the premiums received on the policies we write, and we may also use retrocessional protection. On a consolidated basis, ceded premiums written represented 28.0% of gross premiums written for 2025, compared to 26.9% for 2024. We monitor the financial condition of our reinsurers and attempt to place coverages only with substantial, financially sound carriers. If the financial condition of our reinsurers or retrocessionaires deteriorates, resulting in an impairment of their ability to make payments, we will be responsible for probable losses resulting from our inability to collect amounts due from such parties, as appropriate. We evaluate the credit worthiness of all the reinsurers to which we cede business. We report reinsurance recoverables net of an allowance for expected credit loss. The allowance is based upon our ongoing review of amounts outstanding, the financial condition of our reinsurers, amounts and form of collateral obtained and other relevant factors. A ratings based probability-of-default and loss-given-default methodology is used to estimate the allowance for expected credit loss. See Item 1A, “Risk Factors—Risks Relating to Our Industry, Business and Operations—We are exposed to credit risk in certain of our business operations” and “Financial Condition, Liquidity and Capital Resources” for further details.

We have entered into various aggregate excess of loss reinsurance agreements with various special purpose reinsurance companies domiciled in Bermuda. These are special purpose variable interest entities that are not consolidated in our financial results because we do not have the unilateral power to direct those activities that are significant to its economic performance. See [note 12, “Variable Interest Entities”](#) to our consolidated financial statements in Item 8 for additional information.

Premium Revenues and Related Expenses

Insurance premiums written are generally recorded at the policy inception and are primarily earned on a pro rata basis over the terms of the policies for all products, usually 12 months. Premiums written include estimates in our insurance operations’ programs, specialty lines, collateral protection business and for participation in involuntary pools. Such premium estimates are derived from multiple sources which include the historical experience of the underlying business, similar business and available industry information. Unearned premium reserves represent the portion of premiums written that relates to the unexpired terms of in-force insurance policies.

Reinsurance premiums written include amounts reported by brokers and ceding companies, supplemented by our own estimates of premiums where reports have not been received. The determination of premium estimates requires a review of our experience with the ceding companies, familiarity with each market, the timing of the reported information, an analysis and understanding of the characteristics of each line of business, and management’s judgment of the impact of various factors, including premium or loss trends, on the volume of business written and ceded to us. On an ongoing basis, our underwriters review the amounts reported by these third parties for reasonableness based on their experience and knowledge of the subject class of business, taking into account our historical experience with the brokers or ceding companies. In addition, reinsurance contracts under which we assume business generally contain specific provisions which allow us to perform audits of the ceding company to ensure compliance with the terms and conditions of the contract, including accurate and timely reporting of information. Based on a review of all available information, management establishes premium estimates where reports have not been received. Premium estimates are updated when new information is received and differences between such estimates and actual amounts are recorded in the period in which estimates are changed or the actual amounts are determined. Premiums written are recorded based on the type of contracts we write. Premiums on our excess of loss and pro rata reinsurance contracts are estimated when the business is underwritten. For excess of loss contracts, premiums are recorded as written based on the terms of the

contract. Estimates of premiums written under pro rata contracts are recorded in the period in which the underlying risks incept and are based on information provided by the brokers and the ceding companies. For multi-year reinsurance treaties which are payable in annual installments, generally, only the initial annual installment is included as premiums written at policy inception due to the ability of the reinsured to commute or cancel coverage during the term of the policy. The remaining annual installments are included as premiums written at each successive anniversary date within the multi-year term.

Reinstatement premiums for our insurance and reinsurance operations are recognized at the time a loss event occurs, where coverage limits for the remaining life of the contract are reinstated under pre-defined contract terms. Reinstatement premiums, if obligatory, are fully earned when recognized. The accrual of reinstatement premiums is based on an estimate of losses and loss adjustment expenses, which reflects management’s judgment, as described above in “—Loss Reserves.”

The amount of reinsurance premium estimates included in premiums receivable and the amount of related acquisition expenses by type of business were as follows at December 31, 2025:

	December 31, 2025		
	Gross Amount	Acquisition Expenses	Net Amount
Specialty	\$ 1,417	\$ (359)	\$ 1,058
Casualty	547	(177)	370
Property excluding property catastrophe	469	(136)	333
Marine and aviation	237	(43)	194
Property catastrophe	5	—	5
Other	109	(14)	95
Total	\$ 2,784	\$ (729)	\$ 2,055

Premium estimates are reviewed by management at least quarterly. Such review includes a comparison of actual reported premiums to expected ultimate premiums along with a review of the aging and collection of premium estimates. Based on management’s review, the appropriateness of the premium estimates is evaluated, and any adjustment to these estimates is recorded in the period in which it becomes known. Adjustments to premium estimates could be material and such adjustments could directly and significantly impact earnings favorably or unfavorably in the period they are determined because the estimated premium may be fully or substantially earned.

A significant portion of amounts included as premiums receivable, which represent estimated premiums written, net of commissions, are not currently due based on the terms of the underlying contracts. Based on currently

available information, we report premiums receivable net of an allowance for expected credit loss. We monitor credit risk associated with premiums receivable through our ongoing review of amounts outstanding, aging of the receivable, historical data and counterparty financial strength measures.

Reinsurance premiums assumed, irrespective of the class of business, are generally earned on a pro rata basis over the terms of the underlying policies or reinsurance contracts. Contracts and policies written on a “losses occurring” basis cover claims that may occur during the term of the contract or policy, which is typically 12 months. Accordingly, the premium is earned evenly over the term. Contracts which are written on a “risks attaching” basis cover claims which attach to the underlying insurance policies written during the terms of such contracts. Premiums earned on such contracts usually extend beyond the original term of the reinsurance contract, typically resulting in recognition of premiums earned in proportion to the period of risk coverage.

Certain of our reinsurance contracts include provisions that adjust premiums or acquisition expenses based upon the experience under the contracts. Premiums written and earned, as well as related acquisition expenses, are recorded based upon the projected experience under such contracts.

Retroactive reinsurance reimburses a ceding company for liabilities incurred as a result of past insurable events covered by the underlying policies reinsured. In certain instances, reinsurance contracts cover losses both on a prospective basis and on a retroactive basis and, accordingly, we bifurcate the prospective and retrospective elements of these reinsurance contracts and accounts for each element separately where practical. Underwriting income generated in connection with retroactive reinsurance contracts is deferred and amortized into income over the settlement period while losses are charged to income immediately. Subsequent changes in estimated amount or timing of cash flows under such retroactive reinsurance contracts are accounted for by adjusting the previously deferred amount to the balance that would have existed had the revised estimate been available at the inception of the reinsurance transaction, with a corresponding charge or credit to income.

Mortgage guaranty insurance policies are contracts that are generally non-cancelable by the insurer, are renewable at a fixed price, and provide for payment of premiums on a monthly, annual or single basis. Upon renewal, we are not able to re-underwrite or re-price our policies. Consistent with industry accounting practices, premiums written on a monthly basis are earned as coverage is provided. Premiums written on an annual basis are amortized on a monthly pro rata basis over the year of coverage. Primary mortgage

insurance premiums written on policies covering more than one year are referred to as single premiums. A portion of the revenue from single premiums is recognized in premiums earned in the current period, and the remaining portion is deferred as unearned premiums and earned over the estimated expiration of risk of the policy. If single premium policies related to insured loans are canceled for any reason and the policy is a non-refundable product, the remaining unearned premium related to each canceled policy is recognized as earned premium upon notification of the cancellation.

Unearned premiums represent the portion of premiums written that is applicable to the estimated unexpired risk of insured loans. A portion of premium payments may be refundable if the insured cancels coverage, which generally occurs when the loan is repaid, the loan amortizes to a sufficiently low amount to trigger a lender permitted or legally required cancellation, or the value of the property has increased sufficiently in accordance with the terms of the contract. Premium refunds reduce premiums earned in the consolidated statements of income. Generally, only unearned premiums are refundable.

Acquisition costs that are directly related and incremental to the successful acquisition or renewal of business are deferred and amortized based on the type of contract. For property and casualty insurance and reinsurance contracts, deferred acquisition costs are amortized over the period in which the related premiums are earned. Consistent with mortgage insurance industry accounting practice, amortization of acquisition costs related to the mortgage insurance contracts for each underwriting year’s book of business is recorded in proportion to estimated gross profits. Estimated gross profits are comprised of earned premiums and losses and loss adjustment expenses. For each underwriting year, we estimate the rate of amortization to reflect actual experience and any changes to persistency or loss development.

Acquisition expenses and other expenses related to our underwriting operations that vary with, and are directly related to, the successful acquisition or renewal of business are deferred and amortized based on the type of contract. Our insurance and reinsurance operations capitalize incremental direct external costs that result from acquiring a contract but do not capitalize salaries, benefits and other internal underwriting costs. For our mortgage insurance operations, which include a substantial direct sales force, both external and certain internal direct costs are deferred and amortized. Deferred acquisition costs are carried at their estimated realizable value and take into account anticipated losses and loss adjustment expenses, based on historical and current experience, and anticipated investment income.

A premium deficiency occurs if the sum of anticipated losses and loss adjustment expenses, unamortized acquisition costs and maintenance costs and anticipated investment income exceed unearned premiums. A premium deficiency reserve (“PDR”) is recorded by charging any unamortized acquisition costs to expense to the extent required in order to eliminate the deficiency. If the premium deficiency exceeds unamortized acquisition costs then a liability is accrued for the excess deficiency.

To assess the need for a PDR on our mortgage exposures, we develop loss projections based on modeled loan defaults related to our current policies in force. This projection is based on recent trends in default experience, severity and rates of defaulted loans moving to claim, as well as recent trends in the rate at which loans are prepaid, and incorporates anticipated interest income. Evaluating the expected profitability of our existing mortgage insurance business and the need for a PDR for our mortgage business involves significant reliance upon assumptions and estimates with regard to the likelihood, magnitude and timing of potential losses and premium revenues. The models, assumptions and estimates we use to evaluate the need for a PDR may prove to be inaccurate, especially during an extended economic downturn or a period of extreme market volatility and uncertainty.

No premium deficiency charges were recorded by us during 2025 or 2024.

Net Deferred Income Tax Assets Measurement

Deferred income tax assets and liabilities reflect temporary differences based on enacted tax rates between the carrying amounts of assets and liabilities for financial reporting and income tax purposes. We determine deferred tax assets and liabilities separately for each tax-paying component (an individual entity or group of entities that is consolidated for tax purposes) in each tax jurisdiction. There may be changes in tax laws where we transact business that impact our deferred tax assets and liabilities. The most significant deferred income tax assets recognized relate to goodwill and intangible assets. With respect to our Bermuda entities, we estimated the fair value of its intangible assets using discounted cash flow (“DCF”) models. The significant assumptions utilized in the DCF models included the future revenue and profits expected to be generated by the identifiable intangible assets and the discount rates. See [note 15, “Income Taxes”](#) to our consolidated financial statements in Item 8 for disclosures concerning our Company’s deferred income tax asset.

Fair Value Measurements

We review our securities measured at fair value and discuss the proper classification of such investments with investment advisors and others. See [note 10, “Fair Value,”](#) to our consolidated financial statements in Item 8 for a summary of our financial assets and liabilities measured at fair value at December 31, 2025 by valuation hierarchy.

Reclassifications

We have reclassified the presentation of certain prior year information to conform to the current presentation. Such reclassifications had no effect on our net income, shareholders’ equity or cash flows.

Significant Accounting Pronouncements

For all other significant accounting policies see [note 3, “Significant Accounting Policies”](#) and [note 3\(u\), “Recent Accounting Pronouncements”](#) to our consolidated financial statements in Item 8 for disclosures concerning our companies significant accounting policies and recent accounting pronouncements.

FINANCIAL CONDITION

Investable Assets

At December 31, 2025, total investable assets held by Arch were \$47.4 billion.

Investable Assets Held by Arch

The Finance, Investment and Risk Committee (“FIR Committee”) of our Board of Directors (the “Board”) establishes our investment policies and sets the parameters for creating guidelines for our investment managers. The FIR Committee reviews the implementation of the investment strategy on a regular basis. Our current approach stresses preservation of capital, market liquidity and diversification of risk. While maintaining our emphasis on preservation of capital and liquidity, we expect our portfolio to become more diversified and, as a result, we may expand into areas which are not currently part of our investment strategy. Our Chief Investment Officer administers the investment portfolio, oversees our investment managers and formulates investment strategy in conjunction with the FIR Committee. At December 31, 2025, approximately \$29.5 billion, or 62%, of total investable assets held by Arch were internally managed, compared to \$25.6 billion, or 62%, at December 31, 2024.

The following table summarizes the duration and average credit quality of fixed income assets held by Arch:

	December 31,	
	2025	2024
Average effective fixed maturities duration (in years)	3.34	3.31
Average S&P/Moody's credit ratings (1)	AA-/Aa3	AA-/Aa3

(1) Average credit ratings on our investment portfolio on securities with ratings by S&P and Moody's.

The following table provides the credit quality distribution of our fixed maturities. For individual fixed maturities, S&P ratings are used. In the absence of an S&P rating, ratings from Moody's are used, followed by ratings from Fitch Ratings.

	Estimated Fair Value	% of Total
December 31, 2025		
U.S. government and gov't agencies (1)	\$ 9,561	28.5
AAA	5,667	16.9
AA	2,564	7.6
A	6,448	19.2
BBB	6,533	19.5
BB	1,330	4.0
B	734	2.2
Lower than B	35	0.1
Not rated	664	2.0
Total	\$ 33,536	100.0
December 31, 2024		
U.S. government and gov't agencies (1)	\$ 7,498	26.9
AAA	4,330	15.5
AA	2,285	8.2
A	5,138	18.4
BBB	6,467	23.2
BB	978	3.5
B	458	1.6
Lower than B	28	0.1
Not rated	707	2.5
Total	\$ 27,889	100.0

(1) Includes U.S. government-sponsored agency residential mortgage backed securities and agency commercial mortgage backed securities.

The following table provides information on the severity of the unrealized loss position as a percentage of amortized cost for all fixed maturities which were in an unrealized loss position:

Severity of gross unrealized losses:	Estimated Fair Value	Gross Unrealized Losses	% of Total Gross Unrealized Losses
December 31, 2025			
0-10%	\$ 11,702	\$ (202)	69.9
10-20%	556	(80)	27.7
20-30%	20	(6)	2.1
Greater than 30%	1	(1)	0.3
Total	\$ 12,279	\$ (289)	100.0
December 31, 2024			
0-10%	\$ 16,044	\$ (453)	65.5
10-20%	1,357	(216)	31.2
20-30%	70	(20)	2.9
Greater than 30%	6	(3)	0.4
Total	\$ 17,477	\$ (692)	100.0

The following table summarizes our top ten exposures to fixed income corporate issuers by fair value at December 31, 2025, excluding guaranteed amounts and covered bonds:

	Estimated Fair Value	Credit Rating (1)
Morgan Stanley	\$ 449	A/A1
JPMorgan Chase & Co.	433	A/A1
Bank of America Corporation	342	A-/A1
The Goldman Sachs Group, Inc.	307	BBB+/A2
Wells Fargo & Company	263	BBB+/A1
Citigroup Inc.	211	A-/A2
The Toronto-Dominion Bank	191	A-/A2
UBS Group AG	179	A-/A2
Philip Morris International Inc.	160	A-/A2
Ford Motor Company	140	BBB-/Ba1
Total	\$ 2,675	

(1) Average credit ratings as assigned by S&P and Moody's, respectively.

The following table provides information on our structured securities, which include residential mortgage-backed securities (“RMBS”), commercial mortgage-backed securities (“CMBS”) and asset backed securities (“ABS”):

	Agencies	Investment Grade	Below Investment Grade	Total
Dec. 31, 2025				
RMBS	\$ 2,105	\$ 600	\$ —	\$ 2,705
CMBS	6	1,129	77	1,212
ABS	—	3,368	206	3,574
Total	\$ 2,111	\$ 5,097	\$ 283	\$ 7,491
Dec. 31, 2024				
RMBS	\$ 769	\$ 310	\$ —	\$ 1,079
CMBS	7	959	92	1,058
ABS	—	2,667	233	2,900
Total	\$ 776	\$ 3,936	\$ 325	\$ 5,037

The following table summarizes our equity securities, which include investments in exchange traded funds:

	December 31,	
	2025	2024
Equities (1)	\$ 1,296	\$ 1,041
Exchange traded funds		
Fixed income (2)	316	428
Equity and other (3)	257	213
Total	\$ 1,869	\$ 1,682

- (1) Primarily in technology, communications, consumer non-cyclical, financial and industrials at December 31, 2025.
- (2) Primarily in structured and corporates at December 31, 2025.
- (3) Primarily in technology, financials, communications, consumer cyclical and healthcare sectors at December 31, 2025.

Our investment strategy allows for the use of derivative instruments. We utilize various derivative instruments such as futures contracts to enhance investment performance, replicate investment positions or manage market exposures and fixed income duration risk that would be allowed under our investment guidelines if implemented in other ways. See [note 11, “Derivative Instruments,”](#) to our consolidated financial statements in Item 8 for additional disclosures concerning derivatives.

Accounting guidance regarding fair value measurements addresses how companies should measure fair value when they are required to use a fair value measure for recognition or disclosure purposes under GAAP and provides a common definition of fair value to be used throughout GAAP. See [note 10, “Fair Value,”](#) to our consolidated financial statements in Item 8 for a summary of our financial assets and liabilities measured at fair value at December 31, 2025 and 2024 segregated by level in the fair value hierarchy.

Reinsurance Recoverables

The following table details our reinsurance recoverables at December 31, 2025:

	% of Total	A.M. Best Rating (1)
Somers Re Ltd. (2)	20.5	A-
Lloyd’s syndicates (3)	4.9	A+
Hannover Rück SE	4.1	A+
Munich Re Group	2.9	A+
RenaissanceRe Holdings Ltd.	2.4	A+
Swiss Reinsurance Company Ltd.	2.1	A+
Everest Group Ltd.	1.9	A+
Allianz	1.5	A+
AXIS Capital Holdings Limited	1.5	A
Transatlantic Reinsurance Company	1.4	A++
All other -- “A-” or better	18.9	
All other -- not rated (4)	37.9	
Total	100.0	

- (1) The financial strength ratings are as of January 5, 2026 and were assigned by A.M. Best based on its opinion of the insurer’s financial strength as of such date. An explanation of the ratings listed in the table follows: the rating of “A++” and “A+” are designated “Superior”; and the “A” and “A-” ratings are designated “Excellent.”
- (2) See [note 16, “Transactions with Related Parties.”](#)
- (3) The A.M. Best group rating of “A+” (Superior) has been applied to all Lloyd’s syndicates.
- (4) Over 96% of such amount is collateralized through reinsurance trusts, funds withheld arrangements, letters of credit or other.

See [note 8, “Reinsurance,”](#) to our consolidated financial statements in Item 8 for further details.

Reserves for Losses and Loss Adjustment Expenses

We establish Loss Reserves which represent estimates involving actuarial and statistical projections, at a given point in time, of our expectations of the ultimate settlement and administration costs of losses incurred. Estimating Loss Reserves is inherently difficult. We utilize actuarial models as well as available historical insurance industry loss ratio experience and loss development patterns to assist in the establishment of Loss Reserves. Actual losses and loss adjustment expenses paid will deviate, perhaps substantially, from the reserve estimates reflected in our financial statements. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Summary of Critical Accounting Estimates—Loss Reserves” and see Item 1, [“Business—Reserves”](#) for further details.

Shareholders' Equity and Book Value per Share

The following table presents the calculation of book value per share:

(U.S. dollars in millions, except per share data)	December 31,	
	2025	2024
Total shareholders' equity available to Arch	\$ 24,206	\$ 20,820
Less preferred shareholders' equity	830	830
Common shareholders' equity available to Arch	\$ 23,376	\$ 19,990
Common shares and common share equivalents outstanding, net of treasury shares (1)	359.0	376.4
Book value per share	\$ 65.11	\$ 53.11

(1) Excludes the effects of 10.2 million and 12.4 million stock options and 0.3 million and 0.3 million restricted and performance share units outstanding at December 31, 2025 and 2024, respectively.

LIQUIDITY

Liquidity is a measure of our ability to access sufficient cash flows to meet the short-term and long-term cash requirements of our business operations.

Arch Capital is a holding company whose assets primarily consist of the shares in its subsidiaries. Generally, Arch Capital depends on its available cash resources, liquid investments and dividends or other distributions from its subsidiaries to make payments, including the payment of debt service obligations and operating expenses it may incur and any dividends or liquidation amounts with respect to our preferred and common shares.

In 2025, Arch Capital received dividends of \$2.0 billion from Arch Reinsurance Ltd. ("Arch Re Bermuda"), our Bermuda-based reinsurer and insurer. Arch Re Bermuda can pay approximately \$6.4 billion to Arch Capital in 2026 without providing an affidavit to the Bermuda Monetary Authority ("BMA").

Our insurance and reinsurance operations provide liquidity in that premiums are received in advance, sometimes substantially in advance, of the time losses are paid. The period of time from the occurrence of a claim through the settlement of the liability may extend many years into the future. Sources of liquidity include cash flows from operations, financing arrangements or routine sales of investments.

As part of our investment strategy, we seek to establish a level of cash and highly liquid short-term and intermediate-term securities which, combined with expected cash flow, is believed by us to be adequate to meet our foreseeable payment obligations. However, due to the nature of our operations, cash flows are affected by claim payments that

may comprise large payments on a limited number of claims and which can fluctuate from year to year. We believe that our liquid investments and cash flow will provide us with sufficient liquidity in order to meet our claim payment obligations. However, the timing and amounts of actual claim payments related to recorded Loss Reserves vary based on many factors, including large individual losses, 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. The foregoing may result in significant variability in loss payment patterns. The impact of this variability can be exacerbated by the fact that the timing of the receipt of reinsurance recoverables owed to us may be slower than anticipated by us. Therefore, the irregular timing of claim payments can create significant variations in cash flows from operations between periods and may require us to utilize other sources of liquidity to make these payments, which may include the sale of investments or utilization of existing or new credit facilities or capital market transactions. If the source of liquidity is the sale of investments, we may be forced to sell such investments at a loss, which may be material.

We expect that our liquidity needs, including our anticipated insurance obligations and operating and capital expenditure needs, will be met by funds generated from underwriting activities and investment income, as well as by our balance of cash, short-term investments, proceeds on the sale or maturity of our investments, and our credit facilities, for the next twelve months, at a minimum.

Dividend Restrictions

Arch Capital has no material restrictions on its ability to make distributions to shareholders. However, the ability of our regulated insurance and reinsurance subsidiaries to pay dividends or make distributions or other payments to us is limited by the applicable local laws and relevant regulations of the various countries and states in which we operate. See [note 25, "Statutory Information,"](#) to our consolidated financial statements in Item 8 for additional information on dividend restrictions.

The payment of dividends from Arch Re Bermuda is, under certain circumstances, limited under Bermuda law, which requires our Bermuda operating subsidiary to maintain certain measures of solvency and liquidity.

Our U.S. insurance and reinsurance subsidiaries are subject to insurance laws and regulations in the jurisdictions in which they operate. The ability of our regulated insurance subsidiaries to pay dividends or make distributions is dependent on their ability to meet applicable regulatory

standards. These regulations include restrictions that limit the amount of dividends or other distributions, such as loans or cash advances, available to shareholders without prior approval of the insurance regulatory authorities. Each state requires prior regulatory approval of any payment of extraordinary dividends.

We also have insurance subsidiaries that are the parent company for other insurance subsidiaries, which means that dividends and other distributions will be subject to multiple layers of regulations in order for our insurance subsidiaries to be able to dividend funds to Arch Capital. The inability of the subsidiaries of Arch Capital to pay dividends and other permitted distributions could have a material adverse effect on Arch Capital's cash requirements and our ability to make principal, interest and dividend payments on the senior notes, preferred shares and common shares.

In addition to meeting applicable regulatory standards, the ability of our insurance and reinsurance subsidiaries to pay dividends is also constrained by our dependence on the financial strength ratings of our insurance and reinsurance subsidiaries from independent rating agencies. The ratings from these agencies depend to a large extent on the capitalization levels of our insurance and reinsurance subsidiaries. We believe that Arch Capital has sufficient cash resources and available dividend capacity to service its indebtedness and other current outstanding obligations.

Restricted Assets

Our insurance, reinsurance and mortgage insurance subsidiaries are required to maintain assets on deposit, which primarily consist of fixed maturities, with various regulatory authorities to support their operations. The assets on deposit are available to settle insurance and reinsurance liabilities to third parties. Our insurance and reinsurance subsidiaries maintain assets in trust accounts as collateral for insurance and reinsurance transactions with affiliated companies and also have investments in segregated portfolios primarily to provide collateral or guarantees for letters of credit to third parties. At December 31, 2025 and 2024, such amounts approximated \$15.0 billion and \$13.0 billion, respectively.

Our investments in certain securities, including certain fixed income and structured securities, investments in funds accounted for using the equity method, other alternative investments and investments in operating affiliates may be illiquid due to contractual provisions or investment market conditions. If we require significant amounts of cash on short notice in excess of anticipated cash requirements, then we may have difficulty selling these investments in a timely manner or may be forced to sell or terminate them at unfavorable values. Our unfunded investment commitments totaled approximately \$3.7 billion at December 31, 2025 and

are callable by our investment managers. The timing of the funding of investment commitments is uncertain and may require us to access cash on short notice.

Cash Flows

The following table summarizes our cash flows from operating, investing and financing activities:

	Year Ended December 31,	
	2025	2024
Total cash provided by (used for):		
Operating activities	\$ 6,172	\$ 6,673
Investing activities	(4,036)	(4,461)
Financing activities	(1,890)	(1,925)
Effects of exchange rate changes on foreign currency cash	61	(25)
Increase (decrease) in cash	\$ 307	\$ 262

Cash provided by operating activities in 2025 was lower than in 2024. Activity in the 2025 period primarily reflected a higher level of losses paid than in the 2024 period.

Cash used for investing activities in 2025 reflected lower net purchases than in 2024, due in part to a higher level of losses paid than in the 2024 period. Activity in 2024 also reflected \$852 million of net cash received related to the MCE Acquisition.

Cash used for financing activities in 2025 was lower than in 2024. Activity in 2025 consisted of \$1.9 billion of share repurchases under our share repurchase program, while activity in 2024 included a \$1.9 billion special dividend paid to common shareholders.

Investments

At December 31, 2025, our investable assets were \$47.4 billion. The primary goals of our asset liability management process are to meet our insurance liabilities, manage the interest rate risk embedded in those insurance liabilities and maintain sufficient liquidity to cover fluctuations in projected liability cash flows, including debt service obligations. Generally, the expected principal and interest payments produced by our fixed income portfolio adequately fund the estimated runoff of our insurance reserves. Although this is not an exact cash flow match in each period, the substantial degree by which the fair value of the fixed income portfolio exceeds the expected present value of the net insurance liabilities, as well as the positive cash flow from newly sold policies and the large amount of high quality liquid bonds, provide assurance of our ability to fund the payment of claims and to service our outstanding debt without having to sell securities at distressed prices or access credit facilities. See Item 1A [“Risk Factors”](#) for a discussion of other risks relating to our business and investment portfolio.

CAPITAL RESOURCES

The following table provides an analysis of our capital structure:

	December 31,	
	2025	2024
Senior notes	\$ 2,729	\$ 2,728
Shareholders' equity available to Arch:		
Series F non-cumulative preferred shares	330	330
Series G non-cumulative preferred shares	500	500
Common shareholders' equity	23,376	19,990
Total	\$ 24,206	\$ 20,820
Total capital available to Arch	\$ 26,935	\$ 23,548
Senior notes to total capital (%)	10.1	11.6
Revolving credit agreement borrowings to total capital (%)	—	—
Debt to total capital (%)	10.1	11.6
Preferred to total capital (%)	3.1	3.5
Debt and preferred to total capital (%)	13.2	15.1

See [note 19, “Debt and Financing Arrangements”](#) and [note 21, “Shareholders' Equity”](#), to our consolidated financial statements in Item 8 for additional information on capital structure.

Capital Adequacy

We monitor our capital adequacy on a regular basis and will seek to adjust our capital base (up or down) according to the needs of our business. The future capital requirements of our business will depend on many factors, including our ability to write new business successfully and to establish premium rates and reserves at levels sufficient to cover losses. Our ability to underwrite is largely dependent upon the quality of our claims paying and financial strength ratings as evaluated by independent rating agencies. In particular, we require (1) sufficient capital to maintain our financial strength ratings, as issued by several ratings agencies, at a level considered necessary by management to enable our key operating subsidiaries to compete; (2) sufficient capital to enable our underwriting subsidiaries to meet the capital adequacy tests performed by statutory agencies in the U.S. and other key markets; and (3) our non-U.S. operating companies are required to post letters of credit and other forms of collateral that are necessary for them to operate as they are “non-admitted” under U.S. state insurance regulations.

In addition, Arch Mortgage Insurance Company and United Guaranty Residential Insurance Company (together, “eligible mortgage insurer”) are required to maintain compliance with the GSE requirements, known as PMIERS. The financial requirements require an eligible mortgage insurer’s available assets, which generally include only the most liquid assets of an insurer, to meet or exceed “minimum required assets” as of each quarter end. Minimum required assets are calculated from PMIERS tables with several risk dimensions (including origination year, original loan-to-value and original credit score of performing loans, and the delinquency status of non-performing loans) and are subject to a minimum amount. Together, our eligible mortgage insurers satisfied the PMIERS’ financial requirements as of December 31, 2025 with a PMIER sufficiency ratio of 179%, compared to 186% at December 31, 2024. On August 21, 2024, Fannie Mae and Freddie Mac (collectively the GSEs) each updated their PMIERS to incorporate new deductions to available assets for investment risk. This update became effective on March 31, 2025, but the impact will be phased in through September 30, 2026. If the GSEs had fully implemented this update to PMIERS as of December 31, 2025, the changes would have reduced the available assets by 6% and resulted in a pro-forma PMIERS sufficiency ratio of 173%.

As part of our capital management program, we may seek to raise additional capital or may seek to return capital to our shareholders through share repurchases, cash dividends or other methods (or a combination of such methods). We may also seek to retire or purchase our outstanding debt through cash purchases and/or exchanges for equity or debt, in open-market purchases, privately negotiated transactions or

otherwise. Any such determination will be at the discretion of the Board and will be dependent upon our profits, financial requirements and other factors, including legal restrictions, rating agency requirements, prevailing market conditions and such other factors as our Board deems relevant. The amounts involved may be material.

To the extent that our existing capital is insufficient to fund our future operating requirements or maintain such ratings, we may need to raise additional funds through financings or limit our growth. We can provide no assurance that, if needed, we would be able to obtain additional funds through financing on satisfactory terms or at all. Any adverse developments in the financial markets, such as disruptions, uncertainty or volatility in the capital and credit markets, may result in realized and unrealized capital losses that could have a material adverse effect on our results of operations, financial position and our businesses, and may also limit our access to capital required to operate our business. In addition to common share capital, we depend on external sources of finance to support our underwriting activities, which can be in the form (or any combination) of debt securities, preference shares, common equity and bank credit facilities providing loans and/or letters of credit.

Arch Capital, through its subsidiaries, provides financial support to certain of its insurance subsidiaries and affiliates, through certain reinsurance arrangements beneficial to the ratings of such subsidiaries. Historically, our insurance, reinsurance and mortgage insurance subsidiaries have entered into separate reinsurance arrangements with Arch Re Bermuda covering individual lines of business.

Except as described in the above paragraph, or where express reinsurance, guarantee or other financial support contractual arrangements are in place, each of Arch Capital's subsidiaries or affiliates is solely responsible for its own liabilities and commitments (and no other Arch Capital subsidiary or affiliate is so responsible). Any reinsurance arrangements, guarantees or other financial support contractual arrangements that are in place are solely for the benefit of the Arch Capital subsidiary or affiliate involved and third parties (creditors or insureds of such entity) are not express beneficiaries of such arrangements.

Share Repurchase Program

Our Board has authorized the investment in Arch Capital's common shares through a share repurchase program. Since the inception of the share repurchase program through December 31, 2025, Arch Capital has repurchased approximately 455.0 million common shares for an aggregate purchase price of \$7.8 billion. At December 31, 2025, \$1.1 billion of share repurchases were available under the program. Repurchases under the program may be effected from time to time in open market. The timing and

amount of the repurchase transactions under this program will depend on a variety of factors, including market conditions, the development of the economy, corporate and regulatory considerations. We will continue to monitor our share price and, depending upon results of operations, market conditions and the development of the economy, as well as other factors, we will consider share repurchases on an opportunistic basis.

GUARANTOR INFORMATION

The below table provides a description of our senior notes payable at December 31, 2025:

Issuer/Due	Interest (Fixed)	Principal Amount	Carrying Amount
Arch Capital:			
May 1, 2034	7.350 %	\$ 300	\$ 298
June 30, 2050	3.635 %	1,000	990
Arch-U.S.:			
Nov. 1, 2043 (1)	5.144 %	500	496
Arch Finance:			
Dec. 15, 2026 (1)	4.011 %	500	499
Dec. 15, 2046 (1)	5.031 %	450	446
Total		\$ 2,750	\$ 2,729

(1) Fully and unconditionally guaranteed by Arch Capital.

Our senior notes were issued by Arch Capital, Arch Capital Group (U.S.) Inc. ("Arch-U.S.") and Arch Capital Finance LLC ("Arch Finance"). Arch-U.S. is a wholly-owned subsidiary of Arch Capital and Arch Finance is a wholly-owned finance subsidiary of Arch-U.S. Our 2034 senior notes and 2050 senior notes issued by Arch Capital are unsecured and unsubordinated obligations of Arch Capital and ranked equally with all of its existing and future unsecured and unsubordinated indebtedness. The 2043 senior notes issued by Arch-U.S. are unsecured and unsubordinated obligations of Arch-U.S. and Arch Capital and rank equally and ratably with the other unsecured and unsubordinated indebtedness of Arch-U.S. and Arch Capital. The 2026 senior notes and 2046 senior notes issued by Arch Finance are unsecured and unsubordinated obligations of Arch Finance and Arch Capital and rank equally and ratably with the other unsecured and unsubordinated indebtedness of Arch Finance and Arch Capital.

Arch Capital and Arch-U.S. are each holding companies and, accordingly, they conduct substantially all of their operations through their operating subsidiaries. Arch Finance is a wholly owned subsidiary of Arch U.S. MI Holdings Inc., a U.S. holding company. As a result, Arch Capital, Arch-U.S. and Arch Finance's cash flows and their ability to service their debt depends upon the earnings of their operating subsidiaries and on their ability to distribute the earnings, loans or other payments from such subsidiaries to Arch Capital, Arch-U.S. and Arch Finance, respectively.

During 2025 and 2024, we made interest payments of \$127 million and \$127 million, respectively, primarily related to our senior notes and other financing arrangements. See [note 19, "Debt and Financing Arrangements,"](#) to our consolidated financial statements in Item 8 for additional disclosures concerning our senior notes and revolving credit agreement borrowings. For additional information on our preferred shares, see [note 21, "Shareholders' Equity,"](#) to our consolidated financial statements in Item 8.

The following tables present condensed financial information for Arch Capital (parent guarantor) and Arch-U.S. (subsidiary issuer):

	December 31,			
	2025		2024	
	Arch Capital	Arch- U.S.	Arch Capital	Arch- U.S.
Assets				
Total investments	\$ 40	\$ 442	\$ 43	\$ 549
Cash	13	4	13	5
Investment in operating affiliates	3	—	3	—
Due from subsidiaries and affiliates	16	14	6	10
Other assets	194	129	66	101
Total assets	<u>\$ 266</u>	<u>\$ 589</u>	<u>\$ 131</u>	<u>\$ 665</u>
Liabilities				
Senior notes	1,288	496	1,287	495
Due to subsidiaries and affiliates	6	993	11	994
Other liabilities	41	58	48	50
Total liabilities	<u>1,335</u>	<u>1,547</u>	<u>1,346</u>	<u>1,539</u>
Non-cumulative preferred shares	\$ 830	\$ —	\$ 830	\$ —

	Year Ended			
	2025		2024	
	Arch Capital	Arch- U.S.	Arch Capital	Arch- U.S.
Revenues				
Net investment income	\$ 3	\$ 27	\$ 5	\$ 14
Net realized gains (losses)	(10)	(1)	(4)	—
Equity in net income (loss) of investments accounted for using the equity method	—	—	—	(4)
Total revenues	<u>(7)</u>	<u>26</u>	<u>1</u>	<u>10</u>
Expenses				
Corporate expenses	57	10	116	7
Interest expense	59	26	59	26
Interest expense (intercompany)	—	58	—	53
Total expenses	<u>116</u>	<u>94</u>	<u>175</u>	<u>86</u>
Income (loss) before income taxes				
	(123)	(68)	(174)	(76)
Income tax (expense) benefit	58	9	—	22
Income (loss) from operating affiliates	(1)	—	(1)	—
Net income available to Arch	<u>(66)</u>	<u>(59)</u>	<u>(175)</u>	<u>(54)</u>
Preferred dividends	(40)	—	(40)	—
Net income available to Arch common shareholders	<u>\$ (106)</u>	<u>\$ (59)</u>	<u>\$ (215)</u>	<u>\$ (54)</u>

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Contractual Obligations

The following table provides an analysis of our contractual commitments at December 31, 2025:

	Payment due by period				
	Total	2026	2027 and 2028	2029 and 2030	Thereafter
Operating activities					
Estimated gross payments for losses and loss adjustment expenses (1)	\$ 33,547	\$ 9,960	\$ 10,880	\$ 5,122	\$ 7,585
Contractholder payables (2)	2,277	741	770	318	448
Operating lease obligations	234	34	65	50	85
Purchase obligations	307	160	124	23	—
Contingent and deferred consideration liabilities	18	6	8	4	—
Investing activities					
Unfunded investment commitments (3)	3,679	3,679	—	—	—
Financing activities					
Senior notes (including interest payments)	4,788	627	214	214	3,733
Total contractual obligations and commitments	\$ 44,850	\$ 15,207	\$ 12,061	\$ 5,731	\$ 11,851

- (1) The estimated expected contractual commitments related to the reserves for losses and loss adjustment expenses are presented on a gross basis (*i.e.*, not reflecting any corresponding reinsurance recoverable amounts that would be due to us). It should be noted that until a claim has been presented to us, determined to be valid, quantified and settled, there is no known obligation on an individual transaction basis, and while estimable in the aggregate, the timing and amount contain significant uncertainty.
- (2) Certain insurance policies written by our insurance operations feature large deductibles, primarily in construction and national accounts lines. Under such contracts, we are obligated to pay the claimant for the full amount of the claim and are subsequently reimbursed by the policyholder for the deductible amount. In the event we are unable to collect from the policyholder, we would be liable for such defaulted amounts.
- (3) Unfunded investment commitments are callable by our investment managers. We have assumed that such investments will be funded in the next year but the funding may occur over a longer period of time, due to market conditions and other factors.

Letter of Credit and Revolving Credit Facilities

Arch Capital and certain of its subsidiaries have access to a credit facility with a syndicate of financial institutions (the “Group Credit Facility”) that expires on August 23, 2028. The Group Credit Facility consists of a \$425 million secured facility for letters of credit (the “Secured Facility”) and a \$500 million unsecured facility for revolving loans and letters of credit (the “Unsecured Facility”). At December 31, 2025, the Secured Facility had \$224 million of letters of credit outstanding and remaining capacity of \$201 million, and the Unsecured Facility had no outstanding revolving loans or letters of credit, with remaining capacity of \$500 million.

The Group Credit Facility contains certain restrictive and maintenance covenants customary for facilities of this type, including restrictions on indebtedness, minimum consolidated tangible net worth, maximum leverage levels and minimum financial strength ratings. Arch Capital and its subsidiaries which are party to the agreement were in compliance with all covenants contained therein at December 31, 2025.

See [note 19, “Debt and Financing Arrangements,”](#) to our consolidated financial statements in Item 8 for additional disclosures concerning our senior notes and revolving credit agreement borrowings.

RATINGS

Our ability to underwrite business is affected by the quality of our claims paying ability and financial strength ratings as evaluated by independent agencies. Such ratings from third party internationally recognized statistical rating organizations or agencies are instrumental in establishing the financial security of companies in our industry. We believe that the primary users of such ratings include commercial and investment banks, policyholders, brokers, ceding companies and investors. Insurance ratings are also used by insurance and reinsurance intermediaries as an important means of assessing the financial strength and quality of insurers and reinsurers, and are often an important factor in the decision by an insured or intermediary of whether to place business with a particular insurance or reinsurance provider. Periodically, rating agencies evaluate us to confirm that we continue to meet their criteria for the ratings assigned to us by them. S&P, Moody’s, A.M. Best Company and Fitch Ratings are ratings agencies which have assigned financial strength ratings to one or more of Arch Capital’s subsidiaries.

If we are not able to obtain adequate capital, our business, results of operations and financial condition could be adversely affected, which could include, among other things, the following possible outcomes: (1) potential downgrades in the financial strength ratings assigned by ratings agencies

to our operating subsidiaries, which could place those operating subsidiaries at a competitive disadvantage compared to higher-rated competitors; (2) reductions in the amount of business that our operating subsidiaries are able to write in order to meet capital adequacy-based tests enforced by statutory agencies; and (3) any resultant ratings downgrades could, among other things, affect our ability to write business and increase the cost of bank credit and letters of credit. In addition, under certain of the reinsurance agreements assumed by our reinsurance operations, upon the occurrence of a ratings downgrade or other specified triggering event with respect to our reinsurance operations, such as a reduction in surplus by specified amounts during specified periods, our ceding company clients may be provided with certain rights, including, among other things, the right to terminate the subject reinsurance agreement and/or to require that our reinsurance operations post additional collateral.

The ratings issued on our companies by these agencies are announced publicly and are available directly from the agencies. Our website www.archgroup.com (*Investor Relations-Credit Ratings*) contains information about our ratings, but such information on our website is not incorporated by reference into this report.

CATASTROPHIC AND SEVERE ECONOMIC EVENTS

We have large aggregate exposures to natural and man-made catastrophic events, pandemic events and severe economic events. Natural catastrophes can be caused by various events, including hurricanes, floods, windstorms, earthquakes, hailstorms, tornadoes, explosions, severe winter weather, fires, droughts and other natural disasters. Man-made catastrophic events may include acts of war, acts of terrorism and political instability. Catastrophes can also cause losses in non-property business such as mortgage insurance, workers' compensation or general liability. In addition to the nature of property business, we believe that economic and geographic trends affecting insured property, including inflation, property value appreciation and geographic concentration, tend to generally increase the size of losses from catastrophic events over time.

We have substantial exposure to unexpected, large losses resulting from future man-made catastrophic events, such as acts of war, acts of terrorism and political instability. These risks are inherently unpredictable. It is difficult to predict the timing of such events with statistical certainty or estimate the amount of loss any given occurrence will generate. It is not possible to completely eliminate our exposure to unpredictable events and, to the extent that losses from such risks occur, our financial condition and results of operations could be materially adversely affected. Therefore, claims for natural and man-made catastrophic events could expose us to large losses and cause substantial volatility in our results of operations, which could cause the value of our common shares to fluctuate widely. In certain instances, we specifically insure and reinsure risks resulting from terrorism. Even in cases where we attempt to exclude losses from terrorism and certain other similar risks from some coverages written by us, we may not be successful in doing so. Moreover, irrespective of the clarity and inclusiveness of policy language, there can be no assurance that a court or arbitration panel will limit enforceability of policy language or otherwise issue a ruling adverse to us.

We seek to limit our loss exposure by writing a number of our reinsurance contracts on an excess of loss basis, adhering to maximum limitations on reinsurance written in defined geographical zones, limiting program size for each client and prudent underwriting of each program written. In the case of proportional treaties, we may seek per occurrence limitations or loss ratio caps to limit the impact of losses from any one or series of events. In our insurance operations, we seek to limit our exposure through the purchase of reinsurance. We cannot be certain that any of these loss limitation methods will be effective. We also seek to limit our loss exposure by geographic diversification. Geographic zone limitations involve significant underwriting judgments, including the determination of the area of the zones and the inclusion of a particular policy within a particular zone's limits. There can be no assurance that various provisions of our policies, such as limitations or exclusions from coverage or choice of forum, will be enforceable in the manner we intend. Disputes relating to coverage and choice of legal forum may also arise. Underwriting is inherently a matter of judgment, involving important assumptions about matters that are inherently unpredictable and beyond our control, and for which historical experience and probability analysis may not provide sufficient guidance. One or more catastrophic or other events could result in claims that substantially exceed our expectations, which could have a material adverse effect on our financial condition or our results of operations, possibly to the extent of eliminating our shareholders' equity.

For our natural catastrophe exposed business, we seek to limit the amount of exposure we will assume from any one insured or reinsured and the amount of the exposure to catastrophe losses from a single event in any geographic zone. We monitor our exposure to catastrophic events, including earthquake and wind and periodically reevaluate the estimated probable maximum pre-tax loss for such exposures. Our estimated probable maximum pre-tax loss is determined through the use of modeling techniques, but such estimate does not represent our total potential loss for such exposures.

Our models employ both proprietary and vendor-based systems and include cross-line correlations for property, marine, offshore energy, aviation, workers compensation and personal accident. We seek to limit the probable maximum pre-tax loss to a specific level for severe catastrophic events. Currently, we seek to limit our 1-in-250 year return period net probable maximum loss from a severe catastrophic event in any geographic zone to approximately 25% of tangible shareholders' equity available to Arch (total shareholders' equity available to Arch less goodwill and intangible assets). We reserve the right to change this threshold at any time.

Based on in-force exposure estimated as of January 1, 2026, our modeled peak zone catastrophe exposure was a windstorm affecting the Florida Tri-County, with a net probable maximum pre-tax loss of \$1.9 billion, followed by windstorms affecting the Northeast U.S., and the Gulf of Mexico with net probable maximum pre-tax losses of \$1.7 billion and \$1.5 billion, respectively. As of January 1, 2026, our modeled peak zone earthquake exposure (San Francisco area earthquake) represented approximately 51% of our peak zone catastrophe exposure, and our modeled peak zone international exposure (German windstorm) was substantially less than both our peak zone windstorm and earthquake exposures.

We also have significant exposure to losses due to mortgage defaults resulting from severe economic events in the future. For our U.S. and Australian mortgage insurance business, we have developed a proprietary risk model ("Realistic Disaster Scenario" or "RDS") that simulates the maximum loss resulting from a severe economic downturn impacting the housing market. The RDS models the collective impact of adverse conditions for key economic indicators, the most significant of which is a decline in home prices. The RDS model projects paths of future home prices, unemployment rates, income levels and interest rates and assumes correlation across states and geographic regions. The resulting future performance of our in-force portfolio is then estimated under the economic stress scenario, reflecting loan and borrower information.

Currently, we seek to limit our modeled RDS loss from a severe economic event to approximately 25% of tangible shareholders' equity available to Arch. We reserve the right to change this threshold at any time. Based on in-force exposure estimated as of January 1, 2026, our modeled RDS loss was \$931 million, or 4.1% of tangible shareholders' equity available to Arch.

Net probable maximum loss estimates are net of expected reinsurance recoveries, before income tax and before excess reinsurance reinstatement premiums. RDS loss estimates are net of expected reinsurance recoveries and before income tax. Catastrophe loss estimates are reflective of the zone indicated and not the entire portfolio. Since hurricanes and windstorms can affect more than one zone and make multiple landfalls, our catastrophe loss estimates include clash estimates from other zones. Our catastrophe loss estimates and RDS loss estimates do not represent our maximum exposures and it is highly likely that our actual incurred losses would vary materially from the modeled estimates. There can be no assurances that we will not suffer pre-tax losses greater than 25% of our tangible shareholders' equity from one or more catastrophic events or severe economic events due to several factors. These factors include the inherent uncertainties in estimating the frequency and severity of such events and the margin of error in making such determinations resulting from potential inaccuracies and inadequacies in the data provided by clients and brokers, the modeling techniques and the application of such techniques or as a result of a decision to change the percentage of shareholders' equity exposed to a single catastrophic event or severe economic event. In addition, actual losses may increase if our reinsurers fail to meet their obligations to us or the reinsurance protections purchased by us are exhausted or are otherwise unavailable. See Item 1A, "[Risk Factors—Risks Relating to Our Industry, Business and Operations](#)" Depending on business opportunities and the mix of business that may comprise our insurance, reinsurance and mortgage portfolios, we may seek to adjust our self-imposed limitations on probable maximum pre-tax loss for catastrophe exposed business and mortgage default exposed business. See "[—Summary of Critical Accounting Estimates—Ceded Reinsurance](#)" for a discussion of our catastrophe reinsurance programs.

MARKET SENSITIVE INSTRUMENTS AND RISK MANAGEMENT

Our investment results are subject to a variety of risks, including risks related to changes in the business, financial condition or results of operations of the entities in which we invest, as well as changes in general economic conditions and overall market conditions. We are also exposed to potential loss from various market risks, including changes in equity prices, interest rates and foreign currency exchange rates.

In accordance with the SEC's Financial Reporting Release No. 48, we performed a sensitivity analysis to determine the effects that market risk exposures could have on the future earnings, fair values or cash flows of our financial instruments as of December 31, 2025. Market risk represents the risk of changes in the fair value of a financial instrument and consists of several components, including liquidity, basis and price risks.

The sensitivity analysis performed as of December 31, 2025 presents hypothetical losses in cash flows, earnings and fair values of market sensitive instruments which were held by us on December 31, 2025 and are sensitive to changes in interest rates and equity security prices. This risk management discussion and the estimated amounts generated from the following sensitivity analysis represent forward-looking statements of market risk assuming certain adverse market conditions occur. Actual results in the future may differ materially from these projected results due to actual developments in the global financial markets. The analysis methods used by us to assess and mitigate risk should not be considered projections of future events of losses.

The focus of the SEC's market risk rules is on price risk. For purposes of specific risk analysis, we employ sensitivity analysis to determine the effects that market risk exposures could have on the future earnings, fair values or cash flows of our financial instruments. The financial instruments included in the following sensitivity analysis consist of all of our investments and cash.

Investment Market Risk

Fixed Income Securities. We invest in interest rate sensitive securities, primarily debt securities. We consider the effect of interest rate movements on the fair value of our fixed maturities, short-term investments and certain of our other investments, equity securities and investment funds accounted for using the equity method which invest in fixed income securities (collectively, "Fixed Income Securities") and the corresponding change in unrealized appreciation. As interest rates rise, the fair value of our Fixed Income

Securities falls, and the converse is also true. Based on historical observations, there is a low probability that all interest rate yield curves would shift in the same direction at the same time. Furthermore, at times interest rate movements in certain credit sectors exhibit a much lower correlation to changes in U.S. Treasury yields. Accordingly, the actual effect of interest rate movements may differ materially from the amounts set forth in the following tables.

The following table summarizes the effect that an immediate, parallel shift in the interest rate yield curve would have had on our investment portfolio at December 31, 2025 and 2024:

(U.S. dollars in billions)	Interest Rate Shift in Basis Points				
	-100	-50	-	+50	+100
Dec. 31, 2025					
Total fair value	\$ 45.8	\$ 45.2	\$ 44.6	\$ 44.0	\$ 43.3
Change from base	2.8 %	1.4 %		(1.4)%	(2.8)%
Change in unrealized value	\$ 1.2	\$ 0.6		\$ (0.6)	\$ (1.2)
Dec. 31, 2024					
Total fair value	\$ 40.0	\$ 39.5	\$ 38.9	\$ 38.4	\$ 37.9
Change from base	2.8 %	1.4 %		(1.4)%	(2.7)%
Change in unrealized value	\$ 1.1	\$ 0.5		\$ (0.5)	\$ (1.1)

In addition, we consider the effect of credit spread movements on the market value of our Fixed Income Securities and the corresponding change in unrealized value. As credit spreads widen, the fair value of our Fixed Income Securities falls, and the converse is also true. In periods where the spreads on our Fixed Income Securities are much higher than their historical average due to short-term market dislocations, a parallel shift in credit spread levels would result in a much more pronounced change in unrealized value.

The following table summarizes the effect that an immediate, parallel shift in credit spreads in a static interest rate environment would have had on the portfolio at December 31, 2025 and 2024:

(U.S. dollars in billions)	Credit Spread Shift in Percentage				
	-100	-50	-	+50	+100
Dec. 31, 2025					
Total fair value	\$ 45.8	\$ 45.2	\$ 44.6	\$ 44.0	\$ 43.3
Change from base	2.8 %	1.4 %		(1.4)%	(2.8)%
Change in unrealized value	\$ 1.2	\$ 0.6		\$ (0.6)	\$ (1.2)
Dec. 31, 2024					
Total fair value	\$ 40.0	\$ 39.5	\$ 38.9	\$ 38.4	\$ 37.8
Change from base	2.8 %	1.4 %		(1.4)%	(2.8)%
Change in unrealized value	\$ 1.1	\$ 0.5		\$ (0.5)	\$ (1.1)

Another method that attempts to measure portfolio risk is Value-at-Risk (“VaR”). VaR measures the worst expected loss under normal market conditions over a specific time interval at a given confidence level. The 1-year 95th percentile parametric VaR reported herein estimates that 95% of the time, the portfolio loss in a one-year horizon would be less than or equal to the calculated number, stated as a percentage of the measured portfolio’s initial value. The VaR is a variance-covariance based estimate, based on linear sensitivities of a portfolio to a broad set of systematic market risk factors and idiosyncratic risk factors mapped to the portfolio exposures. The relationships between the risk factors are estimated using historical data, and the most recent data points are generally given more weight. As of December 31, 2025, our portfolio’s 95th percentile VaR was estimated to be 6.5%, compared to an estimated 5.6% at December 31, 2024. In periods where the volatility of the risk factors mapped to our portfolio’s exposures is higher due to market conditions, the resulting VaR is higher than in other periods.

Equity Securities. At December 31, 2025 and 2024, the fair value of our investments in equity securities and certain investments accounted for using the equity method with underlying equity strategies totaled \$1.8 billion and \$1.5 billion, respectively. These investments are exposed to price risk, which is the potential loss arising from decreases in fair value. An immediate hypothetical 10% decline in the value of each position would reduce the fair value of such investments by approximately \$178 million and \$149 million at December 31, 2025 and 2024, respectively, and would have decreased book value per share by approximately \$0.50 and \$0.40, respectively. An immediate hypothetical 10% increase in the value of each position would increase the fair value of such investments by approximately \$178 million and \$149 million at December 31, 2025 and 2024, respectively, and would have increased book value per share by approximately \$0.50 and \$0.40, respectively.

Investment-Related Derivatives. At December 31, 2025, the notional value of all derivative instruments (excluding foreign currency forward contracts which are included in the foreign currency exchange risk analysis below) was \$8.0 billion, compared to \$5.0 billion at December 31, 2024. If the underlying exposure of each investment-related derivative held at December 31, 2025 depreciated by 100 basis points, it would have resulted in a reduction in net income of approximately \$80 million, and a decrease in book value per share of \$0.22, compared to \$50 million and \$0.13, respectively, on investment-related derivatives held at December 31, 2024. If the underlying exposure of each investment-related derivative held at December 31, 2025 appreciated by 100 basis points, it would have resulted in an increase in net income of approximately \$80 million, and an increase in book value per share of \$0.22, compared to \$50 million and \$0.13, respectively, on investment-related

derivatives held at December 31, 2024. See [note 11, “Derivative Instruments,”](#) to our consolidated financial statements in Item 8 for additional disclosures concerning derivatives.

For further discussion on investment activity, please refer to “Financial Condition—Investable Assets.”

Foreign Currency Exchange Risk

Foreign currency rate risk is the potential change in value, income and cash flow arising from adverse changes in foreign currency exchange rates. Through our subsidiaries and branches located in various foreign countries, we conduct our insurance and reinsurance operations in a variety of local currencies other than the U.S. Dollar. We generally hold investments in foreign currencies which are intended to mitigate our exposure to foreign currency fluctuations in our net insurance liabilities. We may also utilize foreign currency forward contracts and currency options as part of our investment strategy. See [note 11, “Derivative Instruments,”](#) to our consolidated financial statements in Item 8 for additional information.

The following table provides a summary of our net foreign currency exchange exposures, as well as foreign currency derivatives in place to manage these exposures:

(U.S. dollars in millions, except per share data)	December 31, 2025	December 31, 2024
Net assets (liabilities), denominated in foreign currencies, excluding shareholders’ equity and derivatives	\$ (498)	\$ (815)
Shareholders’ equity denominated in foreign currencies (1)	1,220	1,120
Net foreign currency forward contracts outstanding (2)	478	453
Net exposures denominated in foreign currencies	<u>\$ 1,200</u>	<u>\$ 758</u>
Pre-tax impact of a hypothetical 10% appreciation of the U.S. Dollar against foreign currencies:		
Shareholders’ equity	\$ (120)	\$ (76)
Book value per share	\$ (0.33)	\$ (0.20)
Pre-tax impact of a hypothetical 10% decline of the U.S. Dollar against foreign currencies:		
Shareholders’ equity	\$ 120	\$ 76
Book value per share	\$ 0.33	\$ 0.20

- (1) Represents capital contributions held in the foreign currencies of our operating units.
- (2) Represents the net notional value of outstanding foreign currency forward contracts.

Although the Company generally attempts to match the currency of its projected liabilities with investments in the same currencies, from time to time the Company may elect to over or underweight one or more currencies, which could increase the Company's exposure to foreign currency fluctuations and increase the volatility of the Company's shareholders' equity. Historical observations indicate a low probability that all foreign currency exchange rates would shift against the U.S. Dollar in the same direction and at the same time and, accordingly, the actual effect of foreign currency rate movements may differ materially from the amounts set forth above. For further discussion on foreign exchange activity, please refer to "—Results of Operations."

Effects of Inflation

General economic inflation has increased in recent quarters and may continue to remain at elevated levels for an extended period of time. The potential also exists, after a catastrophe loss or pandemic events, for the development of inflationary pressures in a local economy. This risk may be heightened from time to time by geopolitical tensions, global supply chain disruptions, tariffs, and other contributing factors. This may have a material effect on the adequacy of our reserves for losses and loss adjustment expenses, especially in longer-tailed lines of business, and on the market value of our investment portfolio through rising interest rates. The anticipated effects of inflation are considered in our pricing models, reserving processes and exposure management, across all lines of business and types of loss including natural catastrophe events. The actual effects of inflation on our results cannot be accurately known until claims are ultimately settled and will vary by the specific type of inflation affecting each line of business.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Reference is made to the information appearing above under the subheading "Market Sensitive Instruments and Risk Management" under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operation," which information is hereby incorporated by reference.

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Arch Capital Group Ltd.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Arch Capital Group Ltd. and its subsidiaries (the "Company") as of December 31, 2025 and 2024, and the related consolidated statements of income, of comprehensive income, of changes in shareholders' equity and of cash flows for each of the three years in the period ended December 31, 2025, including the related notes and financial statement schedules listed in the index appearing under Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the

company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Valuation of Reserve for Losses and Loss Adjustment Expenses

As described in Notes 3, 5 and 6 to the consolidated financial statements, the reserve for losses and loss adjustment expenses represents estimates of future amounts required to pay losses and loss adjustment expenses for insured or reinsured events which have occurred at or before the balance sheet date. As of December 31, 2025, the Company's total reserve for losses and loss adjustment expenses was \$33.5 billion. For the insurance and reinsurance segments, management estimates ultimate losses and loss adjustment expenses using various generally accepted actuarial methods applied to known losses and other relevant information. Ultimate losses and loss adjustment expenses are generally determined by projection of claim emergence and settlement patterns observed in the past that can reasonably be expected to persist into the future. Management makes a number of key assumptions in their reserving process, including estimating loss development patterns and expected loss ratios. For the mortgage segment, the lead actuarial methodology used by management is a frequency-severity method based on the inventory of pending delinquencies. The assumptions of frequency and severity reflect judgments based on historical data and experience.

The principal considerations for our determination that performing procedures relating to the valuation of the reserve for losses and loss adjustment expenses is a critical audit matter are (i) the significant judgment by management when developing their estimate, (ii) a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence relating to the aforementioned key actuarial methods and key assumptions, and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the valuation of the reserve for losses and loss adjustment expenses, including controls over the selection of key actuarial methods and development of key assumptions. These procedures also included, among others, the involvement of professionals with specialized skill and knowledge to assist in performing one or a combination of procedures, including (i) developing an independent estimate, on a test basis, of the reserve for losses and loss adjustment expenses, and comparing the independent estimate to management's actuarially determined reserve for losses and loss adjustment expenses to evaluate the reasonableness of the reserve for losses and loss adjustment expenses and (ii) evaluating the appropriateness of the actuarial methods and reasonableness of the assumptions related to loss development patterns, expected loss ratios, frequency, and severity used by management to determine the Company's reserve for losses and loss adjustment expenses. Developing the independent estimate and evaluating the appropriateness of the key methods and reasonableness of the key assumptions related to loss development patterns, expected loss ratios, frequency and severity, as applicable, involved testing the completeness and accuracy of historical data provided by management.

/s/ PricewaterhouseCoopers LLP

New York, New York

February 26, 2026

We have served as the Company's or its predecessor's auditor since 1995.

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(U.S. dollars and shares in millions)

	December 31,	
	2025	2024
Assets		
Investments:		
Fixed maturities available for sale, at fair value (amortized cost: \$32,329 and \$27,570; net of allowance for credit losses: \$20 and \$22)	\$ 32,426	\$ 27,035
Short-term investments available for sale, at fair value (amortized cost: \$2,624 and \$2,784; net of allowance for credit losses: \$0 and \$0)	2,625	2,784
Equity securities, at fair value	1,864	1,675
Other investments (portion measured at fair value: \$3,136 and \$3,066)	3,136	3,066
Investments accounted for using the equity method	6,453	5,980
Total investments	46,504	40,540
Cash	993	979
Accrued investment income	338	298
Investment in operating affiliates	1,313	1,240
Premiums receivable (net of allowance for credit losses: \$43 and \$45)	5,723	5,634
Reinsurance recoverable on unpaid and paid losses and loss adjustment expenses (net of allowance for credit losses: \$17 and \$17)	9,526	8,260
Contractholder receivables (net of allowance for credit losses: \$7 and \$5)	2,270	2,161
Ceded unearned premiums	2,659	2,428
Deferred acquisition costs	1,717	1,734
Receivable for securities sold	180	50
Goodwill and intangible assets	1,222	1,351
Other assets	6,796	6,231
Total assets	\$ 79,241	\$ 70,906
Liabilities		
Reserve for losses and loss adjustment expenses	\$ 33,547	\$ 29,369
Unearned premiums	10,100	10,218
Reinsurance balances payable	2,320	2,137
Contractholder payables	2,277	2,165
Collateral held for insured obligations	237	249
Senior notes	2,729	2,728
Payable for securities purchased	308	181
Other liabilities	3,517	3,039
Total liabilities	55,035	50,086
Commitments and Contingencies (refer to Note 18)		
Shareholders' Equity		
Non-cumulative preferred shares	830	830
Common shares (\$0.0011 par, shares issued: 599.8 and 595.6)	1	1
Additional paid-in capital	2,735	2,510
Retained earnings	27,045	22,686
Accumulated other comprehensive income (loss), net of deferred income tax	5	(720)
Common shares held in treasury, at cost (shares: 240.8 and 219.2)	(6,410)	(4,487)
Total shareholders' equity	24,206	20,820
Total liabilities and shareholders' equity	\$ 79,241	\$ 70,906

See Notes to Consolidated Financial Statements

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(U.S. dollars and shares in millions, except per share data)

	Year Ended December 31,		
	2025	2024	2023
Revenues			
Net premiums earned	\$ 17,065	\$ 15,100	\$ 12,440
Net investment income	1,625	1,495	1,023
Net realized gains (losses)	464	197	(165)
Other underwriting income	217	26	31
Equity in net income of investments accounted for using the equity method	504	580	278
Other income (loss)	54	42	27
Total revenues	19,929	17,440	13,634
Expenses			
Losses and loss adjustment expenses	9,370	8,342	6,246
Acquisition expenses	3,153	2,651	2,312
Other operating expenses	1,826	1,472	1,301
Corporate expenses	132	200	102
Amortization of intangible assets	193	235	95
Interest expense	148	141	133
Net foreign exchange losses (gains)	128	(75)	60
Total expenses	14,950	12,966	10,249
Income before income taxes and income (loss) from operating affiliates	4,979	4,474	3,385
Income taxes:			
Current tax expense (benefit)	586	397	288
Deferred tax expense (benefit)	174	(35)	(1,161)
Income tax expense (benefit)	760	362	(873)
Income (loss) from operating affiliates	180	200	184
Net income	\$ 4,399	\$ 4,312	\$ 4,442
Net (income) loss attributable to noncontrolling interests	—	—	1
Net income available to Arch	4,399	4,312	4,443
Preferred dividends	(40)	(40)	(40)
Net income available to Arch common shareholders	\$ 4,359	\$ 4,272	\$ 4,403
Net income per common share and common share equivalent			
Basic	\$ 11.83	\$ 11.47	\$ 11.94
Diluted	\$ 11.60	\$ 11.19	\$ 11.62
Weighted average common shares and common share equivalents outstanding			
Basic	368.4	372.5	368.7
Diluted	375.9	381.8	378.8

See Notes to Consolidated Financial Statements

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(U.S. dollars in millions)

	Year Ended December 31,		
	2025	2024	2023
Comprehensive Income			
Net income	\$ 4,399	\$ 4,312	\$ 4,442
Other comprehensive income (loss), net of deferred income tax			
Unrealized appreciation (decline) in value of available-for-sale investments:			
Unrealized holding gains (losses) arising during year	661	(23)	547
Reclassification of net realized (gains) losses, included in net income	(20)	81	400
Foreign currency translation adjustments	84	(102)	23
Comprehensive income (loss)	5,124	4,268	5,412
Net (income) loss attributable to noncontrolling interests	—	—	1
Comprehensive income available to Arch (loss)	\$ 5,124	\$ 4,268	\$ 5,413

See Notes to Consolidated Financial Statements

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(U.S. dollars in millions)

	Year Ended December 31,		
	2025	2024	2023
Non-cumulative preferred shares			
Balance at beginning and end of year	\$ 830	\$ 830	\$ 830
Common shares			
Balance at beginning and end of year	1	1	1
Additional paid-in capital			
Balance at beginning of year	2,510	2,327	2,211
Amortization of share-based compensation	148	133	93
Other changes	77	50	23
Balance at end of year	2,735	2,510	2,327
Retained earnings			
Balance at beginning of year	22,686	20,295	15,892
Net income	4,399	4,312	4,442
Net (income) loss attributable to noncontrolling interests	—	—	1
Common share dividends	—	(1,881)	—
Preferred share dividends	(40)	(40)	(40)
Balance at end of year	27,045	22,686	20,295
Accumulated other comprehensive income (loss)			
Balance at beginning of year	(720)	(676)	(1,646)
Unrealized appreciation (decline) in value of available-for-sale investments, net of deferred income tax:			
Balance at beginning of year	(507)	(565)	(1,512)
Unrealized holding gains (losses) during period, net of reclassification adjustment	641	58	947
Balance at end of year	134	(507)	(565)
Foreign currency translation adjustments, net of deferred income tax:			
Balance at beginning of year	(213)	(111)	(134)
Foreign currency translation adjustments	84	(102)	23
Balance at end of year	(129)	(213)	(111)
Balance at end of year	5	(720)	(676)
Common shares held in treasury, at cost			
Balance at beginning of year	(4,487)	(4,424)	(4,378)
Shares repurchased for treasury	(1,923)	(63)	(46)
Balance at end of year	(6,410)	(4,487)	(4,424)
Total shareholders' equity	\$ 24,206	\$ 20,820	\$ 18,353

See Notes to Consolidated Financial Statements

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(U.S. dollars in millions)

	Year Ended December 31,		
	2025	2024	2023
Operating Activities			
Net income	\$ 4,399	\$ 4,312	\$ 4,442
Adjustments to reconcile net income to net cash provided by operating activities:			
Net realized (gains) losses	(440)	(185)	182
Equity in net (income) or loss of investments accounted for using the equity method and other income or loss	(459)	(488)	(215)
Amortization of intangible assets	193	235	95
Share-based compensation	148	133	93
Changes in:			
Reserve for losses and loss adjustment expenses, net of unpaid losses and loss adjustment expenses recoverable	2,350	3,279	2,138
Unearned premiums, net of ceded unearned premiums	(589)	632	1,028
Premiums receivable	38	(818)	(981)
Deferred acquisition costs	86	(212)	(235)
Reinsurance balances payable	137	179	455
Deferred income tax assets, net	174	(35)	(1,161)
Other items, net	135	(359)	(92)
Net cash provided by operating activities	<u>6,172</u>	<u>6,673</u>	<u>5,749</u>
Investing Activities			
Purchases of fixed maturity investments	(36,480)	(31,290)	(18,062)
Purchases of equity securities	(1,448)	(1,423)	(456)
Purchases of other investments	(2,238)	(3,485)	(2,171)
Proceeds from sales of fixed maturity investments	29,313	26,245	14,105
Proceeds from sales of equity securities	1,507	1,101	288
Proceeds from sales, redemptions and maturities of other investments	2,186	1,858	768
Proceeds from redemptions and maturities of fixed maturity investments	2,494	2,036	781
Net settlements of derivative instruments	310	(5)	50
Net (purchases) sales of short-term investments	258	(269)	(696)
Acquisitions, net of cash	—	852	—
Purchases of fixed assets	(44)	(51)	(52)
Other	106	(30)	(23)
Net cash used for investing activities	<u>(4,036)</u>	<u>(4,461)</u>	<u>(5,468)</u>
Financing Activities			
Purchases of common shares under share repurchase program	(1,889)	(24)	—
Proceeds from common shares issued, net	50	7	(2)
Third party investment in redeemable noncontrolling interests	—	—	(22)
Common dividends paid	(7)	(1,866)	—
Preferred dividends paid	(40)	(40)	(40)
Other	(4)	(2)	(5)
Net cash provided by (used for) financing activities	<u>(1,890)</u>	<u>(1,925)</u>	<u>(69)</u>
Effects of exchange rate changes on foreign currency cash and restricted cash	61	(25)	13
Increase (decrease) in cash and restricted cash	307	262	225
Cash and restricted cash, beginning of year	1,760	1,498	1,273
Cash and restricted cash, end of year	<u>\$ 2,067</u>	<u>\$ 1,760</u>	<u>\$ 1,498</u>
Income taxes paid (received)	<u>\$ 458</u>	<u>\$ 378</u>	<u>\$ 267</u>
Interest paid	<u>\$ 127</u>	<u>\$ 127</u>	<u>\$ 127</u>

See Notes to Consolidated Financial Statements

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. General

Arch Capital Group Ltd. (“Arch Capital,” “Arch” or the “Company”) is a publicly listed Bermuda exempted company which provides insurance, reinsurance and mortgage insurance on a worldwide basis through its wholly owned subsidiaries. As used herein, the Company means Arch Capital and its subsidiaries. Similarly, “Common Shares” means the common shares of Arch Capital.

The Company has reclassified the presentation of certain prior year information to conform to the current presentation. Such reclassifications had no effect on the Company’s net income, shareholders’ equity or cash flows. All amounts are in millions, except per share amounts, unless otherwise noted.

2. Acquisition

On August 1, 2024, the Company completed the acquisition of Allianz’s U.S. Middle Market Property and Casualty insurance business and U.S. Entertainment business (“MCE Acquisition”). This business is written by Fireman’s Fund Insurance Company, an affiliate of Allianz, and its subsidiaries (collectively, the “Business Entities”), in each case, relating to relevant policies with accident years 2016 and onwards (collectively, the “Business”), as well as certain assets of Allianz and its affiliates related to the Business. In connection with the acquisition of the Business, the Company also entered into certain reinsurance agreements relating to the Business and the Business Entities and other agreements providing for administration and other services for the Business Entities by the Company for the applicable policies being reinsured following the closing. The acquisition of the Business is an important part of the Company’s growth strategy, and provides a ballast to our existing insurance business. It further enhances the Company’s capabilities in the U.S. middle markets and represents an attractive way to enter the entertainment insurance market, a new niche for us.

Aggregate cash consideration for the transaction was \$450 million. Direct costs related to the acquisition are immaterial, and were expensed as incurred. These include one-time costs that are directly attributable to third party consulting fees and other professional and legal fees related to the acquisition. Such costs are included within ‘corporate expenses’ in the consolidated statement of income. The Business acquired is included within the Company’s insurance segment beginning from the acquisition date.

The MCE Acquisition was accounted for as a business combination under FASB Accounting Standards Codification Topic 805, Business Combinations (“Topic 805”). Pursuant to Topic 805, the Company allocated the MCE Acquisition purchase price to tangible and identifiable intangible assets

acquired and liabilities assumed based on their estimated fair values as of the acquisition date. The excess of the purchase price over those fair values was recorded to goodwill. During the measurement period, the Company adjusted the provisional amounts to reflect new information obtained about facts and circumstances that existed as of the acquisition date, which, if known, would have affected the measurement of the amounts recognized as of that date. Such adjustments impacted certain identifiable assets acquired and liabilities assumed, resulting in a decrease in net assets acquired and a corresponding increase to goodwill of \$10 million. The Company completed the analysis of the fair value of the assets, liabilities assumed and the related allocation of the purchase price during the second quarter 2025.

The following table summarizes the Company’s allocation of the purchase price to the acquired assets and liabilities assumed based on estimated fair values on August 1, 2024.

	Total	Useful
Purchase price		
Cash paid (a)	\$ 450	
Assets Acquired		
Cash and investments, at fair value	\$ 2,332	
Premiums receivable, net of commissions	224	
Intangible asset -- distribution relationships	220	10 years
Intangible asset -- value of business acquired	165	1-2 years
Intangible asset -- other (1)	180	5-7 years
Other assets acquired	175	
Total assets acquired	\$ 3,296	
Liabilities Acquired		
Reserves for losses and loss adjustment expenses	\$ 2,468	
Unearned premiums	636	
Other liabilities acquired	18	
Total liabilities acquired	3,122	
Identifiable net assets acquired (b)	\$ 174	
Goodwill (a) - (b)	\$ 276	

(1) Includes \$130 million related to the net fair value adjustment to reserves for loss and loss adjustment expenses on August 1, 2024.

The Company recognized goodwill of \$276 million that is primarily attributed to the expanded presence and long-term growth opportunities in the insurance market provided by this strategic acquisition. Approximately \$555 million of the acquired goodwill and intangibles is expected to be deductible for income tax purposes. At the date of the acquisition, the Company established a net deferred tax asset of \$24 million related to the estimated fair value of reserves for losses and loss adjustment expenses and unearned premiums.

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Intangible assets resulting from the acquisition are amortized as part of ‘amortization of intangible assets’ in the Company’s consolidated statements of income. The significant fair value adjustments and related future amortization are as follows:

Value of business acquired (“VOBA”)— which represents the present value of the expected underwriting profit within the unearned premium liability, less costs to service the related policies and a risk premium. The fair value of VOBA was determined after taking into consideration certain key assumptions, including the estimated cost of capital, investment yield, loss ratio and related expenses.

Reserves for losses and loss adjustment expenses—to reflect a decrease related to the present value of the reserve for losses and loss adjustment expenses based on the estimated payout patterns, partially offset by an increase in losses and loss adjustment expenses related to the estimated market based risk margin. The risk margin represents the estimated costs of capital required by a market participant to assume the losses and loss adjustment expenses. The fair value of the reserve for losses and loss adjustment expenses was determined after taking into consideration certain key assumptions, including the estimated cost of capital, and investment yield.

Distribution relationships—the value of the distribution relationships was determined after taking into consideration certain key assumptions, including the estimated cost of capital, investment yield, retention rates, loss ratios, related expenses and effective tax rates that would impact the expected cash flows from Business policies written on a go forward basis.

The results of the acquired Business have been included in the Company’s consolidated financial statements beginning as of their acquisition date. It is impracticable to provide historical supplemental pro forma financial information along with revenue and earnings subsequent to the acquisition due to a variety of factors, including access to historical information and the operations of acquirees being integrated within the Company shortly after closing and not operating as discrete operations within the Company’s organizational structure.

3. Significant Accounting Policies

(a) Basis of Presentation

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) and include the accounts of Arch Capital and its subsidiaries, including Arch Reinsurance Ltd. (“Arch Re Bermuda”), Arch Reinsurance Company (“Arch Re U.S.”), Arch Capital Group (U.S.) Inc. (“Arch-U.S.”), Arch Insurance Company, Arch Specialty

Insurance Company, Arch Property Casualty Insurance Company, Arch Indemnity Insurance Company, Arch Wilsure Insurance Company, Arch Insurance Canada Ltd. (“Arch Insurance Canada”), Arch Reinsurance Europe Designated Activity Company (“Arch Re Europe”), Arch Mortgage Insurance Company (“AMIC”), Arch Mortgage Guaranty Company (“AMG”), United Guaranty Residential Insurance Company (“UGRIC”), Arch Lenders Mortgage Indemnity Ltd. (“Arch Indemnity”), Arch Insurance (EU) Designated Activity Company (“Arch Insurance (EU)”), Arch Insurance (U.K.) Limited (“Arch Insurance (U.K.)”) and the Company’s participation on Lloyd’s of London syndicates: 2012 (“Arch Syndicate 2012”) and 1955 (“Arch Syndicate 1955” and together with Arch Syndicate 2012, the Company’s “Lloyd’s Syndicates”). All significant intercompany transactions and balances have been eliminated in consolidation.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates and assumptions. The Company’s principal estimates include:

- The reserve for losses and loss adjustment expenses;
- Reinsurance recoverable on unpaid and paid losses and loss adjustment expenses, including the provision for uncollectible amounts;
- Estimates of written and earned premiums;
- The valuation of the investment portfolio and assessment of allowance for credit losses;
- The valuation of purchased intangible assets;
- The assessment of goodwill and intangible assets for impairment; and
- The valuation of deferred income tax assets.

(b) Premium Revenues and Related Expenses

Insurance. Insurance premiums written are generally recorded at the policy inception and are primarily earned on a pro rata basis over the terms of the policies for all products, usually 12 months. Premiums written include estimates that are derived from multiple sources which include the historical experience of the underlying business, similar business and available industry information. Unearned premium reserves represent the portion of premiums written that relates to the unexpired terms of in-force insurance policies.

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Reinsurance. Reinsurance premiums written include amounts reported by brokers and ceding companies, supplemented by the Company's own estimates of premiums where reports have not been received. The determination of premium estimates requires a review of the Company's experience with the ceding companies, familiarity with each market, the timing of the reported information, an analysis and understanding of the characteristics of each line of business, and management's judgment of the impact of various factors, including premium or loss trends, on the volume of business written and ceded to the Company. On an ongoing basis, the Company's underwriters review the amounts reported by these third parties for reasonableness based on their experience and knowledge of the subject class of business, taking into account the Company's historical experience with the brokers or ceding companies. In addition, reinsurance contracts under which the Company assumes business generally contain specific provisions which allow the Company to perform audits of the ceding company to ensure compliance with the terms and conditions of the contract, including accurate and timely reporting of information. Based on a review of all available information, management establishes premium estimates where reports have not been received. Premium estimates are updated when new information is received and differences between such estimates and actual amounts are recorded in the period in which estimates are changed or the actual amounts are determined.

Reinsurance premiums written are recorded based on the type of contracts the Company writes. Premiums on the Company's excess of loss and pro rata reinsurance contracts are estimated when the business is underwritten. For excess of loss contracts, premiums are recorded as written based on the terms of the contract. Estimates of premiums written under pro rata contracts are recorded in the period in which the underlying risks are expected to incept and are based on information provided by the brokers and the ceding companies. For multi-year reinsurance treaties which are payable in annual installments, generally, only the initial annual installment is included as premiums written at policy inception due to the ability of the reinsured to commute or cancel coverage during the term of the policy. The remaining annual installments are included as premiums written at each successive anniversary date within the multi-year term.

Reinsurance premiums written, irrespective of the class of business, are generally earned on a pro rata basis over the terms of the underlying policies or reinsurance contracts. Contracts and policies written on a "losses occurring" basis cover claims that may occur during the term of the contract or policy, which is typically 12 months. Accordingly, the premium is earned evenly over the term. Contracts which are written on a "risks attaching" basis cover claims which attach to the underlying insurance policies written during

the terms of such contracts. Premiums earned on such contracts usually extend beyond the original term of the reinsurance contract, typically resulting in recognition of premiums earned in proportion to the period of risk coverage. Certain of the Company's reinsurance contracts include provisions that adjust premiums or acquisition expenses based upon the experience under the contracts. Premiums written and earned, as well as related acquisition expenses, are recorded based upon the projected experience under such contracts.

The Company also writes certain reinsurance business that is intended to provide insurers with risk management solutions that complement traditional reinsurance. Under these contracts, the Company assumes a measured amount of insurance risk in exchange for an anticipated margin, which is typically lower than on traditional reinsurance contracts. The terms and conditions of these contracts may include additional or return premiums based on loss experience, loss corridors, sublimits and caps. Examples of such business include aggregate stop-loss coverages, financial quota share coverages and multi-year retrospectively rated excess of loss coverages. If these contracts are deemed to transfer risk, they are accounted for as reinsurance. Otherwise, such contracts are accounted for under the deposit method.

Mortgage. Mortgage guaranty insurance policies are contracts that are generally non-cancelable by the insurer, are renewable at a fixed price, and provide for payment of premiums on a monthly, annual or single basis. Upon renewal, the Company is not able to re-underwrite or re-price its policies. Consistent with industry accounting practices, premiums written on a monthly basis are earned as coverage is provided. Premiums written on an annual basis are amortized on a monthly pro rata basis over the year of coverage. Primary mortgage insurance premiums written on policies covering more than one year are referred to as single premiums. A portion of the revenue from single premiums is recognized in premiums earned in the current period, and the remaining portion is deferred as unearned premiums and earned over the estimated expiration of risk of the policy. If single premium policies related to insured loans are canceled due to repayment by the borrower and the policy is a non-refundable product, the remaining unearned premium related to each canceled policy is recognized as earned premium upon notification of the cancellation.

Unearned premiums for the Company's mortgage operations represent the portion of premiums written that is applicable to the estimated unexpired risk of insured loans. A portion of premium payments may be refundable if the insured cancels coverage, which generally occurs when the loan is repaid and the policy is refundable, the loan amortizes to a sufficiently low amount to trigger a lender

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permitted or legally required cancellation, or the value of the property has increased sufficiently to trigger a lender permitted cancellation. Premium refunds reduce premiums earned in the consolidated statements of income. Generally, only unearned premiums are refundable.

Reinstatement premiums for the Company's insurance and reinsurance operations are recognized at the time a loss event occurs, where coverage limits for the remaining life of the contract are reinstated under pre-defined contract terms. Reinstatement premiums, if obligatory, are fully earned when recognized. The accrual of reinstatement premiums is based on an estimate of losses and loss adjustment expenses, which reflects management's judgment.

Premium estimates are reviewed by management at least quarterly. Such review includes a comparison of actual reported premiums to expected ultimate premiums along with a review of the aging and collection of premium estimates. Based on management's review, the appropriateness of the premium estimates is evaluated, and any adjustment to these estimates is recorded in the period in which it becomes known. Adjustments to premium estimates could be material and such adjustments could directly and significantly impact earnings favorably or unfavorably in the period they are determined because the estimated premium may be fully or substantially earned. A significant portion of amounts included as premiums receivable, which represent estimated premiums written, net of commissions, are not currently due based on the terms of the underlying contracts.

Premiums receivable include amounts receivable from agents, brokers and insured that are both currently due and amounts not yet due on insurance, reinsurance and mortgage insurance policies. Premiums receivable balances are reported net of an allowance for expected credit losses. The Company monitors credit risk associated with premiums receivable through its ongoing review of amounts outstanding, aging of the receivable, historical loss data, and counterparty financial strength measures. The allowance also includes estimated uncollectible amounts related to dispute risk. In certain instances, credit risk may be reduced by the Company's right to offset loss obligations or unearned premiums against premiums receivable. Any allowance for credit losses is charged to net realized gains (losses) in the period the receivable is recorded and revised in subsequent periods to reflect changes in the Company's estimate of expected credit losses. See [note 7](#), for additional information.

Acquisition Costs. Acquisition costs that are directly related and incremental to the successful acquisition or renewal of business are deferred and amortized based on the type of contract. The Company's insurance and reinsurance operations capitalize incremental direct external costs that result from acquiring a contract but do not capitalize salaries, benefits and other internal underwriting costs. For the Company's mortgage insurance operations, which include a substantial direct sales force, both external and certain internal direct costs are deferred and amortized. For property and casualty insurance and reinsurance contracts, deferred acquisition costs are amortized over the period in which the related premiums are earned. Consistent with mortgage insurance industry accounting practice, amortization of acquisition costs related to the mortgage insurance contracts for each underwriting year's book of business is recorded in proportion to estimated gross profits. Estimated gross profits are comprised of earned premiums and losses and loss adjustment expenses. For each underwriting year, the Company estimates the rate of amortization to reflect actual experience and any changes to persistency or loss development.

Deferred acquisition costs are carried at their estimated realizable value and take into account anticipated losses and loss adjustment expenses, based on historical and current experience, and anticipated investment income.

A premium deficiency occurs if the sum of anticipated losses and loss adjustment expenses, unamortized acquisition costs and maintenance costs exceed unearned premiums (including expected future premiums) and anticipated investment income. A premium deficiency reserve ("PDR") is recorded by charging any unamortized acquisition costs to expense to the extent required in order to eliminate the deficiency. If the premium deficiency exceeds unamortized acquisition costs then a liability is accrued for the excess deficiency.

To assess the need for a PDR on mortgage exposures, the Company develops loss projections based on modeled loan defaults related to its current policies in force. This projection is based on recent trends in default experience, severity and rates of defaulted loans moving to claim, as well as recent trends in the rate at which loans are prepaid, and incorporates anticipated interest income. Evaluating the expected profitability of the Company's existing mortgage insurance business and the need for a PDR for its mortgage business involves significant reliance upon assumptions and estimates with regard to the likelihood, magnitude and timing of potential losses and premium revenues. No premium deficiency charges were recorded by the Company during 2025, 2024 or 2023.

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(c) Deposit Accounting

Certain assumed reinsurance contracts that are deemed not to transfer insurance risk, are accounted for using the deposit method of accounting. However, it is possible that the Company could incur financial losses on such contracts. Management exercises significant judgment in the assumptions used in determining whether assumed contracts should be accounted for as reinsurance contracts or deposit contracts. For those contracts that contain only significant underwriting risk, the estimated profit margin is deferred and amortized over the contract period and such amount is included in the Company's underwriting results. When the estimated profit margin is explicit, the margin is reflected as other underwriting income and any adverse financial results on such contracts are reflected as incurred losses. When the estimated profit margin is implicit, the margin is reflected as an offset to paid losses and any adverse financial results on such contracts are reflected as incurred losses. Additional judgments are required when applying the accounting guidance with respect to the revenue recognition criteria for contracts deemed to transfer only significant underwriting risk. For those contracts that contain only significant timing risk, an accretion rate is established at inception of the contract based on actuarial estimates whereby the deposit accounting liability is increased to the estimated amount payable over the contract term. The accretion on the deposit is based on the expected rate of return required to fund the expected future payment obligations. Periodically the Company reassesses the estimated ultimate liability and the related expected rate of return. The accretion of the deposit accounting liability as well as changes to the estimated ultimate liability and the accretion rate would be reflected as part of interest expense in the Company's results of operations. Any negative accretion in a deposit accounting liability is shown in other underwriting income in the Company's results of operations.

Under some of these contracts, the ceding company retains the related assets on a funds held basis. Such amounts are included in "Other assets" on the Company's balance sheet. Interest income produced by those assets are recorded as part of net investment income in the Company's results of operations.

(d) Retroactive Reinsurance

Retroactive reinsurance reimburses a ceding company for liabilities incurred as a result of past insurable events covered by the underlying policies reinsured. In certain instances, reinsurance contracts cover losses both on a prospective basis and on a retroactive basis and, accordingly, the Company bifurcates the prospective and retrospective elements of these reinsurance contracts and accounts for each element separately where practical.

Underwriting income generated in connection with retroactive reinsurance contracts is deferred and amortized into income over the settlement period while losses are charged to income immediately. Subsequent changes in estimated amount or timing of cash flows under such retroactive reinsurance contracts are accounted for by adjusting the previously deferred amount to the balance that would have existed had the revised estimate been available at the inception of the reinsurance transaction, with a corresponding charge or credit to income.

(e) Reinsurance Ceded

In the normal course of business, the Company purchases reinsurance to increase capacity and to limit the impact of individual losses and events on its underwriting results by reinsuring certain levels of risk with other insurance enterprises or reinsurers. The Company uses pro rata, excess of loss and facultative reinsurance contracts. Reinsurance ceding commissions that represent a recovery of acquisition costs are recognized as a reduction to acquisition costs while the remaining portion is deferred. The accompanying consolidated statement of income reflects premiums and losses and loss adjustment expenses and acquisition costs, net of reinsurance ceded. See [note 8](#), for information on the Company's reinsurance usage. Reinsurance premiums ceded and unpaid losses and loss adjustment expenses recoverable are estimated in a manner consistent with that of the original policies issued and the terms of the reinsurance contracts. If the reinsurers are unable to satisfy their obligations under the agreements, the Company's insurance or reinsurance subsidiaries would be liable for such defaulted amounts.

Reinsurance recoverables are recorded as assets, predicated on the reinsurers' ability to meet their obligations under the reinsurance agreements. In certain instances, the Company obtains collateral, including letters of credit and trust accounts to further reduce the credit exposure on its reinsurance recoverables. The Company reports its reinsurance recoverables net of an allowance for expected credit loss. The allowance is based upon the Company's ongoing review of amounts outstanding, the financial condition of its reinsurers, amounts and form of collateral obtained and other relevant factors. A ratings based probability-of-default and loss-given-default methodology is used to estimate the allowance for expected credit loss. Any allowance for credit losses is charged to net realized gains (losses) in the period the recoverable is recorded and revised in subsequent periods to reflect changes in the Company's estimate of expected credit losses. See [note 7](#), for additional information.

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(f) Cash

Cash includes cash equivalents, which are investments with original maturities of three months or less which are not part of the investment portfolio.

(g) Restricted Cash

Restricted cash represents amounts held for the benefit of third parties or is legally or contractually restricted as to withdrawal or usage by the Company. Such amounts are included in "Other assets" on the Company's balance sheet.

(h) Investments

The Company currently classifies substantially all of its fixed maturity investments and short-term investments as "available for sale" and, accordingly, they are carried at estimated fair value (also known as fair value) with the changes in fair value recorded as an unrealized gain or loss component of accumulated other comprehensive income in shareholders' equity. The fair value of fixed maturity securities and equity securities is generally determined from quotations received from nationally recognized pricing services, or when such prices are not available, by reference to broker or underwriter bid indications. Short-term investments comprise securities due to mature within one year of the date of issue. Short-term investments include certain cash equivalents which are part of investment portfolios under the management of external and internal investment managers.

The Company's investment portfolio includes certain funds that, due to their ownership structure, are accounted for by the Company using the equity method. In applying the equity method, these investments are initially recorded at cost and are subsequently adjusted based on the Company's proportionate share of the net income or loss of the funds (which include changes in the fair value of the underlying securities in the funds). Such investments are generally recorded on a one to three month lag based on the availability of reports from the investment funds. Changes in the carrying value of such investments are recorded in net income as "Equity in net income (loss) of investments accounted for using the equity method." As such, fluctuations in the carrying value of the investments accounted for using the equity method may increase the volatility of the Company's reported results of operations.

The Company's investment portfolio includes equity securities that are accounted for at fair value. Such holdings primarily include publicly traded common stocks. Dividend income on equities is reflected in net investment income. Changes in fair value on equity securities are included in "Net realized gains (losses)" in the consolidated statement of income.

The Company elected to carry certain fixed maturity securities, equity securities, short-term investments and other investments at fair value under the fair value option afforded by accounting guidance regarding the fair value option for financial assets and liabilities. The fair value for certain of the Company's other investments are determined using net asset values ("NAVs") as advised by external fund managers. The NAV is based on the fund manager's valuation of the underlying holdings in accordance with the fund's governing documents.

Changes in fair value of investments accounted for using the fair value option are included in "Net realized gains (losses)." The primary reasons for electing the fair value option were to address simplification and cost-benefit considerations.

The Company invests in reverse repurchase agreements that are generally treated as collateralized receivables. Receivables for reverse repurchase agreements are reflected in "Other investments" or "Short-term investments" in the Company's consolidated balance sheet depending on their terms. These agreements are recorded at their contracted resale amount plus accrued interest, other than those that are accounted for at fair value. In reverse repurchase transactions, the Company obtains an interest in the purchased assets that are received as collateral.

The Company invests in limited partner interests and shares of limited liability companies. Such amounts are included in investments accounted for using the equity method and other investments. These investments can often have characteristics of a variable interest entity ("VIE"). A VIE refers to entities that have characteristics such as (i) insufficient equity at risk to allow the entity to finance its activities without additional financial support or (ii) instances where the equity investors, as a group, do not have the characteristic of a controlling financial interest. If the Company is determined to be the primary beneficiary, it is required to consolidate the VIE. The primary beneficiary is defined as the variable interest holder that is determined to have the controlling financial interest as a result of having both (i) the power to direct the activities of a VIE that most significantly impact the economic performance of the VIE and (ii) the obligation to absorb losses or right to receive benefits from the VIE that could potentially be significant to the VIE. At inception of the VIE as well as on an ongoing basis, the Company determines whether it is the primary beneficiary based on an analysis of the Company's level of

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involvement in the VIE, the contractual terms, and the overall structure of the VIE. The Company's maximum exposure to loss with respect to these investments is limited to the investment carrying amounts reported in the Company's consolidated balance sheet and any unfunded commitment.

The Company conducts a periodic review to identify and evaluate credit based impairments related to the Company's available for sale investments. The Company derives estimated credit losses by comparing expected future cash flows to be collected to the amortized cost of the security. Estimates of expected future cash flows consider among other things, macroeconomic conditions as well as the financial condition, near-term and long-term prospects for the issuer, and the likelihood of the recoverability of principal and interest. Effective January 1, 2020, credit losses are recognized through an allowance account subject to reversal, rather than a reduction in amortized cost. Declines in value attributable to factors other than credit are reported as an unrealized loss in other comprehensive income while the allowance for credit loss is charged to net realized gains (losses) in the consolidated statement of income.

For available for sale investments that the Company intends to sell or for which it is more likely than not that the Company would be required to sell before an anticipated recovery in value, the full amount of the impairment is included in net realized gains (losses). The new cost basis of the investment is the previous amortized cost basis reduced by the impairment recognized in net realized gains (losses). The new cost basis is not adjusted for any subsequent recoveries in fair value.

The Company reports accrued investment income separately from investment balances and has elected not to measure an allowance for credit losses for accrued investment income. Any uncollectible accrued interest income is written off in the period it is deemed uncollectible.

Net investment income includes interest and dividend income together with amortization of market premiums and discounts and is net of investment management and custody fees. Anticipated prepayments and expected maturities are used in applying the interest method for certain investments such as mortgage and other asset-backed securities. When actual prepayments differ significantly from anticipated prepayments, the effective yield is recalculated to reflect actual payments to date and anticipated future payments. The net investment in such securities is adjusted to the amount that would have existed had the new effective yield been applied since the acquisition of the security. Such adjustments, if any, are included in net investment income when determined.

Investment gains or losses realized on the sale of investments, except for certain fund investments, are determined on a first-in, first-out basis and are reflected in net income. Investment gains or losses realized on the sale of certain fund investments are determined on an average cost basis. Unrealized appreciation or decline in the value of available for sale securities, which are carried at fair value, is excluded from net income and recorded as a separate component of accumulated other comprehensive income, net of applicable deferred income tax.

(i) Derivative Instruments

The Company recognizes all derivative instruments, including embedded derivative instruments, at fair value in its consolidated balance sheets. The Company employs the use of derivative instruments within its operations to mitigate risks arising from assets and liabilities held in foreign currencies as well as part of its overall investment strategy. For such instruments, changes in assets and liabilities measured at fair value are recorded as "Net realized gains (losses)" in the consolidated statements of income. In addition, the Company's derivative instruments include amounts related to underwriting activities where an insurance or reinsurance contract meets the accounting definition of a derivative instrument. For such contracts, changes in fair value are reflected in "Other underwriting income" in the consolidated statements of income as the underlying contract originates from the Company's underwriting operations. For the periods ended 2025, 2024, and 2023, the Company did not designate any derivative instruments as hedges under the relevant accounting guidance. See [note 11](#), for additional information.

(j) Reserves for Losses and Loss Adjustment Expenses

Insurance and Reinsurance. The reserve for losses and loss adjustment expenses consists of estimates of unpaid reported losses and loss adjustment expenses and estimates for losses incurred but not reported. The reserve for unpaid reported losses and loss adjustment expenses, established by management based on reports from ceding companies and claims from insureds, excludes estimates of amounts related to losses under high deductible policies, and represents the estimated ultimate cost of events or conditions that have been reported to or specifically identified by the Company. Such reserves are supplemented by management's estimates of reserves for losses incurred for which reports or claims have not been received. The Company's reserves are based on a combination of reserving methods, incorporating both Company and industry loss development patterns. The Company selects the initial expected loss and loss adjustment expense ratios based on information derived by its underwriters and actuaries during the initial pricing of the business, supplemented by industry data where appropriate. Such ratios consider, among other

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things, rate changes and changes in terms and conditions that have been observed in the market. These estimates are reviewed regularly and, as experience develops and new information becomes known, the reserves are adjusted as necessary. Such adjustments, if any, are reflected in income in the period in which they are determined. As actual loss information has been reported, the Company has developed its own loss experience and its reserving methods include other actuarial techniques. Over time, such techniques have been given further weight in its reserving process based on the continuing maturation of the Company's reserves. Inherent in the estimates of ultimate losses and loss adjustment expenses are expected trends in claims severity and frequency and other factors which may vary significantly as claims are settled. Accordingly, ultimate losses and loss adjustment expenses may differ materially from the amounts recorded in the accompanying consolidated financial statements. Losses and loss adjustment expenses are recorded on an undiscounted basis, except for excess workers' compensation and employers' liability business written by the Company's insurance operations.

Mortgage. The reserves for mortgage guaranty insurance losses and loss adjustment expenses are the estimated claim settlement costs on notices of delinquency that have been received by the Company, as well as loan delinquencies that have been incurred but have not been reported by the lenders. Consistent with primary mortgage insurance industry accounting practice, the Company does not establish loss reserves for future claims on insured loans that are not currently delinquent (defined as two or more payments in arrears). The Company establishes loss reserves on a case-by-case basis when insured loans are reported delinquent using estimated claim rates and average claim sizes for each cohort, net of any salvage recoverable. The Company also reserves for delinquencies that have occurred but have not yet been reported to the Company prior to the close of an accounting period. To determine this reserve, the Company estimates the number of delinquencies not yet reported using historical information regarding late reported delinquencies and applies estimated claim rates and claim sizes for the estimated delinquencies not yet reported.

The establishment of reserves across the Company's segments is an inherently uncertain process, are necessarily based on estimates, and the ultimate net cost may vary from such estimates. The methods for making such estimates and for establishing the resulting liability are reviewed and updated using the most current information available. Any resulting adjustments, which may be material, are reflected in current operations.

(k) Contractholder Receivables and Payables and Collateral Held for Insured Obligations

Certain insurance policies written by the Company's U.S. insurance operations feature large deductibles, primarily in its construction and national accounts line of business. Under such contracts, the Company is obligated to pay the claimant for the full amount of the claim. The Company is subsequently reimbursed by the policy holder for the deductible amount. These amounts are included on a gross basis in the consolidated balance sheet as contractholder payables and contractholder receivables. In the event that the Company is unable to collect from the policyholder, the Company would be liable for such defaulted amounts. Collateral, primarily in the form of letters of credit, cash and trusts, is obtained from the policyholder to mitigate the Company's credit risk. In the instances where the Company receives collateral in the form of cash, the Company reflects it in "Collateral held for insured obligations."

Contractholder receivables are reported net of an allowance for expected credit losses. The allowance is based upon the Company's ongoing review of amounts outstanding, changes in policyholder credit standing, amounts and form of collateral obtained, and other relevant factors. A ratings based probability-of-default and loss-given-default methodology is used to estimate the allowance for expected credit losses. Any allowance for credit losses is charged to net realized gains (losses) in the period the receivable is recorded and revised in subsequent periods to reflect changes in the Company's estimate of expected credit losses. See [note 7](#), for additional information.

(l) Foreign Exchange

Assets and liabilities of foreign operations whose functional currency is not the U.S. Dollar are translated at the prevailing exchange rates at each balance sheet date. Revenues and expenses of such foreign operations are translated at average exchange rates during the year. The net effect of the translation adjustments for foreign operations is included in accumulated other comprehensive income, net of applicable deferred income tax. Monetary assets and liabilities, such as premiums receivable and the reserve for losses and loss adjustment expenses, denominated in foreign currencies are revalued at the exchange rate in effect at the balance sheet date with the resulting foreign exchange gains and losses included in net income. Accounts that are classified as non-monetary, such as deferred acquisition costs and the unearned premium reserves, are not revalued. In the case of foreign currency denominated fixed maturity securities which are classified as "available for sale," the change in exchange rates between the local currency in which the investments are denominated and the Company's functional currency at each balance sheet date is included in unrealized

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appreciation or decline in value of securities, a component of accumulated other comprehensive income, net of applicable deferred income tax.

(m) Income Taxes

Deferred income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for income tax purposes. A valuation allowance is recorded if it is more likely than not that some or all of a deferred income tax asset may not be realized. The Company considers future taxable income and feasible tax planning strategies in assessing the need for a valuation allowance. In the event the Company determines that it will not be able to realize all or part of its deferred income tax assets in the future, an adjustment to the deferred income tax assets would be charged to income in the period in which such determination is made. In addition, if the Company subsequently assesses that the valuation allowance is no longer needed, a benefit would be recorded to income in the period in which such determination is made. See [note 15](#), for additional information.

The Company recognizes a tax benefit where it concludes that it is more likely than not that the tax benefit will be sustained on audit by the taxing authority based solely on the technical merits of the associated tax position. If the recognition threshold is met, the Company recognizes a tax benefit measured at the largest amount of the tax benefit that, in the Company's judgment, is greater than 50% likely to be realized. The Company records interest and penalties related to unrecognized tax benefits in the provision for income taxes.

(n) Share-Based Payment Arrangements

The Company applies a fair value based measurement method in accounting for its share-based payment arrangements with eligible employees and directors. Compensation expense is estimated based on the fair value of the award at the grant date and is recognized in net income over the requisite service period with a corresponding increase in shareholders' equity. No value is attributed to awards that employees forfeit because they fail to satisfy vesting conditions. The Company's (i) time-based awards generally vest over a three year period with one-third vesting on the first, second and third anniversaries of the grant date and (ii) performance-based awards cliff vest after each three year performance period based on achievement of the specified performance criteria. The share-based compensation expense associated with awards that have graded vesting features and vest based on service conditions only is calculated on a straight-line basis over the requisite service period for the entire award. Compensation

expense recognized in connection with performance awards is based on the achievement of the specified performance and service conditions. The final measure of compensation expense recognized over the requisite service period reflects the final performance outcome. During the recognition period compensation expense is accrued based on the performance condition that is probable of achievement. For awards granted to retirement-eligible employees where no service is required for the employee to retain the award, the grant date fair value is immediately recognized as compensation expense at the grant date because the employee is able to retain the award without continuing to provide service. For employees near retirement eligibility, attribution of compensation cost is over the period from the grant date to the retirement eligibility date. These charges had no impact on the Company's cash flows or total shareholders' equity. See [note 22](#), for information relating to the Company's share-based payment awards.

(o) Guaranty Fund and Other Related Assessments

Liabilities for guaranty fund and other related assessments in the Company's insurance and reinsurance operations are accrued when the Company receives notice that an amount is payable, or earlier if a reasonable estimate of the assessment can be made.

(p) Treasury Shares

Treasury shares are common shares purchased by the Company and not subsequently canceled. These shares are recorded at cost and result in a reduction of the Company's shareholders' equity in its Consolidated Balance Sheets.

(q) Goodwill and Intangible Assets

Goodwill represents the excess of the purchase price of business combination over the fair value of the net assets acquired and is assigned to the applicable reporting unit at acquisition. The annual goodwill impairment test was performed as of October 1, 2025. Impairment tests may be performed more frequently if the facts and circumstances indicate a possible impairment. In performing impairment tests, the Company may first assess qualitative factors to determine whether it is more likely than not (that is, more than a 50% probability) that the fair value of a reporting unit exceeds its carrying amount as a basis for determining whether it is necessary to perform goodwill impairment test described in the accounting guidance.

Indefinite-lived intangible assets, such as insurance licenses are evaluated for impairment similar to goodwill. Finite-lived intangible assets and liabilities include the value of acquired insurance and reinsurance contracts, which are estimated based on the present value of future expected cash flows and amortized in proportion to the estimated profits

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expected to be realized. Other finite-lived intangible assets, including customer lists, trade name and IT platforms, are amortized over their useful lives. Finite-lived intangible assets and liabilities are periodically reviewed for indicators of impairment. An impairment is recognized when the carrying amount is not recoverable from its undiscounted cash flows and is measured as the difference between the carrying amount and fair value.

If goodwill or intangible assets are impaired, such assets are written down to their fair values with the related expense recorded in the Company's results of operations.

(r) Investment in Operating Affiliates

Investment in operating affiliates primarily represent the Company's investments in which it has significant influence and which are accounted for under the equity method of accounting. In applying the equity method of accounting, investments in operating affiliates are initially recorded at cost and are subsequently adjusted based on the Company's proportionate share of net income or loss of the operating affiliate. The Company records its proportionate share of other comprehensive income or loss of the operating affiliate as a component of other comprehensive income. Adjustments are based on the most recently available financial information from the operating affiliate. Changes in the carrying value of these investments are recorded in income (loss) from operating affiliates.

(s) Funds Held Arrangements

Funds held arrangements are agreements with a third party reinsurance company, where the reinsured retains the related assets on a funds held basis. Such amounts are included in "Other assets" on the Company's balance sheet. Investment returns produced by those assets are recorded as part of net investment income and net realized gains (losses) in the Company's consolidated results of operations. Funds held as collateral by the Company are included in "Other liabilities" and changes to the funds held liability are reflected as part of interest expense in the Company's consolidated results of operations.

(t) Government Grants

The Company claims substance-based government grants and refundable tax credits based on eligible expenditures in the jurisdictions in which it operates. Such amounts are recognized as reductions to the related expenses from which they are derived in the period where it is probable, the conditions for receiving the grant or refundable tax credits are satisfied. Government grants and refundable tax credits receivable are included in 'Other assets' and the benefit is primarily reflected as a reduction to 'other operating expenses' and 'corporate expenses' in the Company's consolidated results of operations.

(u) Recent Accounting Pronouncements

Recently Issued Accounting Standards Adopted

The Company adopted ASU 2023-09, "Improvements to Income Tax Disclosures," which was issued in December 2023 with the stated purpose of enhancing the transparency and decision usefulness of income tax disclosures. The amendments in ASU 2023-09 address investor requests for enhanced income tax information primarily through changes to the rate reconciliation and income taxes paid information. The Company adopted this ASU on a prospective basis. The adoption of this ASU did not have any effect on the Company's consolidated financial statements.

Recently Issued Accounting Standards Not Yet Adopted

ASU 2024-03, "Disaggregation of Income Statement Expenses" was issued in November 2024, which requires disaggregated disclosure of income statement expenses for public business entities. The ASU does not change the expense captions an entity presents on the face of the income statement; rather, it requires disaggregation of certain expense captions into specified categories in disclosures within the footnotes to the financial statements. The ASU is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods within annual reporting periods beginning after December 15, 2027. The requirements will be applied prospectively with the option for retrospective application. Early adoption is permitted. The Company is currently evaluating the impact of this standard on the Company's consolidated financial statements and related disclosures.

ASU 2025-06, "Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software," was issued in September 2025. The new guidance amends the accounting for the internal-use software by eliminating references to software development project stages. Under the revised standard, entities must capitalize software costs when (i) management has authorized and committed funding for the project, and (ii) it is probable that the project will be completed and the software will function as intended. The update also clarifies that both internal and external training costs, as well as maintenance costs, must be expensed as incurred. The ASU is effective for annual reporting periods beginning after December 15, 2027 and interim reporting periods within those annual reporting periods. The requirements may be applied prospectively, with options for modified retrospective or full retrospective application. The Company plans to early adopt this ASU on a prospective basis beginning January 1, 2026, consistent with the permitted early adoption rules. The Company does not expect this ASU to have a material impact on the Company's consolidated financial statements and related disclosures.

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ASU 2025-10, “Accounting for Government Grants Received by Business Entities”, was issued in December 2025. The ASU establishes authoritative guidance for the recognition, measurement, and presentation of government grants. The amendments in this ASU are effective for public business entities for annual reporting periods beginning after December 15, 2028, and interim periods within those annual reporting periods. Early adoption is permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements and related disclosures.

4. Segment Information

The Company classifies its businesses into three segments: insurance, reinsurance and mortgage. The Company determined its segments using the management approach described in accounting guidance regarding disclosures about segments of an enterprise and related information. The accounting policies of the segments are the same as those used for the preparation of the Company’s consolidated financial statements. Intersegment business is allocated to the segment accountable for the underwriting results.

The Company’s insurance, reinsurance and mortgage segments each have managers who are responsible for the overall profitability of their respective segments and who are directly accountable to the Company’s chief operating decision-makers (“CODMs”): the Chief Executive Officer of Arch Capital and the Chief Financial Officer and Treasurer of Arch Capital. The CODMs do not assess performance, measure return on equity or make resource allocation decisions on a line of business basis. Management measures segment performance for its three segments based on underwriting income or loss. The Company does not manage its assets by segment, with the exception of goodwill and intangible assets and accordingly investment income is not allocated to each underwriting segment.

The Company’s insurance segment primarily consists of commercial insurance lines of business, with a focus on specialty insurance products. These products are mainly offered in North America, Bermuda, the United Kingdom, continental Europe and Australia. Products offered in North America include: commercial automobile; commercial multiperil; other liability—claims made, which includes financial and professional lines; other liability—occurrence, which includes admitted and excess and surplus casualty lines; property and short-tail specialty; workers compensation; and other. Products offered across the Company’s International units include: property and short-tail specialty; and casualty and other.

The Company’s reinsurance segment offers reinsurance products on a worldwide basis. Product lines of business include: casualty; marine and aviation; specialty; property catastrophe; property excluding property catastrophe; and other.

The Company’s mortgage segment consists of U.S. primary mortgage insurance business written predominantly on loans sold to the Federal National Mortgage Association (“Fannie Mae”) and the Federal Home Loan Mortgage Corporation (“Freddie Mac”), each a government sponsored entity (“GSE”) and also through non-GSE approved entities (combined “Arch MI U.S.”); reinsurance and underwriting services related to U.S. credit-risk transfer (“CRT”) business which are predominately with the GSEs and other U.S. mortgage reinsurance transactions; and international mortgage insurance and reinsurance business covering loans primarily in Australia and Europe.

The Company’s results also include net investment income, net realized gains or losses (which includes, but is not limited to, realized and unrealized changes in the fair value of equity securities and assets accounted for using the fair value option, realized and unrealized gains or losses on derivative instruments, changes in the allowance for credit losses on financial assets and gains or losses realized from the acquisition or disposition of subsidiaries), equity in net income or loss of investment funds accounted for using the equity method, other income (loss), corporate expenses, transaction costs and other, amortization of intangible assets, interest expense, net foreign exchange gains or losses, income tax items, income or loss from operating affiliates and items related to the Company’s non-cumulative preferred shares.

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
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The following tables summarize the Company's underwriting income or loss by segment, together with a reconciliation of underwriting income or loss to net income available to Arch common shareholders, summary information regarding net premiums written and earned by major line of business and net premiums written by location:

	Year Ended December 31, 2025			
	Insurance	Reinsurance	Mortgage	Total
Gross premiums written (1)	\$ 10,435	\$ 11,149	\$ 1,305	\$ 22,878
Premiums ceded (1)	(2,637)	(3,531)	(245)	(6,402)
Net premiums written	7,798	7,618	1,060	16,476
Change in unearned premiums	(27)	504	112	589
Net premiums earned	7,771	8,122	1,172	17,065
Other underwriting income (2)	36	159	22	217
Losses and loss adjustment expenses	(4,764)	(4,610)	4	(9,370)
Acquisition expenses	(1,496)	(1,644)	(13)	(3,153)
Other operating expenses (3)	(1,172)	(469)	(185)	(1,826)
Underwriting income	\$ 375	\$ 1,558	\$ 1,000	2,933
Net investment income				1,625
Net realized gains (losses)				464
Equity in net income (loss) of investments accounted for using the equity method				504
Other income (loss)				54
Corporate expenses (4)				(57)
Transaction costs and other (4)				(75)
Amortization of intangible assets				(193)
Interest expense				(148)
Net foreign exchange gains (losses)				(128)
Income (loss) before income taxes and income (loss) from operating affiliates				4,979
Income tax (expense) benefit				(760)
Income (loss) from operating affiliates				180
Net income (loss)				4,399
Amounts attributable to redeemable noncontrolling interests				—
Net income (loss) available to Arch				4,399
Preferred dividends				(40)
Net income (loss) available to Arch common shareholders				\$ 4,359
Underwriting Ratios				
Loss ratio	61.3%	56.8%	-0.4%	54.9%
Acquisition expense ratio	19.3%	20.2%	1.1%	18.5%
Other operating expense ratio (5)	14.6%	3.8%	13.9%	9.4%
Combined ratio	95.2%	80.8%	14.6%	82.8%
Goodwill and intangible assets	\$ 793	\$ 98	\$ 331	\$ 1,222
Total investable assets				\$ 47,369
Total assets				79,241
Total liabilities				55,035

- (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 underwriting income' includes revenue earned from underwriting-related activities covered under existing service contracts.
- (3) Other operating expenses primarily include expenses that are related to compensation and employee benefits, information technology and professional fees, reduced in part by substance based credits. See [note 3\(u\)](#).
- (4) Certain expenses have been excluded from 'Corporate expenses' and reflected in 'Transaction costs and other.' See [note 3\(u\)](#).
- (5) The 'Other operating expense ratio' for the 2025 period includes 'Other underwriting income.'

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
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	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 (2)	(995)	(270)	(207)	(1,472)
Underwriting income (loss)	\$ 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 (3)				(119)
Transaction costs and other (3)				(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)				4,312
Amounts attributable to redeemable noncontrolling interests				—
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.
- (3) Certain expenses have been excluded from 'Corporate expenses' and reflected in 'Transaction costs and other.'

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
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	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 (2)	(819)	(288)	(194)	(1,301)
Underwriting income (loss)	\$ 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 (3)				(96)
Transaction costs and other (3)				(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				4,442
Amounts attributable to redeemable noncontrolling interests				1
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.
- (3) Certain expenses have been excluded from 'Corporate expenses' and reflected in 'Transaction costs and other.'

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The following tables provide summary information regarding net premiums earned by major line of business and net premiums written by underwriting location:

INSURANCE SEGMENT	Year Ended December 31,		
	2025	2024	2023
Net premiums earned			
North America			
Property and short-tail specialty	\$ 1,373	\$ 1,165	\$ 976
Other liability - occurrence	1,321	942	618
Other liability - claims made	786	843	866
Commercial multi-peril	792	435	193
Commercial automobile	581	459	343
Workers compensation	591	549	495
Other	291	309	290
Total North America	<u>5,735</u>	<u>4,702</u>	<u>3,781</u>
International			
Property and short-tail specialty	\$ 1,099	\$ 1,061	\$ 885
Casualty and other	937	864	780
Total International	<u>2,036</u>	<u>1,925</u>	<u>1,665</u>
Total	<u>\$ 7,771</u>	<u>\$ 6,627</u>	<u>\$ 5,446</u>
Net premiums written by underwriting location			
North America	\$ 5,724	\$ 4,869	\$ 3,995
International	2,074	2,005	1,867
Total	<u>\$ 7,798</u>	<u>\$ 6,874</u>	<u>\$ 5,862</u>

REINSURANCE SEGMENT	Year Ended December 31,		
	2025	2024	2023
Net premiums earned			
Specialty	\$ 2,906	\$ 2,619	\$ 2,097
Property excluding property catastrophe	2,252	2,148	1,645
Casualty	1,432	1,088	1,005
Property catastrophe	1,065	959	742
Marine and aviation	317	276	229
Other	150	152	118
Total	<u>\$ 8,122</u>	<u>\$ 7,242</u>	<u>\$ 5,836</u>
Net premiums written by underwriting location			
Bermuda	\$ 3,672	\$ 3,425	\$ 3,288
United States	1,798	2,135	1,756
Europe and other	2,148	2,186	1,510
Total	<u>\$ 7,618</u>	<u>\$ 7,746</u>	<u>\$ 6,554</u>

MORTGAGE SEGMENT	Year Ended December 31,		
	2025	2024	2023
Net premiums earned			
U.S. primary mortgage insurance	\$ 802	\$ 845	\$ 759
U.S. credit risk transfer (CRT) and other	207	213	220
International mortgage insurance/reinsurance	163	173	179
Total	<u>\$ 1,172</u>	<u>\$ 1,231</u>	<u>\$ 1,158</u>
Net premiums written by underwriting location			
United States	\$ 780	\$ 823	\$ 743
Other	280	289	309
Total	<u>\$ 1,060</u>	<u>\$ 1,112</u>	<u>\$ 1,052</u>

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5. Reserve for Losses and Loss Adjustment Expenses

The following table represents an analysis of losses and loss adjustment expenses and a reconciliation of the beginning and ending reserve for losses and loss adjustment expenses:

	Year Ended December 31,		
	2025	2024	2023
Reserve for losses and loss adjustment expenses at beginning of year	\$ 29,369	\$ 22,752	\$ 20,032
Unpaid losses and loss adjustment expenses recoverable	7,821	6,690	6,280
Net reserve for losses and loss adjustment expenses at beginning of year	21,548	16,062	13,752
Net incurred losses and loss adjustment expenses relating to losses occurring in:			
Current year	9,970	8,849	6,784
Prior years	(600)	(507)	(538)
Total net incurred losses and loss adjustment expenses	9,370	8,342	6,246
Net losses and loss adjustment expense reserves of acquired business (1)	50	2,477	—
Foreign exchange (gains) losses and other	550	(260)	157
Net paid losses and loss adjustment expenses relating to losses occurring in:			
Current year	(1,862)	(1,176)	(1,081)
Prior years	(5,163)	(3,897)	(3,012)
Total net paid losses and loss adjustment expenses	(7,025)	(5,073)	(4,093)
Net reserve for losses and loss adjustment expenses at end of year	24,493	21,548	16,062
Unpaid losses and loss adjustment expenses recoverable	9,054	7,821	6,690
Reserve for losses and loss adjustment expenses at end of year	\$ 33,547	\$ 29,369	\$ 22,752

(1) Activity in the 2025 and 2024 periods primarily related to the MCE Acquisition (see [note 2](#)).

Prior year development (“PYD”) arises from changes in loss estimates during the current period related to events occurring in prior calendar years. Long-tailed lines include lines of business that typically take many years for claims to settle such as third party liability; short-tailed lines are those that settle more quickly such as property. The table below summarizes (favorable) and adverse net PYD by segment and tail length:

(Favorable) Adverse	Year Ended December 31,		
	Short-tailed	Long-tailed	Total
2025			
Insurance	\$ (61)	\$ 18	\$ (43)
Reinsurance	(386)	64	(322)
Mortgage	(235)	—	(235)
Total	\$ (682)	\$ 82	\$ (600)
2024			
Insurance	\$ (53)	\$ 16	\$ (37)
Reinsurance	(232)	44	(188)
Mortgage	(282)	—	(282)
Total	\$ (567)	\$ 60	\$ (507)
2023			
Insurance	\$ (85)	\$ 43	\$ (42)
Reinsurance	(202)	50	(152)
Mortgage	(344)	—	(344)
Total	\$ (631)	\$ 93	\$ (538)

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Year Ended December 31, 2025

The insurance segment's short-tailed lines included \$26 million of favorable development in travel and accident, primarily from the 2023 and 2024 accident years, (*i.e.*, the year in which a loss occurred), and \$21 million of favorable development in property, energy, marine and aviation, primarily from the 2023 and 2024 accident years. Net adverse development in long-tailed lines included adverse development in programs, mainly from the 2021 to 2023 accident years.

The reinsurance segment's short-tailed lines included \$178 million of favorable development from property other than property catastrophe, primarily from the 2023 and 2024 underwriting years (*i.e.*, all premiums and losses attributable to contracts having an inception or renewal date within the given 12 month period), and \$141 million of favorable development from property catastrophe, primarily from the 2023 and 2024 underwriting years. Long-tailed lines included \$64 million of adverse development in casualty, primarily from the 2021, 2023 and 2024 underwriting years.

The mortgage segment's favorable development was driven by reserve releases associated with the U.S. first lien portfolio from the 2023 and 2024 accident years. The Company's credit risk transfer and international businesses also contributed to the favorable development.

Year Ended December 31, 2024

The insurance segment's short-tailed lines included \$32 million of favorable development in travel and accident, primarily from the 2023 accident year, and \$31 million of favorable development in surety, primarily from the 2007, 2022 and 2023 accident years. Net adverse development in long-tailed lines included adverse development in programs, mainly from the 2023 accident year.

The reinsurance segment's short-tailed lines included \$99 million of favorable development from property other than property catastrophe, primarily from the 2022 and 2023 underwriting years, \$74 million of favorable development from specialty lines, primarily from the 2015 to 2022 underwriting years, and \$64 million of favorable development from property catastrophe, primarily from the 2020 to 2023 underwriting years. Long-tailed lines included \$44 million of adverse development in casualty, primarily from the 2016, 2017 and 2020 underwriting years.

The mortgage segment's favorable development was driven by reserve releases associated with the U.S. first lien portfolio from the 2022 and 2023 accident years. The Company's credit risk transfer and international businesses also contributed to the favorable development.

Year Ended December 31, 2023

The insurance segment's short-tailed lines included \$43 million of favorable development in property, energy marine and aviation, primarily from the 2021 and 2022 accident years, \$22 million of favorable development in warranty and lenders solutions, primarily from the 2022 accident year, and \$15 million of favorable development in travel and accident, primarily from the 2022 accident year. Long-tailed lines included \$50 million of adverse development in professional liability, primarily from the 2017 to 2020 accident years.

The reinsurance segment's short-tailed lines included \$93 million of favorable development in property other than property catastrophe, primarily from the 2020 to 2022 underwriting years, \$51 million of favorable development in property catastrophe, primarily from the 2019 to 2022 underwriting years, and \$35 million from specialty lines, primarily from the 2021 underwriting year. Long-tailed lines included \$45 million of adverse development in casualty business, primarily from the 2013 to 2020 underwriting years.

The mortgage segment's favorable development was driven by reserve releases associated with the U.S. first lien portfolio from the 2020 to 2022 accident years. The Company's credit risk transfer and international businesses also contributed to the favorable development.

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6. Short Duration Contracts

The Company's reserves for losses and loss adjustment expenses primarily relate to short-duration contracts with various characteristics (e.g., type of coverage, geography, claims duration). The Company considered such information in determining the level of disaggregation for disclosures related to its short-duration contracts, as detailed in the table below:

Reportable segment	Level of disaggregation	Included lines of business
Insurance	Property energy, marine and aviation	Property energy, marine and aviation
	Third party occurrence business	Excess and surplus casualty (excluding contract binding); construction and national accounts; and other (including alternative market risks, excess workers' compensation and employer's liability insurance coverages)
	Third party claims-made business	Professional lines
	Multi-line and other specialty	Programs; contract binding (part of excess and surplus casualty); travel, accident and health; warranty and lenders solutions; and other (contract and commercial surety coverages); MCE business ¹
Reinsurance	Casualty	Casualty
	Property catastrophe	Property catastrophe
	Property excluding property catastrophe	Property excluding property catastrophe
	Marine and aviation	Marine and aviation
	Specialty	Specialty
Mortgage	Direct mortgage insurance in the U.S.	Mortgage insurance on U.S. primary exposures

(1) Includes business underwritten under a new business reinsurance agreement related to the MCE Acquisition. See [note 2](#).

The Company determined the following to be insignificant for disclosure purposes: (i) certain mortgage business, including non-U.S. primary business, second lien and student loan exposures, global mortgage reinsurance and participation in various GSE credit risk-sharing products and (ii) certain reinsurance business, including casualty clash and non-traditional lines. Such amounts are included as reconciling items.

The Company is required to establish reserves for losses and loss adjustment expenses ("Loss Reserves") that arise from the business the Company underwrites. Loss Reserves for the insurance, reinsurance and mortgage segments represent estimates of future amounts required to pay losses and loss adjustment expenses for insured or reinsured events which have occurred at or before the balance sheet

date. Loss Reserves do not reflect contingency reserve allowances to account for future loss occurrences. Losses arising from future events will be estimated and recognized at the time the losses are incurred and could be substantial.

Insurance Segment

Loss Reserves for the insurance segment are comprised of estimated amounts for (1) reported losses ("case reserves") and (2) incurred but not reported losses ("IBNR reserves"). Generally, claims personnel determine whether to establish a case reserve for the estimated amount of the ultimate settlement of individual claims. The estimate reflects the judgment of claims personnel based on general corporate reserving practices, the experience and knowledge of such personnel regarding the nature and value of the specific type of claim and, where appropriate, advice of counsel. The Company also contracts with a number of outside third party administrators in the claims process who, in certain cases, have limited authority to establish case reserves. The work of such administrators is reviewed and monitored by our claims personnel. Loss Reserves are also established to provide for loss adjustment expenses and represent the estimated expense of settling claims, including legal and other fees and the general expenses of administering the claims adjustment process. Periodically, adjustments to the case reserves may be made as additional information is reported or payments are made. IBNR reserves are established to provide for incurred claims which have not yet been reported at the balance sheet date as well as to adjust for any projected variance in case reserving. Actuaries estimate ultimate losses and loss adjustment expenses using various generally accepted actuarial methods applied to known losses and other relevant information. Like case reserves, IBNR reserves are adjusted as additional information becomes known or payments are made. The process of estimating reserves involves a considerable degree of judgment by management and, as of any given date, is inherently uncertain.

Ultimate losses and loss adjustment expenses are generally determined by projection of claim emergence and settlement patterns observed in the past that can reasonably be expected to persist into the future. In forecasting ultimate losses and loss adjustment expenses with respect to any line of business, past experience with respect to that line of business is the primary resource, developed through both industry and company experience, but cannot be relied upon in isolation. Uncertainties in estimating ultimate losses and loss adjustment expenses are magnified by the length of the time lag between when a claim actually occurs and when it is reported and settled. This time lag is sometimes referred to as the "claim-tail." During this period additional facts regarding coverages written in prior accident years, as well as about actual claims and trends, may become known and, as a result, may lead to

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adjustments of the related Loss Reserves. If the Company determines that an adjustment is appropriate, the adjustment is recorded in the accounting period in which such determination is made. Accordingly, should Loss Reserves need to be increased or decreased in the future from amounts currently established, future results of operations would be negatively or positively impacted respectively. The Company authorizes managing general agents, general agents and other producers to write program business on the Company's behalf within prescribed underwriting authorities. This delegated authority process introduces additional complexity to the actuarial determination of unpaid future losses and loss adjustment expenses. In order to monitor adherence to the underwriting guidelines given to such parties, the Company periodically performs underwriting and claims due diligence reviews.

In determining ultimate losses and loss adjustment expenses, the cost to indemnify claimants, provide needed legal defense and other services for insureds and administer the investigation and adjustment of claims are considered. These claim costs are influenced by many factors that change over time, such as expanded coverage definitions as a result of new court decisions, inflation in costs to repair or replace damaged property, inflation in the cost of medical services and legislated changes in statutory benefits, as well as by the particular, unique facts that pertain to each claim. As a result, the rate at which claims arose in the past and the costs to settle them may not always be representative of what will occur in the future. The factors influencing changes in claim costs are often difficult to isolate or quantify and developments in paid and incurred losses from historical trends are frequently subject to multiple and conflicting interpretations. Changes in coverage terms or claims handling practices may also cause future experience and/or development patterns to vary from the past. A key objective of actuaries in developing estimates of ultimate losses and loss adjustment expenses, and resulting IBNR reserves, is to identify aberrations and systemic changes occurring within historical experience and adjust for them so that the future can be projected more reliably. Because of the factors previously discussed, this process requires the substantial use of informed judgment and is inherently uncertain.

Although Loss Reserves are initially determined based on underwriting and pricing analyses, the Company's insurance segment applies several generally accepted actuarial methods, as discussed below, on a quarterly basis to evaluate the Loss Reserves, in addition to the expected loss method, in particular for Loss Reserves from more mature accident years (the year in which a loss occurred). Each quarter, as part of the reserving process, the segments' actuaries reaffirm that the assumptions used in the reserving process continue to form a sound basis for the projection of liabilities. If actual loss activity differs

substantially from expectations based on historical information, an adjustment to Loss Reserves may be supported. The Company places more or less reliance on a particular actuarial method based on the facts and circumstances at the time the estimates of Loss Reserves are made.

These methods generally fall into one of the following categories or are hybrids of one or more of the following categories:

- *Expected loss methods* - these methods are based on the assumption that ultimate losses vary proportionately with premiums. Expected loss and loss adjustment expense ratios are typically developed based upon the information derived by underwriters and actuaries during the initial pricing of the business, supplemented by industry data available from organizations, such as statistical bureaus and consulting firms, where appropriate. These ratios consider, among other things, rate increases and changes in terms and conditions that have been observed in the market. Expected loss methods are useful for estimating ultimate losses and loss adjustment expenses in the early years of long-tailed lines of business, when little or no paid or incurred loss information is available, and is commonly applied when limited loss experience exists for a company.
- *Historical incurred loss development methods* - these methods assume that the ratio of losses in one period to losses in an earlier period will remain constant in the future. These methods use incurred losses (*i.e.*, the sum of cumulative historical loss payments plus outstanding case reserves) over discrete periods of time to estimate future losses. Historical incurred loss development methods may be preferable to historical paid loss development methods because they explicitly take into account open cases and the claims adjusters' evaluations of the cost to settle all known claims. However, historical incurred loss development methods necessarily assume that case reserving practices are consistently applied over time. Therefore, when there have been significant changes in how case reserves are established, using incurred loss data to project ultimate losses may be less reliable than other methods.
- *Historical paid loss development methods* - these methods, like historical incurred loss development methods, assume that the ratio of losses in one period to losses in an earlier period will remain constant. These methods use historical loss payments over discrete periods of time to estimate future losses and necessarily assume that factors that have affected paid losses in the past, such as inflation or the effects of litigation, will remain constant in the future. Because historical paid loss development methods do not use incurred losses to

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estimate ultimate losses, they may be more reliable than the other methods that use incurred losses in situations where there are significant changes in how incurred losses are established by a company's claims adjusters. However, historical paid loss development methods are more leveraged (meaning that small changes in payments have a larger impact on estimates of ultimate losses) than actuarial methods that use incurred losses because cumulative loss payments take much longer to equal the expected ultimate losses than cumulative incurred amounts. In addition, and for similar reasons, historical paid loss development methods are often slow to react to situations when new or different factors arise than those that have affected paid losses in the past.

- *Adjusted historical paid and incurred loss development methods* - these methods take traditional historical paid and incurred loss development methods and adjust them for the estimated impact of changes from the past in factors such as inflation, the speed of claim payments or the adequacy of case reserves. Adjusted historical paid and incurred loss development methods are often more reliable methods of predicting ultimate losses in periods of significant change, provided the actuaries can develop methods to reasonably quantify the impact of changes. As such, these methods utilize more judgment than historical paid and incurred loss development methods.
- *Bornhuetter-Ferguson ("B-F") paid and incurred loss methods* - these methods utilize actual paid and incurred losses and expected patterns of paid and incurred losses, taking the initial expected ultimate losses into account to determine an estimate of expected ultimate losses. The B-F paid and incurred loss methods are useful when there are few reported claims and a relatively less stable pattern of reported losses.
- *Frequency-Severity methods* - These methods utilize actual paid and incurred claim experience, but break the data down into its component pieces: claim counts, often expressed as a ratio to exposure or premium (frequency), and average claim size (severity). The component pieces are projected to an ultimate level and multiplied together to result in an estimate of ultimate loss. These methods are especially useful when the severity of claims can be confined to a relatively stable range of estimated ultimate average claim value.
- *Additional analyses* - other methodologies are often used in the reserving process for specific types of claims or events, such as catastrophic or other specific major events. These include vendor catastrophe models, which are typically used in the estimation of Loss Reserves at the early stage of known catastrophic events before information has been reported to an insurer or reinsurer.

In the initial reserving process for short-tail insurance lines (consisting of property, energy, marine and aviation and other exposures including travel, accident and health, and warranty and lenders solutions), the Company relies on a combination of the reserving methods discussed above. For catastrophe-exposed business, the reserving process also includes the usage of catastrophe models for known events and a heavy reliance on analysis of individual catastrophic events and management judgment. The development of losses on short-tail business can be unstable, especially for policies characterized by high severity, low frequency losses. As time passes, for a given accident year, additional weight is given to the paid and incurred B-F loss development methods and eventually to the historical paid and incurred loss development methods in the reserving process. The Company makes a number of key assumptions in their reserving process, including that historical paid and reported development patterns are stable, catastrophe models provide useful information about our exposure to catastrophic events that have occurred and underwriters' judgment as to potential loss exposures can be relied on. The expected loss ratios used in the initial reserving process for short-tail business have varied over time due to changes in pricing, reinsurance structure, estimates of catastrophe losses, policy changes (such as attachment points, class and limits) and geographical distribution. As losses in short-tail lines are reported relatively quickly, expected loss ratios are selected for the current accident year based upon actual attritional loss ratios for earlier accident years, adjusted for rate changes, inflation, changes in reinsurance programs and expected attritional losses based on modeling. Furthermore, ultimate losses for short-tail business are known in a reasonably short period of time.

In the initial reserving process for long-tail insurance lines (consisting of third party occurrence business, third party claims made business, and other exposures including surety, programs and contract binding exposures), the Company primarily relies on the expected loss method. The development of the Company's long-tail business may be unstable, especially if there are high severity major events, as a portion of the Company's casualty business is in high excess layers. As time passes, for a given accident year, additional weight is given to the paid and incurred B-F loss development methods and historical paid and incurred loss development methods in the reserving process. The Company makes a number of key assumptions in reserving for long-tail lines, including that the pricing loss ratio is the best estimate of the ultimate loss ratio at the time the policy is entered into, that the loss development patterns, which are based on a combination of company and industry loss development patterns and adjusted to reflect differences in the insurance segment's mix of business, are reasonable and that claims personnel and underwriters analyses of our exposure to major events are assumed to be the best

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estimate of exposure to the known claims on those events. The expected loss ratios used in the initial reserving process for long-tail business for recent accident years have varied over time, in some cases significantly, from earlier accident years. As the credibility of historical experience for earlier accident years increases, the experience from these accident years will be given a greater weighting in the actuarial analysis to determine future accident year expected loss ratios, adjusted for changes in pricing, loss trends, terms and conditions and reinsurance structure.

From time to time, the Company enters into loss portfolio transfer and adverse development cover reinsurance agreements accounted for as retroactive reinsurance. These agreements transfer Loss Reserves and future favorable or adverse development on certain runoff programs and

certain third party occurrence business, within multi-line and other specialty business (the “Covered Lines”). As incurred losses and allocated loss adjustment expenses for the Covered Lines are ceded to the reinsurer, the Company is not exposed to changes in the amount, timing and uncertainty of cash flows arising from the Covered Lines. To avoid distortion, the incurred losses and allocated loss adjustment expenses and cumulative paid losses and loss adjustment expenses for the Covered Lines are excluded entirely from the tables below. Unpaid loss and loss adjustment expenses recoverable at December 31, 2025 included \$121 million related to such reinsurance agreements.

The following tables present information on the insurance segment’s short-duration insurance contracts:

Property, energy, marine and aviation (in millions except claim count)

Incurred losses and allocated loss adjustment expenses, net of reinsurance												December 31, 2025	
Accident year	Year ended December 31,											Total of IBNR liabilities plus expected development on reported claims	Cumulative number of reported claims
	2016 unaudited	2017 unaudited	2018 unaudited	2019 unaudited	2020 unaudited	2021 unaudited	2022 unaudited	2023 unaudited	2024 unaudited	2025	2025		
2016	\$ 104	\$ 101	\$ 105	\$ 100	\$ 96	\$ 92	\$ 87	\$ 87	\$ 86	\$ 86	\$ 86	\$ —	6,189
2017		281	246	236	230	231	225	225	224	225	225	—	6,512
2018			181	186	174	170	170	172	170	171	171	—	5,091
2019				179	179	165	161	159	156	156	156	(2)	7,518
2020					359	329	336	333	337	335	335	1	8,558
2021						427	429	423	421	420	420	12	10,380
2022							522	495	576	679	679	91	16,853
2023								571	510	483	483	48	22,016
2024									703	607	607	142	25,054
2025										693	693	327	21,693
									Total	\$ 3,855			

Cumulative paid losses and allocated loss adjustment expenses, net of reinsurance														
2016	\$ 25	\$ 83	\$ 98	\$ 97	\$ 94	\$ 91	\$ 87	\$ 87	\$ 86	\$ 86	\$ 86			
2017		30	140	195	212	216	218	220	221	221	223			
2018			30	102	135	143	150	154	157	157	162			
2019				26	105	134	139	148	153	153	155			
2020					56	194	251	293	306	306	317			
2021						90	268	343	365	365	396			
2022							100	276	337	337	547			
2023								146	271	271	378			
2024									195	195	363			
2025											267			
									Total	2,894				
													All outstanding liabilities before 2016, net of reinsurance	14
													Liabilities for losses and loss adjustment expenses, net of reinsurance	\$ 975

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Third party occurrence business (in millions except claim count)

Incurred losses and allocated loss adjustment expenses, net of reinsurance											December 31, 2025	
Accident year	Year ended December 31,										Total of IBNR liabilities plus expected development on reported claims	Cumulative number of reported claims
	2016 unaudited	2017 unaudited	2018 unaudited	2019 unaudited	2020 unaudited	2021 unaudited	2022 unaudited	2023 unaudited	2024 unaudited	2025		
2016	\$ 389	\$ 394	\$ 406	\$ 399	\$ 375	\$ 367	\$ 363	\$ 352	\$ 345	\$ 331	\$ 49	78,399
2017		417	417	422	412	407	406	404	408	398	72	84,591
2018			430	453	450	451	459	461	448	435	84	79,101
2019				456	487	480	471	470	451	439	80	87,700
2020					606	616	640	632	606	594	91	92,035
2021						622	662	659	671	688	66	94,124
2022							687	726	735	737	300	95,570
2023								877	936	936	482	100,702
2024									1,001	1,038	756	103,711
2025										1,153	1,022	79,110
										Total	\$ 6,749	

Cumulative paid losses and allocated loss adjustment expenses, net of reinsurance												
2016	\$ 12	\$ 42	\$ 87	\$ 137	\$ 164	\$ 195	\$ 215	\$ 230	\$ 246	\$ 252		
2017		13	52	100	135	165	221	247	271	289		
2018			17	64	115	154	200	247	271	289		
2019				18	73	122	173	214	255	282		
2020					24	76	155	235	318	374		
2021						26	91	174	323	444		
2022							24	85	186	294		
2023								32	156	264		
2024									37	136		
2025										46		
										Total	2,670	
											All outstanding liabilities before 2016, net of reinsurance	375
											Liabilities for losses and loss adjustment expenses, net of reinsurance	\$ 4,454

Third party claims-made business (in millions except claim count)

Incurred losses and allocated loss adjustment expenses, net of reinsurance											December 31, 2025	
Accident year	Year ended December 31,										Total of IBNR liabilities plus expected development on reported claims	Cumulative number of reported claims
	2016 unaudited	2017 unaudited	2018 unaudited	2019 unaudited	2020 unaudited	2021 unaudited	2022 unaudited	2023 unaudited	2024 unaudited	2025		
2016	\$ 275	\$ 291	\$ 308	\$ 314	\$ 322	\$ 327	\$ 329	\$ 327	\$ 329	\$ 325	\$ 8	15,135
2017		270	285	311	308	323	316	337	339	326	23	15,712
2018			272	314	319	335	347	366	366	362	22	17,304
2019				288	317	317	321	329	329	326	34	17,428
2020					383	412	423	445	432	419	54	17,580
2021						514	517	498	461	446	119	19,120
2022							668	654	589	570	186	21,348
2023								809	895	901	375	26,037
2024									736	777	432	29,857
2025										882	736	29,188
										Total	\$ 5,334	

Cumulative paid losses and allocated loss adjustment expenses, net of reinsurance												
2016	\$ 11	\$ 68	\$ 127	\$ 158	\$ 205	\$ 242	\$ 257	\$ 295	\$ 296	\$ 304		
2017		9	67	113	143	196	232	257	276	284		
2018			12	68	118	158	208	258	285	305		
2019				12	65	122	154	196	235	254		
2020					17	87	151	214	265	309		
2021						23	90	162	223	269		
2022							25	100	218	307		
2023								64	200	332		
2024									56	196		
2025										49		
										Total	2,609	
											All outstanding liabilities before 2016, net of reinsurance	89
											Liabilities for losses and loss adjustment expenses, net of reinsurance	\$ 2,814

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Multi-line and other specialty (in millions except claim count)

Incurred losses and allocated loss adjustment expenses, net of reinsurance												December 31, 2025	
Accident year	Year ended December 31,											Total of IBNR liabilities plus expected development on reported claims	Cumulative number of reported claims
	2016 unaudited	2017 unaudited	2018 unaudited	2019 unaudited	2020 unaudited	2021 unaudited	2022 unaudited	2023 unaudited	2024 unaudited	2025	2025		
2016	\$ 408	\$ 430	\$ 427	\$ 416	\$ 410	\$ 408	\$ 408	\$ 406	\$ 404	\$ 403	\$	3	196,531
2017		482	500	491	500	504	512	515	514	516		4	235,002
2018			512	564	562	564	564	564	564	566		6	265,421
2019				566	611	639	650	656	670	666		8	247,961
2020					616	567	513	515	519	519		22	170,515
2021						634	618	613	634	643		33	137,791
2022							677	640	639	624		64	156,572
2023								815	809	823		133	176,315
2024									1,419	1,442		508	200,279
2025										1,987		1,195	140,332
										Total	\$ 8,189		

Cumulative paid losses and allocated loss adjustment expenses, net of reinsurance												
2016	\$ 176	\$ 304	\$ 341	\$ 362	\$ 379	\$ 385	\$ 390	\$ 391	\$ 396	\$ 397	\$ 397	
2017		181	342	380	423	446	472	479	493	499	499	
2018			211	388	442	479	508	526	543	550	550	
2019				212	385	486	548	576	611	629	629	
2020					171	308	358	405	450	469	469	
2021						157	334	427	511	557	557	
2022							177	370	439	491	491	
2023								253	489	588	588	
2024									336	727	727	
2025										493	493	
										Total	5,400	
											All outstanding liabilities before 2016, net of reinsurance	38
											Liabilities for losses and loss adjustment expenses, net of reinsurance	\$ 2,827

The following table presents the average annual percentage payout of incurred losses and allocated loss adjustment expenses by age, net of reinsurance, as of December 31, 2025:

	Average annual percentage payout of incurred losses and allocated loss adjustment expenses by age, net of reinsurance									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Property, energy, marine and aviation	23.0 %	41.4 %	18.2 %	8.9 %	3.3 %	1.0 %	— %	1.1 %	(0.1)%	0.1 %
Third party occurrence business	3.7 %	10.1 %	12.4 %	13.4 %	11.3 %	10.5 %	6.1 %	5.0 %	4.6 %	2.0 %
Third party claims-made business	4.7 %	16.1 %	16.3 %	12.0 %	13.3 %	11.8 %	6.4 %	7.7 %	1.3 %	2.4 %
Multi-line and other specialty	31.2 %	29.0 %	11.0 %	8.5 %	5.6 %	3.7 %	2.1 %	1.4 %	1.1 %	0.4 %

Reinsurance Segment

Loss Reserves for the Company's reinsurance segment are comprised of (1) case reserves, (2) additional case reserves ("ACRs") and (3) IBNR reserves. The Company receives reports of claims notices from ceding companies and records case reserves based upon the amount of reserves recommended by the ceding company. Case reserves may be supplemented by ACRs, which may be estimated by the Company's claims personnel ahead of official notification from the ceding company, or when judgment regarding the size or severity of the known event differs from the ceding company. In certain instances, the Company establishes ACRs even when the ceding company does not report any liability on a known event. In addition, specific claim information reported by ceding companies or obtained through claim audits can alert the Company to emerging trends such as changing legal interpretations of coverage

and liability, claims from unexpected sources or classes of business, and significant changes in the frequency or severity of individual claims. Such information is often used in the process of estimating IBNR reserves. IBNR reserves are established to provide for incurred claims which have not yet been reported at the balance sheet date as well as to adjust for any projected variance in case reserving. Actuaries estimate ultimate losses and loss adjustment expenses using various generally accepted actuarial methods applied to known losses and other relevant information. Like case reserves, IBNR reserves are adjusted as additional information becomes known or payments are made. The process of estimating Loss Reserves involves a considerable degree of judgment by management and, as of any given date, is inherently uncertain.

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The estimation of Loss Reserves for the reinsurance segment is subject to the same risk factors as the estimation of Loss Reserves for the insurance segment. In addition, the inherent uncertainties of estimating such reserves are even greater for reinsurers, due primarily to the following factors: (1) the claim-tail for reinsurers is generally longer because claims are first reported to the ceding company and then to the reinsurer through one or more intermediaries, (2) the reliance on premium estimates, where reports have not been received from the ceding company, in the reserving process, (3) the potential for writing a number of reinsurance contracts with different ceding companies with the same exposure to a single loss event, (4) the diversity of loss development patterns among different types of reinsurance contracts, (5) the necessary reliance on the ceding companies for information regarding reported claims and (6) the differing reserving practices among ceding companies.

Ultimate losses and loss adjustment expenses are generally determined by projection of claim emergence and settlement patterns observed in the past that can reasonably be expected to persist into the future. As with the insurance segment, the process of estimating Loss Reserves for the reinsurance segment involves a considerable degree of judgment by management and, as of any given date, is inherently uncertain. As discussed above, such uncertainty is greater for reinsurers compared to insurers. As a result, our reinsurance operations obtain information from numerous sources to assist in the process. Pricing actuaries from the reinsurance segment devote considerable effort to understanding and analyzing a ceding company's operations and loss history during the underwriting of the business, using a combination of ceding company and industry statistics. Such statistics normally include historical premium and loss data by class of business, individual claim information for larger claims, distributions of insurance limits provided, loss reporting and payment patterns, and rate change history. This analysis is used to project expected loss ratios for each treaty during the upcoming contract period.

As mentioned above, there can be a considerable time lag from the time a claim is reported to a ceding company to the time it is reported to the reinsurer. The lag can be several years in some cases and may be attributed to a number of reasons, including the time it takes to investigate a claim, delays associated with the litigation process, the deterioration in a claimant's physical condition many years after an accident occurs, the case reserving approach of the ceding company, etc. In the reserving process, the Company assumes that such lags are predictable, on average, over time and therefore the lags are contemplated in the loss reporting patterns used in their actuarial methods. This means that the reinsurance segment must rely on estimates for a longer period of time than does an insurance company.

Backlogs in the recording of assumed reinsurance can also complicate the accuracy of loss reserve estimation. As of December 31, 2025 there were no significant backlogs related to the processing of assumed reinsurance information at our reinsurance operations.

The reinsurance segment relies heavily on information reported by ceding companies, as discussed above. In order to determine the accuracy and completeness of such information, underwriters, actuaries, and claims personnel often perform audits of ceding companies and regularly review information received from ceding companies for unusual or unexpected results. Material findings are usually discussed with the ceding companies. The Company sometimes encounters situations where they determine that a claim presentation from a ceding company is not in accordance with contract terms. In these situations, the Company attempts to resolve the dispute with the ceding company. Most situations are resolved amicably and without the need for litigation or arbitration. However, in the infrequent situations where a resolution is not possible, the Company will vigorously defend its position in such disputes.

Although Loss Reserves are initially determined based on underwriting and pricing analysis, the Company applies several generally accepted actuarial methods, as discussed above, on a quarterly basis to evaluate its Loss Reserves in addition to the expected loss method, in particular for reserves from more mature underwriting years (the year in which business is underwritten). Each quarter, as part of the reserving process, the Company's actuaries reaffirm that the assumptions used in the reserving process continue to form a sound basis for projection of liabilities. If actual loss activity differs substantially from expectations based on historical information, an adjustment to Loss Reserves may be supported. Estimated Loss Reserves for more mature underwriting years are now based more on actual loss activity and historical patterns than on the initial assumptions based on pricing indications. More recent underwriting years rely more heavily on internal pricing assumptions. The Company places more or less reliance on a particular actuarial method based on the facts and circumstances at the time the estimates of Loss Reserves are made.

In the initial reserving process for short-tail reinsurance lines (consisting of property excluding property catastrophe and property catastrophe exposures), the Company relies on a combination of the reserving methods discussed above. For known catastrophic events, the reserving process also includes the usage of catastrophe models and a heavy reliance on analysis which includes ceding company inquiries and management judgment. The development of property losses may be unstable, especially where there is high catastrophic exposure, may be characterized by high

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severity, low frequency losses for excess and catastrophe-exposed business and may be highly correlated across contracts. As time passes, for a given underwriting year, additional weight is given to the paid and incurred B-F loss development methods and historical paid and incurred loss development methods in the reserving process. The Company makes a number of key assumptions in reserving for short-tail lines, including that historical paid and reported development patterns are stable, catastrophe models provide useful information about our exposure to catastrophic events that have occurred and our underwriters' judgment and guidance received from ceding companies as to potential loss exposures may be relied on. The expected loss ratios used in the initial reserving process for property exposures have varied over time due to changes in pricing, reinsurance structure, estimates of catastrophe losses, terms and conditions and geographical distribution. As losses in property lines are reported relatively quickly, expected loss ratios are selected for the current underwriting year incorporating the experience for earlier underwriting years, adjusted for rate changes, inflation, changes in reinsurance programs, expectations about present and future market conditions and expected attritional losses based on modeling. Due to the short-tail nature of property business, reported loss experience emerges quickly and ultimate losses are known in a reasonably short period of time.

In the initial reserving process for long-tail reinsurance lines (consisting of casualty, specialty, marine and aviation and other exposures), the Company primarily relies on the expected loss method. The development of long-tail business may be unstable, especially if there are high severity major events, with business written on an excess of loss basis typically having a longer tail than business written on a pro rata basis. As time passes, for a given underwriting year, additional weight is given to the paid and incurred B-F loss development methods and eventually to the historical paid and incurred loss development methods in the reserving process. Our reinsurance operations make a number of key assumptions in reserving for long-tail lines, including that the pricing loss ratio is the best estimate of the ultimate loss ratio at the time the contract is entered into, historical paid and reported development patterns are stable and claims personnel and underwriters' analyses of our exposure to major events are our best estimate of our exposure to the known claims on those events. The expected loss ratios used in our reinsurance operations' initial reserving process for long-tail contracts have varied over time due to changes in pricing, terms and conditions and reinsurance structure. As the credibility of historical experience for earlier underwriting years increases, the experience from these underwriting years is used in the actuarial analysis to determine future underwriting year expected loss ratios, adjusted for changes in pricing, loss trends, terms and conditions and reinsurance structure.

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The following tables present information on the reinsurance segment’s short-duration insurance contracts:

Casualty (in millions)											December 31, 2025	
Incurred losses and allocated loss adjustment expenses, net of reinsurance											Total of IBNR liabilities plus expected development on reported claims	Cumulative number of reported claims
Accident year	Year ended December 31,											
	2016 unaudited	2017 unaudited	2018 unaudited	2019 unaudited	2020 unaudited	2021 unaudited	2022 unaudited	2023 unaudited	2024 unaudited	2025		
2016	\$ 216	\$ 228	\$ 252	\$ 267	\$ 274	\$ 273	\$ 277	\$ 285	\$ 287	\$ 289	\$ 45	N/A
2017		271	258	274	302	314	321	336	343	346	55	N/A
2018			281	295	286	291	304	314	328	332	53	N/A
2019				336	346	372	384	406	405	402	65	N/A
2020					389	377	360	379	399	365	108	N/A
2021						444	438	428	428	464	163	N/A
2022							552	533	546	539	241	N/A
2023								664	669	695	385	N/A
2024									734	776	624	N/A
2025										1,002	928	N/A
									Total	\$ 5,210		

Cumulative paid losses and allocated loss adjustment expenses, net of reinsurance													
2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total			
\$ 6	\$ 26	\$ 52	\$ 87	\$ 114	\$ 133	\$ 158	\$ 174	\$ 188	\$ 197	1,831			
	6	30	64	113	138	165	190	224	239				
		8	31	107	129	155	183	207	224				
			16	58	97	131	220	258	287				
				18	51	90	132	178	202				
					15	54	103	191	236				
						18	62	114	182				
							19	88	173				
								14	66				
									25				
										Total	1,831		
											All outstanding liabilities before 2016, net of reinsurance	406	
												Liabilities for losses and loss adjustment expenses, net of reinsurance	\$ 3,785

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Property catastrophe (in millions)

Incurred losses and allocated loss adjustment expenses, net of reinsurance												December 31, 2025	
Accident year	Year ended December 31,											Total of IBNR liabilities plus expected development on reported claims	Cumulative number of reported claims
	2016 unaudited	2017 unaudited	2018 unaudited	2019 unaudited	2020 unaudited	2021 unaudited	2022 unaudited	2023 unaudited	2024 unaudited	2025			
2016	\$ 23	\$ 16	\$ 12	\$ 9	\$ 6	\$ 6	\$ 5	\$ 4	\$ 4	\$ 4	\$ 4	\$ —	N/A
2017		86	54	50	36	24	21	21	21	20	20	—	N/A
2018			69	44	25	12	3	—	(2)	(4)	(4)	—	N/A
2019				12	4	4	(4)	(11)	(7)	(8)	(8)	1	N/A
2020					272	337	341	330	319	321	321	5	N/A
2021						323	318	305	307	302	302	11	N/A
2022							306	298	273	262	262	30	N/A
2023								272	272	227	227	18	N/A
2024									512	441	441	67	N/A
2025										415	415	84	N/A
											Total	\$ 1,980	

Cumulative paid losses and allocated loss adjustment expenses, net of reinsurance														
2016	\$ (7)	\$ 2	\$ 2	\$ 3	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 3			
2017		31	32	37	27	14	16	17	17	17	17			
2018			27	2	12	(17)	(14)	(13)	(11)	(12)	(12)			
2019				4	4	8	(17)	(16)	(25)	(26)	(26)			
2020					57	158	208	251	262	271	271			
2021						66	177	230	239	243	243			
2022							70	169	211	219	219			
2023								8	84	120	120			
2024									60	145	145			
2025										82	82			
											Total	1,062		
													All outstanding liabilities before 2016, net of reinsurance	2
													Liabilities for losses and loss adjustment expenses, net of reinsurance	\$ 920

Property excluding property catastrophe (in millions)

Incurred losses and allocated loss adjustment expenses, net of reinsurance												December 31, 2025	
Accident year	Year ended December 31,											Total of IBNR liabilities plus expected development on reported claims	Cumulative number of reported claims
	2016 unaudited	2017 unaudited	2018 unaudited	2019 unaudited	2020 unaudited	2021 unaudited	2022 unaudited	2023 unaudited	2024 unaudited	2025			
2016	\$ 174	\$ 144	\$ 136	\$ 135	\$ 138	\$ 135	\$ 129	\$ 130	\$ 127	\$ 124	\$ 124	\$ 3	N/A
2017		267	250	237	230	213	205	202	201	197	197	6	N/A
2018			223	239	235	212	202	203	203	197	197	3	N/A
2019				216	206	195	190	190	196	193	193	11	N/A
2020					368	339	319	320	322	313	313	(1)	N/A
2021						546	497	491	499	500	500	14	N/A
2022							745	670	660	656	656	70	N/A
2023								839	740	744	744	117	N/A
2024									1,212	1,056	1,056	325	N/A
2025										1,170	1,170	648	N/A
											Total	\$ 5,150	

Cumulative paid losses and allocated loss adjustment expenses, net of reinsurance														
2016	\$ 33	\$ 94	\$ 98	\$ 103	\$ 111	\$ 113	\$ 114	\$ 114	\$ 117	\$ 116	\$ 116			
2017		28	124	155	164	178	182	186	186	186	186			
2018			30	107	151	167	175	177	177	181	181			
2019				43	124	150	162	169	170	174	174			
2020					101	207	243	266	280	291	291			
2021						136	269	363	424	457	457			
2022							142	360	468	526	526			
2023								151	382	489	489			
2024									144	445	445			
2025										190	190			
											Total	3,055		
													All outstanding liabilities before 2016, net of reinsurance	8
													Liabilities for losses and loss adjustment expenses, net of reinsurance	\$ 2,103

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Marine and aviation (in millions)

Incurred losses and allocated loss adjustment expenses, net of reinsurance											December 31, 2025	
Accident year	Year ended December 31,										Total of IBNR liabilities plus expected development on reported claims	Cumulative number of reported claims
	2016 unaudited	2017 unaudited	2018 unaudited	2019 unaudited	2020 unaudited	2021 unaudited	2022 unaudited	2023 unaudited	2024 unaudited	2025		
2016	\$ 27	\$ 23	\$ 23	\$ 19	\$ 17	\$ 15	\$ 12	\$ 11	\$ 11	\$ 10	\$ 2	N/A
2017		29	26	24	21	20	17	15	15	15	2	N/A
2018			27	25	24	24	21	21	20	19	2	N/A
2019				48	55	60	61	62	63	60	6	N/A
2020					83	76	80	80	82	81	4	N/A
2021						110	96	82	79	86	8	N/A
2022							126	138	134	167	38	N/A
2023								161	170	156	44	N/A
2024									233	220	100	N/A
2025										227	172	N/A
									Total	\$ 1,041		

Cumulative paid losses and allocated loss adjustment expenses, net of reinsurance												
2016	\$ (7)	\$ (2)	\$ —	\$ 3	\$ 6	\$ 7	\$ 7	\$ 7	\$ 7	\$ 7	\$ 8	
2017		2	7	9	11	12	12	12	12	12	12	
2018			2	7	11	13	14	15	16	16	16	
2019				11	22	29	35	43	49	49	49	
2020					9	26	42	60	66	71	71	
2021						8	24	45	53	68	68	
2022							12	37	63	86	86	
2023								13	43	77	77	
2024									18	44	44	
2025										16	16	
									Total	447		
										All outstanding liabilities before 2016, net of reinsurance	18	
										Liabilities for losses and loss adjustment expenses, net of reinsurance	\$ 612	

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Specialty (in millions)

Incurred losses and allocated loss adjustment expenses, net of reinsurance											December 31, 2025	
Accident year	Year ended December 31,										Total of IBNR liabilities plus expected development on reported claims	Cumulative number of reported claims
	2016 unaudited	2017 unaudited	2018 unaudited	2019 unaudited	2020 unaudited	2021 unaudited	2022 unaudited	2023 unaudited	2024 unaudited	2025		
2016	\$ 338	\$ 335	\$ 328	\$ 319	\$ 326	\$ 321	\$ 318	\$ 319	\$ 312	\$ 315	\$ 6	N/A
2017		412	405	385	386	384	379	376	372	378	11	N/A
2018			431	423	417	442	438	438	431	425	16	N/A
2019				441	418	412	408	418	413	398	25	N/A
2020					607	536	531	551	543	532	36	N/A
2021						628	629	630	637	638	33	N/A
2022							962	942	991	950	108	N/A
2023								1,303	1,230	1,321	330	N/A
2024									1,696	1,647	623	N/A
2025										1,960	1,275	N/A
										Total	\$ 8,564	

Cumulative paid losses and allocated loss adjustment expenses, net of reinsurance												
2016	\$ 113	\$ 213	\$ 251	\$ 271	\$ 288	\$ 295	\$ 301	\$ 305	\$ 304	\$ 305	\$ 305	
2017		141	266	309	325	339	350	360	361	361	362	
2018			135	286	326	348	366	389	393	393	392	
2019				126	217	286	313	335	355	354	354	
2020					138	299	377	413	453	471	471	
2021						156	319	443	508	546	546	
2022							186	465	627	698	698	
2023								207	502	714	714	
2024									331	705	705	
2025										383	383	
										Total	4,930	
											All outstanding liabilities before 2016, net of reinsurance	35
											Liabilities for losses and loss adjustment expenses, net of reinsurance	\$ 3,669

The following table presents the average annual percentage payout of incurred losses and allocated loss adjustment expenses by age, net of reinsurance, as of December 31, 2025:

	Average annual percentage payout of incurred losses and allocated loss adjustment expenses by age, net of reinsurance									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Casualty	2.9 %	8.2 %	11.8 %	12.1 %	11.5 %	7.8 %	7.6 %	6.8 %	4.7 %	3.0 %
Property catastrophe	(62.4)%	110.1 %	(23.8)%	138.8 %	(24.8)%	17.4 %	(4.8)%	1.0 %	2.2 %	5.7 %
Property excluding property catastrophe	20.9 %	37.0 %	14.5 %	7.3 %	5.4 %	1.8 %	1.2 %	0.7 %	1.1 %	(0.7)%
Marine and aviation	1.8 %	24.3 %	19.8 %	15.0 %	12.2 %	6.4 %	2.0 %	1.1 %	1.1 %	6.2 %
Specialty	26.2 %	28.2 %	14.6 %	6.7 %	5.4 %	3.8 %	1.2 %	0.5 %	— %	0.1 %

Mortgage Segment

The Company's mortgage segment includes (1) U.S. primary mortgage insurance (2) U.S. credit risk transfer and other, and (3) international mortgage insurance and reinsurance. The latter two categories along with second lien and student loan exposures are excluded on the basis of insignificance for the purposes of presenting disclosures related to short duration contracts.

For primary mortgage insurance business, the Company establishes case reserves for loans that have been reported as delinquent by loan servicers as well as those that are delinquent but not reported (IBNR reserves). The Company also reserves for the expenses of adjusting claims related to these delinquencies. The trigger that creates a case reserve estimate is that an insured loan is reported to us as being

two payments in arrears. The actuarial reviews and documentation created in the reserving process are completed in accordance with generally accepted actuarial standards. The selected assumptions reflect actuarial judgment based on the analysis of historical data and experience combined with information concerning current underwriting, economic, judicial, regulatory and other influences on ultimate claim settlements.

Because the reserving process requires the Company to forecast future conditions, it is inherently uncertain and requires significant judgment and estimation. The use of different estimates would result in the establishment of different reserve levels. Additionally, changes in estimates are likely to occur from period to period as economic conditions change, and the ultimate liability may vary significantly from the estimates used. Major risk factors

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include (but are not limited to) changes in home prices and borrower equity, which can limit the borrower's ability to sell the property and satisfy the outstanding loan balance, and changes in unemployment, which can affect the borrower's income and ability to make mortgage payments.

The lead actuarial methodology used by the Company is a frequency-severity method based on the inventory of pending delinquencies. Each month the loan servicers report the delinquency status of each insured loan. Using the frequency-severity method allows the Company to take advantage of its knowledge of the number of delinquent loans and the coverage provided ("risk size") on those loans by directly relating the reserves to these amounts. The delinquencies are grouped into homogeneous cohorts for analysis, reflecting the age of delinquency. A claim rate is then developed for each cohort which represents the frequency with which the delinquencies become claims. The claim frequency rates are based on an analysis of the patterns of emerging cure counts and claim counts, the foreclosure status of the pending delinquencies, the product and geographical mix of the delinquencies and our view of future economic and claim conditions, which include trends in home prices and unemployment. Claim rates can vary materially by age of delinquency, depending on the mix of delinquencies and economic conditions.

Claim size severity estimates are determined by examining the risk sizes on the delinquent loans and estimating the portion of risk that will be paid, as well as any expenses. This is done based on a review of historical development patterns, an assessment of economic conditions and the level of equity the borrowers may have in their homes, as well as considering economic conditions and loss mitigation opportunities. Mortgage insurance is generally not subject

to large claim sizes, as with some other lines of insurance. A claim size over \$250,000 is rare, and this helps reduce the volatility of claim size estimates.

The claim rate and claim size assumptions generate case reserves for the population of reported delinquencies. The reserve for unreported delinquencies (included in IBNR reserves) is estimated by looking at historical patterns of reporting. Claim rates and claim sizes can then be assigned to estimated unreported delinquencies using assumptions made in the establishment of case reserves.

Mortgage insurance Loss Reserves are short-tail, in the sense that the vast majority of delinquencies are resolved within two years of being reported. While reserves are initially analyzed by reserve cohort, as described above, they are also rolled up by underwriting year to ensure that reserve assumptions are consistent with the performance of the underwriting year. The accuracy of prior reserve assumptions is also checked in hindsight to determine if adjustments to the assumptions are needed.

Loss Reserves for the Company's mortgage reinsurance business and GSE credit risk sharing transactions are comprised of case reserves and IBNR reserves. The Company's mortgage reinsurance operations receive reports of delinquent loans and claims notices from ceding companies and record case reserves based upon the amount of reserves recommended by the ceding company. In addition, specific claim and delinquency information reported by ceding companies is used in the process of estimating IBNR reserves.

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The following table presents information on the mortgage segment’s short-duration insurance contracts:

U.S. primary mortgage insurance (in millions except claim count)											December 31, 2025	
Incurred losses and allocated loss adjustment expenses, net of reinsurance											Total of IBNR liabilities plus expected development on reported claims	Cumulative number of paid claims
Year ended December 31,												
Accident year	2016 unaudited	2017 unaudited	2018 unaudited	2019 unaudited	2020 unaudited	2021 unaudited	2022 unaudited	2023 unaudited	2024 unaudited	2025		
2016	\$ 184	\$ 171	\$ 149	\$ 141	\$ 142	\$ 142	\$ 137	\$ 136	\$ 136	\$ 136	—	3,564
2017		179	132	107	108	109	102	99	99	97	—	2,723
2018			132	96	89	88	72	69	69	66	—	1,990
2019				108	119	110	63	51	52	48	—	1,491
2020					420	374	78	33	31	26	—	904
2021						144	77	20	17	13	—	443
2022							173	55	30	22	—	604
2023								182	71	36	—	727
2024									180	86	—	509
2025										191	1	87
									Total	\$ 721		
Cumulative paid losses and allocated loss adjustment expenses, net of reinsurance												
2016	11	72	113	127	131	132	132	133	134	135		
2017		9	48	79	87	90	92	93	95	95		
2018			4	31	50	56	59	60	63	64		
2019				3	20	29	34	39	42	44		
2020					1	4	8	13	19	21		
2021						—	2	5	8	10		
2022							—	3	10	14		
2023								—	7	18		
2024									1	16		
2025										2		
									Total	419		
										All outstanding liabilities before 2016, net of reinsurance	9	
										Liabilities for losses and loss adjustment expenses, net of reinsurance	\$ 311	

The following table presents the average annual percentage payout of incurred losses and allocated loss adjustment expenses by age, net of reinsurance, as of December 31, 2025:

Average annual percentage payout of incurred losses and allocated loss adjustment expenses by age, net of reinsurance										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
U.S. Primary	4.1 %	26.0 %	26.0 %	14.3 %	9.6 %	4.2 %	2.6 %	1.3 %	0.7 %	0.5 %

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The following table represents a reconciliation of the disclosures of net incurred and paid loss development tables to the reserve for losses and loss adjustment expenses at December 31, 2025:

	December 31, 2025
Net outstanding liabilities	
Insurance	
Property, energy, marine and aviation	\$ 975
Third party occurrence business	4,454
Third party claims-made business	2,814
Multi-line and other specialty	2,827
Reinsurance	
Casualty	3,785
Property catastrophe	920
Property excluding property catastrophe	2,103
Marine and aviation	612
Specialty	3,669
Mortgage	
U.S. primary	311
Other short duration lines not included in disclosures (1)	1,436
Total for short duration lines	23,906
Unpaid losses and loss adjustment expenses recoverable	
Insurance	
Property, energy, marine and aviation	456
Third party occurrence business	2,893
Third party claims-made business	907
Multi-line and other specialty	436
Reinsurance	
Casualty	861
Property catastrophe	911
Property excluding property catastrophe	362
Marine and aviation	549
Specialty	1,386
Mortgage	
U.S. primary	42
Other short duration lines not included in disclosures (2)	271
Intercompany eliminations	(20)
Total for short duration lines	9,054
Lines other than short duration	136
Discounting	(78)
Unallocated claims adjustment expenses	529
	587
Reserve for losses and loss adjustment expenses	\$ 33,547

- (1) Includes amounts primarily associated with the loss portfolio reinsurance agreement related to the MCE Acquisition. See [note 2](#).
- (2) Includes unpaid loss and loss adjustment expenses recoverable of \$121 million related to the loss portfolio transfer reinsurance agreements.

7. Allowance for Expected Credit Losses

Premiums Receivable

The following table provides a roll forward of the allowance for expected credit losses of the Company's premium receivables:

Year Ended December 31, 2025	Premium Receivables, Net of Allowance	Allowance for Expected Credit Losses
Balance at beginning of period	\$ 5,634	\$ 45
Change for provision of expected credit losses (1)		(2)
Balance at end of period	\$ 5,723	\$ 43
Year Ended December 31, 2024		
Balance at beginning of period	\$ 4,644	\$ 34
Provision on business acquired (2)		16
Change for provision of expected credit losses (1)		(5)
Balance at end of period	\$ 5,634	\$ 45

(1) Amounts deemed uncollectible are written-off in operating expenses. For the 2025 and 2024 periods, amounts written off totaled \$3 million and \$3 million, respectively.

(2) Reflects provision for current expected credit losses on premiums receivable related to the MCE Acquisition. See [note 2](#).

Reinsurance Recoverables

The Company monitors the financial condition of its reinsurers and attempts to place coverages only with substantial, financially sound carriers. Although the Company has not experienced any material credit losses to date, an inability of its reinsurers or retrocessionaires to meet their obligations to it over the relevant exposure periods for any reason could have a material adverse effect on its financial condition and results of operations.

The following table provides a roll forward of the allowance for expected credit losses of the Company's reinsurance recoverables:

Year Ended December 31, 2025	Reinsurance Recoverables, Net of Allowance	Allowance for Expected Credit Losses
Balance at beginning of period	\$ 8,260	\$ 17
Change for provision of expected credit losses		—
Balance at end of period	\$ 9,526	\$ 17
Year Ended December 31, 2024		
Balance at beginning of period	\$ 7,064	\$ 21
Change for provision of expected credit losses		(4)
Balance at end of period	8,260	\$ 17

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The following table summarizes the Company’s reinsurance recoverables on paid and unpaid losses (not including ceded unearned premiums) at December 31, 2025 and 2024:

	December 31,	
	2025	2024
Reinsurance recoverable on unpaid and paid losses and loss adjustment expenses	\$ 9,526	\$ 8,260
% due from carriers with A.M. Best rating of “A-” or better	62.1 %	63.8 %
% due from all other carriers with no A.M. Best rating (1)	37.9 %	36.2 %
Largest balance due from any one carrier as % of total shareholders’ equity	8.1 %	7.8 %

(1) At December 31, 2025 and 2024 period, over 96% of such amounts were collateralized through reinsurance trusts, funds withheld arrangements, letters of credit or other.

Contractholder Receivables

The following table provides a roll forward of the allowance for expected credit losses of the Company’s contractholder receivables:

Year Ended December 31, 2025	Contractholder Receivables, Net of Allowance	Allowance for Expected Credit Losses
Balance at beginning of period	\$ 2,161	\$ 5
Change for provision of expected credit losses		2
Balance at end of period	\$ 2,270	\$ 7

Year Ended December 31, 2024		
Balance at beginning of period	\$ 1,814	\$ 3
Change for provision of expected credit losses		2
Balance at end of period	2,161	\$ 5

8. Reinsurance

In the normal course of business, the Company’s insurance subsidiaries cede a portion of their premium through pro rata and excess of loss reinsurance agreements on a treaty or facultative basis to third parties. The Company’s reinsurance subsidiaries participate in “common account” retrocessional arrangements for certain pro rata treaties. Such arrangements reduce the effect of individual or aggregate losses to all companies participating on such treaties, including the reinsurers, such as the Company’s reinsurance subsidiaries, and the ceding company. In addition, the Company’s reinsurance subsidiaries may purchase retrocessional coverage as part of their risk management program. The Company’s mortgage subsidiaries cede a portion of their premium through quota share arrangements and enter into various aggregate excess of loss mortgage reinsurance agreements with various special purpose reinsurance companies. Reinsurance recoverables are recorded as assets, predicated on the reinsurers’ ability to meet their obligations under the reinsurance agreements. If the reinsurers are unable to satisfy their obligations under the agreements, the Company’s insurance or reinsurance subsidiaries would be liable for such defaulted amounts.

The effects of reinsurance on the Company’s written and earned premiums and losses and loss adjustment expenses with unaffiliated reinsurers were as follows:

	Year Ended December 31,		
	2025	2024	2023
Premiums Written			
Direct	\$ 10,250	\$ 10,056	\$ 9,652
Assumed	12,628	11,455	8,751
Ceded	(6,402)	(5,779)	(4,935)
Net	\$ 16,476	\$ 15,732	\$ 13,468
Premiums Earned			
Direct	\$ 10,200	\$ 9,721	\$ 9,131
Assumed	13,089	10,880	7,890
Ceded	(6,224)	(5,501)	(4,581)
Net	\$ 17,065	\$ 15,100	\$ 12,440
Losses and Loss Adjustment Expenses			
Direct	\$ 5,975	\$ 5,676	\$ 4,739
Assumed	7,260	6,137	3,975
Ceded	(3,865)	(3,471)	(2,468)
Net	\$ 9,370	\$ 8,342	\$ 6,246

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Bellemeade Re

The Company has entered into various aggregate excess of loss mortgage reinsurance agreements with various special purpose reinsurance companies domiciled in Bermuda (the “Bellemeade Agreements”). For the respective coverage periods, the Company will retain the first layer of the respective aggregate losses and the special purpose reinsurance companies will provide second layer coverage up to the outstanding coverage amount. The Company will then retain losses in excess of the outstanding coverage limit. The aggregate excess of loss reinsurance coverage decreases over a ten-year period as the underlying covered mortgages amortize. See [note 12](#).

The following table summarizes the respective coverages and retentions at December 31, 2025:

Bellemeade Entities (Issue Date)	Initial Coverage at Issuance	Current Coverage	Remaining Retention, Net
2021-3 Ltd. (1)	\$ 639	\$ 35	\$ 130
2022-1 Ltd. (2)	317	54	135
2022-2 Ltd. (3)	327	134	187
2023-1 Ltd. (4)	233	186	164
2024-1 Ltd. (5)	204	163	170
2025-1 Ltd. (6)	249	239	166
Total	\$ 1,969	\$ 811	\$ 952

- (1) Issued in September 2021, covering in-force policies issued between April 1, 2021 and June 30, 2021. \$508 million was directly funded by Bellemeade Re 2021-3 Ltd. via insurance-linked notes, with an additional \$131 million capacity provided directly to Arch MI U.S. by a separate panel of reinsurers.
- (2) Issued in January 2022, covering in-force policies issued between July 1, 2021 and November 30, 2021. \$284 million was directly funded by Bellemeade Re 2022-1 Ltd. via insurance-linked notes, with an additional \$33 million capacity provided directly to Arch MI U.S. by a separate panel of reinsurers.
- (3) Issued in September 2022, covering in-force policies issued between November 1, 2021 and June 30, 2022. \$201 million was directly funded by Bellemeade Re 2022-2 Ltd. via insurance-linked notes, with an additional \$126 million capacity provided directly to Arch MI U.S. by a separate panel of reinsurers.
- (4) Issued in October 2023, covering in-force policies issued between January 1, 2023 and September 30, 2023. \$186 million was directly funded by Bellemeade Re 2023-1 Ltd. via insurance-linked notes, with an additional \$47 million capacity provided directly to Arch MI U.S. by a separate panel of reinsurers.
- (5) Issued in August 2024, covering in-force policies issued between September 1, 2023 and July 31, 2024. \$163 million was directly funded by Bellemeade Re 2024-1 Ltd. via insurance-linked notes, with an additional \$41 million capacity provided directly to Arch MI U.S. by a separate panel of reinsurers.
- (6) Issued in November 2025, covering in-force policies issued between July 1, 2024 and September 30, 2025. \$199 million was directly funded by Bellemeade Re 2025-1 Ltd. via insurance-linked notes, with an additional \$50 million capacity provided directly to Arch MI U.S. by a separate panel of reinsurers.

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9. Investment Information

Available For Sale Investments

The following table summarizes the fair value and cost or amortized cost of the Company's securities classified as available for sale:

	Estimated Fair Value	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Expected Credit Losses	Cost or Amortized Cost
December 31, 2025					
Fixed maturities:					
Corporate bonds	\$ 14,058	\$ 265	\$ (142)	\$ (10)	\$ 13,945
U.S. government and government agencies	7,445	23	(21)	—	7,443
Asset backed securities	3,574	20	(15)	(8)	3,577
Non-U.S. government securities	3,270	53	(81)	(1)	3,299
Residential mortgage backed securities	2,705	34	(21)	—	2,692
Commercial mortgage backed securities	1,212	11	(5)	(1)	1,207
Municipal bonds	162	—	(4)	—	166
Total	32,426	406	(289)	(20)	32,329
Short-term investments	2,625	2	(1)	—	2,624
Total	\$ 35,051	\$ 408	\$ (290)	\$ (20)	\$ 34,953
December 31, 2024					
Fixed maturities:					
Corporate bonds	\$ 12,487	\$ 110	\$ (346)	\$ (12)	\$ 12,735
U.S. government and government agencies	6,710	8	(149)	—	6,851
Asset backed securities	2,900	19	(32)	(8)	2,921
Non-U.S. government securities	2,538	30	(107)	(1)	2,616
Residential mortgage backed securities	1,079	6	(31)	—	1,104
Commercial mortgage backed securities	1,058	6	(11)	(1)	1,064
Municipal bonds	263	—	(16)	—	279
Total	27,035	179	(692)	(22)	27,570
Short-term investments	2,784	2	(2)	—	2,784
Total	\$ 29,819	\$ 181	\$ (694)	\$ (22)	\$ 30,354

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The following table summarizes, for all available for sale securities in an unrealized loss position, the fair value and gross unrealized loss by length of time the security has been in a continual unrealized loss position:

	Less than 12 Months		12 Months or More		Total	
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
December 31, 2025						
Fixed maturities:						
Corporate bonds	\$ 2,972	\$ (64)	\$ 1,364	\$ (78)	\$ 4,336	\$ (142)
U.S. government and government agencies	3,092	(15)	274	(6)	3,366	(21)
Non-U.S. government securities	2,087	(35)	432	(46)	2,519	(81)
Residential mortgage backed securities	312	(3)	178	(18)	490	(21)
Asset backed securities	806	(2)	332	(13)	1,138	(15)
Commercial mortgage backed securities	239	(1)	48	(4)	287	(5)
Municipal bonds	6	—	137	(4)	143	(4)
Total	9,514	(120)	2,765	(169)	12,279	(289)
Short-term investments	614	(1)	—	—	614	(1)
Total	\$ 10,128	\$ (121)	\$ 2,765	\$ (169)	\$ 12,893	\$ (290)
December 31, 2024						
Fixed maturities:						
Corporate bonds	\$ 4,582	\$ (114)	\$ 2,924	\$ (232)	\$ 7,506	\$ (346)
U.S. government and government agencies	5,130	(100)	516	(49)	5,646	(149)
Non-U.S. government securities	1,650	(58)	418	(49)	2,068	(107)
Residential mortgage backed securities	571	(6)	186	(25)	757	(31)
Asset backed securities	236	(8)	426	(24)	662	(32)
Commercial mortgage backed securities	180	(1)	434	(10)	614	(11)
Municipal bonds	48	(1)	176	(15)	224	(16)
Total	12,397	(288)	5,080	(404)	17,477	(692)
Short-term investments	97	(2)	—	—	97	(2)
Total	\$ 12,494	\$ (290)	\$ 5,080	\$ (404)	\$ 17,574	\$ (694)

At December 31, 2025, on a lot level basis, approximately 7,240 security lots out of a total of approximately 25,330 security lots were in an unrealized loss position and the largest single unrealized loss from a single lot in the Company's fixed maturity portfolio was \$4 million. The Company believes that such securities were temporarily impaired at December 31, 2025. At December 31, 2024, on a lot level basis, approximately 9,980 security lots out of a total of approximately 20,930 security lots were in an unrealized loss position and the largest single unrealized loss from a single lot in the Company's fixed maturity portfolio was \$8 million.

The contractual maturities of the Company's fixed maturities are shown in the following table. Expected maturities, which are management's best estimates, will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

Maturity	December 31, 2025		December 31, 2024	
	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost
Due in one year or less	\$ 370	\$ 366	\$ 438	\$ 451
Due after one year through five years	17,053	16,989	15,364	15,590
Due after five years through 10 years	6,893	6,877	5,811	6,039
Due after 10 years	619	621	385	401
	24,935	24,853	21,998	22,481
Mortgage backed securities	2,705	2,692	1,079	1,104
Commercial mortgage backed securities	1,212	1,207	1,058	1,064
Asset backed securities	3,574	3,577	2,900	2,921
Total	\$ 32,426	\$ 32,329	\$ 27,035	\$ 27,570

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Equity Securities, at Fair Value

At December 31, 2025, the Company held \$1.9 billion of equity securities, at fair value, compared to \$1.7 billion at December 31, 2024.

Net Investment Income

The components of net investment income were derived from the following sources:

	Year Ended December 31,		
	2025	2024	2023
Fixed maturities	\$ 1,465	\$ 1,266	\$ 917
Short-term investments	102	144	68
Equity securities (dividends)	41	40	22
Other (1)	109	136	93
Gross investment income	1,717	1,586	1,100
Investment expenses	(92)	(91)	(77)
Net investment income	<u>\$ 1,625</u>	<u>\$ 1,495</u>	<u>\$ 1,023</u>

- (1) Amounts include dividends and other distributions on investment funds, term loan investments, funds held balances, cash balances and other items.

Net Realized Gains (Losses)

Net realized gains (losses) were as follows:

	Year Ended December 31,		
	2025	2024	2023
Available for sale securities:			
Gross gains on investment sales	\$ 296	\$ 259	\$ 116
Gross losses on investment sales	(271)	(354)	(547)
Change in fair value of assets and liabilities accounted for using the fair value option:			
Fixed maturities	29	3	18
Other investments	38	(144)	27
Equity securities	—	(1)	1
Short-term investments	3	—	—
Equity securities, at fair value :			
Net realized gains (losses) on securities sold	84	62	61
Net unrealized gains (losses) on equity securities still held at reporting date	130	108	88
Allowance for credit losses:			
Investments related	(6)	—	3
Underwriting related	3	5	(1)
Derivative instruments (1)	327	8	59
Other (2)	(169)	251	10
Net realized gains (losses)	<u>\$ 464</u>	<u>\$ 197</u>	<u>\$ (165)</u>

- (1) See [note 11](#), for information on the Company's derivative instruments.
- (2) Amounts in the 2025 periods primarily include losses related to the sale of certain alternative investments accounted for under the equity method, while amounts in the 2024 period include benefits from the sale of Castel Underwriting Agencies Limited and the acquisition of RMIC Companies, Inc.

Other Investments, at Fair Value

The following table summarizes the Company's assets and liabilities which are accounted for using the fair value option:

	December 31,	
	2025	2024
Other investments	\$ 1,957	\$ 2,135
Fixed maturities	1,110	854
Equity securities	5	7
Short-term investments	64	70
Total other investments	<u>\$ 3,136</u>	<u>\$ 3,066</u>

The following table summarizes the Company's other investments, as detailed in the previous table, by strategy:

	December 31,	
	2025	2024
Investment grade fixed income	1,225	1,055
Private equity	250	229
Lending	220	303
Term loan investments	173	430
Credit related funds	87	99
Energy	2	19
Total	<u>\$ 1,957</u>	<u>\$ 2,135</u>

Limited Partnership Interests

In the normal course of its activities, the Company invests in limited partnerships as part of its overall investment strategy. Such amounts are included in 'investments accounted for using the equity method' and 'investments accounted for using the fair value option.' The Company determined that these limited partnership interests represented variable interests in the funds. The Company's maximum exposure to loss with respect to these investments is limited to the investment carrying amounts reported in the Company's consolidated balance sheet and any unfunded commitment.

The following table summarizes investments in limited partnership interests where the Company has a variable interest by balance sheet item:

	December 31,	
	2025	2024
Investments accounted for using the equity method (1)	\$ 6,453	\$ 5,980
Investments accounted for using the fair value option (2)	—	48
Total	<u>\$ 6,453</u>	<u>\$ 6,028</u>

- (1) Aggregate unfunded commitments were \$3.6 billion at December 31, 2025, compared to \$4.3 billion at December 31, 2024.
- (2) Aggregate unfunded commitments were \$65 million at December 31, 2025, compared to \$21 million at December 31, 2024.

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
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Investments Accounted For Using the Equity Method

The following table summarizes the Company's investments accounted for using the equity method, by strategy:

	December 31,	
	2025	2024
Private equity	\$ 2,397	\$ 1,915
Credit related funds	1,616	1,487
Real estate	767	869
Lending	558	616
Fixed income	501	384
Infrastructure	346	425
Equities	231	217
Energy	37	67
Total	<u>\$ 6,453</u>	<u>\$ 5,980</u>

In applying the equity method, investments are initially recorded at cost and are subsequently adjusted based on the Company's proportionate share of the net income or loss of the funds (which include changes in the fair value of the underlying securities in the funds). Such investments are generally recorded on a one to three month lag based on the availability of reports from the investment funds.

Equity in Net Income (Loss) of Investments Accounted For Using the Equity Method

The Company recorded equity in net income related to investments accounted for using the equity method of \$504 million for 2025, compared to \$580 million for 2024 and \$278 million for 2023. In applying the equity method, investments are initially recorded at cost and are subsequently adjusted based on the Company's proportionate share of the net income or loss of the funds (which include changes in the market value of the underlying securities in the funds).

A summary of aggregated financial information for the Company's investment funds and operating affiliates accounted for using the equity method is as follows:

	December 31,	
	2025	2024
Invested assets	\$ 139,175	\$ 113,977
Total assets	156,736	132,647
Total liabilities	37,031	36,614
Net assets	<u>\$ 119,705</u>	<u>\$ 96,033</u>

	Year Ended December 31,		
	2025	2024	2023
Total revenues	\$ 21,594	\$ 19,160	\$ 7,766
Total expenses	8,643	7,269	7,174
Net income (loss)	<u>\$ 12,951</u>	<u>\$ 11,891</u>	<u>\$ 592</u>

Certain of the Company's other investments and investments accounted for using the equity method are in investment funds for which the Company has the option to redeem at agreed upon values as described in each investment fund's subscription agreement. Depending on the terms of the various subscription agreements, investments in investment funds may be redeemed daily, monthly, quarterly or on other terms. Two common redemption restrictions which may impact the Company's ability to redeem these investment funds are gates and lockups. A gate is a suspension of redemptions which may be implemented by the general partner or investment manager of the fund in order to defer, in whole or in part, the redemption request in the event the aggregate amount of redemption requests exceeds a predetermined percentage of the investment fund's net assets which may otherwise hinder the general partner or investment manager's ability to liquidate holdings in an orderly fashion in order to generate the cash necessary to fund extraordinarily large redemption payouts. A lockup period is the initial amount of time an investor is contractually required to hold the security before having the ability to redeem. If the investment funds are eligible to be redeemed, the time to redeem such fund can take weeks or months following the notification.

Investments in Operating Affiliates

Investments in which the Company has significant influence over the operating and financial policies are classified as 'investments in operating affiliates' on the Company's balance sheets and are accounted for under the equity method. Such investments primarily include the Company's investment in Coface SA ("Coface"), Greysbridge Holdings Ltd., ("Greysbridge") and Premia Holdings Ltd. ("Premia"). Investments in Coface and Premia are generally recorded on a three month lag, while the Company's investment in Greysbridge is not recorded on a lag.

In 2021, the Company completed the share purchase agreement with Natixis to purchase 29.5% of the common equity of Coface, a France-based leader in the global trade credit insurance market. The consideration paid was €9.95 per share, or an aggregate €453 million (approximately \$546 million) including related fees. As of December 31, 2025, the Company owned approximately 29.9% of the issued shares of Coface, or 30% excluding treasury shares, with a carrying value of \$707 million, compared to \$592 million at December 31, 2024.

In 2021, the Company's investment in Somers Group Holdings Ltd. and its wholly owned subsidiaries (collectively, "Somers") was acquired by Greysbridge for a cash purchase price of \$35.00 per common share. As of December 31, 2025, the Company owns 30% of Greysbridge, compared to 40% at December 31, 2024, with the remaining interests held by third party investors. At December 31, 2025 the

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Company's carrying value in Greysbridge was \$486 million, compared to \$523 million at December 31, 2024. See [note 16](#).

The Company recorded income from operating affiliates of \$180 million for 2025, compared to \$200 million for 2024 and \$184 million for 2023.

Allowance for Expected Credit Losses

The following table provides a roll forward of the allowance for expected credit losses of the Company's securities classified as available for sale:

Year Ended December 31, 2025	Structured	Non-U.S.	Corporate	Total
	Securities (1)	Government Securities	Bonds	
Balance at beginning of period	\$ 9	\$ 1	\$ 12	\$ 22
Additions for current-period provision for expected credit losses	3	—	2	5
Additions (reductions) for previously recognized expected credit losses	(3)	—	3	—
Reductions due to disposals	—	—	(7)	(7)
Balance at end of period	<u>\$ 9</u>	<u>\$ 1</u>	<u>\$ 10</u>	<u>\$ 20</u>
Year Ended December 31, 2024				
Balance at beginning of period	\$ 7	\$ 1	\$ 20	\$ 28
Additions for current-period provision for expected credit losses	—	—	—	—
Additions (reductions) for previously recognized expected credit losses	3	—	(3)	—
Reductions due to disposals	(1)	—	(5)	(6)
Balance at end of period	<u>\$ 9</u>	<u>\$ 1</u>	<u>\$ 12</u>	<u>\$ 22</u>

(1) Includes asset backed securities, mortgage backed securities and commercial mortgage backed securities.

Restricted Assets

The Company is required to maintain assets on deposit, which primarily consist of fixed maturities, with various regulatory authorities to support its underwriting operations. The Company's subsidiaries maintain assets in trust accounts as collateral for transactions with affiliated companies and also have investments in segregated portfolios primarily to provide collateral or guarantees for letters of credit to third parties

The following table details the value of the Company's restricted assets:

	December 31,	
	2025	2024
Assets used for collateral or guarantees:		
Affiliated transactions	\$ 5,323	\$ 4,730
Third party agreements	6,784	5,999
Deposits with U.S. regulatory authorities	948	882
Other (1)	1,898	1,437
Total restricted assets	<u>\$ 14,953</u>	<u>\$ 13,048</u>

(1) Primarily includes Funds at Lloyd's, deposits with non-U.S. regulatory authorities and other restricted assets.

Reconciliation of Cash and Restricted Cash

The following table details reconciliation of cash and restricted cash within the Consolidated Balance Sheets:

	December 31,		
	2025	2024	2023
Cash	\$ 993	\$ 979	\$ 917
Restricted cash (included in 'other assets')	1,074	781	581
Cash and restricted cash	<u>\$ 2,067</u>	<u>\$ 1,760</u>	<u>\$ 1,498</u>

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10. Fair Value

Accounting guidance regarding fair value measurements addresses how companies should measure fair value when they are required to use a fair value measure for recognition or disclosure purposes under GAAP and provides a common definition of fair value to be used throughout GAAP. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly fashion between market participants at the measurement date. In addition, it establishes a three-level valuation hierarchy for the disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The level in the hierarchy within which a given fair value measurement falls is determined based on the lowest level input that is significant to the measurement (Level 1 being the highest priority and Level 3 being the lowest priority).

The levels in the hierarchy are defined as follows:

- Level 1: Inputs to the valuation methodology are observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets
- Level 2: Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value

Following is a description of the valuation methodologies used for securities measured at fair value, as well as the general classification of such securities pursuant to the valuation hierarchy. The Company reviews its securities measured at fair value and discusses the proper classification of such investments with investment advisers and others.

The Company determines the existence of an active market based on its judgment as to whether transactions for the financial instrument occur in such market with sufficient frequency and volume to provide reliable pricing information. The independent pricing sources obtain market quotations and actual transaction prices for securities that have quoted prices in active markets. The Company uses quoted values and other data provided by nationally recognized independent pricing sources as inputs into its process for determining fair values of its fixed maturity investments. To validate the techniques or models used by pricing sources, the Company's review process includes, but is not limited to: (i) quantitative analysis (e.g., comparing the quarterly return for each managed portfolio to its target

benchmark, with significant differences identified and investigated); (ii) a review of the prices obtained in the pricing process and the range of resulting fair values; (iii) initial and ongoing evaluation of methodologies used by outside parties to calculate fair value; (iv) a comparison of the fair value estimates to the Company's knowledge of the current market; (v) a comparison of the pricing services' fair values to other pricing services' fair values for the same investments; and (vi) periodic back-testing, which includes randomly selecting purchased or sold securities and comparing the executed prices to the fair value estimates from the pricing service. A price source hierarchy was maintained in order to determine which price source would be used (i.e., a price obtained from a pricing service with more seniority in the hierarchy will be used over a less senior one in all cases). The hierarchy prioritizes pricing services based on availability and reliability and assigns the highest priority to index providers. Based on the above review, the Company will challenge any prices for a security or portfolio which are considered not to be representative of fair value.

In certain circumstances, when fair values are unavailable from these independent pricing sources, quotes are obtained directly from broker-dealers who are active in the corresponding markets. Such quotes are subject to the validation procedures noted above. Of the \$40.3 billion of financial assets and liabilities measured at fair value at December 31, 2025, approximately \$278 million, or 0.7%, were priced using non-binding broker-dealer quotes. Of the \$35.0 billion of financial assets and liabilities measured at fair value at December 31, 2024, approximately \$185 million, or 0.5%, were priced using non-binding broker-dealer quotes.

Fixed maturities

The Company uses the market approach valuation technique to estimate the fair value of its fixed maturity securities, when possible. The market approach includes obtaining prices from independent pricing services, such as index providers and pricing vendors, as well as to a lesser extent quotes from broker-dealers. The independent pricing sources obtain market quotations and actual transaction prices for securities that have quoted prices in active markets. Each source has its own proprietary method for determining the fair value of securities that are not actively traded. In general, these methods involve the use of "matrix pricing" in which the independent pricing source uses observable market inputs including, but not limited to, investment yields, credit risks and spreads, benchmarking of like securities, broker-dealer quotes, reported trades and sector groupings to determine a reasonable fair value. The following describes the significant inputs generally used to determine the fair value of the Company's fixed maturity securities by asset class:

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U.S. government and government agencies – valuations provided by independent pricing services, with all prices provided through index providers and pricing vendors. The Company determined that all U.S. Treasuries would be classified as Level 1 securities due to observed levels of trading activity, the high number of strongly correlated pricing quotes received on U.S. Treasuries and other factors. The fair values of U.S. government agency securities are generally determined using the spread above the risk-free yield curve. As the yields for the risk-free yield curve and the spreads for these securities are observable market inputs, the fair values of U.S. government agency securities are classified within Level 2.

Corporate bonds – valuations provided by independent pricing services, substantially all through index providers and pricing vendors with a small amount through broker-dealers. The fair values of these securities are generally determined using the spread above the risk-free yield curve. These spreads are generally obtained from the new issue market, secondary trading and from broker-dealers who trade in the relevant security market. As the significant inputs used in the pricing process for corporate bonds are observable market inputs, the fair value of these securities are classified within Level 2. A small number of securities are included in Level 3 due to the lack of an available independent price source for such securities. As the significant inputs used to price these securities are unobservable, the fair value of such securities are classified as Level 3.

Residential mortgage-backed securities – valuations provided by independent pricing services, substantially all through pricing vendors and index providers with a small amount through broker-dealers. The fair values of these securities are generally determined through the use of pricing models (including Option Adjusted Spread) which use spreads to determine the expected average life of the securities. These spreads are generally obtained from the new issue market, secondary trading and from broker-dealers who trade in the relevant security market. The pricing services also review prepayment speeds and other indicators, when applicable. As the significant inputs used in the pricing process for mortgage-backed securities are observable market inputs, the fair value of these securities are classified within Level 2.

Municipal bonds – valuations provided by independent pricing services, with all prices provided through index providers and pricing vendors. The fair values of these securities are generally determined using spreads obtained from broker-dealers who trade in the relevant security market, trade prices and the new issue market. As the significant inputs used in the pricing process for municipal bonds are observable market inputs, the fair value of these securities are classified within Level 2.

Commercial mortgage-backed securities – valuations provided by independent pricing services, substantially all through index providers and pricing vendors with a small amount through broker-dealers. The fair values of these securities are generally determined through the use of pricing models which use spreads to determine the appropriate average life of the securities. These spreads are generally obtained from the new issue market, secondary trading and from broker-dealers who trade in the relevant security market. As the significant inputs used in the pricing process for commercial mortgage-backed securities are observable market inputs, the fair value of these securities are classified within Level 2.

Non-U.S. government securities – valuations provided by independent pricing services, with all prices provided through index providers and pricing vendors. The fair values of these securities are generally based on international indices or valuation models which include daily observed yield curves, cross-currency basis index spreads and country credit spreads. As the significant inputs used in the pricing process for non-U.S. government securities are observable market inputs, the fair value of these securities are classified within Level 2.

Asset-backed securities – valuations provided by independent pricing services, substantially all through index providers and pricing vendors with a small amount through broker-dealers. The fair values of these securities are generally determined through the use of pricing models (including Option Adjusted Spread) which use spreads to determine the appropriate average life of the securities. These spreads are generally obtained from the new issue market, secondary trading and from broker-dealers who trade in the relevant security market. As the significant inputs used in the pricing process for asset-backed securities are observable market inputs, the fair value of these securities are classified within Level 2. A small number of securities are included in Level 3 due to a low level of transparency on the inputs used in the pricing process.

Equity securities

The Company determined that exchange-traded equity securities would be included in Level 1 as their fair values are based on quoted market prices in active markets. Other equity securities are included in Level 2 of the valuation hierarchy. A small number of securities are included in Level 3 due to the lack of an available independent price source for such securities. As the significant inputs used to price these securities are unobservable, the fair value of such securities are classified as Level 3.

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Other investments

The Company determined that exchange-traded investments would be included in Level 1 as their fair values are based on quoted market prices in active markets. Other investments also include term loan investments for which fair values are estimated by using quoted prices of term loan investments with similar characteristics, pricing models or matrix pricing. Such investments are generally classified within Level 2. A small number of securities are included in Level 3 due to the lack of an available independent price source for such securities.

Derivative instruments

The Company's futures contracts, foreign currency forward contracts, interest rate swaps and other derivatives trade in the over-the-counter derivative market. The Company uses the market approach valuation technique to estimate the fair value for these derivatives based on significant observable market inputs from third party pricing vendors, non-binding broker-dealer quotes and/or recent trading activity. As the significant inputs used in the pricing process for these derivative instruments are observable market inputs, the fair value of these securities are classified within Level 2.

Short-term investments

The Company determined that certain of its short-term investments held in highly liquid money market-type funds, Treasury bills and commercial paper would be included in Level 1 as their fair values are based on quoted market prices in active markets. The fair values of certain short-term investments are generally determined using the spread above the risk-free yield curve and are classified within Level 2. Other short-term investments are included in Level 3 due to the lack of an available independent price source for such securities. As the significant inputs used to price these short-term securities are unobservable, the fair value of such securities are classified as Level 3.

Residential mortgage loans

The Company's residential mortgage loans (included in 'other assets' in the consolidated balance sheets) include amounts related to the Company's whole mortgage loan purchase and sell program. Fair values of residential mortgage loans are generally determined based on market prices. As significant inputs used in pricing process for these residential mortgage loans are observable market inputs, the fair value of these securities are classified within Level 2.

Other liabilities

The Company's other liabilities include contingent and deferred consideration liabilities related to the Company's acquisitions. Contingent consideration liabilities are remeasured at fair value at each balance sheet date with changes in fair value recognized in 'net realized gains (losses).' To determine the fair value of contingent consideration liabilities, the Company estimates the future payments using an income approach based on modeled inputs which include a weighted average cost of capital. Deferred consideration liabilities are measured at fair value on the transaction date. The Company determined that contingent and deferred consideration liabilities would be included within Level 3.

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The following table presents the Company's financial assets and liabilities measured at fair value by level at December 31, 2025:

	Fair Value Measurement Using:			
	Estimated Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets measured at fair value:				
Available for sale securities:				
Fixed maturities:				
Corporate bonds	\$ 14,058	\$ —	\$ 13,930	\$ 128
U.S. government and government agencies	7,445	7,445	—	—
Asset backed securities	3,574	—	3,557	17
Non-U.S. government securities	3,270	—	3,270	—
Residential mortgage backed securities	2,705	—	2,705	—
Commercial mortgage backed securities	1,212	—	1,212	—
Municipal bonds	162	—	162	—
Total	<u>32,426</u>	<u>7,445</u>	<u>24,836</u>	<u>145</u>
Short-term investments	2,625	2,326	299	—
Equity securities, at fair value	1,864	1,829	26	9
Derivative instruments (1)	180	—	180	—
Residential mortgage loans	24	—	24	—
Fair value option:				
Corporate bonds	1,102	—	1,102	—
Non-U.S. government bonds	3	—	3	—
Asset backed securities	—	—	—	—
U.S. government and government agencies	5	5	—	—
Short-term investments	64	2	22	40
Equity securities	5	—	—	5
Other investments	398	—	166	232
Other investments measured at net asset value (2)	1,559	—	—	—
Total	<u>3,136</u>	<u>7</u>	<u>1,293</u>	<u>277</u>
Total assets measured at fair value	<u>\$ 40,255</u>	<u>\$ 11,607</u>	<u>\$ 26,658</u>	<u>\$ 431</u>
Liabilities measured at fair value:				
Other liabilities	\$ (18)	\$ —	\$ —	\$ (18)
Derivative instruments (1)	(72)	—	(72)	—
Total liabilities measured at fair value	<u>\$ (90)</u>	<u>\$ —</u>	<u>\$ (72)</u>	<u>\$ (18)</u>

(1) See [note 11](#).

(2) In accordance with applicable accounting guidance, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheets.

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The following table presents the Company's financial assets and liabilities measured at fair value by level at December 31, 2024:

	Estimated Fair Value	Fair Value Measurement Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets measured at fair value:				
Available for sale securities:				
Fixed maturities:				
Corporate bonds	\$ 12,487	\$ —	\$ 12,390	\$ 97
U.S. government and government agencies	6,710	6,709	1	—
Asset backed securities	2,900	—	2,900	—
Non-U.S. government securities	2,538	—	2,538	—
Residential mortgage backed securities	1,079	—	1,079	—
Commercial mortgage backed securities	1,058	—	1,058	—
Municipal bonds	263	—	263	—
Total	27,035	6,709	20,229	97
Equity securities, at fair value	1,675	1,640	28	7
Short-term investments	2,784	2,704	80	—
Derivative instruments (1)	206	—	206	—
Residential mortgage loans	15	—	15	—
Fair value option:				
Corporate bonds	832	—	832	—
Non-U.S. government bonds	8	—	8	—
Asset backed securities	—	—	—	—
U.S. government and government agencies	14	14	—	—
Short-term investments	70	—	37	33
Equity securities	6	2	—	4
Other investments	752	—	563	189
Other investments measured at net asset value (2)	1,383	—	—	—
Total	3,065	16	1,440	226
Total assets measured at fair value	\$ 34,780	\$ 11,069	\$ 21,998	\$ 330
Liabilities measured at fair value:				
Other liabilities	\$ (73)	\$ —	\$ —	\$ (73)
Derivative instruments (1)	(115)	—	(115)	—
Total liabilities measured at fair value	\$ (188)	\$ —	\$ (115)	\$ (73)

(1) See [note 11](#).

(2) In accordance with applicable accounting guidance, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheets.

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
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The following table presents a reconciliation of the beginning and ending balances for all financial assets and liabilities measured at fair value on a recurring basis using Level 3 inputs for 2025 and 2024:

	Assets						Liabilities	
	Available For Sale			Fair Value Option			Fair Value	
	Structured Securities (1)	Corporate Bonds	Short-term Investments	Other Investments	Short-term Investments	Equity Securities	Equity Securities	Other Liabilities
Year Ended December 31, 2025								
Balance at beginning of year	\$ —	\$ 97	\$ —	\$ 189	\$ 33	\$ 4	\$ 7	\$ (73)
Total gains or (losses) (realized/unrealized)								
Included in earnings (2) income	—	1	—	—	—	1	—	2
Purchases, issuances, sales and settlements	—	1	—	—	—	—	—	(2)
Purchases	14	1	—	190	67	—	2	—
Issuances	—	—	—	—	—	—	—	—
Sales	—	—	—	(5)	—	—	—	—
Settlements	(2)	(60)	—	(146)	(60)	—	—	55
Transfers in and/or out of Level 3	5	88	—	4	—	—	—	—
Balance at end of year	\$ 17	\$ 128	\$ —	\$ 232	\$ 40	\$ 5	\$ 9	\$ (18)
Year Ended December 31, 2024								
Balance at beginning of year	\$ —	\$ 147	\$ 84	\$ 106	\$ 10	\$ 4	\$ 5	\$ (22)
Total gains or (losses) (realized/unrealized)								
Included in earnings (2) income	—	1	—	(5)	—	—	—	10
Purchases, issuances, sales and settlements	—	2	1	—	—	—	—	1
Purchases	—	100	12	148	41	—	2	—
Issuances	—	—	—	—	—	—	—	(64)
Sales	—	—	—	(5)	—	—	—	—
Settlements	—	(153)	(97)	(70)	(18)	—	—	2
Transfers in and/or out of Level 3	—	—	—	15	—	—	—	—
Balance at end of year	\$ —	\$ 97	\$ —	\$ 189	\$ 33	\$ 4	\$ 7	\$ (73)

(1) Includes asset backed securities, mortgage backed securities and commercial mortgage backed securities.

(2) Gains or losses were included in net realized gains (losses).

Financial Instruments Disclosed, But Not Carried, At Fair Value

The Company uses various financial instruments in the normal course of its business. The carrying values of cash, accrued investment income, receivable for securities sold, certain other assets, payable for securities purchased and certain other liabilities approximated their fair values at December 31, 2025, due to their respective short maturities. As these financial instruments are not actively traded, their respective fair values are classified within Level 2.

At December 31, 2025, the Company's senior notes were carried at their cost, net of debt issuance costs, of \$2.7 billion and had a fair value of \$2.5 billion. At December 31, 2024, the Company's senior notes were carried at their cost, net of debt issuance costs, of \$2.7 billion and had a fair value of \$2.4 billion. The fair values of the senior notes were obtained from a third party pricing service and are based on observable market inputs. As such, the fair value of the senior notes is classified within Level 2.

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Fair Value Measurements on a Non-Recurring Basis

The Company measures the fair value of certain assets on a non-recurring basis, generally quarterly, annually, or when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. These assets include investments accounted for using the equity method, certain other investments, goodwill and intangible assets, and long-lived assets. The Company uses a variety of techniques to measure the fair value of these assets when appropriate, as described below:

Investments accounted for using the equity method. When the Company determines that the carrying value of these assets may not be recoverable, the Company records the assets at fair value with the loss recognized in income. In such cases, the Company measures the fair value of these assets using the techniques discussed above in “—Fair Value Measurements on a Recurring Basis.”

Goodwill and Intangible Assets. The Company tests goodwill and intangible assets annually for impairment or whenever events or changes in circumstances indicate the carrying amount may not be recoverable. When the Company determines goodwill and intangible assets may be impaired, the Company uses techniques including discounted expected future cash flows, to measure fair value.

Long-Lived Assets. The Company tests its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of a long-lived asset may not be recoverable.

11. Derivative Instruments

The Company’s investment strategy allows for the use of derivative instruments. The Company’s derivative instruments are recorded on its consolidated balance sheets at fair value. The Company utilizes exchange traded U.S. Treasury note, Eurodollar and other futures contracts and commodity futures to manage portfolio duration or replicate investment positions in its portfolios and the Company routinely utilizes foreign currency forward contracts, currency options, index futures contracts and other derivatives as part of its total return objective. In addition, certain of the Company’s investments are managed in portfolios which incorporate the use of foreign currency forward contracts which are intended to provide an economic hedge against foreign currency movements.

The following table summarizes information on the fair values and notional values of the Company’s derivative instruments:

	Estimated Fair Value		Notional Value (2)
	Asset Derivatives (1)	Liability Derivatives (1)	
December 31, 2025			
Futures contracts	\$ 81	\$ (19)	\$ 8,022
Foreign currency forward contracts	75	(38)	2,458
Other (3)	24	(15)	161
Total	\$ 180	\$ (72)	
December 31, 2024			
Futures contracts	\$ 78	\$ (46)	\$ 4,781
Foreign currency forward contracts	90	(48)	1,698
Other (3)	38	(21)	236
Total	\$ 206	\$ (115)	

- (1) The fair value of asset derivatives are included in ‘other assets’ and the fair value of liability derivatives are included in ‘other liabilities.’
- (2) Represents the absolute notional value of all outstanding contracts, consisting of long and short positions.
- (3) Includes swaps, options and other derivatives contracts.

The Company did not hold any derivatives which were designated as hedging instruments at December 31, 2025 or 2024.

The Company’s derivative instruments can be traded under master netting agreements, which establish terms that apply to all derivative transactions with a counterparty. In the event of a bankruptcy or other stipulated event of default, such agreements provide that the non-defaulting party may elect to terminate all outstanding derivative transactions, in which case all individual derivative positions (loss or gain) with a counterparty are closed out and netted and replaced with a single amount, usually referred to as the termination amount, which is expressed in a single currency. The resulting single net amount, where positive, is payable to the party “in-the-money” regardless of whether or not it is the defaulting party, unless the parties have agreed that only the non-defaulting party is entitled to receive a termination payment where the net amount is positive and is in its favor.

At December 31, 2025, \$180 million and \$72 million, respectively, of asset derivatives and liability derivatives were subject to a master netting agreement compared to \$206 million and \$115 million, respectively, at December 31, 2024. The remaining derivatives included in the table above were not subject to a master netting agreement.

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Realized and unrealized contract gains and losses on the Company’s derivative instruments are reflected in ‘net realized gains (losses)’ in the consolidated statements of income, as summarized in the following table:

Derivatives not designated as hedging instruments	Year Ended December 31,		
	2025	2024	2023
Net realized gains (losses):			
Futures contracts	\$ 211	\$ 4	\$ 49
Foreign currency forward contracts	65	(6)	21
Other (1)	51	10	(11)
Total	\$ 327	\$ 8	\$ 59

(1) Includes realized gains or losses on swaps, options and other derivatives contracts.

12. Variable Interest Entities

Bellemeade Re

The Company has entered into aggregate excess of loss mortgage reinsurance agreements with various special purpose reinsurance companies domiciled in Bermuda (the “Bellemeade Agreements”). At the time the Bellemeade Agreements were entered into, the applicability of the accounting guidance that addresses VIEs was evaluated. As a result of the evaluation of the Bellemeade Agreements, the Company concluded that these entities are VIEs. However, given that the ceding insurers do not have the unilateral power to direct those activities that are significant to their economic performance, the Company does not consolidate such entities in its consolidated financial statements. The reinsurance premium paid in regard to the Bellemeade Agreements is calculated by multiplying the outstanding

reinsurance coverage amount at the beginning of the period by the coupon rate, which is the SOFR plus a contractual risk margin, less the actual investment income collected during the preceding month on the assets included in the underlying reinsurance trusts. In the event the assets included in the underlying reinsurance trusts became severely impaired or worthless and the special purpose reinsurance companies were unable to meet their future obligations, the Company’s mortgage insurance subsidiaries would be liable to fulfill claim payments to policyholders. The Company’s maximum exposure to loss associated with these VIEs is determined as the amount of mortgage insurance claim payments on the insured policies, net of aggregate reinsurance payments previously received, up to the full aggregate excess of loss reinsurance coverage amounts.

The following table summarizes the total assets of the Bellemeade entities:

Bellemeade Entities (Issue Date)	December 31, 2025		December 31, 2024	
	Total VIE Assets	Coverage Remaining from Reinsurers (1)	Total VIE Assets	
2021-3 Ltd. (Sep-21)	\$ 21	\$ 14	\$	363
2022-1 Ltd. (Jan-22)	42	12		202
2022-2 Ltd. (Sep-22)	43	91		180
2023-1 Ltd. (Oct-23)	149	37		186
2024-1 Ltd. (Aug-24)	130	33		163
2025-1 Ltd. (Nov-25)	191	48		—
Total	\$ 576	\$ 235	\$	1,094

(1) Coverage from a separate panel of reinsurers remaining at December 31, 2025.

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13. Other Comprehensive Income (Loss)

The following table presents the changes in each component of AOCI, net of noncontrolling interests:

	Unrealized Appreciation on Available-For-Sale Investments	Foreign Currency Translation Adjustments	Total
Year Ended December 31, 2025			
Beginning balance	\$ (507)	\$ (213)	\$ (720)
Other comprehensive income (loss) before reclassifications	661	84	745
Amounts reclassified from accumulated other comprehensive income	(20)	—	(20)
Net current period other comprehensive income (loss)	641	84	725
Ending balance	<u>\$ 134</u>	<u>\$ (129)</u>	<u>\$ 5</u>
Year Ended December 31, 2024			
Beginning balance	\$ (565)	\$ (111)	\$ (676)
Other comprehensive income (loss) before reclassifications	(23)	(102)	(125)
Amounts reclassified from accumulated other comprehensive income	81	—	81
Net current period other comprehensive income (loss)	58	(102)	(44)
Ending balance	<u>\$ (507)</u>	<u>\$ (213)</u>	<u>\$ (720)</u>
Year Ended December 31, 2023			
Beginning balance	\$ (1,512)	\$ (134)	\$ (1,646)
Other comprehensive income (loss) before reclassifications	547	23	570
Amounts reclassified from accumulated other comprehensive income	400	—	400
Net current period other comprehensive income (loss)	947	23	970
Ending balance	<u>\$ (565)</u>	<u>\$ (111)</u>	<u>\$ (676)</u>

The following tables present details about amounts reclassified from accumulated other comprehensive income and the tax effects allocated to each component of other comprehensive income (loss):

Details About AOCI Components	Consolidated Statement of Income Line Item That Includes Reclassification	Amounts Reclassified from AOCI		
		Year Ended December 31,		
		2025	2024	2023
Unrealized appreciation on available-for-sale investments				
	Net realized gains (losses)	\$ 25	\$ (95)	\$ (431)
	Provision for credit losses	(6)	—	3
	Total before tax	19	(95)	(428)
	Income tax (expense) benefit	1	14	28
	Net of tax	<u>\$ 20</u>	<u>\$ (81)</u>	<u>\$ (400)</u>

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Following are the related tax effects allocated to each component of other comprehensive income (loss):

	<u>Before Tax Amount</u>	<u>Tax Expense (Benefit)</u>	<u>Net of Tax Amount</u>
Year Ended December 31, 2025			
Unrealized appreciation (decline) in value of investments:			
Unrealized holding gains (losses) arising during period	\$ 707	\$ 46	\$ 661
Less reclassification of net realized gains (losses) included in net income	19	(1)	20
Foreign currency translation adjustments	86	2	84
Other comprehensive income (loss)	<u>\$ 774</u>	<u>\$ 49</u>	<u>\$ 725</u>
Year Ended December 31, 2024			
Unrealized appreciation (decline) in value of investments:			
Unrealized holding gains (losses) arising during period	\$ (23)	\$ —	\$ (23)
Less reclassification of net realized gains (losses) included in net income	(95)	(14)	(81)
Foreign currency translation adjustments	(105)	(3)	(102)
Other comprehensive income (loss)	<u>\$ (33)</u>	<u>\$ 11</u>	<u>\$ (44)</u>
Year Ended December 31, 2023			
Unrealized appreciation (decline) in value of investments:			
Unrealized holding gains (losses) arising during period	\$ 617	\$ 70	\$ 547
Less reclassification of net realized gains (losses) included in net income	(428)	(28)	(400)
Foreign currency translation adjustments	23	—	23
Other comprehensive income (loss)	<u>\$ 1,068</u>	<u>\$ 98</u>	<u>\$ 970</u>

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14. Earnings Per Common Share

The calculation of basic earnings per common share is computed by dividing income available to Arch common shareholders by the weighted average number of Common Shares and common share equivalents outstanding. The following table sets forth the computation of basic and diluted earnings per common share:

	Year Ended December 31,		
	2025	2024	2023
Numerator:			
Net income	\$ 4,399	\$ 4,312	\$ 4,442
Amounts attributable to noncontrolling interests	—	—	1
Net income available to Arch	4,399	4,312	4,443
Preferred dividends	(40)	(40)	(40)
Net income available to Arch common shareholders	\$ 4,359	\$ 4,272	\$ 4,403
Denominator:			
Weighted average common shares outstanding	368.4	372.5	368.7
Effect of dilutive common share equivalents:			
Nonvested restricted shares	1.6	2.1	2.5
Stock options (1)	5.9	7.2	7.6
Weighted average common shares and common share equivalents outstanding – diluted	375.9	381.8	378.8
Earnings per common share:			
Basic	\$ 11.83	\$ 11.47	\$ 11.94
Diluted	\$ 11.60	\$ 11.19	\$ 11.62

- (1) Certain stock options were not included in the computation of diluted earnings per share where the exercise price of the stock options exceeded the average market price and would have been anti-dilutive or where, when applying the treasury stock method to in-the-money options, the sum of the proceeds, including unrecognized compensation, exceeded the average market price and would have been anti-dilutive. For 2025, 2024 and 2023, the number of stock options excluded were 2.4 million, 2.2 million and 0.5 million, respectively.

15. Income Taxes

Arch Capital is incorporated under the laws of Bermuda and, under Bermuda law in effect prior to 2025, was not obligated to pay taxes on income or capital gains in Bermuda. Upon its formation in 2000, the Company received a written undertaking from the Minister of Finance in Bermuda under the Exempted Undertakings Tax Protection Act 1966 assuring that, in the event that any legislation is enacted in Bermuda imposing any tax computed on profits, income, gain or appreciation on any capital asset, or any tax in the nature of estate duty or inheritance tax, such tax will not be applicable to Arch Capital or any of its operations until March 31, 2035. However, on December 27, 2023, the Government of Bermuda enacted the Bermuda Corporate Income Tax Act (“Bermuda CIT Act”), imposing a 15% tax on certain Bermuda constituent entities of multi-national groups for tax years beginning on or after January 1, 2025. The Bermuda CIT Act was drafted to supersede the Company’s previously granted tax assurance, resulting in the Company becoming subject to Bermuda corporate income tax starting in 2025.

The Bermuda CIT Act and amendments, together with the widespread adoption of the OECD Pillar II minimum tax proposal, has resulted in an increase to the minimum effective tax rate to approximately 15% in most jurisdictions in which Arch operates.

Arch Capital has subsidiaries and branches that operate in various jurisdictions around the world. The significant jurisdictions in which Arch Capital’s subsidiaries and branches are subject to tax are the United States, Bermuda, United Kingdom, Ireland, Switzerland, Australia, Canada, and Gibraltar.

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The components of income taxes attributable to operations were as follows:

	Year Ended December 31,		
	2025	2024	2023
Current expense (benefit):			
Federal - Bermuda	\$ 211	\$ 1	\$ 7
Foreign - United States	270	332	251
Foreign - Other	105	64	30
	<u>586</u>	<u>397</u>	<u>288</u>
Deferred expense (benefit):			
Federal - Bermuda	100	12	(1,179)
Foreign - United States	60	(21)	(20)
Foreign - Other	14	(26)	38
	<u>174</u>	<u>(35)</u>	<u>(1,161)</u>
Income tax expense (benefit)	<u>\$ 760</u>	<u>\$ 362</u>	<u>\$ (873)</u>

The Company's income or loss before income taxes was earned in the following jurisdictions:

	Year Ended December 31,		
	2025	2024	2023
Income (Loss) Before Income Taxes:			
Domestic - Bermuda	\$ 3,121	\$ 2,611	\$ 2,099
Foreign - United States	1,660	1,438	1,239
Foreign - Other	378	625	232
Total	<u>\$ 5,159</u>	<u>\$ 4,674</u>	<u>\$ 3,570</u>

The expected tax provision computed on pre-tax income or loss at the weighted average tax rate has been calculated as the sum of the pre-tax income in each jurisdiction multiplied by that jurisdiction's applicable statutory tax rate. The 2025 applicable statutory tax rates by jurisdiction were as follows: Australia (30.0%), Canada (25.7%) United Kingdom (25.0%), United States (21.0%), Switzerland (19.6%), Bermuda (15.0%), Gibraltar (15.0%) and Ireland (12.5%).

The following table presents a reconciliation of the difference between the provision for income taxes and the expected tax provision at the Bermuda statutory income tax rate:

	Year Ended December 31,	
	2025	Impact
Bermuda Federal Statutory Tax Rate	\$ 774	15.0 %
Foreign tax effects		
United States		
Tax rate differential	99	1.9 %
Other	(17)	(0.3)%
Bermuda		
Foreign tax credits	(56)	(1.1)%
Other	20	0.4 %
United Kingdom		
Effect of cross-border tax laws	45	0.9 %
Other	9	0.2 %
Other foreign taxes	7	0.1 %
Effect of changes in tax laws or rates enacted in the current period	(65)	(1.3)%
Nontaxable or nondeductible items / other		
Investment income	(54)	(1.0)%
Other	(22)	(0.4)%
Other	20	0.3 %
Total	<u>\$ 760</u>	<u>14.7 %</u>

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A reconciliation of the difference between the provision for income taxes and the expected tax provision at the weighted average tax rate follows:

	Year Ended December 31,	
	2024	2023
Expected income tax expense (benefit) computed on pre-tax income at weighted average income tax rate	\$ 424	\$ 300
Addition (reduction) in income tax expense (benefit) resulting from:		
Sale of subsidiaries/Bargain purchase option	(45)	—
Investment income	(39)	(14)
Change in tax rate	12	(1,179)
Share based compensation	(11)	(13)
Tax credits	(5)	(3)
Base eroding tax/Alternative minimum tax	5	9
State taxes, net of U.S. federal tax benefit	4	6
Change in valuation allowance	3	4
Uncertain tax position	3	—
Dividend withholding taxes	3	9
Other	8	8
Income tax expense (benefit)	<u>\$ 362</u>	<u>\$ (873)</u>

The effect of a change in tax laws or rates on deferred income tax assets and liabilities is recognized in income in the period in which such change is enacted.

Deferred income tax assets and liabilities reflect temporary differences based on enacted tax rates between the carrying amounts of assets and liabilities for financial reporting and income tax purposes.

Significant components of the Company's deferred income tax assets and liabilities were as follows:

	December 31,	
	2025	2024
Deferred income tax assets:		
Net operating loss	\$ 72	\$ 77
Discounting of net loss reserves	116	203
Net unearned premium reserve	243	190
Compensation liabilities	99	75
Foreign tax credit carryforward	54	22
Goodwill and intangible assets	835	1,034
Bad debt reserves	18	15
Depreciation and amortization	137	151
Lease liability	31	32
Net unrealized decline of investments	41	77
Fair value adjustment to senior notes	47	41
Advance claim payments	59	—
Other, net	10	—
Deferred income tax assets before valuation allowance	<u>1,762</u>	<u>1,917</u>
Valuation allowance	(46)	(18)
Deferred income tax assets net of valuation allowance	<u>1,716</u>	<u>1,899</u>
Deferred income tax liabilities:		
Lloyds year of account deferral	(18)	(19)
Contingency reserve	(104)	(27)
Deferred policy acquisition costs	(77)	(143)
Investment related	(78)	(43)
Right-of-use asset	(23)	(25)
Other	—	(6)
Total deferred income tax liabilities	<u>(300)</u>	<u>(263)</u>
Net deferred income tax assets	<u>\$ 1,416</u>	<u>\$ 1,636</u>

The Company provides a valuation allowance to reduce the net value of certain deferred income tax assets to an amount which management expects to more likely than not be realized. As of December 31, 2025, the Company's valuation allowance was \$46 million, compared to \$18 million at December 31, 2024. The valuation allowance at December 31, 2025, was primarily attributable to Foreign Tax Credits generated by the Company's branch in Switzerland, and Net Operating Losses related to the Company's operations in Australia, Gibraltar and Hong Kong.

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At December 31, 2025, the Company’s net operating loss carryforwards and tax credits were as follows:

	Year Ended December 31,	
	2025	Expiration
Operating Loss Carryforwards		
United Kingdom	\$ 118	No expiration
United States (1)	70	2029 - 2038
Australia	44	No expiration
Hong Kong	39	No expiration
Gibraltar	31	No expiration
Ireland	30	No expiration
Cyprus	1	No expiration
Netherlands	1	No expiration
Tax Credits		
Ireland foreign tax credits	27	No expiration
U.K. foreign tax credits	20	No expiration
U.S. foreign tax credits	9	2031 - 2035

(1) The Company’s U.S. operations have recorded \$70 million of net operating loss (“NOL”) carryforwards that are subject to annual usage limitations under Section 382 of the Internal Revenue Code (“the Code”).

The Company’s U.S. mortgage operations are eligible for a tax deduction, subject to certain limitations, under Section 832(e) of the Code for amounts required by state law or regulation to be set aside in statutory contingency reserves. The deduction is allowed only to the extent that the Company purchases non-interest bearing U.S. Mortgage Guaranty Tax and Loss Bonds (“T&L Bonds”) issued by the U.S. Treasury Department in an amount equal to the tax benefit derived from deducting any portion of the statutory contingency reserves. T&L Bonds are reflected in ‘other assets’ on the Company’s balance sheet and totaled approximately \$107 million at December 31, 2025, compared to \$47 million at December 31, 2024.

Deferred income tax liabilities have not been accrued with respect to the undistributed earnings of the Company’s U.S., U.K., Ireland, and Canadian subsidiaries because Management has concluded that all such earnings will either be indefinitely reinvested or can be distributed in a tax-free manner. Earnings that can be distributed free of tax will not attract dividend withholding taxes in the paying jurisdiction, nor will the dividend receipts be taxable in the recipient jurisdiction. Potential tax implications of repatriation from the Company’s unremitted earnings that are indefinitely reinvested are driven by facts at the time of distribution. Therefore, it is not practicable to estimate the income tax liabilities that might be incurred if such earnings were remitted.

The Company recognizes interest and penalties relating to unrecognized tax benefits in the provision for income taxes. As of December 31, 2025, the Company’s total unrecognized tax benefits, including interest and penalties, were \$6 million. If recognized, the full amount of the unrecognized tax benefit would impact the consolidated effective tax rate. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	December 31,	
	2025	2024
Balance at beginning of year	\$ 5	\$ 2
Additions based on tax positions related to the current year	1	1
Additions for tax positions of prior years	—	2
Reductions for tax positions of prior years	—	—
Settlements	—	—
Balance at end of year	<u>\$ 6</u>	<u>\$ 5</u>

The Company, its subsidiaries and branches file income tax returns in various federal, state and local jurisdictions. The following table details open tax years that are potentially subject to examination by local tax authorities, in the following major jurisdictions:

Jurisdiction	Tax Years
United States	2019-2025
United Kingdom	2022-2025
Ireland	2021-2025
Switzerland	2021-2025
Australia	2020-2025
Canada	2021-2025
Gibraltar	2020-2025

As of December 31, 2025, the Company’s current income tax payable (included in “Other liabilities”) was \$75 million. The Company’s taxes paid by jurisdiction were as follows:

	December 31,	
	2025	
Federal Bermuda taxes paid	\$	131
Foreign taxes paid		
United States - federal taxes paid		227
United States - other taxes paid		19
Australia		26
Other		55
Total Foreign taxes paid		<u>327</u>
Total	<u>\$</u>	<u>458</u>

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16. Transactions with Related Parties

In 2017, the Company acquired approximately 25% of Premia. Premia is the parent of Premia Reinsurance Ltd., a multi-line Bermuda reinsurance company. Premia’s strategy is to reinsure or acquire companies or reserve portfolios in the non-life property and casualty insurance and reinsurance run-off market. Arch Re Bermuda and certain Arch co-investors invested \$100 million and acquired approximately 25% of Premia as well as warrants to purchase additional common equity. Arch has appointed two directors to serve on the seven person board of directors of Premia. Arch Re Bermuda is providing a quota share reinsurance treaty on certain business written by Premia, and subsidiaries of Arch Capital are providing certain administrative and support services to Premia, in each case pursuant to separate multi-year agreements. During the 2025 and 2024 periods, the Company did not enter into any new reinsurance transactions with Premia. At December 31, 2025, the Company recorded a funds held asset from Premia of \$124 million, compared to \$137 million at December 31, 2024.

Somers is wholly owned by Greysbridge, and Greysbridge is owned 30% by the Company with the remaining interests held by third party investors. The Company entered into certain reinsurance transactions with Somers. During 2025, 2024 and 2023 periods, the Company’s net premiums written was reduced by \$705 million, \$738 million and \$574 million, respectively. In addition, Somers paid certain acquisition costs and administrative fees to the Company. At December 31, 2025, the Company recorded a reinsurance recoverable on unpaid and paid losses from Somers of \$2.0 billion and a reinsurance balance payable to Somers of \$550 million. At December 31, 2024, reinsurance recoverable on unpaid and paid losses from Somers was \$1.6 billion, with a reinsurance balance payable to Somers of \$489 million.

Pursuant to the terms of the Greysbridge shareholder agreement, as amended, following the expiration of a specified period, Arch Capital has a call right (but not the obligation) and certain third party investors have put rights (but not the obligation) to purchase or sell, as applicable, a specified amount of each such investor’s initial common shares on an annual basis at Greysbridge’s year-end book value per share. Obligations under put/call option notices are recognized on the Company’s balance sheet in both other assets and other liabilities. At December 31, 2025, the Company’s balance sheet included \$162 million in both other assets and other liabilities for such put notices. Transactions related to the put shares are expected to close in the 2026 calendar year, subject to any regulatory approval.

During the 2024 period, the Company completed the acquisition of Watford Insurance Company from Somers for a total consideration paid of \$35 million.

As of December 31, 2025, the Company owned \$35 million in aggregate principal amount of Somers 6.5% senior notes, due July 2, 2029.

17. Leases

In the ordinary course of business, the Company renews and enters into new leases for office property and equipment. At the lease inception date, the Company determines whether a contract contains a lease and its classification as a finance or operating lease. Primarily all of the Company’s leases are classified as operating leases. The Company’s operating leases have remaining lease terms of up to 12 years, some of which include options to extend the lease term. The Company considers these options when determining the lease term and measuring its lease liability and right-of-use asset. In addition, the Company’s lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Short-term operating leases with an initial term of twelve months or less were excluded on the Company’s consolidated balance sheet and represent an inconsequential amount of operating lease expense.

As most leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at the lease commencement date in determining the present value of lease payments.

Additional information regarding the Company’s operating leases is as follows:

	December 31,	
	2025	2024
Operating lease costs	\$ 32	\$ 34
Sublease income (1)	\$ (2)	\$ (2)
Cash payments included in the measurement of lease liabilities reported in operating cash flows	\$ 31	\$ 30
Right-of-use assets obtained in exchange for new lease liabilities	\$ 13	\$ 30
Right-of-use assets (2)	\$ 120	\$ 129
Operating lease liability (2)	\$ 156	\$ 163
Weighted average discount rate	5.0 %	4.9 %
Weighted average remaining lease term	7.1 years	7.2 years

- (1) The sublease income primarily relates to office property in Raleigh, North Carolina.
- (2) The right-of-use assets are included in ‘other assets’ while the operating lease liability is included in ‘other liabilities.’

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The following table presents the contractual maturities of the Company's operating lease liabilities at December 31, 2025:

Years Ending December 31,	
2026	\$ 33
2027	31
2028	27
2029	21
2030	19
2032 and thereafter	56
Total undiscounted lease liability	\$ 187
Less: present value adjustment	(31)
Operating lease liability	\$ 156

Rental expense was approximately \$36 million, \$35 million and \$38 million for 2025, 2024 and 2023, respectively.

18. Commitments and Contingencies

Concentrations of Credit Risk

The creditworthiness of a counterparty is evaluated by the Company, taking into account credit ratings assigned by independent agencies. The credit approval process involves an assessment of factors, including, among others, the counterparty, country and industry credit exposure limits. Collateral may be required, at the discretion of the Company, on certain transactions based on the creditworthiness of the counterparty.

The areas where significant concentrations of credit risk may exist include unpaid losses and loss adjustment expenses recoverable, contractholder receivables, ceded unearned premiums, paid losses and loss adjustment expenses recoverable net of reinsurance balances payable, investments and cash and cash equivalent balances. A credit exposure exists with respect to reinsurance recoverables as they may become uncollectible. The Company manages its credit risk in its reinsurance relationships by transacting with reinsurers that it considers financially sound and, if necessary, the Company may hold collateral in the form of funds, trust accounts and/or irrevocable letters of credit. This collateral can be drawn on for amounts that remain unpaid beyond specified time periods on an individual reinsurer basis. In addition, certain insurance policies written by the Company's insurance operations feature large deductibles, primarily in its construction and national accounts lines of business. Under such contracts, the Company is obligated to pay the claimant for the full amount of the claim. The Company is subsequently reimbursed by the policyholder for the deductible amount. These amounts are included on a gross basis in the consolidated balance sheet in contractholder payables and contractholder receivables, respectively. In the event that the Company is unable to collect from the policyholder, the Company would be liable for such defaulted amounts. Collateral, primarily in

the form of letters of credit, cash and trusts, is obtained from the policyholder to mitigate the Company's credit risk. In the instances where the company receives collateral in the form of cash, the Company records a related liability in "Collateral held for insured obligations."

In addition, the Company underwrites a significant amount of its business through brokers and a credit risk exists should any of these brokers be unable to fulfill their contractual obligations with respect to the payments of insurance and reinsurance balances owed to the Company. The following table summarizes the percentage of the Company's gross premiums written generated from or placed by the largest brokers:

Broker	Year Ended December 31,		
	2025	2024	2023
Marsh & McLennan Companies and its subsidiaries	16.6 %	18.6 %	19.0 %
Aon Corporation and its subsidiaries	14.6 %	14.5 %	13.9 %

No other broker and no one insured or reinsured accounted for more than 10% of gross premiums written for 2025, 2024 and 2023.

The Company's available for sale investment portfolio is managed in accordance with guidelines that have been tailored to meet specific investment strategies, including standards of diversification, which limit the allowable holdings of any single issue. There were no investments in any entity in excess of 10% of the Company's shareholders' equity at December 31, 2025 other than investments issued or guaranteed by the United States government or its agencies.

Investment Commitments

The Company's investment commitments, which are primarily related to agreements entered into by the Company to invest in funds and separately managed accounts when called upon, were approximately \$3.7 billion and \$4.4 billion at December 31, 2025 and 2024, respectively.

Purchase Obligations

The Company has also entered into certain agreements which commit the Company to purchase goods or services, primarily related to software and computerized systems. Such purchase obligations were approximately \$307 million and \$260 million at December 31, 2025 and 2024, respectively.

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Employment and Other Arrangements

At December 31, 2025, the Company has entered into employment agreements with certain of its executive officers. Such employment arrangements provide for compensation in the form of base salary, annual bonus, share-based awards, participation in the Company’s employee benefit programs and the reimbursements of expenses.

19. Debt and Financing Arrangements

The Company’s senior notes payable at December 31, 2025 and 2024 were as follows:

	Interest (Fixed)	Principal Amount	Carrying Amount at December 31,	
			2025	2024
2034 notes (1)	7.350 %	\$ 300	\$ 298	\$ 298
2043 notes (2)	5.144 %	500	496	496
2026 notes (3)	4.011 %	500	499	499
2046 notes (4)	5.031 %	450	446	446
2050 notes (5)	3.635 %	1,000	990	989
		\$ 2,750	\$ 2,729	\$ 2,728

(1) Senior notes of Arch Capital issued on May 4, 2004 and due May 1, 2034 (“2034 notes”).

(2) Senior notes of Arch-U.S., a wholly-owned subsidiary of Arch Capital, issued on December 13, 2013 and due November 1, 2043 (“2043 notes”), fully and unconditionally guaranteed by Arch Capital.

(3) Senior notes of Arch Capital Finance LLC (“Arch Finance”), a wholly-owned finance subsidiary of Arch Capital, issued on December 8, 2016 and due December 15, 2026 (“2026 notes”), fully and unconditionally guaranteed by Arch Capital.

(4) Senior notes of Arch Finance issued on December 8, 2016 and due December 15, 2046 (“2046 notes”), fully and unconditionally guaranteed by Arch Capital

(5) Senior notes of Arch Capital issued on June 30, 2020 and due June 30, 2050 (“2050 notes”).

The 2034 notes are Arch Capital’s senior unsecured obligations and rank equally with all of its existing and future senior unsecured indebtedness. Interest payments on the 2034 notes are due on May 1st and November 1st of each year. Arch Capital may redeem the 2034 notes at any time and from time to time, in whole or in part, at a “make-whole” redemption price.

The 2043 notes are unsecured and unsubordinated obligations of Arch-U.S. and Arch Capital, respectively, and rank equally and ratably with the other unsecured and unsubordinated indebtedness of Arch-U.S. and Arch Capital, respectively. Interest payments on the 2043 notes are due on May 1st and November 1st of each year. Arch-U.S. may redeem the 2043 notes at any time and from time to time, in whole or in part, at a “make-whole” redemption price.

The 2026 notes are unsecured and unsubordinated obligations of Arch Finance and Arch Capital, respectively, and rank equally and ratably with the other unsecured and unsubordinated indebtedness of Arch Finance and Arch Capital, respectively. Interest payments on the 2026 notes are due on June 15th and December 15th of each year. Arch Finance may redeem the 2026 notes at any time and from time to time, in whole or in part, at a “make-whole” redemption price.

The 2046 notes are unsecured and unsubordinated obligations of Arch Finance and Arch Capital, respectively, and rank equally and ratably with the other unsecured and unsubordinated indebtedness of Arch Finance and Arch Capital, respectively. Interest payments on the 2046 notes are due on June 15th and December 15th of each year. Arch Finance may redeem the 2046 notes at any time and from time to time, in whole or in part, at a “make-whole” redemption price.

The 2050 notes are Arch Capital’s senior unsecured obligations and rank equally with all of its existing and future senior unsecured indebtedness. Interest payments on the 2050 notes are due on June 30 and December 30 of each year. Arch Capital may redeem the 2050 notes at any time and from time to time, in whole or in part, at a “make-whole” redemption price.

Letter of Credit and Revolving Credit Facilities

In the normal course of its operations, the Company enters into agreements with financial institutions that provide access to secured and unsecured credit facilities.

Group Credit Facility

Arch Capital and certain of its subsidiaries have access to a credit facility with a syndicate of financial institutions (the “Group Credit Facility”) that expires on August 23, 2028. The Group Credit Facility consists of a \$425 million secured facility for letters of credit (the “Secured Facility”) and a \$500 million unsecured facility for revolving loans and letters of credit (the “Unsecured Facility”). At December 31, 2025, the Secured Facility had \$224 million of letters of credit outstanding and remaining capacity of \$201 million, and the Unsecured Facility had no outstanding revolving loans or letters of credit, with remaining capacity of \$500 million.

The Group Credit Facility contains certain restrictive and maintenance covenants customary for facilities of this type, including restrictions on indebtedness, minimum consolidated tangible net worth, maximum leverage levels and minimum financial strength ratings. Arch Capital and its subsidiaries which are party to the agreement were in compliance with all covenants contained therein at December 31, 2025.

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Obligations of each borrower for letters of credit under the Secured Facility are secured by cash and eligible securities of such borrower and held in collateral accounts. Commitments under the Group Credit Facility may be increased up to, but not exceeding, an aggregate of \$1.5 billion. Arch Capital has a one-time option to convert any or all outstanding revolving loans of Arch Capital and/or Arch-U.S. to term loans with the same terms as the revolving loans except that any prepayments may not be re-borrowed. Borrowings of revolving loans may be made at a variable rate based on Secured Overnight Financing Rate (“SOFR”). Secured letters of credit are available for issuance on behalf of certain Arch Capital subsidiaries. Arch Capital guarantees the obligations of Arch-U.S. and Arch U.S. MI Holdings Inc., Arch-U.S. guarantees the obligations of Arch Capital, and Arch Capital Finance LLC guarantees the obligations of Arch Capital and Arch-U.S.

Other Credit Facilities

Arch Re Bermuda, a wholly-owned subsidiary of Arch Capital, has access to a \$175 million unsecured letter of credit facility with Lloyds Bank Corporate Markets plc., which expires on September 27, 2026. At December 31, 2025, this credit facility had \$129 million of letters of credit outstanding and remaining capacity of \$46 million.

Arch Re Bermuda also has access to a letter of credit facility with a syndicate of financial institutions, which expires on December 31, 2029. Such credit facility provides for a \$700 million facility for letters of credit in respect of Tier 2 Funds at Lloyd’s. As of December 31, 2025, \$700 million face amount of letters of credit had been issued under this facility.

In addition, Arch Re Bermuda had outstanding secured letters of credit through other facilities in the amount of \$52 million, which were issued in the normal course of business (“LOC Facilities”). The principal purpose of the LOC Facilities is to issue, as required, evergreen standby letters of credit in favor of primary insurance or reinsurance counterparties with which certain of Arch Capital’s subsidiaries has entered into reinsurance arrangements.

When issued, all secured letters of credit are backed by a portion of the investment portfolio and cash. At December 31, 2025, these letters of credit were secured by investments and cash with a fair value of \$498 million. The Company had no outstanding revolving credit agreement borrowings at December 31, 2025 and 2024.

Federal Home Loan Bank Membership

Certain subsidiaries of the Company are members of Federal Home Loan Banks (“FHLBs”). Members may borrow from the FHLBs at competitive rates subject to certain conditions. Conditions include maintaining sufficient collateral deposits for funding and a requirement to hold stock in the FHLBs related to both membership and outstanding advances. At December 31, 2025 and 2024, the Company had no advances outstanding under the FHLB program.

20. Goodwill and Intangible Assets

The following table shows an analysis of goodwill and intangible assets:

	Goodwill	Intangible assets (indefinite life)	Intangible assets (finite life)	Total
Net balance at December 31, 2023	\$ 345	\$ 70	\$ 316	\$ 731
Acquisitions (1)	246	9	637	892
Amortization	—	—	(235)	(235)
Foreign currency movements and other adjustments (2)	(20)	—	(17)	(37)
Net balance at December 31, 2024	571	79	701	1,351
Acquisitions (1)	30	—	2	32
Amortization	—	—	(193)	(193)
Foreign currency movements and other adjustments	6	2	24	32
Net balance at December 31, 2025	<u>\$ 607</u>	<u>\$ 81</u>	<u>\$ 534</u>	<u>\$ 1,222</u>
Gross balance at December 31, 2025	\$ 606	\$ 80	\$ 1,726	\$ 2,412
Accumulated amortization	—	—	(1,171)	(1,171)
Foreign currency movements and other adjustments	1	1	(21)	(19)
Net balance at December 31, 2025	<u>\$ 607</u>	<u>\$ 81</u>	<u>\$ 534</u>	<u>\$ 1,222</u>

(1) See [note 2](#).

(2) Amount primarily related to the sale of Castel Underwriting Agencies Limited.

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The following table presents the components of goodwill and intangible assets:

	Gross Balance	Accumulated Amortization	Foreign Currency Translation Adjustment and Other	Net Balance
December 31, 2025				
Acquired insurance contracts	\$ 620	\$ (619)	\$ —	\$ 1
Operating platform	117	(78)	—	39
Distribution relationships	865	(427)	(21)	417
Goodwill	606	—	1	607
Insurance licenses	58	—	—	58
Syndicate capacity	22	—	1	23
Unfavorable service contract	(10)	10	—	—
Other	134	(57)	—	77
Total	\$ 2,412	\$ (1,171)	\$ (19)	\$ 1,222
December 31, 2024				
Acquired insurance contracts	\$ 620	\$ (562)	\$ 1	\$ 59
Operating platform	117	(63)	—	54
Distribution relationships	865	(358)	(30)	477
Goodwill	576	—	(5)	571
Insurance licenses	58	—	—	58
Syndicate capacity	22	—	(1)	21
Unfavorable service contract	(10)	10	—	—
Other	132	(21)	—	111
Total	\$ 2,380	\$ (994)	\$ (35)	\$ 1,351

The estimated remaining amortization expense for the Company's intangible assets with finite lives is as follows:

2026	\$ 119
2027	93
2028	78
2029	65
2030	51
2031 and thereafter	128
Total	\$ 534

The estimated remaining useful lives of these assets range from one to eleven years at December 31, 2025.

21. Shareholders' Equity

Authorized and Issued

The authorized share capital of Arch Capital consists of 1.8 billion Common Shares, par value of \$0.0011 per share, and 50 million Preferred Shares, par value of \$0.01 per share.

Common Shares

The following table presents a roll-forward of changes in Arch Capital's issued and outstanding Common Shares:

	Year Ended December 31,		
	2025	2024	2023
Common Shares:			
Shares issued and outstanding, beginning of year	595.6	591.9	588.3
Shares issued (1)	3.1	2.5	2.8
Restricted shares issued, net of cancellations	1.1	1.2	0.8
Shares issued and outstanding, end of year	599.8	595.6	591.9
Common shares in treasury, end of year	(240.8)	(219.2)	(218.5)
Shares issued and outstanding, end of year	359.0	376.4	373.4

- (1) Includes shares issued from the exercise of stock options and stock appreciation rights, the vesting of restricted share units and shares issued from the employee share purchase plan.

Special Cash Dividend

In 2024, the Board of Directors of Arch Capital (the "Board") has declared and paid a special cash dividend of \$1.9 billion to common shareholders, representing \$5.00 per outstanding common share.

Share Repurchase Program

The Board has authorized the investment in Arch Capital's common shares through a share repurchase program. At December 31, 2025, \$1.1 billion of share repurchases were available under the program. Repurchases under the program may be effected from time to time in open market. The timing and amount of the repurchase transactions under this program will depend on a variety of factors, including market conditions and corporate and regulatory considerations. From January 1 through February 24, 2026, the Company repurchased approximately 4.3 million common shares for an aggregate purchase price of \$405 million. At February 24, 2026, approximately \$702 million of repurchases were available under the Company's share repurchase program.

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Repurchases of Arch Capital’s common shares in connection with the share repurchase plan and other share-based transactions were held in the treasury under the cost method, and the cost of the common shares acquired is included in ‘Common shares held in treasury, at cost.’ At December 31, 2025, Arch Capital held 240.8 million shares for an aggregate cost of \$6.4 billion in treasury, at cost.

The Company’s repurchases under the share repurchase program were as follows:

	Year Ended December 31,		
	2025	2024	2023
Aggregate cost of shares repurchased	\$ 1,889.8	\$ 23.5	\$ —
Shares repurchased	21.2	0.3	—
Average price per share repurchased	\$ 89.26	\$ 89.63	\$ —

Since the inception of the share repurchase program through December 31, 2025, Arch Capital has repurchased approximately 455.0 million common shares for an aggregate purchase price of \$7.8 billion.

Series G Preferred Shares

In June 2021, Arch Capital completed a \$500 million underwritten public offering of 20.0 million depositary shares (the “Depositary Shares”), each of which represents a 1/1,000th interest in a share of its 4.55% Non-Cumulative Preferred Shares, Series G, \$0.01 par value and \$25,000 liquidation preference per share (equivalent to \$25 liquidation preference per Depositary Share) (the “Series G Preferred Shares”). Each Depositary Share, evidenced by a depositary receipt, entitles the holder, through the depositary, to a proportional fractional interest in all rights and preferences of the Series G Preferred Shares represented thereby (including any dividend, liquidation, redemption and voting rights).

Holders of Series G Preferred Shares will be entitled to receive dividend payments only when, as and if declared by the Board or a duly authorized committee of the Board. Any such dividends will be payable from, and including, the date of original issue on a noncumulative basis, quarterly in arrears on the last day of March, June, September and December of each year, at an annual rate of 4.55%. Dividends on the Series G Preferred Shares are not cumulative. The Company will be restricted from paying dividends on or repurchasing its common shares unless certain dividend payments are made on the Series G Preferred Shares. The Company may not declare or pay a dividend on the Series G Preferred Shares under certain circumstances, including if the Company is or, after giving effect to such payment, would be in breach of applicable individual or group solvency and liquidity requirements or applicable individual or group enhanced capital

requirements (“ECR”). The Series G Preferred Shares may not be redeemed at any time if the ECR would be breached immediately before or after giving effect to such redemption, unless the Company replaces the capital represented by preference shares to be redeemed with capital having equal or better capital treatment.

Except in specified circumstances relating to certain tax or corporate events, the Series G Preferred Shares are not redeemable prior to June 11, 2026. On and after that date, the Series G Preferred Shares will be redeemable at the Company’s option, in whole or in part, at a redemption price of \$25,000 per share of the Series G Preferred Shares (equivalent to \$25 per depositary share), plus any declared and unpaid dividends, without accumulation of any undeclared dividends to, but excluding, the redemption date. The Depositary Shares will be redeemed if and to the extent the related Series G Preferred Shares are redeemed by the Company. Neither the Depositary Shares nor the Series G Preferred Shares have a stated maturity, nor will they be subject to any sinking fund or mandatory redemption. The Series G Preferred Shares are not convertible into any other securities. The Series G Preferred Shares do not have voting rights, except under limited circumstances.

Series F Preferred Shares

In August 2017 and November 2017, Arch Capital completed combined \$330 million of underwritten public offerings (\$230 million in August 2017 and \$100 million in November 2017) of 13.2 million depositary shares (the “Series F Depositary Shares”), each of which represents a 1/1,000th interest in a share of its 5.45% Non-Cumulative Preferred Shares, Series F, with a \$0.01 par value and \$25,000 liquidation preference per share (equivalent to \$25 liquidation preference per Series F Depositary Share) (the “Series F Preferred Shares”). Each Series F Depositary Share, evidenced by a depositary receipt, entitles the holder, through the depositary, to a proportional fractional interest in all rights and preferences of the Series F Preferred Shares represented thereby (including any dividend, liquidation, redemption and voting rights).

Holders of Series F Preferred Shares will be entitled to receive dividend payments only when, as and if declared by the Board or a duly authorized committee of the board. Any such dividends will be payable from, and including, the date of original issue on a noncumulative basis, quarterly in arrears on the last day of March, June, September and December of each year, at an annual rate of 5.45%. Dividends on the Series F Preferred Shares are not cumulative. The Company will be restricted from paying dividends on or repurchasing its common shares unless certain dividend payments are made on the Series F Preferred Shares.

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Except in specified circumstances relating to certain tax or corporate events, the Series F Preferred Shares are not redeemable prior to August 17, 2022 (the fifth anniversary of the issue date). On and after that date, the Series F Preferred Shares will be redeemable at the Company's option, in whole or in part, at a redemption price of \$25,000 per share of the Series F Preferred Shares (equivalent to \$25 per depositary share), plus any declared and unpaid dividends, without accumulation of any undeclared dividends to, but excluding, the redemption date. The Series F Depositary Shares will be redeemed if and to the extent the related Series F Preferred Shares are redeemed by the Company. Neither the Series F Depositary Shares nor the Series F Preferred Shares have a stated maturity, nor will they be subject to any sinking fund or mandatory redemption. The Series F Preferred Shares are not convertible into any other securities. The Series F Preferred Shares will not have voting rights, except under limited circumstances.

22. Share-Based Compensation

Long Term Incentive and Share Award Plans

The Company utilizes share-based compensation plans for officers, other employees and directors of Arch Capital and its subsidiaries to provide competitive compensation opportunities, to encourage long-term service, to recognize individual contributions and reward achievement of performance goals and to promote the creation of long-term value for shareholders by aligning the interests of such persons with those of shareholders.

The 2022 Long-Term Incentive and Share Award Plan ("the 2022 Plan") became effective as of May 4, 2022 following approval by shareholders of the Company. The 2022 Plan provides for the issuance of stock options, stock appreciation rights, restricted shares, restricted share units payable in common shares or cash, dividend equivalents, performance shares and performance units and other share-based awards to Arch Capital's eligible employees and directors. The number of common shares reserved for grants under the 2022 Plan, subject to anti-dilution adjustments in the event of certain changes in Arch Capital's capital structure, is 9.0 million; provided that no more than 6.0 million common shares may be issued as incentive stock options under Section 422 of the Code. The 2022 Plan will terminate as to future awards on February 25, 2032. At December 31, 2025, 5.6 million shares are available for future issuance.

The 2018 Long-Term Incentive and Share Award Plan (the "2018 Plan") became effective as of May 9, 2018 following approval by shareholders of the Company. The 2018 Plan provides for the issuance of restricted stock units, performance units, restricted shares, performance shares, stock options and stock appreciation rights and other equity-based awards to our eligible employees and directors. The 2018 Plan authorizes the issuance of 34.5 million common shares; provided that no more than 6.0 million common shares may be issued as incentive stock options under Section 422 of the Code. The 2018 Plan will terminate as to future awards on February 28, 2028. At December 31, 2025, 2.3 million shares are available for future issuance.

Upon shareholder approval on May 4, 2023, the Amended and Restated Arch Capital Group Ltd. 2007 Employee Share Purchase Plan (the "ESPP") became effective. The total common shares that may be purchased under the ESPP was increased by 3.0 million shares for a total of 12.75 million shares authorized. The purpose of the ESPP is to give employees of the Company an opportunity to purchase common shares through payroll deductions, thereby encouraging employees to share in the economic growth and success of the Company. The ESPP is designed to qualify as an "employee share purchase plan" under Section 423 of the Internal Revenue Code of 1986, as amended. At December 31, 2025, 2.8 million shares remain available for issuance.

Stock Options and Stock Appreciation Rights

The Company generally issues stock options and SARs to eligible employees, with exercise prices equal to the fair market values of the Company's Common Shares on the grant dates (adjusted for special dividends). Such grants generally vest over a three year period with one-third vesting on the first, second and third anniversaries of the grant date. In connection with the Company's leadership transition in November 2024, the Compensation and Human Capital Committee approved the grant of equity awards, which consist of 1.75 million premium-priced stock options to eligible employees. The premium-priced stock options have an exercise price equal to 1.685 times the closing price of the Company's common shares on the grant date (or \$161.24 per share) and will vest in full on the third anniversary of the grant date.

The grant date fair value is determined using the Black-Scholes option valuation model. The expected life assumption is based on an expected term analysis, which incorporates the Company's historical exercise experience. Expected volatility is based on the Company's daily historical trading data of its common shares. The table below summarizes the assumptions used:

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	Year Ended December 31,		
	2025	2024	2023
Dividend yield	— %	— %	— %
Expected volatility (1)	26.8 %	26.5 %	25.1 %
Risk free interest rate (1)	4.1 %	4.4 %	4.1 %
Expected option life (1)	6.0 years	9.0 years	6.0 years

(1) The 2024 period includes an expected volatility, risk free interest rate and expected option life of 26.65%, 4.39% and 10 years, respectively, related to the grant of 1.75 million premium-priced stock options.

A summary of stock option and SAR activity under the Company's Long Term Incentive and Share Award Plans during 2025 is presented below:

	Year Ended December 31, 2025			
	Number of Options / SARs	Weighted Average Exercise Price	Weighted Average Contractual Term	Aggregate Intrinsic Value
Outstanding, beginning of year	12,429,034	\$ 48.54		
Granted	426,623	\$ 91.91		
Exercised	(2,654,091)	\$ 23.84		
Forfeited or expired	(12,660)	\$ 82.94		
Outstanding, end of year	10,188,906	\$ 56.74	4.42	\$ 514
Exercisable, end of year	7,587,153	\$ 29.84	2.94	\$ 501

The aggregate intrinsic value of stock options and SARs exercised represents the difference between the exercise price of the stock options and SARs and the closing market price of the Company's common shares on the exercise dates. During 2025, the Company received proceeds of \$54 million from the exercise of stock options and recognized a tax benefit of \$28 million from the exercise of stock options and SARs.

	Year Ended December 31,		
	2025	2024	2023
Weighted average grant date fair value	\$ 32.47	\$ 29.03	\$ 23.50
Aggregate intrinsic value of Options/SARs exercised (in millions)	\$ 180	\$ 153	\$ 116

Restricted Common Shares and Restricted Units

The Company also issues restricted share and unit awards to eligible employees and directors, for which the fair value is equal to the fair market values of the Company's Common Shares on the grant dates. Restricted share and unit awards generally vest over a three year period with one-third vesting on the first, second and third anniversaries of the grant date.

A summary of restricted share and restricted unit activity under the Company's Long Term Incentive and Share Award Plans for 2025 is presented below:

	Number of Restricted Common Shares	Number of Restricted Unit Awards
Unvested Shares:		
Unvested balance, beginning of year	1,528,541	281,093
Granted	659,548	165,222
Vested	(730,148)	(141,933)
Forfeited	(47,457)	(14,329)
Unvested balance, end of year	1,410,484	290,053

Weighted Average Grant Date Fair Value:			
Unvested balance, beginning of year	\$ 76.34	\$ 73.58	
Granted	\$ 91.87	\$ 91.82	
Vested	\$ 69.63	\$ 65.98	
Forfeited	\$ 85.55	\$ 85.17	
Unvested balance, end of year	\$ 86.77	\$ 87.12	

The following table presents the weighted average grant date fair value of restricted shares and restricted unit awards granted and the aggregate fair value of restricted shares and unit awards vesting in each year.

	Year Ended December 31,		
	2025	2024	2023
Number of restricted shares and restricted unit awards granted	824,770	982,339	825,191
Weighted average grant date fair value	\$ 91.86	\$ 89.86	\$ 69.42
Aggregate fair value of vested restricted share and unit awards (in millions)	\$ 79	\$ 85	\$ 122

The aggregate intrinsic value of restricted units outstanding at December 31, 2025 was \$28 million.

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Performance Awards

The Company also issues performance share and unit awards (“performance awards”) to eligible employees, which are earned based on the achievement of pre-established threshold, target and maximum goals over three-year performance periods. Final payouts depend on the level of achievement along with each employees continued service through the vest date, and can vary between 0% and 200%. The grant date fair value of the performance awards is measured using a Monte Carlo simulation model, which incorporated the assumptions summarized in the table below. Expected volatility is based on the Company’s daily historical trading data of its common shares. The cumulative compensation expense recognized and unrecognized as of any reporting period date represents the adjusted estimate of performance shares and units that will ultimately be awarded, valued at their original grant date fair values.

	Year Ended December 31,		
	2025	2024	2023
Expected volatility	25.5%	25.3%	30.4 %
Risk free interest rate	3.9%	4.5%	4.6 %

	Number of Performance Shares	Number of Performance Units
Unvested Shares:		
Unvested balance, beginning of year	1,679,376	52,937
Granted	468,452	16,723
Performance adjustment (1) (2)	—	20,009
Vested	(656,616)	(40,018)
Forfeited	(14,794)	(1,596)
Unvested balance, end of year	1,476,418	48,055

Weighted Average Grant Date Fair Value:

	2025	2024	2023
Unvested balance, beginning of year	\$ 70.07	\$ 70.57	
Granted	\$ 93.26	\$ 93.26	
Performance adjustment (1) (2)	\$ 0.00	\$ 49.91	
Vested	\$ 49.91	\$ 49.91	
Forfeited	\$ 85.70	\$ 85.61	
Unvested balance, end of year	\$ 86.24	\$ 86.57	

- (1) The performance adjustment represents the difference between the number of performance shares granted and earned, which vested following the end of the performance period. The performance shares were granted at the maximum level of achievement.
- (2) The performance adjustment represents the change in PSUs, which vested following the end of the performance period. The performance units were granted at the target level of achievement.

The following table presents the weighted average grant date fair values of performance awards granted.

	Year Ended December 31,		
	2025	2024	2023
Number of performance awards	485,175	492,634	568,576
Weighted average grant date fair value	\$ 93.26	\$ 93.28	\$ 74.09
Aggregate fair value of vested performance share and unit awards (in millions)	\$ 64	\$ 61	\$ 14

The aggregate intrinsic value of performance units outstanding at December 31, 2025 was \$5 million.

The issuance of share-based awards and amortization thereon has no effect on the Company’s consolidated shareholders’ equity.

Share-Based Compensation Expense

The following tables present pre-tax and after-tax share-based compensation expense recognized as well as the unrecognized compensation cost associated with unvested awards and the weighted average period over which it is expected to be recognized:

	Year Ended December 31,		
	2025	2024	2023
Pre-Tax			
Stock options and SARs	\$ 30	\$ 15	\$ 11
Restricted share and unit awards	71	57	54
Performance awards	41	55	23
ESPP	6	6	4
Total	\$ 148	\$ 133	\$ 92

After-Tax			
	2025	2024	2023
Stock options and SARs	\$ 25	\$ 13	\$ 10
Restricted share and unit awards	57	48	45
Performance awards	34	50	21
ESPP	6	5	4
Total	\$ 122	\$ 116	\$ 80

	December 31, 2025		
	Stock Options and SARs (1)	Restricted Common Shares and Units (1)	Performance Common Shares and Units
Unrecognized compensation cost related to unvested awards	\$ 38	\$ 70	\$ 11
Weighted average recognition period (years)	1.49	1.13	0.37

- (1) Includes awards granted in connection with 1.75 million premium-priced stock options and 0.3 million time-vested restricted shares granted in November 2024.

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
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23. Retirement Plans

For purposes of providing employees with retirement benefits, the Company maintains defined contribution retirement plans. Contributions are based on the participants' eligible compensation. For 2025, 2024 and 2023, the Company expensed \$94 million, \$86 million and \$77 million, respectively, related to these retirement plans.

24. Legal Proceedings

The Company, in common with the insurance industry in general, is subject to litigation and arbitration in the normal course of its business. As of December 31, 2025, the Company was not a party to any litigation or arbitration which is expected by management to have a material adverse effect on the Company's results of operations and financial condition and liquidity.

25. Statutory Information

The Company's insurance and reinsurance subsidiaries are subject to insurance and/or reinsurance laws and regulations in the jurisdictions in which they operate. These regulations include certain restrictions on the amount of dividends or other distributions available to shareholders without prior approval of the insurance regulatory authorities.

The actual and required statutory capital and surplus for the Company's principal operating subsidiaries at December 31, 2025 and 2024:

	December 31,	
	2025	2024
Actual capital and surplus (1):		
Bermuda	\$ 30,908	\$ 28,422
Ireland	1,780	1,476
United States	8,722	7,547
United Kingdom	1,487	1,585
Canada	93	83
Australia	372	377
Required capital and surplus:		
Bermuda	\$ 9,323	\$ 8,344
Ireland	1,408	1,142
United States	2,331	2,152
United Kingdom	1,399	1,302
Canada	68	57
Australia	115	143

(1) Such amounts include ownership interests in affiliated insurance and reinsurance subsidiaries.

There were no state-prescribed or permitted regulatory accounting practices for any of the Company's insurance or reinsurance entities that resulted in reported statutory surplus that differed from that which would have been reported under the prescribed practices of the respective regulatory authorities, including the National Association of Insurance Commissioners. The differences between statutory financial statements and statements prepared in accordance with GAAP vary by jurisdiction, however, with the primary differences being that statutory financial statements may not reflect deferred acquisition costs, certain net deferred income tax assets, goodwill and intangible assets, unrealized appreciation or depreciation on debt securities and certain unauthorized reinsurance recoverables and include contingency reserves.

The statutory net income (loss) for the Company's principal operating subsidiaries for 2025, 2024 and 2023 was as follows:

	Year Ended December 31,		
	2025	2024	2023
Statutory net income (loss):			
Bermuda	\$ 4,648	\$ 4,750	\$ 3,519
Ireland	103	62	53
United States	1,249	918	592
United Kingdom	24	41	72
Canada	4	6	6
Australia	48	54	68

Bermuda

The Company's Bermuda insurance and reinsurance subsidiaries are subject to the Bermuda Insurance Act 1978 and related regulations, each as amended (the "Insurance Act"). Arch Re Bermuda, the Company's principal reinsurance and insurance subsidiary, is dual licensed as a Class 4 general business insurer and a Class C long-term insurer while Arch Group Reinsurance Ltd. ("AGRL") is registered as a Class 3A general business insurer and provides affiliated quota share reinsurance covering certain U.S. business. The Insurance Act requires that both entities maintain minimum statutory capital and surplus equal to the greater of a minimum solvency margin and the enhanced capital requirement ("ECR") as determined by the Bermuda Monetary Authority ("BMA"). The ECR is calculated based on the Bermuda Solvency Capital Requirement model, a risk-based model that takes into account the risk characteristics of different aspects of the company's business. At December 31, 2025 and 2024, the actual and required capital and surplus were based on the economic balance sheet requirements.

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
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Under the Insurance Act, Arch Re Bermuda and AGRL are restricted with respect to the payment of dividends. Each entity is prohibited from declaring or paying in any financial year dividends of more than 25% of its total statutory capital and surplus (as shown on its previous financial year's statutory balance sheet) unless it files, at least seven days before payment of such dividends, with the BMA an affidavit stating that it will continue to meet the required margins following the declaration of those dividends. Accordingly, Arch Re Bermuda can pay approximately \$6.4 billion to Arch Capital during 2026 without providing an affidavit to the BMA. Dividends or distributions, if any, made by AGRL would result in an increase in available capital at Arch-U.S.

Ireland

The Company has three Irish subsidiaries: Arch Re Europe, an authorized life and non-life reinsurer, Arch Insurance (EU), an authorized non-life insurer and Arch Underwriting Europe, a registered insurance and reinsurance intermediary. Irish authorized reinsurers and insurers, such as Arch Re Europe, Arch Insurance (EU) and Irish intermediaries, and Arch Underwriters Europe, are subject to the general body of Irish laws and regulations including the provisions of the Companies Act 2014. As part of the Company's Brexit plan, Arch Insurance (EU) received approval from the Central Bank of Ireland ("CBI") to expand the nature of its business in 2019 and commenced writing insurance lines in the European Economic Area in 2020, and the Part VII Transfer was completed at the end of December 2020. Arch Re Europe, Arch Insurance (EU) and Arch Underwriters Europe are subject to the supervision of the CBI and must comply with Irish insurance acts and regulations as well as with directions and guidance issued by the CBI. Arch Re Europe and Arch Insurance (EU) are required to maintain a minimum level of capital. At December 31, 2025 and 2024, these requirements were met.

The amount of dividends these subsidiaries are permitted to declare is limited to accumulated, realized profits, so far as not previously utilized by distribution or capitalization, less its accumulated, realized losses, so far as not previously written off in a reduction or reorganization of capital duly made. The solvency and capital requirements must still be met following any distribution. Dividends or distributions, if any, made by Arch Re Europe would result in an increase in available capital at Arch Re Bermuda.

United States

The Company's U.S. insurance and reinsurance subsidiaries are subject to insurance laws and regulations in the jurisdictions in which they operate. The ability of the Company's regulated insurance subsidiaries to pay dividends or make distributions is dependent on their ability to meet applicable regulatory standards. These regulations include restrictions that limit the amount of dividends or other distributions, such as loans or cash advances, available to shareholders without prior approval of the insurance regulatory authorities.

Dividends or distributions, if any, made by Arch Re U.S. would result in an increase in available capital at Arch-U.S., the Company's U.S. holding company. Arch Re U.S. can declare a maximum of approximately \$523 million of dividends during 2026 subject to the approval of the Commissioner of the Delaware Department of Insurance.

AMIC and UGRIC are approved as eligible mortgage insurers by Fannie Mae and Freddie Mac, subject to their comprehensive requirements, known as the Private Mortgage Insurer Eligibility Requirements or "PMIERS." In August 2024, the GSEs updated PMIERS to incorporate new deductions to the definition of available assets for investment risk. This update became effective March 31, 2025, but the impact will be phased in through September 30, 2026. Further, the amount of assets required to satisfy the revised financial requirements of the PMIERS may be affected by many factors, including macroeconomic conditions, the size and composition of our mortgage insurance portfolio, and the amount of risk ceded to reinsurers that may be deducted in our calculation of "minimum required assets."

The Company's U.S. mortgage insurance subsidiaries are also subject to regulation by their respective domiciliary and primary regulators, which include the Wisconsin Office of the Commissioner of Insurance ("Wisconsin OCI") and the North Carolina Department of Insurance ("NC DOI"), as well as the state insurance departments in each state in which they are licensed. As mandated by state insurance laws, mortgage insurers are generally mono-line companies. Each company is subject to the statutory requirements of their domiciliary regulator as to payment of dividends and return of capital; the GSEs may also impart limitations on dividends with respect to the Company's eligible mortgage insurers, such as if available assets fall below the required minimum assets. Under respective state law, the Company's U.S. mortgage subsidiaries can declare a maximum of approximately \$295 million of ordinary dividends in 2026, however, dividend capacity is limited by the respective companies unassigned surplus amounts. Such dividends

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
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would increase the available capital at Arch U.S. MI Holdings Inc., a subsidiary of Arch-U.S.

Mortgage insurance companies licensed in Wisconsin or North Carolina are required to establish contingency loss reserves for purposes of statutory accounting in an amount equal to at least 50% of net earned premiums. These amounts generally cannot be withdrawn for a period of 10 years and are separate liabilities for statutory accounting purposes, which affects the ability to pay dividends. However, with prior regulatory approval, a mortgage insurance company may make early withdrawals from the contingency reserve when incurred losses exceed 35% of net premiums earned in a calendar year.

Under Wisconsin and North Carolina law, as well as that of 14 other states, a mortgage insurer must maintain a minimum amount of statutory capital relative to its risk in force in order for the mortgage insurer to continue to write new business. While formulations of minimum capital vary in certain jurisdictions, the most common measure applied allows for a maximum risk-to-capital ratio of 25 to 1. Wisconsin and North Carolina require mortgage insurers to maintain a “minimum policyholder position” calculated in accordance with their respective regulations. Policyholders' position consists primarily of statutory policyholders' surplus plus the contingency loss reserves.

United Kingdom

The Prudential Regulation Authority (“PRA”) and the Financial Conduct Authority (“FCA”) regulate insurance and reinsurance companies and the FCA regulates firms carrying on insurance mediation activities operating in the U.K., both under the Financial Services and Markets Act 2000. In May 2004, Arch Insurance (U.K.) was granted the relevant permissions for the classes of insurance business which it underwrites in the U.K. AMAL currently manages our Lloyd’s Syndicates pursuant to its authorizations by the U.K. regulators and Lloyd’s. All U.K. companies are also subject to a range of statutory provisions, including the laws and regulations of the Companies Act 2006 (as amended) (the “U.K. Companies Act”).

Arch Insurance (U.K.) and AMAL must maintain a margin of solvency at all times under the Solvency II Directive from the European Insurance and Occupational Pensions Authority. The regulations stipulate that insurers are required to maintain the minimum capital requirement and solvency capital requirement at all times. At December 31, 2025 and 2024, these requirements were met.

As corporate members of Lloyd’s, AMAL (as managing agent of the Company’s Lloyd’s Syndicates) and each syndicate’s respective corporate members are subject to the oversight of the Council of Lloyd’s. The capital required to support a Syndicate’s underwriting capacity, or funds at Lloyd’s, is assessed annually and is determined by Lloyd’s in accordance with the capital adequacy rules established by the PRA. The Company has provided capital to support the underwriting of our Lloyd’s Syndicates in the form of pledged assets and letters of credit provided by Arch Re Bermuda. The amount which the Company provides as funds at Lloyd’s is not available for distribution to the Company for the payment of dividends. Lloyd’s is supervised by the PRA and required to implement certain rules prescribed by the PRA under the Lloyd’s Act of 1982 regarding the operation of the Lloyd’s market. With respect to managing agents and corporate members, Lloyd’s prescribes certain minimum standards relating to management and control, solvency and other requirements and monitors managing agents’ compliance with such standards.

Under U.K. law, all U.K. companies are restricted from declaring a dividend to their shareholders unless they have “profits available for distribution.” The calculation as to whether a company has sufficient profits is based on its accumulated realized profits minus its accumulated realized losses. U.K. insurance regulatory laws do not prohibit the payment of dividends, but the PRA or FCA, as applicable, requires that insurance companies and insurance intermediaries maintain certain solvency margins and may restrict the payment of a dividend by Arch Insurance (U.K.) and AMAL.

Canada

Arch Insurance Canada and the Canadian branch of Arch Re U.S. (“Arch Re Canada”) are subject to federal, as well as provincial and territorial, regulation in Canada. The Office of the Superintendent of Financial Institutions (“OSFI”) is the federal regulatory body that, under the Insurance Companies Act (Canada), regulates federal Canadian and non-Canadian insurance companies operating in Canada. Arch Insurance Canada and Arch Re Canada are subject to regulation in the provinces and territories in which they underwrite insurance/reinsurance, and the primary goal of insurance/reinsurance regulation at the provincial and territorial levels is to govern the market conduct of insurance/reinsurance companies. Arch Insurance Canada is licensed to carry on insurance business by OSFI and in each province and territory. Arch Re Canada is licensed to carry on reinsurance business by OSFI and in the provinces of Ontario and Quebec.

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Under the Insurance Companies Act (Canada), Arch Insurance Canada is required to maintain an adequate amount of capital in Canada, calculated in accordance with a test promulgated by OSFI called the Minimum Capital Test (“MCT”), and Arch Re Canada is required to maintain an adequate margin of assets over liabilities in Canada, calculated in accordance with a test promulgated by OSFI called the Branch Adequacy of Assets Test. Under the Insurance Companies Act (Canada), approval of the Minister of Finance (Canada) is required in connection with certain acquisitions of shares of, or control of, Canadian insurance companies such as Arch Insurance Canada, and notice to and/or approval of OSFI is required in connection with the payment of dividends by or redemption of shares by Canadian insurance companies such as Arch Insurance Canada.

Australia

The Australian Prudential Regulation Authority (“APRA”) is an independent statutory authority responsible for prudential supervision of institutions across banking, insurance and superannuation and promotes financial stability in Australia. Arch Indemnity has been authorized to conduct monoline lenders’ mortgage insurance business in Australia since June 2002 and was acquired by Arch Capital on August 30, 2021 and since that date is the primary provider of lenders’ mortgage insurance for the group. Arch Indemnity has also been licensed by the Australian Securities and Investments Commission (“ASIC”) since March 2011 to engage in credit activities in Australia. Arch LMI Pty Ltd. (“Arch LMI”) was formerly authorized by APRA in January 2019 to conduct monoline lenders’ mortgage insurance business in Australia; however, in 2022, we converted Arch LMI to a services company for our Australian lenders mortgage insurance operations and the company relinquished its APRA authorization. Major regulatory requirements that are applicable to Arch Indemnity in general as an insurance provider and financial institution in Australia include requirements and compliance with minimum capital levels; risk management strategy; corporate governance standards, privacy legislation on the collection, use and storage of personal information; cyber security obligations imposed by APRA and ASIC; modern slavery legislation; anti-money laundering and counter-terrorism legislation. At December 31, 2025 and 2024, these requirements were met.

Arch Capital also conducts property and casualty insurance business in Australia through the Company’s Lloyd’s platform. This insurance business is managed by and distributed through local coverholders and is subject to Lloyd’s Supervision. In addition, the business is subject to local Australian prudential regulatory oversight by APRA, and additional separate financial services market conduct regulation by the Australian Securities and Investments Commission.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

In connection with the filing of this Form 10-K, our management, with the participation of the Chief Executive Officer and Chief Financial Officer, conducted an evaluation of our disclosure controls and procedures, as of December 31, 2025, for the purposes set forth in the applicable rules under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Disclosure controls and procedures are the controls and other procedures designed to ensure that information required to be disclosed in the reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2025, the Company's disclosure controls and procedures were effective.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our management assessed the effectiveness of our internal control over financial reporting

as of December 31, 2025. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations ("COSO") of the Treadway Commission in *Internal Control-Integrated Framework (2013)*.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Based on our assessment, management determined that, as of December 31, 2025, our internal control over financial reporting was effective. The effectiveness of our internal control over financial reporting as of December 31, 2025 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report included in Item 8.

Changes in Internal Control Over Financial Reporting

There have been no changes in internal control over financial reporting that occurred during the quarter ended December 31, 2025, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

During the three months ended December 31, 2025, none of the Company's directors or officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934) adopted or terminated a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K of the Securities Act of 1933).

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item is incorporated by reference from the information to be included in our definitive proxy statement (“Proxy Statement”) for our annual meeting of shareholders to be held in 2026, which we intend to file with the SEC pursuant to Regulation 14A no later than 120 days after the end of the Company’s fiscal year which ended on December 31, 2025. Copies of our code of ethics applicable to our chief executive officer, chief financial officer and principal accounting officer or controller are available free of charge to investors upon written request addressed to the attention of Arch Capital’s corporate secretary, Waterloo House, 100 Pitts Bay Road, Pembroke HM 08, Bermuda. In addition, our code of ethics and certain other basic corporate documents, including the charters of our audit committee, compensation committee and nominating committee are posted on our website located at www.archgroup.com.

If any substantive amendments are made to the code of ethics or if there is a grant of a waiver, including any implicit waiver, we will disclose the nature of such amendment or waiver on our website or in a report on Form 8-K, to the extent required by applicable law or the rules and regulations of any exchange applicable to us. Our website address is intended to be an inactive, textual reference only and none of the material on our website is incorporated by reference into this report.

We have adopted an insider trading policy that establishes the procedures directors, officers and employees of the Company must follow to comply with U.S. regulations on disclosure and insider trading. It is also the policy of the Company to comply with all applicable securities laws when transacting in its own securities. A copy of the Company’s insider trading policy is included as Exhibit 19.1 in this Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated by reference from the information to be included in the Proxy Statement which we intend to file pursuant to Regulation 14A with the SEC no later than 120 days after the end of the Company’s fiscal year ended on December 31, 2025, which Proxy Statement is incorporated by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Other than the information set forth below, the information required by this item is incorporated by reference from the information to be included in the Proxy Statement which we intend to file pursuant to Regulation 14A with the SEC no later than 120 days after the end of the Company’s fiscal year ended on December 31, 2025, which Proxy Statement is incorporated by reference.

The following information is as of December 31, 2025:

	Column A	Column B	Column C
Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Stock Options(1), Warrants and Rights	Weighted-Average Exercise Price of Outstanding Stock Options(1), Warrants and Rights (\$)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column A)
Equity compensation plans approved by security holders	10.5	\$ 56.74	10.6
Equity compensation plans not approved by security holders	—	—	—
Total	10.5	\$ 56.74	10.6 (2)

(1) Includes all vested and unvested stock options outstanding of 10.2 million and restricted and performance share units outstanding of 0.3 million. The weighted average exercise price does not take into account restricted and performance share units. In addition, the weighted average remaining contractual life of the Company's outstanding exercisable stock options and SARs at December 31, 2025 was 4.4 years.

(2) Includes 2.8 million common shares remaining available for future issuance under our Employee Share Purchase Plan and 7.8 million common shares remaining available for future issuance under our equity compensation plans. Shares available for future issuance under our equity compensation plans may be issued in the form of stock options, SARs, restricted shares, restricted share units payable in common shares or cash, share awards in lieu of cash awards, dividend equivalents, performance shares and performance units and other share-based awards. In addition, 6.2 million common shares, or 58.5% of the 10.6 million common shares remaining available for future issuance may be issued in connection with full value awards (*i.e.*, awards other than stock options or SARs).

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is incorporated by reference from the information to be included in the Proxy Statement which we intend to file pursuant to Regulation 14A with the SEC no later than 120 days after the end of the Company’s fiscal year ended on December 31, 2025, which Proxy Statement is incorporated by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item is incorporated by reference from the information to be included in our Proxy Statement which we intend to file pursuant to Regulation 14A with the SEC no later than 120 days after the end of the Company’s fiscal year ended on December 31, 2025, which Proxy Statement is incorporated by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Financial Statements, Financial Statement Schedules and Exhibits.

1. Financial Statements

Included in Part II – see Item 8 of this report.

2. Financial Statement Schedules

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II. Condensed Financial Information of Registrant	
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III. Supplementary Insurance Information	
For the years ended December 31, 2025, 2024 and 2023	187
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VI. Supplementary Information for Property and Casualty Insurance Underwriters	
For the years ended December 31, 2025, 2024 and 2023	189

Schedules other than those listed above are omitted for the reason that they are not applicable or the information is provided in Item 8 of this report.

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3. Exhibits

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Original Number	Date Filed	
3.1	Memorandum of Association of ACGL	S-4	3.1	September 8, 2000	
3.2	Bye-Laws of ACGL	10-Q	3	August 5, 2016	
3.3	ACGL Certificate of Deposit of Memorandum of Increase of Share Capital	10-K	3.3	February 28, 2011	
4.1	Indenture, dated as of May 4, 2004, between ACGL, as issuer, and The Bank of New York Mellon, as successor trustee to JPMorgan Chase Bank, N.A. (formerly JPMorgan Chase Bank) ("JPMCB"), as trustee	8-K	99.2	May 7, 2004	
4.2	First Supplemental Indenture, dated as of May 4, 2004, between ACGL, as issuer, and JPMCB, as trustee	8-K	99.3	May 7, 2004	
4.3	Second Supplemental Indenture, dated as of June 30, 2020, by and between Arch Capital Group Ltd. and The Bank of New York Mellon (including the form of Global Notes for the Notes).	8-K	4.2	June 30, 2020	
4.4.1	Indenture, dated as of December 13, 2013, among Arch Capital Group (U.S.) Inc. ("Arch U.S."), as issuer, ACGL, as guarantor, and The Bank of New York Mellon ("BNYM"), as trustee	8-K	4.1	December 13, 2013	
4.4.2	First Supplemental Indenture, dated as of December 13, 2013, among Arch U.S., as issuer, ACGL, as guarantor, and BNYM, as trustee	8-K	4.2	December 13, 2013	
4.4.3	Second Supplemental Indenture, dated as of May 10, 2018, among Arch Capital Finance LLC, as issuer, ACGL, as guarantor, and BNYM, as trustee	8-K	4.1	May 15, 2018	
4.5.1	Deposit Agreement, dated August 17, 2017, between ACGL, as issuer, and AST, as depositary, registrar and transfer agent and as dividend disbursing agent and redemption agent, and the holders from time to time of the depositary receipts	8-K	4.3	August 17, 2017	
4.5.2	Deposit Agreement, dated June 11, 2021, between ACGL, as issuer, and AST, as depositary, registrar and transfer agent and as dividend disbursing agent and redemption agent, and the holders from time to time of the depositary receipts	8-K	4.3	June 11, 2021	
4.6.1	Form of Depositary Receipt, dated August 17, 2017	8-K	4.4	August 17, 2017	
4.6.2	Form of Depositary Receipt, dated June 11, 2021	8-K	4.4	June 11, 2021	
4.7.1	Indenture, dated as of December 8, 2016, among Arch Capital Finance LLC, as issuer, ACGL, as guarantor, and BNYM, as trustee	8-K	4.1	December 9, 2016	
4.7.2	First Supplemental Indenture, dated as of December 8, 2016, among Arch Capital Finance LLC, as issuer, ACGL, as guarantor, and BNYM, as trustee	8-K	4.2	December 9, 2016	
4.8.1	Certificate of Designations of Series F Non-Cumulative Preferred Shares	8-K	4.1	August 17, 2017	
4.8.2	Certificate of Designations of Series G Non-Cumulative Preferred Shares	8-K	4.1	June 11, 2021	
4.8.3	Specimen Common Share Certificate	10-K	4.1	April 2, 2001	
4.8.4	Specimen Series F Non-Cumulative Preferred Share Certificate	8-K	4.2	August 17, 2017	
4.8.5	Specimen Series G Non-Cumulative Preferred Share Certificate	8-K	4.2	June 11, 2021	
4.9	Description of Securities	10-K	4.8	February 25, 2022	
10.1.1	Third Amended and Restated ACGL Incentive Compensation Plan†	10-Q	10.7	August 5, 2016	
10.1.2	First Amendment to Third Amended and Restated ACGL Incentive Compensation Plan†	10-Q	10.1	May 5, 2017	
10.1.3	Second Amendment to Third Amended and Restated ACGL Incentive Compensation Plan†	10-K	10.2.3	February 25, 2022	
10.1.4	Third Amendment to Third Amended and Restated ACGL Incentive Compensation Plan†	10-Q	10.1	May 4, 2023	
10.2.1	ACGL 2018 Long Term Incentive and Share Award Plan†	DEF 14A		March 28, 2018	
10.2.2	ACGL Amended and Restated 2018 Long Term Incentive and Share Award Plan†	10-Q	10.2	August 5, 2025	
10.2.3	ACGL Amended and Restated 2007 Employee Share Purchase Plan†	DEF 14A		March 23, 2023	
10.2.4	Second Amended and Restated ACGL 2007 Employee Share Purchase Plan†	10-Q	10.4	August 5, 2025	
10.2.5	ACGL 2022 Long Term Incentive and Share Award Plan†	8-K	10.1	May 4, 2022	
10.2.6	ACGL Amended and Restated 2022 Long Term Incentive and Share Award Plan†	10-Q	10.3	August 5, 2025	
10.3.1	Form of Restricted Share Agreement for Named Executive Officers and certain Executive Officers of ACGL and subsidiaries†	10-Q	10.3	August 8, 2018	
10.3.2	Form of Restricted Share Agreement between ACGL and each of the Non-Employee Directors of ACGL†	10-Q	10.1	August 5, 2025	

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10.3.3	Form of Performance Restricted Share Agreement for Named Executive Officers and certain Executive Officers of ACGL and subsidiaries†	10-Q	10.5	August 8, 2018
10.3.5	Form of Non-Qualified Stock Option Agreement, dated as of May 13, 2016, between ACGL and each of Nicolas Papadopoulo, Maamoun Rajeh and Louis T. Petrillo†	10-Q	10.3	August 5, 2016
10.3.6	Form of Non-Qualified Stock Option Agreement, dated as of May 8, 2017, between ACGL and each of Nicolas Papadopoulo, Maamoun Rajeh and Louis T. Petrillo†	10-Q	10.5	August 4, 2017
10.3.7	Non-Qualified Stock Option Agreement, dated as of September 19, 2017, between ACGL and Maamoun Rajeh†	10-K	10.5.6	February 28, 2018
10.3.8	Non-Qualified Stock Option Agreement, dated as of September 19, 2017, between ACGL and Nicolas Papadopoulo†	10-K	10.5.7	February 28, 2018
10.3.9	Form of Non-Qualified Stock Option Agreement for Named Executive Officers and certain Executive Officers of ACGL and subsidiaries†	10-Q	10.4	August 8, 2018
10.4.1	Employment Agreement, dated as of October 27, 2008, between ACGL and John D. Vollaro†	8-K	10.1	October 28, 2008
10.4.2	Amendment to Employment Agreement, dated February 27, 2015, between ACGL and John D. Vollaro†	10-Q	10.1	May 8, 2015
10.4.3	Second Amendment to Employment Agreement, dated as of January 1, 2018, between ACGL and John D. Vollaro†	10-Q	10.1	May 9, 2018
10.5.1	Employment Agreement, dated as of September 19, 2017 between ACGL and Maamoun Rajeh†	10-Q	10.26	November 3, 2017
10.5.2	Amendment to Employment Agreement, dated as of November 7, 2024, between Arch Capital Group Ltd. and Maamoun Rajeh †	8-K	10.2	November 8, 2024
10.6.1	Employment Agreement, dated as of September 19, 2017 between ACGL and Nicholas Papadopoulo†	10-Q	10.27	November 3, 2017
10.6.2	Amendment to Employment Agreement, dated as of October 13, 2024, between ACGL and Nicolas Papadopoulo †	10-Q	10.2	November 7, 2024
10.7	Employment Agreement, dated as of May 25, 2018, between ACGL and François Morin†	8-K/A	10.1	July 26, 2018
10.8	Employment Agreement, dated as of November 13, 2018, between Arch Capital Services Inc. and Louis Petrillo†	10-K	10.16	February 28, 2019
10.9.1	Employment Agreement dated as of October 1, 2019 between Arch Capital Group Ltd. and David Gansberg †	10-K	10.16	February 28, 2020
10.9.2	Amendment to Employment Agreement, dated as of November 7, 2024, between Arch U.S. MI Services Inc. and David Gansberg †	8-K	10.1	November 8, 2024
10.9.3	Second Amendment to Employment Agreement, dated as of December 11, 2024, between Arch Capital Group (U.S.) Inc. and David Gansberg†	10-K	10.24	February 27, 2025
10.10	Employment Agreement dated as of May 7, 2021 between Arch Capital Group Ltd. and Christine Todd †	10-Q	10.1	August 5, 2021
10.11	Arch U.S. Executive Supplemental Non-Qualified Savings and Retirement Plan†	10-K	10.24	March 2, 2009
10.13.1	Fourth Amended and Restated Credit Agreement, dated as of August 23, 2023, by and among Arch Capital Group Ltd., certain of its subsidiaries, Bank of America, N.A., as Administrative Agent, and the lenders party thereto⁽¹⁾	10-Q	10.1	November 9, 2023
10.13.2	Consent and First Amendment to Fourth Amended and Restated Credit Agreement, dated as of August 1, 2025	10-Q	10.1	November 6, 2025
10.14	Letter of Credit Facility Agreement, dated as of September 27, 2023, by and between Arch Reinsurance Ltd., as the borrower and Lloyds Bank Corporate Markets plc, as the L/C Issuer	8-K	10.1	October 2, 2023
10.15.1	Amendment No. 3 and Joinder to Letter of Credit Facility Agreement, dated as of October 25, 2023, by and between Arch Reinsurance Ltd., as the borrower and Lloyds Bank Corporate Markets plc, as the Administrative Agent and L/C Agent.	8-K	10.1	October 30, 2023
10.15.2	Amendment No. 4 to Letter of Credit Facility Agreement dated as of October 30, 2024 by and between Arch Reinsurance Ltd., as the borrower and Lloyds Bank.	8-K	10.1	November 4, 2024
10.15.3	Amendment No. 5 to Letter of Credit Facility Agreement dated as of October 29, 2025 by and between Arch Reinsurance Ltd., as the borrower and Lloyds Bank Corporate Markets plc as Administrative Agent and L/C Agent	8-K	10.1	November 3, 2025
10.16.1	Master Transaction Agreement, dated as of April 5, 2024, by and between Allianz Global Risks US Insurance Company and Arch Capital Group Ltd.	8-K	10.1	April 5, 2024
10.16.2	Amendment No. 1 to Master Transaction Agreement, dated as of August 1, 2024, by and among Arch Capital Group Ltd., Allianz Global Risks US Insurance.	8-K	2.2	August 1, 2024

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10.17	Form of Non-Qualified Stock Option Outperformance Award Agreement for Named Executive Officers and certain Executive Officers of ACGL and subsidiaries†	10-K	10.21	February 27, 2025	
10.18	Form of Restricted Share Outperformance Award Agreement between ACGL and each of Nicolas Papadopoulos, Maamoun Rajeh and David Gansberg†	10-K	10.22	February 27, 2025	
10.19	Form of Restricted Share Outperformance Award Agreement between ACGL and each of François Morin, Christine Todd and certain other Executive Officers of ACGL†	10-K	10.23	February 27, 2025	
19.1	Policy Statement on Insider Trading and Confidential Information	10-K	19.1	February 27, 2025	
21	Subsidiaries of Registrant				X
23	Consent of PricewaterhouseCoopers LLP				X
24	Power of Attorney				X
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				X*
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				X*
97.1	Policy relating to recovery of erroneously awarded compensation, as required by Nasdaq listing standards adopted pursuant to 17 CFR 240.10D.	10-K	97.1	February 23, 2024	
101	The following financial information from ACGL's Annual Report on Form 10-K for the year ended December 31, 2025 formatted in Inline XBRL: (i) Consolidated Balance Sheets at December 31, 2025 and 2024; (ii) Consolidated Statements of Income for the years ended December 31, 2025, 2024 and 2023; (iii) Consolidated Statements of Comprehensive Income for the years ended December 31, 2025, 2024 and 2023; (iv) Consolidated Statements of Changes in Shareholders' Equity for the years ended December 31, 2025, 2024 and 2023; (v) Consolidated Statements of Cash Flows for the years ended December 31, 2025, 2024 and 2023; and (vi) Notes to Consolidated Financial Statements				X
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)				

† Management contract or compensatory plan or arrangement.

* Furnished herewith.

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
CONDENSED FINANCIAL INFORMATION OF REGISTRANT
(U.S. dollars in millions)

Balance Sheet
(Parent Company Only)

	December 31,	
	2025	2024
Assets		
Total investments	\$ 40	\$ 43
Cash	13	13
Investments in subsidiaries	25,275	22,035
Investment in operating affiliates	3	3
Due from subsidiaries and affiliates	16	6
Other assets	194	66
Total assets	\$ 25,541	\$ 22,166
Liabilities		
Senior notes	\$ 1,288	\$ 1,287
Due to subsidiaries and affiliates	6	11
Other liabilities	41	48
Total liabilities	1,335	1,346
Shareholders' Equity		
Non-cumulative preferred shares	830	830
Common shares (\$0.0011 par, shares issued: 599.8 and 595.6)	1	1
Additional paid-in capital	2,735	2,510
Retained earnings	27,045	22,686
Accumulated other comprehensive income (loss), net of deferred income tax	5	(720)
Common shares held in treasury, at cost (shares: 240.8 and 219.2)	(6,410)	(4,487)
Total shareholders' equity	\$ 24,206	\$ 20,820
Total liabilities and shareholders' equity	\$ 25,541	\$ 22,166

The financial information for the parent company (Arch Capital Group Ltd.) should be read in conjunction with the Consolidated Financial Statements and Notes thereto.

**ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
CONDENSED FINANCIAL INFORMATION OF REGISTRANT
(U.S. dollars in millions)**

**Statement of Income
(Parent Company Only)**

	Year Ended		
	December 31,		
	2025	2024	2023
Revenues			
Net investment income	\$ 3	\$ 5	\$ 2
Net realized gains (losses)	(10)	(4)	—
Total revenues	(7)	1	2
Expenses			
Corporate expenses	57	116	93
Interest expense	59	59	59
Total expenses	116	175	152
Income (loss) before income taxes and income (loss) from operating affiliates	(123)	(174)	(150)
Income tax (expense) benefit	58	—	41
Income (loss) from operating affiliates	(1)	(1)	(1)
Income (loss) before equity in net income of subsidiaries	(66)	(175)	(110)
Equity in net income of subsidiaries	4,465	4,487	4,553
Net income available to Arch	4,399	4,312	4,443
Preferred dividends	(40)	(40)	(40)
Net income available to Arch common shareholders	\$ 4,359	\$ 4,272	\$ 4,403

The financial information for the parent company (Arch Capital Group Ltd.) should be read in conjunction with the Consolidated Financial Statements and Notes thereto.

**ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
CONDENSED FINANCIAL INFORMATION OF REGISTRANT
(U.S. dollars in millions)**

**Statement of Cash Flows
(Parent Company Only)**

	Year Ended December 31,		
	2025	2024	2023
Operating Activities:			
Net Cash Provided By Operating Activities	\$ 1,873	\$ 2,398	\$ 46
Investing Activities:			
Net (purchases) sales of short-term investments	3	(26)	(8)
Acquisitions, net of cash	—	(450)	—
Other	10	5	1
Net Cash Used For Investing Activities	13	(471)	(7)
Financing Activities:			
Purchases of common shares under share repurchase program	(1,889)	(24)	—
Proceeds from common shares issued, net	50	7	(2)
Common dividends paid	(7)	(1,866)	—
Preferred dividends paid	(40)	(40)	(40)
Net Cash Used For Financing Activities	(1,886)	(1,923)	(42)
Increase (decrease) in cash and restricted cash	—	4	(3)
Cash and restricted cash, beginning of year	13	9	12
Cash and restricted cash, end of period	\$ 13	\$ 13	\$ 9

The financial information for the parent company (Arch Capital Group Ltd.) should be read in conjunction with the Consolidated Financial Statements and Notes thereto.

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
SUPPLEMENTARY INSURANCE INFORMATION
(U.S. dollars in millions)

	Deferred Acquisition Costs	Reserves for Losses and Loss Adjustment Expenses	Unearned Premiums	Net Premiums Earned	Net Investment Income (1)	Net Losses and Loss Adjustment Expenses Incurred	Amortization of Deferred Acquisition Costs	Other Operating Expenses (2)	Net Premiums Written
December 31, 2025									
Insurance	\$788	\$17,527	\$5,199	\$7,771	NM	\$4,764	\$1,496	\$1,172	\$7,798
Reinsurance	872	15,523	4,545	8,122	NM	4,610	1,644	469	7,618
Mortgage	57	497	356	1,172	NM	(4)	13	185	1,060
Total	\$1,717	\$33,547	\$10,100	\$17,065	NM	\$9,370	\$3,153	\$1,826	\$16,476
December 31, 2024									
Insurance	\$696	\$16,277	\$4,857	\$6,627	NM	\$4,070	\$1,217	\$995	\$6,874
Reinsurance	981	12,567	4,891	7,242	NM	4,327	1,432	270	7,746
Mortgage	57	525	470	1,231	NM	(55)	2	207	1,112
Total	\$1,734	\$29,369	\$10,218	\$15,100	NM	\$8,342	\$2,651	\$1,472	\$15,732
December 31, 2023									
Insurance	\$566	\$12,250	\$3,917	\$5,446	NM	\$3,122	\$1,055	\$819	\$5,862
Reinsurance	901	9,924	4,254	5,836	NM	3,227	1,240	288	6,554
Mortgage	64	578	637	1,158	NM	(103)	17	194	1,052
Total	\$1,531	\$22,752	\$8,808	\$12,440	NM	\$6,246	\$2,312	\$1,301	\$13,468

- (1) The Company does not manage its assets by segment and, accordingly, net investment income is not allocated to each underwriting segment.
- (2) Certain other operating expenses relate to the Company's corporate items. Such amounts are not reflected in the table above. See [note 4, "Segment Information,"](#) to our consolidated financial statements in Item 8 for information.

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
REINSURANCE
(U.S. dollars in millions)

	Gross Amount	Ceded to Other Companies (1)	Assumed From Other Companies (1)	Net Amount	Percentage of Amount Assumed to Net
Year Ended December 31, 2025					
Premiums Written:					
Insurance	\$ 8,268	\$ (2,637)	\$ 2,167	\$ 7,798	27.8 %
Reinsurance	895	(3,531)	10,254	7,618	134.6 %
Mortgage	1,087	(245)	218	1,060	20.6 %
Total	<u>\$ 10,250</u>	<u>\$ (6,402)</u>	<u>\$ 12,628</u>	<u>\$ 16,476</u>	<u>76.6 %</u>
Year Ended December 31, 2024					
Premiums Written:					
Insurance	\$ 7,970	\$ (2,179)	\$ 1,083	\$ 6,874	15.8 %
Reinsurance	956	(3,366)	10,156	7,746	131.1 %
Mortgage	1,130	(239)	221	1,112	19.9 %
Total	<u>\$ 10,056</u>	<u>\$ (5,779)</u>	<u>\$ 11,455</u>	<u>\$ 15,732</u>	<u>72.8 %</u>
Year Ended December 31, 2023					
Premiums Written:					
Insurance	\$ 7,865	\$ (2,049)	\$ 46	\$ 5,862	0.8 %
Reinsurance	626	(2,559)	8,487	6,554	129.5 %
Mortgage	1,161	(335)	226	1,052	21.5 %
Total	<u>\$ 9,652</u>	<u>\$ (4,935)</u>	<u>\$ 8,751</u>	<u>\$ 13,468</u>	<u>65.0 %</u>

- (1) Certain amounts included in the gross premiums written of each segment are related to intersegment transactions and are included in the gross premiums written of each segment. Accordingly, the sum of gross premiums written for each segment does not agree to the total gross premiums written as shown in the table above due to the elimination of intersegment transactions in the total.

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION FOR PROPERTY AND CASUALTY INSURANCE UNDERWRITERS
(U.S. dollars in millions)

Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K	
Affiliation with Registrant	Deferred Acquisition Costs	Reserves for Losses and Loss Adjustment Expenses	Discount, if any, deducted in Column C	Unearned Premiums	Net Premiums Earned	Net Investment Income	Net Losses and Loss Adjustment Expenses Incurred Related to		Amortization of Deferred Acquisition Costs	Net Paid Losses and Loss Adjustment Expenses	Net Premiums Written
							(a) Current Year	(b) Prior Years			
Consolidated Subsidiaries											
2025	\$ 1,717	\$ 33,547	\$ 78	\$ 10,100	\$ 17,065	\$ 1,625	\$ 9,970	\$ (600)	\$ 3,153	\$ 7,025	\$ 16,476
2024	1,734	29,369	68	10,218	15,100	1,495	8,849	(507)	2,651	5,073	15,732
2023	1,531	22,752	66	8,808	12,440	1,023	6,784	(538)	2,312	4,093	13,468

ITEM 16. FORM 10-K SUMMARY

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ARCH CAPITAL GROUP LTD.
(Registrant)

By: /s/ Nicolas Papadopoulo

Name: Nicolas Papadopoulo

Title: Chief Executive Officer (Principal Executive Officer)

February 26, 2026

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<u>Name</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Nicolas Papadopoulo</u> Nicolas Papadopoulo	Chief Executive Officer (Principal Executive Officer)	February 26, 2026
<u>/s/ François Morin</u> François Morin	Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer) and Treasurer	February 26, 2026
<u>*</u> John M. Pasquesi	Chair of the Board	February 26, 2026
<u>*</u> John L. Bunce, Jr.	Director	February 26, 2026
<u>*</u> Francis Ebong	Director	February 26, 2026
<u>*</u> Laurie S. Goodman	Director	February 26, 2026
<u>*</u> Daniel J. Houston	Director	February 26, 2026

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<u>Name</u>	<u>Title</u>	<u>Date</u>
*		
Moira Kilcoyne	Director	February 26, 2026
*		
Eileen Mallesch	Director	February 26, 2026
*		
Alexander Moczarski	Director	February 26, 2026
*		
Brian S. Posner	Director	February 26, 2026
*		
Neal Triplett	Director	February 26, 2026
*		
John D. Vollaro	Director	February 26, 2026

* By François Morin, as attorney-in-fact and agent, pursuant to a power of attorney, a copy of which has been filed with the Securities and Exchange Commission as Exhibit 24 to this report.

/s/ François Morin

Name: François Morin
Attorney-in-Fact

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ARCH CAPITAL GROUP LTD.

Directors

John M. Pasquesi^{3,4,6}

Chair of the Board
Managing Member of Otter Capital LLC

John L. Bunce^{3,4,5}

Managing Director & Founder of Greyhawk Capital Management, LLC
and Managing Director and Founder of Steel Box, LLC

Francis Ebong^{1,2,5}

Chief Service Experience Officer at PayPal

Laurie S. Goodman^{1,5,6}

Institute Fellow at the Urban Institute and
Founder of its Housing Finance Policy Center

Daniel J. Houston^{2,5}

Former Chairman of the Principal Financial Group

Moira Kilcoyne^{1,2,5}

Former Managing Director, Co-Chief Information Officer
of Morgan Stanley

Eileen Mallesch^{1,6}

Former Senior Vice President and Chief Financial Officer
of Nationwide Property and Casualty Segment

Alexander Moczarski^{2,6}

Former Chairman of Marsh McLennan Companies, International

Brian S. Posner^{2,4}

Founder and President of Point Rider Group LLC

Neal Triplett^{4,6}

President and Chief Executive Officer
of the Duke University Management Company

John D. Vollaro^{4,6}

Senior Advisor and former Executive Vice President,
Chief Financial Officer and Treasurer, Arch Capital Group Ltd.

Officers

Nicolas Papadopoulos³

Chief Executive Officer
Director

David E. Gansberg

President

Maamoun Rajeh

President

François Morin

Chief Financial Officer and Treasurer

Christine Todd

Chief Investment Officer

Jennifer Centrone

Chief Human Resources Officer

Jerome Halgan

President and Chief Underwriting Officer, Arch Reinsurance Group

Chris Hovey

Chief Operations Officer

Louis T. Petrillo

General Counsel

Jay Rajendra

Chief Strategy and Innovation Officer

Michael Schmeiser

President and Chief Executive Officer, Arch U.S. Mortgage

Matthew Shulman

Chief Executive Officer, Arch Insurance North America

1 Audit Committee

2 Compensation and Human Capital Committee

3 Executive Committee

4 Finance, Investment and Risk Committee

5 Nominating and Governance Committee

6 Underwriting Oversight Committee

SHAREHOLDER INFORMATION

Corporate Address

Waterloo House, Ground Floor
100 Pitts Bay Road
Pembroke HM 08, Bermuda
T: 441 278 9250

Market Information

The common shares of Arch Capital Group Ltd. are listed on the
NASDAQ Global Select Market under the symbol ACGL.

Transfer Agent

Equiniti Trust Company, LLC
28 Liberty Street, 53rd Floor
New York, NY 10005

Shareholder Inquiries



shareholderinfo@archgroup.com



archgroup.com

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